

# Steel and Engineering Industries Federation of Southern Africa **ANNUAL REVIEW 2015**



**SEIFSA**

Steel and Engineering Industries Federation of Southern Africa

**OUR PASSION, YOUR SUCCESS**



### **The Steel and Engineering Industries Federation of Southern Africa (SEIFSA)**

SEIFSA is a National Federation representing 27 independent employer Associations in the metals and engineering industries, with a combined membership of over 2 000 companies employing over 210 000 employees. The Federation was formed in 1943 and companies in Associations federated to it range from giant steel-making corporations to micro-enterprises employing fewer than 50 people.

## **CORE BUSINESS**

SEIFSA's Core Business is to represent and promote the interests of business in Southern Africa, in particular the metals and engineering industries, through lobbying and capacity building, provision of related services and building of good relations with key stakeholders. SEIFSA's management team represents employers' associations on a number of organisations that are critical to the success of the industry.

SEIFSA provides a comprehensive range of products and services of direct benefit to Associations and their members. The SEIFSA divisions specialise in industrial relations, human capital and skills development, economic and commercial and safety, health, environment and quality and legal services. SEIFSA's range of products and services include advice, assistance, consultancy (covering labour legislation, dispute resolution, employment conditions, health and safety, broad-based black economic empowerment, contract price adjustment and skills development), publications, training courses, seminars and conferences.

## **VISION**

To promote sustainable metals and engineering industries to ensure that they are strategically positioned for innovation and growth in the interests of a prospering South Africa.

## **MISSION**

To be South Africa's most respected advocate for the metals and engineering industries in order to create innovative businesses positioned for growth and working in partnership with all stakeholders in the interests of South Africa. To foster mutually-beneficial relationships between employers and labour in the industries and to help members develop their human capital to realise their full potential.

## **VALUES**

Integrity  
Diversity  
Excellence  
Stewardship  
Passion  
Innovation

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# CHAIRMAN'S REPORT

The varied activities of SEIFSA over the past year are detailed in the Chief Executive's Report.

I would like to highlight briefly some of the Federation's key activities over the past year and identify some of the immediate challenges facing our businesses.

The metals and engineering sector remains a strategic sector of the general South African economy. This sector has important direct linkages with both the primary and tertiary sectors of the economy. The Steel and Engineering Industries Federation of Southern Africa (SEIFSA), through its representation of over 20 Industry Associations in this sector, has provided active support for these Associations and lobbied for policies that seek to improve the business environment in which its members operate.

SEIFSA's key focus has always been on building strong employer associations reflecting the views of their respective memberships and supporting the needs, interests and transformation objectives of responsible employers in the industry.

There is little doubt that during the period leading up to and beyond the 2014 wage negotiations, SEIFSA raised the public profile of the metals and engineering sector to levels never seen before. There is now recognition from both government and labour that SEIFSA is a reliable partner to assist with navigating our economy through the changing local and global economic landscapes.

## BUSINESS AND ECONOMIC ENVIRONMENT

The metals and engineering sector truly experienced an annus horribilis over the review period. At the time of the AGM last year, we had just seen the end of the series of disruptive strikes and were hoping for recovery during the year ahead.



However, the reality turned out to be quite disappointing. Though unexpected at the time, the financial crisis of 2008/9 was nevertheless a total game changer, the small domestic metal sector revival around the World Cup activities was short-lived and the labour, electricity and international demand disruptions during 2014 threatened to be the proverbial last straw breaking the camel's back. Over the last year, metal sector production declined by 3,9%, profit margins dropped by 27%, employment declined by between 10000 and 16000 (and may continue to slide during the second half of 2015), fixed investment by the sector contracted by 16% and imports surged, leading to a sector trade deficit of R30 billion.

What does the future hold? Answering this question is not simple and it is useful to look at the short and longer term separately.

The short term is mainly about unfair competition from highly-subsidized Asian economies, which resulted in accelerated import penetration of their products into the South African market over the last year. This holds true for many producers over the whole spectrum of metals and engineering sector products.

The protection measures already approved and others in the pipeline for basic steel producers will help, but these will not be enough. Primary steel producers are in such distress that short-term downscaling is unavoidable. South African production costs (for various reasons) are higher than the lowest cost quantile of producers in the world, who are simply overrunning our market. Protection seems to be a choice between losing the entire sector (as happened more or less in

Australia) or trying to ride the short-term storm and adjust for the future.

Longer-term recovery is a different story.

The sector is intimately linked to the fortunes of the mining, construction and auto sectors which, as a group (all four), contributed 17% (R575 billion) to GDP in 2014 (directly) and, depending on the indirect and induced multipliers, up to twice this number. On its own, the metals and engineering sector contributed R123 billion to the GDP. These four sectors export and earn a huge proportion of the country's foreign exchange, and employ directly about 1,7 million people.

Recovery in each of these three sectors and of export demand is crucial for the metals and engineering sector over the longer term:

- If the slowdown in domestic auto sales is severe and not compensated by sustained/growing exports, it could initiate another wave of lower demand for the metals and engineering sector and exacerbate the already bleak situation and hasten retrenchments.
- A similar symbiosis exists with mining, hence the sector waits with baited breath for the conclusion of this year's wage negotiations and to see whether it will lead to a repeat of the 2014 disruptions. Retrenchments and lower fixed investment in the mining sector as a result of lower commodity prices, cost pressures and losses have already had a very negative impact on metals and engineering demand. Any strike in the mining sector will delay recovery in the metals sector.
- The construction sector has been in dire straits for several years and only residential building (with the smallest impact on metals and engineering demand) has shown some life recently, but interest rate increases may stall the action. Both non-residential building and construction works have not had the expected impact on metals and engineering sector demand. The only possible explanation is that the current phases of the investment projects are at their highest import-intensive stages possible.
- Recovery in these core sectors of the domestic economy are further more heavily dependent on the resumption of export growth, primarily to Africa and the non-traditional US and EU markets. Recent shocks reverberating from the Chinese economy were not good news, and neither is the fact that the stock markets in all 30 of the next biggest emerging market economies are retreating.

Adjustment within the sector is also important. Investment in new and improved production capacity which will raise competitiveness must be paramount. Policy support and institutional renewal within general government can have important cost-savings results.

The Government has limited policy options. Economic growth has to improve, inflation has to be kept in check and the balance of payments dare not go into bigger deficit. However, the scope for fiscal stimulation is tighter than ever before due to lower tax income. Monetary stimulation through interest rate adjustments is not really an option either as international monetary policy in the US, EU, China and Japan has such a big influence on what the South African Reserve Bank can do.

Crises often enhance decision making. The process embarked on through the Industry Policy Forum after the last round of wage negotiations has inadvertently been given huge impetus by this period of massive and painful structural challenges. The excellent working relationship built first between labour and SEIFSA, and then with the Government as a result of the ferrous industry crisis has been enormously encouraging. We have to thank our social partners for joining hands during this time and putting the survival of the sector before any other objectives. We hope that we will be able to build on this sound foundation in future.

## THE 2014-17 WAGE NEGOTIATIONS

Our members will be painfully aware, following a particularly difficult round of negotiations and a violent, four-week strike, that SEIFSA eventually reached agreement with all the industry's trade unions on the terms and conditions of employment for a three-year period.

Although this final settlement agreement did not meet all the goals and objectives set by ourselves, we believe that, nevertheless, it does contain the following direct benefits to the membership:

- We managed to secure a three-year wage deal. This guarantees industrial peace, certainty and stability for all member companies from now until June 2017; and
- The agreed wage increases for next year are clear and not dependent on any further negotiations. Therefore, strike action on the increases is not possible, and there are no other changes to employment conditions over these three years.

## LABOUR DISPENSATION CHANGES

As industry observers and participants will know, the Minister of Labour published a range of proposed

# CHAIRMAN'S REPORT

amendments to our labour legislation framework and the following pieces of legislation, in the form of amendments to existing legislation and the introduction of a new statute, regulating the temporary employment sector:

- The Labour Relations Amendment Bill;
- The Basic Conditions of Employment Amendment Bill;
- The Employment Equity Amendment Bill; and
- An Employment Services Bill.

There is little doubt that these legislative changes are complex and fundamental in nature. Through its Industrial Relations and Legal Services Division as well as the Human Capital and Skills Development Division, SEIFSA will do everything possible to ensure that the broad-ranging implications of these pieces of legislation are understood fully by our members and anybody who avails him/herself for the invaluable services that the Federation offers.

## SEIFSA'S SUSTAINABILITY

Although we have every reason to be relieved that we do not face another round of negotiations in 2015/ 2016, challenges of different kinds remain. At the top of the list is our country's lacklustre economic performance, followed by the flood of imports and our manufacturing sector's inability to be internationally competitive.

## POLICY AND REGULATORY UNCERTAINTY

Policy and regulatory uncertainty is a reality. The Bureau for Economic Research at the University of Stellenbosch has been surveying and publishing the collective responses of manufacturers on this matter since 1987 and the latest reading shows the highest

level of dissatisfaction ever. Beneficiation and local procurement are cases in point.

The beneficiation debate has been raging since it featured in the Reconstruction and Development Programme (1994), the White Paper On Beneficiation (1998) and the Mineral and Petroleum Resources Development Amendment Act published in 2010, and then a policy document published by the Department of Minerals in 2011. Responsibility has shifted from one department to the other, and it is believed to be in the realm of the Department of Trade and Industry at the moment. The Act has been sent back to Parliament, with no outcome or any more certainty as yet.

Secondly, when analysing export and import data, it is quite clear that the basic metals and basic metals products are most successful in exploiting international markets. Simultaneously, the sector's higher value-added (beneficiated) products suffer more from international price distortion due to subsidies, etc. It is illogical to tax or force more basic industries essentially to compensate for international subsidies of prices of imported downstream products. This is apart from the fact that all these industries are very high electricity users, with South Africa currently in chronic short supply of electricity.

Local procurement of goods and services by the public sector is a specific objective of general government and was highlighted as the way in which the large infrastructure projects would benefit and stimulate the SA economy during the construction phases. Due to the fact that most of the expenditure for these projects is through State-owned enterprises, these companies are, to a large degree, the implementers of the policy.

All indications are that this is not happening nearly as much as was predicted. Production figures within the metals and engineering sector that ought to have benefited most from this endeavour are simply not showing the results. Furthermore, financial results of



the large construction companies and structural metal contractors are dismal, with all of them having one refrain: delayed infrastructure spending.

These challenges will continue to stare us in the face, if not worsen, until such time that South Africa Incorporated – Government, business and labour – gets together to discuss things openly and constructively, putting the country's interests above all else.

Internally, we have to ensure that SEIFSA continues to be equal to the challenges that confront it, including on our approach to collective bargaining and the mandating process. The Federation will have to demonstrate concretely that it has the interests of all players, big and small, in the metals and engineering sector and that it represents or speaks for all of them. To this end, the Board welcomes the management team's launch of the Small Business Hub during the year under review.

## RETAINING AND GROWING MEMBERSHIP

Members will be aware that a large part of SEIFSA's revenue is derived from membership fees. Therefore, it is imperative for the Federation to develop strategies to retain existing members and to grow the membership base even under a contracting economy in which many companies face closure.

The Federation has a dual-strategy approach to membership: retention and recruitment. The retention strategy includes courtesy visits to the current membership base to underpin the many benefits of membership, as well as creating a wider awareness of the discounts enjoyed by member companies taking advantage of SEIFSA's products and services. All these actions are ultimately aimed at building loyalty. The CEO assures me that the current number of companies that are in the Associations federated to SEIFSA will be visited over a period of three years.

The recruitment strategy entails targeting companies within the industry that are still not federated. This is done by using various forums and vehicles that identify possible new members. These include close liaison with the Metals and Engineering Industries Bargaining Council, visiting industrial parks for leads and forging mutually-beneficial partnerships with municipalities, industry-specific bodies and other strategic stakeholders. The launch of the SEIFSA

Small Business Hub has also provided a more focussed opportunity to encourage and welcome SMEs into the SEIFSA membership base.

## TRANSFORMATION

To our collective dismay, the 2013 KPMG annual survey on transformation found that the metals and engineering sector is the second least transformed in the country. A good two decades into our democracy, this is not something of which we can be proud. On the contrary, it is a situation that is deeply embarrassing and that should concern all of us in the sector.

While at times it may not readily appear so, the fact remains that transformation is in the fundamental interest not only of government, but of all of us, including us as employers. It is when we make the best possible use of all the talents available to us as businesses, from men and women of all races, that we would be best placed to reduce friction at the workplace and improve our levels of competitiveness. More importantly, embracing transformation also places us, as companies, in a favourable position to compete for business from State-owned companies and the different tiers of government.

Transformation at the workplace also has the potential of moderating the currently rising levels of racial polarisation in the country. As social studies have shown in different parts of the world, inclusive countries tend to be more cohesive than those which do not fully embrace and leverage the wealth offered by a country's diversity.

## APPRECIATION

I wish to express my thanks to the SEIFSA Council, the Associations, my fellow Directors on the Board, and to the Chief Executive Officer and his Executive Team for helping to navigate SEIFSA during the difficult 2014-17 wage negotiations.

Since this is my last term as President, I wish to welcome the new Board members and to wish the new SEIFSA President well.

SEIFSA is in good hands.

*Ufikile Khumalo*  
President and Chairman

# CEO'S REPORT

## A TOUGH YEAR

The year 2014/15 was very difficult for the South African economy in general and the metals and engineering sector in particular. The violent, month-long strike at the beginning of the financial year meant that companies in the sector and, to an extent, in the three related industries to which our sector is a supplier began 2014/15 in the worst manner possible. The fact that the strike in the metals and engineering sector followed the five-month-long one in platinum mining made matters worse.

Unfortunately, the situation did not improve much during the rest of the financial year. While some companies in some sub-sectors of our industry managed to report good or decent economic performances, by and large the majority of companies fared terribly, with many reporting huge losses at the end of the year. Predictably, they have had to undertake a serious review of their cost structures, and in the process some have had to shed jobs. Worse still, some have found themselves going under or in business rescue.

With SEIFSA deriving its revenue from membership fees and the various expert training and consulting services that it offers across its five Divisions – Economics and Commercial; Industrial Relations; Legal; Human Capital and Skills Development (which includes the SEIFSA Training Centre); as well as Safety, Health, Environment and Quality – it could not but be similarly affected by the state of the economy and the poor performance of the metals and engineering sector. A detailed financial report for the year follows in the next session.

Since the products and services offered by SEIFSA are generic in nature and are not of exclusive use or relevance to the metals and engineering sector, we have worked hard during the year under review to market our services not only beyond the SEIFSA membership base in the sector, but also to companies



in other industries in the broader economy. We will continue to do so in 2015/16 and beyond.

Given the parlous state of the economy, SEIFSA has been at the forefront of calls for the Government to impose import tariffs to protect local manufacturers against unfair competition which amounts to dumping. For the very first time in SEIFSA's history, from November 2013 and in the year under review the Federation's voice was heard loudly and clearly in the media, eloquently articulating the concerns of its members.

SEIFSA alone spoke out against the bloated Cabinet when it was appointed after the 2014 general elections. It is, without doubt, one of the biggest Cabinets in the world, and not only among countries that are democracies.

We have repeatedly called on the Government to reconsider its unwise decision to impose carbon taxes on business – at a time when the economy is seriously ailing. We have called for greater policy coherence at Government level and pleaded with Pretoria to review its adversarial approach to business and embrace the latter as the major strategic partner that it is.

We held a high-level meeting with the Governor of the Reserve Bank and his team, opposed Eskom's application to NERSA for higher electricity tariffs and quantified the devastating impact of load shedding on the metals and engineering sector.

During the year under review, SEIFSA generated publicity worth R150 million, as quantified by independent media monitoring company Newsclip. Chief Economist Henk Langenhoven and the CEO



gave interviews to various media, including radio and television stations, on the economy and our sector, and they each published a series of opinion pieces in national newspapers. Legal Executive Bridgette Mokoetle, Safety, Health, Environment and Quality Executive Nonhlalo Mphofu and Industrial Relations Executive Gordon Angus each published two opinion pieces in national newspapers in their areas of expertise, while Human Capital and Skills Development Executive Mustak Ally published one opinion piece in a national newspaper.

All Divisional Executives are required, as part of their performance contracts, to publish a minimum of four opinion pieces per annum in their respective areas of expertise. Among them, only Mr Langenhoven met this target during the year under review. Greater emphasis will be placed on ensuring that all Executives achieve the minimum required of them in this area in 2015/16.

Regrettably, we were also unable to accomplish one of our major strategic objectives for the year: to register SEIFSA in Mozambique, Namibia, Zambia and Zimbabwe. Mainly, this was due to the fact that the process of registering in those jurisdictions took much longer than we had anticipated. In the case of Mozambique, SEIFSA's Memorandum of Incorporation also had to be translated into Portuguese before our application's submission to the authorities. Also, in the case of Mozambique and Zimbabwe, the registration process was delayed considerably by the unfortunate fact that, in the case of two Non-Executive Directors, outstanding documents required by those countries from serving Board Members only reached us after the end of the financial year under review.

We have since received all the required documentation from all Board Members and expect registration in all four countries to be finalised in the first few months of the 2015/16 financial year. Depending on our financial performance during the year, we also plan to register the Federation in Botswana and Tanzania in 2015/16. Over the past 18 months, SEIFSA's name has evolved from being one with which only employers and labour in the sector were familiar to being one that is mentioned with regular frequency in the general media and is known to households in the country. The Federation's brand equity has been considerably enhanced.

As a result, Operations Director Lucio Trentini, Mr Langenhoven and the Chief Executive were invited to speak at various conferences, including the Annual Labour Law Conference, the World Steel Congress in Cape Town and the Africa Steel Conference in Maputo, Mozambique.

## GREAT INNOVATIONS

2014/15 has been a year of great innovations for SEIFSA. Among the key innovations were the following:

- With more than 60% of companies in Associations federated to SEIFSA being small employers (each with fewer than 50 workers), SEIFSA launched the Small Business Hub (SBH), which presents cost-effective products and services that are tailor-made for small, micro and medium enterprises. The SBH's products and services – which include, among others, sourcing affordable funding for small businesses, matching small businesses with large companies for partnerships, and managing supplier and enterprise development programmes for large companies – are available to all companies in all sectors of the economy, for a reasonable fee. Members of Associations federated to SEIFSA receive an additional members' discount. Details of the services offered by the SBH are available on [www.seifsmallbusiness.com](http://www.seifsmallbusiness.com).
- To encourage excellence and to recognise it where it exists, we launched the SEIFSA Awards for Excellence, which have seven categories ranging from The Most Innovative Company of The Year through to Customer Service Award of The Year. In their inaugural year, the SEIFSA Awards for Excellence enjoyed 21 entries, with only the Environmental Stewardship of The Year category not having entries. Details of the winners of the different categories, which were adjudicated by external experts, are in the Marketing and Communications Executive's report that follows. Entries for the SEIFSA Awards for Excellence for the 2015 calendar year will open in December 2015 and details can be found on [www.seifsaawards.co.za](http://www.seifsaawards.co.za).
- Most importantly, SEIFSA launched the strategic Southern African Metals and Engineering Indaba, which took place at Emperors Palace on 28-29 May 2015. Providing a vital platform for business, labour and Government to discuss matters of crucial importance to the metals and engineering sector in particular and the economy in general, the inaugural conference was a great success: attended by 280 delegates, the Indaba had seven sponsors, 20 exhibitors and made news for weeks in the run-up to and after the event. Collectively, delegates passed a number of important resolutions, which are captured on the conference's website, [www.meindaba.co.za](http://www.meindaba.co.za). Plans for next year's conference have begun and details of the programme as well as sponsorship and exhibition opportunities are also on that website.

# CEO'S REPORT

## RELATIONSHIP WITH AFFILIATED ASSOCIATIONS

Having good, constructive relations with member Associations remains one of SEIFSA's main priorities. Although a separate juristic entity, SEIFSA continues to be what it is because of the strong backing of its members and the confidence that they continue to have in the Federation. Colleagues and I have continued to work hard throughout the year under review to keep SEIFSA close to its member Associations, while at the same time respecting their own individual identities as juristic persons.

Informing our approach to the relationship is the fundamental belief that strong member Associations make an even stronger SEIFSA. To that end, colleagues – mostly Operations Director Lucio Trentini, who now has responsibility for managing the relationship with member Associations, Associations Manager Theresa Crowley and some members of our Executive Team – have attended many meetings of our affiliated Associations in the course of the year. I have also had a series of meetings with Chairpersons of a significant number of the Associations, and will continue to do so from time to time in the 2015/16 financial year.

Marketing and Communications Executive Adelia Pimentel and our Membership Officer have worked hard, often under difficult conditions given the current state of our economy and our sector, to recruit companies as members for the various Associations. Again the rationale is simple: the more members Associations have, the stronger they are and the better it is for SEIFSA. That way both member Associations and SEIFSA win.

Just as membership recruitment for our Associations will continue to be one of our key priorities for the new financial year, holding on to existing companies as members is equally important. Admittedly, there were instances during the year under review when that was

quite difficult, largely because of the outcome of the 2014 wage negotiations and the violent nature of the month-long strike in July that year. Notwithstanding the fact that member Associations had developed the negotiating mandate and approved the resulting settlement, with SEIFSA merely carrying out their mandates, some of their members blamed the Federation for the outcome, and not their various Associations.

Following the conclusion of the 2014 wage negotiations, the Operations Director, the Marketing and Communications Executive and I had numerous meetings with various companies that had taken the trouble to write to us to express their displeasure. Two things stood out during our meetings with these companies. Firstly, the vast majority of them did not know (our sense is that, in fact, many companies do not know) the names of the Associations to which they belonged. Instead, all they knew was that they were “members of SEIFSA”. Included among them are companies that have been “members” for decades.

Secondly, the vast majority of them (especially ones from a particular Association) claimed repeatedly that they had not been party to the process of formulating wage mandates within their Associations and that they were not kept informed of developments during the negotiations. This was despite the fact that, during the whole negotiating period, the SEIFSA Council – made up of all member Associations – held weekly meetings and all Associations were represented in the bigger Negotiating Team. This underscores the importance of Associations similarly holding regular meetings with their members, especially in the run-up to and during wage negotiations, in order to ensure that members are well informed and that they participate actively in the process of developing mandates.

When I shared this feedback from companies with Chairpersons of some of our member Associations, understandably many pointed fingers back at the companies. They said that meetings were convened to obtain mandates from member companies and to keep

them informed, but very few of their members turned up for the meetings. They pointed out that it is difficult to update members or to obtain mandates from people who are absent from convened meetings.

This poses a problem for Associations and SEIFSA. Together, we will have to continue to work hard to find ways to encourage companies to attend meetings of their respective Associations. The latter will also have to find ways to market themselves better to companies in their sub-sectors or regions and to recruit for members as a way of complementing SEIFSA's efforts.

Once again, the Constructional Engineering Association (CEA) continued to be very active within SEIFSA and its various meetings and functions in 2014/15. This degree of active and constructive involvement won the CEA the SEIFSA Executive Committee's endorsement for the CEO's Award for the Association of the Year for 2014/15. It was a pleasure for me to hand the richly-deserved award to CEA Chairman Ben Gerrad during the inaugural SEIFSA Awards for Excellence on 18 May 2015.

I encourage the CEA to continue to be actively and constructively involved in SEIFSA's meetings and functions in 2015/16 and beyond, and I would like to encourage other Associations to emulate the CEA.

Regrettably, 2014/15 was also the most difficult year for SEIFSA's relationship with one of its member Associations: the South African Engineers and Founders Association (SAEFA). For reasons that have yet to be understood, we experienced the relationship to be suspicious in nature and even, to some extent, adversarial.

We will continue to work hard, in 2015/16, to improve the level of alignment between SEIFSA and SAEFA. We hope that our efforts in the new financial year will bear fruit.

In concluding this section, mention must be made of the fact that, in response to requests from member Associations, the Office has been hard at work since the end of the 2014 wage negotiations to consider possible alternatives to the current model of Central Collective Bargaining. We have done this on our own, invited other experts to address our seminars on the topic and held a series of meetings with member Associations.

Although different options have been considered, so far sectoral collective bargaining has emerged as the most popular option which has the potential to win favour with labour (or some sections of labour). From our perspective, sectoral collective bargaining

makes sense, provided that the rationale for it is not to impact negatively on employees' current terms and benefits (what labour calls "downward variation"). After all, although all related, nevertheless the different sub-sections of the broad metals and engineering sector are also different from one another and have their own levels of peculiarities. Once the SEIFSA Council has taken a final decision on the matter, we will work hard to sell the concept to our labour partners.

Given the fact that so far there appears to be growing support for sectoral collective bargaining, in 2015/16 we will seek to ensure that, apart from those representing regional interests, member Associations are themselves arranged along sectoral lines. All-inclusive, omnibus Associations made up of companies in different sub-sectors can hardly speak for all their members or represent their interests effectively. Therefore, we will work with those companies that might be interested in being part of an association representing strictly companies like themselves to form new, sector-specific Associations. Some of those companies are presently members of the aforementioned omnibus Associations.

For instance, with foundries facing serious challenges peculiar to them, there is a strong argument to be made for them to be accommodated in an association of their own.

Additionally, we will also work with companies in the Free State and the Northern Cape to form a regional Association in that part of the country, similar to the KwaZulu-Natal Engineering Industries Association, the Eastern Cape Engineering Industries Association and the Cape Engineers and Founders Association. This long-overdue step will ensure that companies in those two provinces are better able to make their voices heard, through their own association, at meetings of the SEIFSA Council.

## MY THANKS TO THE BOARD

Finally, I would like to convey my appreciation to the SEIFSA Board for its support and guidance in the year under review. My fellow Executive Directors and I are grateful to the Non-Executive Directors for their support and the time that they have dedicated to the affairs of the Federation during their tenure.

My thanks go to the Boards that have served SEIFSA in 2013/14 and 2014/15 for their adoption of the strategy that saw SEIFSA becoming the Steel and Engineering Industries Federation of Southern Africa, the adoption of our Vision, Mission and Values and the adoption of the Board Charter and the Levels of Authority.

# CEO'S REPORT

During these two years, significant progress has been made in institutionalising Good Corporate Governance at SEIFSA, especially when compared to the preceding period when little distinction was made between the Executive Management Team and the Board (which then went under the misnomer “Executive Committee”). It is vital to remember that the Companies Act, 2008 applies to all companies, including non-profit entities like SEIFSA, and not only listed companies.

During that period, the Board has also embraced transformation. For the first time in its history, SEIFSA had a black President over the past two years, Scaw Metals Group Executive Chairman Ufikile Khumalo, and, in the year under review, Transman founder and CEO Angela Dick became the second woman to be elected onto the SEIFSA Board as a Non-Executive Director. Although belated, nevertheless these developments represent a very welcome change in an industry found by KPMG last year to be the second least transformed in the country – two decades after our democratic elections of 1994! I congratulate Mr Khumalo and Ms Dick on their historic accomplishments for SEIFSA in particular and the metals and engineering sector in general.

Hopefully the SEIFSA Annual General Meeting will ensure that the 2015/16 Board will continue the trend of being more transformed in terms of race and gender than its predecessors.

My thanks go especially to Mr Khumalo who, as SEIFSA President, presided with great ability, finesse and, when necessary, soft firmness at Board and Council Meetings. Throughout his tenure as President, he has not once imposed his own views or positions at Board and Council Meetings, but has expertly facilitated discussion towards consensus.

As CEO, I am grateful to Mr Khumalo for his support, his leadership and his respect for Corporate Governance.

Although, in terms of SEIFSA's Memorandum of Incorporation, Mr Khumalo should automatically become the first Vice-President of SEIFSA for 2015/16, he has decided not to make himself available so that he can focus on his full-time role as Executive Chairman of Scaw Metals Group. I wish him and his team well.

In conclusion, my thanks also go to my fellow Executive Directors, Deputy CEO Elsa Venter and Operations Director Lucio Trentini, and the whole Executive Committee for its support. I also thank Company Secretary Bridgette Mokoetle for her role in promoting and embedding Good Corporate Governance at SEIFSA.

*Kaizer Nyatumba*  
*Chief Executive Officer*



# CFO'S REPORT

## OVERVIEW OF OPERATIONS

During the year under review, the Federation continued to operate as it did over the past few years. The main source of income was generated from fees levied to Associations, with the other revenue being generated from products and services offered by the following Divisions:

- Industrial Relations;
- Human Capital and Skills Development;
- Economics and Commercial;
- Safety, Health, Environment and Quality; and
- Legal Division.

SEIFSA has also continued to offer accounting, administration and management services to 21 of its affiliated Associations. The SEIFSA Training Centre has received much attention during the previous year and this investment has started to provide handsome returns in the current financial year. The graduates from the Training Centre have contributed positively in addressing the skills shortage in artisan development that faces the country.

With the suspension of the Collective Bargaining Levy in December 2012, the adverse financial effects of this decision continued to be felt in the year under review as attempts to revive this levy have failed. The tough economic climate that faces the sector has been felt during the year, with many companies facing liquidations and the retrenchment of staff becoming inevitable.

## OVERVIEW OF FINANCIAL RESULTS

Income generated from Associations and Divisions has increased by 47.0% from FY2013/14 and income



generated by the SEIFSA Training Centre has increased by 16.4% when compared to FY2013/14. The increase in income is attributable to the repricing of the Price and Index Pages and the approval of the Special Levy by the Board that has been invoiced out to Associations during the year.

Total expenses increased by 23.7% over FY2013/14, largely due an investment made in human capital in line with the three-year growth strategy of the organisation. Legal fees were incurred in the course of the year for the registration of SEIFSA in some countries within the SADC region and for the continuing arbitration with NEASA over the allocation of employer seats at the MEIBC.

Unfortunately, the year closed with a deficit and short of the budget. The absence of the Collective Bargaining Levy has severely impacted on SEIFSA's financial performance and attempts to overcome this shortfall have not met the budgeted expectations.

Due to the deficit sustained, the balance sheet is under pressure, with a closing current ratio of 1.7 (FY2013/14: 3.3). Gearing has increased from 25.4% in FY2013/14 to 46.8% in the current year. The increase in gearing is attributable to the deficit sustained in the year.

## INTERNAL CONTROL

SEIFSA's system of internal control is designed to provide reasonable assurance that, inter alia, assets are safeguarded and that liabilities and working capital are managed efficiently.



# CFO'S REPORT

## RISK STRATEGY

SEIFSA has a risk management strategy in place and actively monitors and takes appropriate action against the risks identified and captured in the Risk Register.

## FRAUD AND CORRUPTION

SEIFSA has committed itself to actively combat fraud and all other acts of dishonesty on a zero-tolerance basis.

## DISCONTINUED ACTIVITIES/ ACTIVITIES TO BE DISCONTINUED

SEIFSA has no discontinued activities or activities to be discontinued. Based on financial performance of the Divisions in the financial year 2015/16, a review of the continued existence of Divisions or Departments within them will be made.

## NEW OR PROPOSED ACTIVITIES

SEIFSA had no new or proposed activities, besides setting up offices in Botswana, Zambia, Zimbabwe and Mozambique, in pursuit of its strategy, approved by the Board in February 2014, to extend its reach throughout Southern Africa over the next three years.

## GIFTS AND DONATIONS RECEIVED IN KIND FROM NON- RELATED PARTIES

No gifts and donations were received in kind from non-related parties.

## EVENTS AFTER REPORTING DATE

No events took place after the reporting date that would materially impact on the financial position/performance of SEIFSA.

## FUTURE PLANS

SEIFSA continues to pursue its three-year strategy (FY2014-17) that was approved by the Board. Due to the deficit that was incurred, the overall financial performance is closely monitored. The financial viability of Divisions and Departments within them is also closely monitored. A continued effort is being made to enhance the overall service delivery to its clients and the introduction of new and innovative products throughout the operating Divisions. With the tough economic climate that the sector finds itself in, the year ahead remains a challenging one.

To contain costs, most vacancies which arise in the course of the year will not be filled, except for those deemed to be critical to the business.

*Rajendra Rajcoomar*  
*Chief Financial officer*



# MARKETING AND COMMUNICATION SERVICES

The main strategic objective of SEIFSA's Marketing and Communications Division is positioning the organisation as the primary representative and voice of business in the metals and engineering industries and overall manufacturing, both large and small. In the past year the Federation's brand equity was considerably enhanced and the amount of publicity generated for SEIFSA during the year under review was worth R150 million, as quantified by independent media monitoring company Newsclick.

SEIFSA's marketing and communications function is also responsible for developing, implementing and monitoring the Federation's marketing strategies and maintaining effective channels of communication between SEIFSA and its membership.

For 72 years, SEIFSA has provided active support for Employer Associations and lobbied for policies that have improved the business environment in which its members operate. SEIFSA represents the views and interests of its 27 independent, registered employer associations on the various structures and committees of the Metal and Engineering Industries Bargaining Council (MEIBC) and other institutions and bodies, including Business Unity South Africa (BUSA), the Manufacturing, Engineering and Related Services Seta (merSETA), Metal Industries Benefit Funds' Administrators (Mibfa) and the National Economic, Development and Labour Council (Nedlac), and has been doing so for many years.

SEIFSA has a dual purpose: to operate at national level as the recognised voice of the metals and engineering industries and at member company level by providing a comprehensive range of services and products of direct benefit to employers in the industry.

SEIFSA's range of products and services includes consultancy (covering labour legislation, employment conditions, health and safety, broad-based black

economic empowerment, contract price adjustment and skills development), publications, training courses, seminars and conferences. The products and services offered by SEIFSA are generic in nature and are not exclusive to the metals and engineering sector. Therefore, we have worked hard during the year to market our services beyond the SEIFSA membership base and also to companies in other industries in the broader economy. We will continue to do so in 2015/16 and beyond.

## COMMUNICATIONS

### • ELECTRONIC NEWSLETTERS

SEIFSA issued regular electronic newsletters to members during the course of the year. These covered up-to-date information on breaking news, latest industry developments and upcoming events and workshops.

### • SEIFSA NEWS ONLINE

SEIFSA News, the Federation's official publication and main channel of communication to the membership, can also be viewed online. This electronic version affords easy accessibility to the latest industry news.

### • WEBSITE ([www.seifsa.co.za](http://www.seifsa.co.za))

SEIFSA's website continues to perform an important communications role for membership. Many industry-relevant articles, including the latest developments and news in the industry, have been posted on the website and covered a range of topics, including:

- Ongoing developments in the Metals and Engineering sector;
- BUSA, the bargaining council, industry funds and merSETA-related announcements;
- Developments pertaining to the Industry Policy Forum;

# MARKETING AND COMMUNICATION SERVICES

- The merSETA mandatory and discretionary grant application process;
- Employment equity requirements.

The website also hosts member Associations' web pages. These provide a brief overview on the activities of the respective Associations, their chairpersons, contact details and a list of upcoming meetings and events. A link has also been provided to the SEIFSA Buyers' Guide to enable members to view details of companies belonging to the Associations and their respective range of products and service offerings.

## • WEBSITE PORTALS

The following portals are housed within the SEIFSA website:

- An electronic subscription to SEIFSA's Price and Index Pages (PIPS). This includes direct access to the indices - essential for the immediate completion of contracts, tenders and escalation claims;
- An electronic buyers' guide, comprising a detailed list of all the products and services available from SEIFSA's members. It also enables members to update their details and data online; and
- A Main Agreement online subscription service providing a number of additional benefits over and above the published version.

## PUBLICATIONS

### • WHAT IS HAPPENING AT SEIFSA

A quarterly publication providing a comprehensive overview of scheduled workshops and seminars at SEIFSA.

### • SEIFSA NEWS

SEIFSA News is published bi-monthly from February to December each year and is now in its 34th year of publication. It is regarded as the authoritative voice in industrial relations, human capital and skills development, B-BBEE, legal matters, small business as well as safety, health, environment and quality issues in the metals and engineering industries. It has a distribution of 3,000 printed copies.

### • SEIFSA @ YOUR SERVICE

SEIFSA @ your Service was launched in 2015 to depict and position the SEIFSA Business Units and the relevant expertise in the products and services rendered by the Federation.

## EVENTS

### PRESIDENTIAL BREAKFAST AND ANNUAL GENERAL MEETING

SEIFSA's 71st Annual General Meeting was held on 10 October 2014 at The Crowne Plaza in Rosebank. Aubrey Matshiqi gave an enlightening talk on the post-election political outlook - 2014 to 2019. The Annual General Meeting was followed by the Federation's annual Presidential Breakfast.

This year's Annual General Meeting and Presidential Breakfast will take place on 9 October 2015 at the Forum in Bryanston.

### GOLF DAY

One hundred and twelve golfers and six sponsors participated in SEIFSA's 64th Golf Day at Glendower Golf Club on 22 August 2014. The winning team, from Staff U Need, was awarded the SL Hodgson Memorial Floating Trophy.

## SEIFSA AWARDS FOR EXCELLENCE

To encourage excellence in our industry and to recognise it where it exists, we launched the SEIFSA Awards for Excellence. The seven categories were adjudicated by external experts and the winners for the 2014 calendar year, recognised at a gala dinner on 28 May 2015, were:

- Most Innovative company of the Year – won by Hazleton Pumps International;
- Health and Safety Award of the Year – won by Scaw Metals Group;
- Best Corporate Social Responsibility Programme of the Year – won by Voith Turbo;
- Customer Service Award of the Year – won by Hazleton Pumps International;
- Most Transformed Company of the Year (fewer than 100 employees) – won by Africa Steel Holdings;
- Most Transformed Company of the Year (more than 100 employees) – won by ABB;
- Artisan Award of the Year – won by Scaw Metals Group;
- Environment Stewardship Award of the Year – no entries were received for this category;
- CEO Awards:
  - o Kgaogelo James Sello won the Top 2014 Artisan Student for scoring the highest marks and achieving his Mechanical Engineering N6 Certificate at the SEIFSA Training Centre;
  - o Melco Conveyor Equipment was recognised as the company that had made extensive use of SEIFSA's products and services and participated in the Federations' workshops, events and forums;
  - o The Constructional Engineering Association of South Africa (CEA) was recognised for being SEIFSA's Association of the Year;
  - o The Lifetime Leadership Award in the metals and engineering sector was given to Arthur (Tubby) Boynton-Lee.

A total of 21 entries were received for the SEIFSA Awards for Excellence. The SEIFSA Awards for Excellence for the 2015 calendar year will be celebrated on 26 May 2016. Details of the SEIFSA Awards for Excellence can be found on [www.seifsaawards.co.za](http://www.seifsaawards.co.za).

## METALS AND ENGINEERING INDABA

SEIFSA launched the Southern African Metals and Engineering Indaba, which took place at Emperors Palace on 28-29 May 2015. Providing a vital platform for business, labour and Government to discuss matters of crucial importance to the metals and engineering

sector in particular and the economy in general, the inaugural conference was a great success: attended by 280 delegates. There were 20 exhibitors and sponsors including the Metals and Engineering Industries Bargaining Council (MEIBC), ArcelorMittal, merSETA, Standard Bank, Transman, Sphere Holdings, Prasa and Macsteel. Next year's conference will take place on the 26 and 27 May 2016. Details are available on [www.meindaba.co.za](http://www.meindaba.co.za)

## INDUSTRY EVENTS:

SEIFSA held regular briefing sessions to keep members updated on topical and relevant matters.

Some of the interventions that took place include:

- An analysis of anticipated social, political, economic and labour trends for 2015
- Celebrating Women in the industry with Zelda Le Grange as the main speaker
- Analysis of the implications of the 2015 budget for the metals and engineering industries – what does it mean for the South African economy and for the business environment?
- Launch of the Small Business Hub
- SEIFSA Half-Year Economic Update and Outlook for the Metals and Engineering Sector
- Comment on the 2015/16 National Budget presented by the National Treasury/Minister of Finance in Parliament.

## MEMBERSHIP

SEIFSA is the umbrella body for the following 27 independent employer Associations, each representing one or more of the diverse sectors constituting today's metal and engineering industries:

- Association of Electric Cable Manufacturers of South Africa
- Association of Metal Service Centres of South Africa
- Cape Engineers and Founders Association (CEFA)
- Constructional Engineering Association (South Africa)
- Eastern Cape Engineering and Allied Industries Association
- Electrical Engineering and Allied Industries Association
- Electrical Manufacturers' Association of South Africa (EMASA)
- Ferro Alloy Producers' Association
- Gate and Fence Association
- Hand Tool Manufacturers' Association (HATMA)

# MARKETING AND COMMUNICATION SERVICES

- Hot Dip Galvanizers Association of Southern Africa
- Iron and Steel Producers' Association of South Africa (ISPA)
- KwaZulu-Natal Engineering Industries Association
- Lift Engineering Association of South Africa
- Light Engineering Industries Association of SA
- Non-Ferrous Metal Industries Association of South Africa
- Plumbers and Engineers Brassware Manufacturers' Association
- Pressure Equipment Manufacturers' Association of SA
- Refrigeration and Air Conditioning Manufacturers' and Suppliers' Association (RAMSA)
- SA Electroplating Industries Association
- SA Reinforced Concrete Engineers' Association (SARCEA)
- SA Valve and Actuator Manufacturers' Association (SAVAMA)
- South African Engineers and Founders' Association
- South African Fasteners Manufacturers' Association (SAFMA)
- South African Post Tensioning Association (SAPTA)
- South African Pump Manufacturers' Association (SAPMA)
- South African Refrigeration and Air-conditioning Contractors' Association (SARACCA)

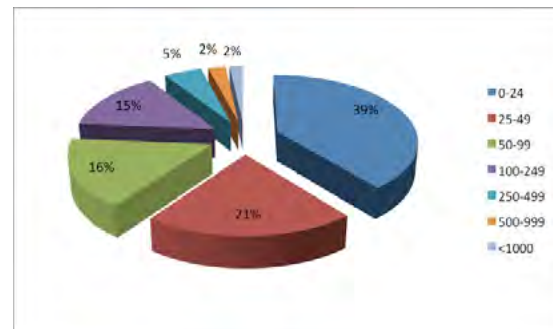
Three of these Associations are regionally based - located in Cape Town, Durban and Port Elizabeth.

As at 30 June 2015, the Associations had a combined membership of over 1 800 companies employing over 210 000 hourly-paid workers. The SEIFSA membership employs 73% of the industry's workforce represented by the employer organisations party to the Metal and Engineering Industries Bargaining Council. This makes SEIFSA one of the largest and most influential employer federations in South Africa.

Member companies of the federated Associations range from giant steel-making corporations to micro-

enterprises. Of these member companies, 60% employ fewer than 50 people.

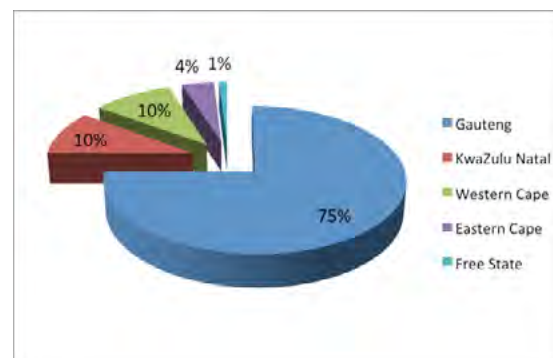
## **SEIFSA Membership by Size of Workforce: June 2015**



At the end of June this year, 75% of the companies engaged in the metals and engineering sector throughout South Africa under the membership of the 27 Associations federated to SEIFSA were located in Gauteng.

The regional location of the SEIFSA membership is illustrated below.

## **SEIFSA Membership by Regional Location: June 2015**



# ADMINISTRATION AND SERVICES

In addition to the Industry Services offered by SEIFSA, the Federation also provides an extensive secretarial and accounting service to the majority of the federated associations.

The majority of the Associations have entered into a Service Level Agreement with SEIFSA in order to formalise the relationship.



## BUSINESS SERVICES

In addition to the industry services offered by SEIFSA, the Federation also provides an extensive business service to some of the Associations federated to it. These include the following specific services:

- Accounting
- Administrative and Secretarial
- Communication and Liaison
- Compliance
- Marketing

## ASSOCIATIONS

In order to ensure that the Associations federated to SEIFSA are aligned to SEIFSA's Corporate Strategy for 2014 - 2017, the following broad objectives have been implemented:

- Strengthen the relationship between SEIFSA and the Associations
- Strengthen the relationship between SEIFSA, the Association and other stakeholders
- Members of the Associations report accurate billing information
- Accuracy of the membership data
- All the Associations are active and compliant

It has been a difficult year for the industry which has had a significant impact on the membership of the Associations.

## SEIFSA AWARDS FOR EXCELLENCE

In appreciation of companies and artisans operating in the metals and engineering sectors in Southern Africa, SEIFSA held the first Indaba for the Metals and Engineering Industries on 28 and 29 May 2015. Concurrent to the inaugural Indaba, SEIFSA hosted the inaugural SEIFSA Awards for Excellence. Among the awards that were presented was the CEO Awards category, which was awarded to the Constructional Engineering Association (South Africa), for their overall contribution to the members as well as their level of participation within the various structures of SEIFSA.

## REPRESENTATION

The Associations are encouraged to participate in the various structures and/or forums within SEIFSA, which include:

- **SEIFSA Council** (each Association is entitled to appoint two representatives and one alternate)
- **SEIFSA Economics Forum**
- **Industry Policy Forum** (Main Agreement Challenges Committee and National Trade and Policy Committee)
- **Chairpersons Forum** (which was established on 15 May 2013 whereby the Associations would be able to participate and play an active role in and make a meaningful contribution in the formulation of strategy on a variety of important challenges facing the industry.

## MEMBERSHIP

As acknowledgement of the loyalty of individual member companies to the federated Associations, the following membership recognition structure has been in effect:

- Platinum member companies .....70 plus years' membership
- Gold member companies .....50 to 69 years' membership
- Silver member companies .....25 to 49 years' membership
- Bronze member companies.....10 to 24 years' membership
- Standard member companies .....1 to 9 years' membership

For the 2014/2015 financial year the number of companies in the above loyalty structure were as follows:

- Platinum member 2 companies
- Gold member 39 companies
- Silver member 398 companies
- Bronze member 702 companies
- Standard member 744 companies



# ECONOMIC AND COMMERCIAL SERVICES



The division provides in depth research and communicates industry intelligence about market conditions to associations federated to SEIFSA and the greater public.

We aim to positively influence the business environment through deepening understanding into the economy, price escalation, transformation dynamics and environmental sustainability. Our objective is to contribute to a resilient metals and engineering sector and the South African economy.



# ECONOMIC AND COMMERCIAL SERVICES

It is the mission of the Economics and Commercial Division to raise the profile of SEIFSA in the national discourse on economic, industrial and trade policies and to offer customised – often commissioned – consultancy services on economics. To achieve this, the Division provides the following services:

- Continuous economic research to understand and communicate industry market intelligence to the Associations, members, government and the general public;
- Maintaining and expanding the Price and Index product as the eminent cost-tracking product for the metals and engineering sector;
- Providing commercial services and support to companies in the sector, with a specific focus on small and medium-sized businesses through the Small Business Hub;
- Advising on and facilitating transformation in the sector.

## ECONOMIC RESEARCH

The metals and engineering sector represents 28% of the broader manufacturing sector and 5% of the gross domestic product of the country.

The Division published the second, expanded State of the Metals and Engineering Sector Report in January 2015. This was done by utilising different data sources in a unique way to produce an overview of the international and domestic environment, showing the state of the sector in terms of production, employment, capital formation and international trade, highlighting the important drivers of growth and concluding with an outlook for 2015 and 2016.

The data collated and presented in this sector report has been the foundation for monitoring economic trends in the overall sector during the year, as well as the sub-industries within the sector. These included the plastics, rubber, basic ferrous, basic non-ferrous, metal products, non-electrical machinery and electrical machinery as well as shipbuilding.

Tracking progress of these various industries during the year within the sector report prognosis and outlook proved to be powerful. Monthly updates of relevant data releases from Statistics South Africa (e.g. production, capacity utilisation, and employment), the South African Reserve Bank (gross domestic production) and the Bureau for Economic Research (manufacturing surveys and purchasing managers' index) were utilised.

Due to the huge volatility in production trends and market demand, both domestically and internationally, the Division has been prolific in writing in-depth opinion pieces probing the underlying/fundamental drivers of the sector. These gave better perspective on the regular monthly commentary on sector data releases, as well as national economic data that had a bearing on the sector's fortunes.

The holistic foundation provided by the State of the sector Report was invaluable in advocacy initiatives in several forums, such as NEDLAC, interaction with the Department of Trade and Industry, Parliament and at Business Unity South Africa. A substantive submission was prepared for the National Energy Regulator of South Africa hearings on ESKOM's application for electricity tariff increases.

The availability of accurate and credible economic information on sub-industry level again proved to be useful in supporting members' request for analysis of specific problems. One application was a request for an analysis of historical regional industrial decentralisation incentives and its impact on wage trends over long periods of time. The sub-industry data provided the backbone, research of wage levels for the client's Industrial Relations Department were utilised and super-imposed on the regional incentives over time to build the picture for the client.

## PRICE AND INDEX PAGES SERVICE

The significant investment in the wider coverage of and in-depth research into the Price and Index Pages (PIPS) publication and services paid off for users this year. The new service (now in its second year) to compile escalation statements for clients in writing, carrying the SEIFSA mark of credibility, has been very popular. SEIFSA's role as an impartial/independent party to mediate in disputes between clients and suppliers has also increased.

The awareness campaign (by way of monthly overviews of escalation trends) to draw attention to

the importance of understanding cost trends in the planning phase of a project or supply contract, and not only post-contract tracking thereof, has also been successful. This is evident in the increasing attendance at training sessions by project managers and strategic decision makers in companies. The printed version of the data has also been enhanced by graphics to alert users to the most important trends and the relationships amongst the trends.

## SMALL BUSINESS HUB

The bulk of SEIFSA's membership is small to medium-sized companies. Therefore, it was decided to appoint a Commercial Manager to provide support to such members. The services are in a development stage and may vary from advice on setting up businesses, developing bankable business plans, through to compliance with legislation.

One such offering is on tendering, with the objective of guiding companies to benefit from public procurement spending. These steps take them from understanding where and how to monitor tenders offered by public entities, through to the actual process, ending with successful procurement of the work or rectification/adjustment of their procedures to improve their chances of success.

The Government offers a wide range of business incentives and the objective is to guide companies, in collaboration with service providers, to access such incentives. The potential of creating a SEIFSA Broad-Based Black Economic Empowerment (B-BBEE) pooled fund for companies to commit their Corporate Social Investments for B-BBEE verification is also under investigation.

The Small Business Hub is also a vital link between big and small businesses, particularly in the area of supplier and enterprise development. The business unit has the necessary expertise and capacity to facilitate supplier and enterprise development on behalf of larger companies. In order to maximize their potential in line with the B-BBEE Codes of Good Practice, large companies are required, among other things, to spend 3% of their net profit after tax on supplier and enterprise development.

Apart from the money itself, managing a supplier and/or an enterprise development initiative can be taxing on an organisation's resources. Therefore, through the Small Business Hub, SEIFSA has developed the capacity to assume the role of a "Project Manager" in assisting big companies with the facilitation of their supplier and enterprise development programmes from start to finish. Through the SBH, SEIFSA:

- Identifies and evaluates the beneficiary companies (alternatively, the larger company may put forward companies it would like to develop);
- Does the needs analysis;
- Prepares a detailed risk analysis;
- Prepares an implementation plan;
- Draws up all the necessary documentation required (contracts, Service Level Agreements, etc.).

The initiative has been very well received by the larger companies, resulting in the Small Business Hub already being appointed to its first such project to be completed between August 2015 and September 2015. We anticipate great success from this initiative in the future.

## BROAD-BASED BLACK ECONOMIC EMPOWERMENT/ TRANSFORMATION

Transformation in the metals and engineering sector is an important objective for SEIFSA and, in our view, a business imperative for members. During the year under review, SEIFSA appointed a transformation expert who had previously worked for a BEE verification agency. We now have the in-house capacity not only to raise awareness about the subject, but also to conduct training and provide consultancy services. SEIFSA offers a full service to help prepare a company for B-BBEE verification.

There have been some significant changes in the B-BBEE space in the last two years and some of the policy documents were finalised this year. The B-BBEE process has changed drastically, with the introduction of the Amended Codes of Practice which took effect from 1 May 2015. It is vital that companies should start aligning their strategies with the latest amendments and putting measures in place in order to comply with the legislation.

The DTI made an announcement at the beginning of the year regarding the certification of companies with an annual turnover of less than R10 million, which are classified as exempt micro-enterprises (EME). EMES can apply for their B-BBEE certificate through CIPC when they file their annual returns or make use of the DTI affidavit. Both of these options are free of charge.

We continue to engage the DTI on transformation-related issues through BUSA. We also contributed to BUSA's submission to the DTI on phase two of the Amended Codes of Good Practice.

*Henk Langenhoven*  
Chief Economist

# INDUSTRIAL RELATIONS SERVICES



SEIFSA IR Services' qualified and experienced staff offer a service to companies that encompasses consultancy on all industrial relations and labour legislation issues, including the resolution of company-level disputes over allegations of unfair dismissals, unfair retrenchments and unfair labour practices.



## INDUSTRY WAGE INCREASES

SEIFSA signed an agreement with all the trade unions in our industries on Tuesday, 29 July 2014 on the terms and conditions of employment for a three-year period ending 30 June 2017.

This of course means that while no industry negotiations took place this year, employees did receive a wage increase and SEIFSA believes that the agreement contains the following direct benefits to the membership:

- The three-year agreement reached by the parties in 2014 guarantees industrial relations peace, certainty and stability for all member companies from now until 30 June 2017. Crucially, it is only the third time in SEIFSA's 71-year history that a three-year agreement has been concluded with the trade union parties.
- The actual wage increases for July this year were clear and unambiguous and were not dependent on further negotiations and strike action on the increases is not possible, with the same being true of the industry wage increases scheduled for July 2016. Member companies now know precisely what their employment costs will be for the coming remaining year of the agreement and have an opportunity to manage these appropriately.
- Notwithstanding considerable pressure brought to bear by the unions (in particular, Numsa), SEIFSA succeeded in securing satisfactory wording on clause 37 of the Main Agreement. This wording is critical since clause 37 of the Main Agreement is the one which provides protection against a compulsion to bargain at company level.
- Finally, SEIFSA and all the trade unions have, as a fundamental element of the agreement, committed to taking immediate steps to continue discussions in the Industry Policy Forum (IPF) to provide senior industry leadership and engage at Ministerial level on a number of crucial and urgent challenges facing the metal and engineering industries.

In view of the continuing difficult trading conditions and in the light of recent changes to the Labour Relations Act, which obligates the bargaining council to deal with exemption applications within 30 days of receiving them, the Federation embarked on a comprehensive campaign to provide assistance to those member companies requiring relief from the nationally applicable increases. This campaign and the industry wage increase exemption process appears to have functioned well and affected employers were authorised by the bargaining council to implement lesser increases than those prescribed in the Main Agreement.

## INDUSTRY POLICY FORUM

Towards the latter part of 2014, the parties to the Settlement Agreement agreed to categorise under three broad headings the various matters identified for further negotiation, namely:

- Matters falling under the scope of the MEIBC/merSETA;
- IPF matters; and
- MEIBC / MIBFA matters.

To date, the Management Committee of the Bargaining Council (MANCO) has mandated the MEIBC to deal with the following matters:

- Appointment of a Labour Broker Compliance Officer;
- Approaching the Department of Labour to appoint a Labour Broker Ombudsman;
- Establishment of a Collaboration Forum (i.e. between MEIBC, DOL, merSETA, DHET);
- Amendment of Compliance Forms;
- Alignment of the Main Agreement with IOD and COIDA; and
- Assigning an agent to Medupi and Kusile.
- Furthermore, the MANCO has appointed:
  - A Special Technical Working Group to deal with:
    - Project Work, Annexure H, Project Labour Agreement's and related terms and conditions

### • A MANCO Sub-Committee:

- To engage MIBFA to deal with the matter of housing.

In addition, the MEIBC has been tasked with arranging meetings between the MEIBC and MIBFA to deal with the following matters:

- Alignment of Section 9 of the Main Agreement to the Sick Pay Fund and related matters;
- Proposed amendment of the Permanent Disability Scheme to move from own to an industry definition of disability and related matters;
- Alignment of Section 34 of the Gazetted Main Agreement to the Sick Pay Fund rules;
- Investigating the costs of increasing the Sick Pay Fund benefits (for sick leave) to 100% of earnings.

On the matters that have been allocated to the IPF Main Agreement Challenges Forum, the parties have agreed that the MEIBC should process the following matters:

- The proposed establishment of a Short-Time Fund;
- Recommending amendment to Section 7 of the Main Agreement to permit employees to take up part-time work;
- Establishment of an Administration Fund to compensate shop stewards elected as

# INDUSTRIAL RELATIONS SERVICES

representatives and/or trustees on industry bodies who have exhausted their 10-day-company-level allotment; and

- Resuscitating the Industry Medical Aid Working Committee.

The remaining IPF Main Agreement Challenges listed below are being dealt with in the IPF Main Agreement Challenges Forum in the following order of priority:

- Introduction of flexible working arrangements;
- De-coupling productivity agreements from the five-grade agreement;
- Exemptions;
- Regional, sectoral and distressed-area dispensation;
- Small Business;
- Grading; and
- The future of industry collective bargaining and the effectiveness of Section 37.

The parties have agreed that the parallel or high-level IPF engagement of the National Trade and Policy Challenges (NTPC) forum should continue to be facilitated and project-managed by StratAlign. The NTPC Forum has been constituted from nominations from each of the respective Associations.

It will be recalled that the IPF agreement identifies a number of crucial challenges facing the industry, ranging widely from national policy considerations (for example: “promoting a competitive manufacturing capability in the domestic and global market”) through to specific industry issues best dealt with by the Bargaining Council parties (for example: “concluding the outstanding working group issues arising from the previous industry settlement agreement”).

#### • **National trade and policy challenges:**

National issues requiring attention by the senior industry leadership and relevant Government ministries with the process and engagement facilitated and project managed by StratAlign.

#### • **Main Agreement challenges:**

Industry issues capable of resolution by the trade union and employer representatives on the Bargaining Council.

The National Trade and Policy Challenges (NTPC) Forum has agreed to a project plan to further the work of the NTPC under the auspices of the Industry Growth, Competitiveness and Job Creation Working Group (IGWG).

The project plan seeks to provide the detail of exactly what needs to be done, and how and when it will be done within the course of 2015. It is anticipated that further plans will be developed beyond 2015.

The proposed project plan is divided into five phases and four streams:

#### • **The Phases are:**

1. Phase One: Information Gathering, Research and Establishment;
2. Phase Two: Prioritising and Solution Building;
3. Phase Three: Implementation;
4. Phase Four: Institutionalising Capacity; and
5. Phase Five: Monitoring and Evaluation.

#### • **The Streams are:**

1. Stream One: Addressing inhibitors to competitiveness and job creation;
2. Stream Two: Industry Competitiveness, Job Creation and Growth;
3. Stream Three: Industry and Corporate Policy (which will deal with part three of the action plan); and
4. Stream Four: Workplace Relationships (which will deal with part four of the action plan).

The overall goal of this plan is to develop and implement strategies to address key strategic industry challenges



in such a way that growth, competitiveness and job creation are significantly enhanced in the industry.

However, due to the expiry of the Industry Administration and Dispute levy on 31 March 2015, the Bargaining Council has had no choice but to suspend all meetings, engagements and initiatives originally agreed upon among the parties (i.e. Finance, Standing, IPF and related Sub-Committees) in an effort to ensure that sufficient bargaining council funds are available to cover expenses in relation to salaries, rent and dispute resolution services across the industry until such time that the two levies, which account for approximately 90% of the Councils income, had been Gazetted and reactivated.

The two Agreements were Gazetted and made legally binding once again on 31 July 2015 and in so doing returned the Council to a position where firstly, its financial position is secured and restored and secondly and arguably more importantly, the important work of the Council and the Parties relating to the road-map of work outline above was returned to the negotiating table for urgent and immediate attention in order to ensure delivery on as many of the areas referred to the Main Agreement Challenges and the National Trade and Policy Challenges legs of the Industry Policy Forum respectively.

## BARGAINING COUNCIL SEAT ALLOCATION DISPUTE

Arbitration proceedings between the SEIFSA affiliated Associations versus Neasa continued for the final week from 4 May until 8 May 2015.

The basis of the dispute was founded in arriving at an agreed formula for the allocating of employer seats (or votes) on the National Bargaining Council.

The SEIFSA Associations' position on the matter was informed by the following key principles:

- That the formula for the allocation of seats be based on employee strength (i.e. number of employees employed by individual member companies);
- That the allocation of seats on the bargaining council be populated in accordance with the current bargaining council constitution; and
- That the current voting arrangement is not amended to require a majority vote amongst the combined employer vote before any motion is tabled for adoption i.e. retaining the current constitutional requirement of a simple majority vote of all the

management committee representatives on the bargaining council to adopt a resolution.

At the time of this publication going to print, SEIFSA, on behalf of the Associations, had presented its case and all oral and written arguments had been concluded.

In the interim, the status quo informed by the Interim Agreement entered into between SEIFSA on behalf of the Associations and Neasa remains in force and affect the work of the Bargaining Council, Industry Policy Forum and related Bargaining Council forums and structures continues unhindered.

## LABOUR LAW AMENDMENTS

In December 2010, the Department of Labour published the following labour law amendment Bills and presented these to the National Economic Development and Labour Council (Nedlac) for negotiation by representatives from organised business, labour and government:

- The Labour Relations Amendment Bill;
- The Basic Conditions of Employment Amendment Bill;
- The Employment Equity Amendment Bill; and
- An Employment Services Bill.

The Basic Conditions of Employment Act, no. 20 of 2013 was assented to on 4 December 2013. The Act was gazetted on 9 December 2013 and was promulgated on 1 September 2014.

The Employment Equity Act, no. 47 of 2013 was assented to on 14 January 2014. The Act was gazetted on 16 January 2014 and was promulgated on 1 August 2014. The Employment Equity Regulations were also published on 1 August 2014.

The Employment Services Act, no. 4 of 2014 was assented to on 3 April 2014. The new Act was gazetted on 7 April 2014 and a promulgation date of 9 August 2015 was observed.

The Labour Relations Amendment Bill, 2012 was assented to on 18 August 2014. The Act was promulgated on 1 January 2015.

There is little doubt that the legislative changes are complex and fundamental in nature. SEIFSA will be doing everything possible to ensure that the broad ranging implications are understood by the membership through the publishing of various articles in SEIFSA News and the conducting of a series of informative and practical Labour Law Workshops and Seminars around the country.

# INDUSTRIAL RELATIONS SERVICES

## INDUSTRIAL RELATIONS SERVICES

The Federation continues to provide a comprehensive and professional range of services to member companies. These include:

### INDUSTRY JOB GRADING SERVICE

SEIFSA provides a comprehensive job grading service in terms of which a grading specialist is available to observe all the operations and jobs performed at individual member companies and then grade these in accordance with the Main Agreement technical schedules.

This has proved to be a valuable service to members in countering the pressure exerted by shop stewards and employees to have workers' jobs graded.

### ARBITRATION REPRESENTATION SERVICE

The SEIFSA member company arbitration representation service continues to provide a professional and cost-effective benefit to member companies. This service includes evaluating and preparing management's case prior to arbitration, interviewing and preparing witnesses for the hearing, presenting management's case, cross-examining witnesses, preparing legal arguments, as well as formulating and presenting the opening and closing statements at the formal arbitration hearings at the industry's Centre for Dispute Resolution and at the CCMA.

### CHAIRING DISCIPLINARY ENQUIRIES AND APPEALS

SEIFSA continues to provide qualified and experienced persons to chair, manage and conduct in-company disciplinary enquiries and disciplinary appeal proceedings.

## ASSISTANCE IN DEALING WITH THE BARGAINING COUNCIL

SEIFSA provides advice and assistance to member companies on a range of issues related to the bargaining council, including the following:

- The interpretation, application and implementation of the bargaining council's collective agreements;
- The formulation and processing of wage exemption applications;
- The formulation and processing of leave enhancement pay exemption applications; and
- The formulation and processing of any other exemption applications.

## GENERAL INDUSTRIAL RELATIONS SERVICES

SEIFSA's IR staff continue to provide advice and assistance to member companies on a comprehensive range of industrial relations issues, including:

- Dispute resolution;
- Industrial relations advice and assistance;
- Application of employment conditions;
- Formulation of employment equity plans and reports;
- Dealing with strike action;
- Advising on the legitimacy of medical certificates; and
- The interpretation and application of all labour legislation.

## INDUSTRIAL RELATIONS PUBLICATIONS

A range of industrial relations publications is available to the SEIFSA membership. These include the following general management guideline publications:

- A Practical Guide to Implementing Retrenchment Law at the Workplace
- HIV and Aids in the Metal and Engineering Industry
- Reduce and Manage Absenteeism in your Workplace
- Disciplinary Policy and Code
- Dealing with E-mail and Internet Abuse at the Workplace
- Employment Contracts and Labour Broking Arrangements
- Dealing with Sick Leave and Sick Leave Abuse at the Workplace
- Dealing Effectively with Theft, Unauthorised Possession and the Searching of Employees.

## MAIN AGREEMENT PUBLICATIONS

SEIFSA released the latest version of the publication: The Main Agreement Handbook for the Metal Industry, 2015/16 in July. This annual publication is an easy-to-read summary of the industry's Main Agreement. The latest edition of the associated Main Agreement Wall Chart was also published in July. It summarises the key sections of the Main Agreement in a poster format.

## MAIN AGREEMENT PORTAL

The Main Agreement portal, hosted on the SEIFSA website ([www.seifsa.co.za](http://www.seifsa.co.za)), provides a unique on-line service for member companies. The portal facility is available to guide management on the detailed terms and conditions of employment in the industry. The key features of this portal include:

- A word search facility which enables members to access specific information in a simple and expedited manner;
- Downloadable pro-forma letters, employment contracts and other documentation related to the Main Agreement and employment provisions;
- An interactive forum where members can pose questions directly to the SEIFSA industrial relations staff and view questions and answers from other subscribers;
- Direct access to SEIFSA's industrial relations case study library and database; and
- Links to various relevant websites.

## INDUSTRIAL RELATIONS TRAINING

SEIFSA continues to present a comprehensive range of practical industrial relations training courses, seminars and workshops, including:

- Effective Industrial Relations on the Shopfloor
- Understanding the New Main Agreement
- The A-Z of the Main Agreement
- Managing Sick Leave at the Workplace
- Conducting Fair and Effective Discipline at the Workplace
- Understanding Employment Contract Law
- How to Prepare for and Conduct a Disciplinary Hearing
- Annexure A of the Main Agreement: Dealing Effectively with Retrenchments
- Alternative Employment and the Main Agreement Dealing with Outwork, Temporary Employment Services and LDCs.

## BUSA STANDING COMMITTEE ON SOCIAL POLICY AND TRANSFORMATION

SEIFSA is represented on the Busa Standing Committee on Social Policy and Transformation. Regular meetings of the committee were held during the course of the year and matters discussed included the following:

- The on-going Nedlac labour market policy review programme;
- The proposed social security and retirement reform review; and
- The formulation of a proposed business engagement strategy on National Health Insurance.

## NEDLAC LABOUR MARKET CHAMBER

SEIFSA's Operations Director serves as a business representative on Nedlac's Labour Market Chamber (LMC). The LMC provides a forum where senior government representatives (from the Department of Labour), organised labour (from Cosatu and Fedusa) and organised business (from Busa) are able to engage on proposed amendments to labour legislation and planned changes to the country's labour market policy.

This year the Chamber's work programme included debate and discussion on the following key focus areas:

- The labour market policy review programme;
- The finalisation of an introduction of a national disability policy; and
- Proposed amendments to the COIDA Act.

## NEDLAC NATIONAL DEMARCATION COMMITTEE

The SEIFSA Operations Director serves as a business representative on Nedlac's National Demarcation Committee. This committee is a national forum where applications for the registration and variation of scope of bargaining and statutory councils are considered and determined, and draft arbitration awards related to demarcation disputes are reviewed.

*Gordon Angus*  
*Industrial Relations Executive*

# LEGAL SERVICES



The legal service offerings include advisory and training services in Alternative Dispute Resolution, Commercial Law, Contract Law, Corporate Governance, Employment Law, as well as Environmental Law.

With regard to employment law, the services include legal representation in the Metal and Engineering Industries Bargaining Council, the Commission for Conciliation, Mediation and Arbitration and the Labour Court.

Part of the functions performed by the Legal Executive has been to assist the company in compliance with all legislation relevant to the operating environment.



## LEGAL OVERVIEW

Following the introduction of Legal Services within SEIFSA's service offerings, the appointment of Ms. Bridgette Mokoetle, the Legal Executive and Company Secretary, from April 2014 broadened the legal service offerings to include advisory and training services in Alternative Dispute Resolution, Commercial Law, Contract Law, Corporate Governance, Employment Law, as well as Environmental Law. With regards to employment law, the services include legal representation in the Metals and Engineering Industries Bargaining Council, the Commission for Conciliation, Mediation and Arbitration and the Labour Court.

Part of the functions performed by the Legal Executive has been to assist the company in compliance with all legislation relevant to the operating environment. This also includes influencing legislation by commenting on proposed Bills. The Legal Executive is also responsible for risk management and for mitigating the organisation's exposure accordingly.

## COMPLIANCE WITH LAWS AND REGULATIONS

SEIFSA operates within the ambit of South African laws. The most important ones are:

- The Companies Act;
- The Labour Relations Act;
- The Basic Conditions of Employment Act;
- Employment Equity Act;
- Income Tax Act.

During the year under review, there have been no transgressions of the above cited laws within the organisation.

In the year under review, the Legal Services Division played an active role in influencing policy making in the national structures by commenting on proposed legislative amendments which affect the interest of members.

## LEGAL SERVICES

### CONSULTANCY AND LEGAL REPRESENTATION

Consultancy is a customised legal advisory service offering to meet clients' needs in respect of their business operations to achieve compliance with various statutes. The Legal Division deals with disputes arising out of the employment relationship. Many of these disputes culminate in litigation in the Commission

for Conciliation, Mediation and Arbitration (CCMA), the Metal and Engineering Industries Bargaining Council (MEIBC), the Labour Court, the Pension Fund Adjudicator and / or Private Arbitration.

We assist and represent parties throughout the process of dispute resolution. These disputes include issues regarding dismissals (including retrenchments), discrimination, unfair labour practices, strikes, the review of CCMA/ MEIBC arbitration awards, wages and collective bargaining, executive incentive schemes and medical and retirement benefit funds.

In the year under review, the Legal Division acted on behalf of a few member companies in the Labour Court in review application proceedings. The member companies that have used this service have indicated that they are delighted with the quality of the service and have stated that litigation is often very expensive and to have SEIFSA offer legal representation in the Labour Court certainly makes a huge difference and is cost efficient.

In addition, we also represented a number of companies in the CCMA and the MEIBC. We have to date achieved a positive success rate in all the arbitrations which we handled on behalf of the member companies.

## PUBLIC WORKSHOPS

Throughout the year the Legal Division hosted a number of public workshops which are immensely informative and cover topical issues and the application of legal principles in the various fields of law. These include, but are not limited to, Labour and Employment law, Commercial law, Environmental law, legislative changes, the impact of legislation on the business of the employer and a practical application and interpretation of statutes and judgments.

## IN-HOUSE TRAINING

This training is customised to suit the client's requirements based on its operational requirements. This type of training is suited to larger organisations with multiple operating sites and divisions spread over a wide geographical area and is aimed at standardising business practices and up-skilling the organisation's personnel with the appropriate compliance knowledge and skills.



## LEGAL SERVICES

### EXPANSION OF SEIFSA'S FOOTPRINT TO SOUTHERN AFRICAN DEVELOPMENT COUNTRIES (SADC)

As part of SEIFSA's corporate Strategic Plan for the FY2014-17, The Legal Division commenced with the registration of SEIFSA in Namibia, Mozambique, Zambia and Zimbabwe. The registration was not

finalised as at the end of the year under review due to administrative delays in compiling the statutory requirements and obtaining feedback from the Registrar in the above mentioned SADC countries. The finalisation of the registration will be concluded in the FY2015/16.

*Bridgette Mokoetle*  
*Legal Executive and Company Secretary*





# HUMAN CAPITAL & SKILLS DEVELOPMENT SERVICES



SEIFSA's Human Capital & Skills Development Services team plays a major role in co-ordinating the views of business and lobbying for employer-friendly policies at national strategic level through Business Unity South Africa (Busa). SEIFSA is also active in the management of the Manufacturing, Engineering and Related Services Education and Training Authority (merSETA).



# HUMAN CAPITAL & SKILLS DEVELOPMENT SERVICES

## CHANGES TO LEGISLATION AND SKILLS DEVELOPMENT POLICY

The period 2014 to 2015 continues to be one of consistent legislation and policy change within the skills development environment. The intention of the legislation which has been introduced or proposed by the Department of Higher Education and Training (DHET) demonstrates an intention to address inefficiencies and challenges of ineffectiveness across the system. A consistent theme from the DHET is to combat the challenges of youth employability, issues of skills shortages as well as the need for alignment of skills development initiatives to labour market needs.

Perhaps the most significant policy introduction in 2013/2014 was that of the White paper on post school education and training (PSET). In 2014/2015 the focus continued to be on the White Paper, with specific focus being on the implementation and institutionalising of various initiatives and segments addressing the post school education system, contained within the White Paper.

Some of the changes and actions that were effected in the year included the following:

- a) Draft National Register of Artisans Regulations which focused on the following:
  - Establishing a legislative framework for the professionalisation of artisan development practices in South Africa.
  - Defining the requirements for and the process of registering as an artisan with the Department of Higher Education and Training (DHET).
  - Seeking to assist in enhancing the quality of work delivered by registered practicing artisans.

- Seeking to enable the DHET to distinguish for statistical purposes between qualified artisans and artisans practicing the trade in which they are qualified.
  - Providing assurance to industry that if it employs a registered practicing artisan, the artisan is up to date with developments within that trade and will be able to deliver quality work.
  - Allowing the DHET to determine and grow the capacity for mentoring of artisan learners.
- b) Generic National Artisan Learner Grant Funding and Administration System – a policy which focused on standardising the funding of artisan development across all SETAs. It was identified by the Artisan Development Technical Task Team (AD-TTT) that one of the blockages in the development of artisans was a single guaranteed funding model for all artisan trades listed in the Government Gazette applicable to all sectors, including a single artisan learner administration and grant disbursement system. The above policy seeks to address this challenge.
  - c) Artisan Recognition of Prior Learning Project - a skills development collaboration effort between the DHET, organised labour and organised business to transform the artisan environment through broadened access and classless participation, to redress the past imbalances and practices through the facilitation of formal recognition of artisan aides, to enable establishment of foundational principles for the practice of recognition of prior learning within the artisan milieu and seamless alignment with the Trade test regulations.
  - d) Trade test regulations – The trade test regulations were published in May 2015 and are envisaged to ensure the following:

- Replace the prevailing industry and sector based artisan trade testing system inherited from the repealed Manpower Training Act, 1981.
  - Provide for a single national artisan trade testing and certification system.
  - Enable improved access to trade testing by allowing any person to apply for a trade test at any nationally accredited trade test centre subject to the centre being accredited for the relevant trade.
  - Enable improvement in the quality of trade testing by setting minimum national standards.
  - Enable development of a single national standardised approach to recognition of prior learning for all artisan trades.
  - Enable a single and standardised efficient and effective trade testing monitoring and reporting system.
- e) Policy Framework on Differentiation in the South African Post-School system - the purpose of this document was to provide a policy framework on differentiation for the South African post-school education system with clear government steering in terms of planning, quality assurance and funding.

It is envisaged in the year ahead that the roll-out of the PSET will continue with the same vigour as in the past year.

The Human Resource Development Council (HRDC) is a national, multi-tiered and multi-stakeholder advisory body established in March 2010 under the leadership and stewardship of the Deputy President and managed by the DHET.

Some of the roles of the HRDC are to:

- Identify skills blockages and recommend appropriate solutions to unlock these, as well as identifying the institutional structures and leaders who are the primary implementation partners to implementing proposed solutions.
- Encourage organised business, civil society, government and organised labour to invest in education and training and to take full responsibility for HRD issues within their areas of competency.
- Mobilise senior leadership in organised business, government, organised labour, civil society, professional bodies, as well as education and training and science and technology institutions to address national HRD priorities in a more co-ordinated and targeted way.

SEIFSA remains an active participant into the HRDC through the Technical Working Group of the HRDC and is also represented on its technical task teams. SEIFSA will remain a voice of industry on this platform as we feel that the role that the HRDC plays in unblocking skills challenges is critical to our sector and to the broader national skills challenges.

The Quality Council for Trades and Occupations (QCTO) has overall responsibility for all workplace learning, including the process of developing unit standards and registration of qualifications to meet the needs of industry. A number of qualifications, many of which are relevant to the metals and manufacturing sector have been approved by the QCTO over the last year. There is also steady progress in regard to the ratification of qualifications and the registration of these with the QCTO. SEIFSA would continue to keep abreast of the progress in this environment and would ensure that our members' interests are at the forefront of our discussions with the QCTO.

## EDUCATION AND TRAINING ADVISORY COMMITTEE (ETAC)

The SEIFSA Education and Training Advisory Committee continued to meet regularly during the year where both strategic and operational matters relating to policy issues, the changing skills development landscape and the impact on the business environment were addressed. Key issues remain the implementation of the National Skills Development Strategy (NSDS III), the National Skills Accord, the White Paper on Post School Education and Training, matters relating to the skills supply, apprentice training, technician training and higher education matters.

Industry participation remains high and the ETAC forum is regarded as a valuable platform in terms of building understanding, sharing experiences and improving implementation of skills development matters within the respective companies involved.

## ACCREDITATION BY MERSETA

SEIFSA underwent a stringent evaluation process and is now offering accredited high-quality training through some of its service divisions. SEIFSA has always realised the importance of quality training in this increasingly important sector and accreditation gives

# HUMAN CAPITAL & SKILLS DEVELOPMENT SERVICES

us the official standing required. SEIFSA's extensive experience and continuous involvement in the industry ensured that the accreditation was a natural step easily attained. This step gives our members the assurance that the quality of our training is above reproach. Further to this, attending accredited training contributes significantly to the B-BBEE scorecard of companies.

## HUMAN CAPITAL & SKILLS DEVELOPMENT TRAINING

SEIFSA continues to present a comprehensive range of skills development training courses, seminars and workshops. Further to this, SEIFSA has expanded its product range to include Human Capital programmes that address the holistic human capital value chain. A few of the interventions are:

- Skills Development Training
- Training Committee Training
- Employment Equity Training
- Supervisory Training
- Tax rebates and incentives
- Performance Management
- Talent Management and Succession

The Human Capital and Skills Development Division is also able to assist members through its consulting service in areas of:

- Skills development including grants, funding opportunities and rebates.
- The human capital value chain e.g. performance management, talent management, remuneration, recruitment, staff retention, policy formulation, workforce planning and human capital strategy.
- Maximising skills development on your B-BBEE scorecard.
- Preparing workplace skills plans and annual training reports (including PIVOTAL plans) to claim mandatory grants.
- Linking skills development initiatives to the

company's employment equity, B-BBEE objectives and the organisation's strategic objectives.

## MATTERS RELATING TO THE MANUFACTURING, ENGINEERING AND RELATED SERVICES SETA merSETA

The merSETA continues to actively achieve progress against the skills development imperatives for the manufacturing sector.

The vision, mission and related objectives of the merSETA are guided by the National Skills Development Strategy (NSDSIII) and a regular review of the programme areas by the Accounting Authority (Governing Board) takes place in order to ensure responsiveness and effectiveness of initiatives in the sector.

In regard to the objectives of the merSETA, it is pleasing to note that all objectives and targets were achieved and exceeded.

It is, however, concerning that the number of companies that were claiming back their mandatory grant has decreased. This decrease has consistently occurred since the changes to the mandatory grant from 50% to 20% in 2013. Organisations need to be cognisant that not submitting a WSP and ATR does have a negative knock on effect on the new B-BBEE scorecard.

The Metal Chamber of the merSETA remains the largest chamber in terms of number of companies as well as levy contribution. Both employer and labour stakeholders remain actively engaged in a range of important initiatives including the review of the chamber in order to ensure more cooperation and participation within the merSETA structures and skills development matters in general.

Apprentice intake in the metal chamber of the merSETA for the period July 2014 to June 2015 remains the highest across the merSETA chambers. SEIFSA is monitoring the apparent downward trend in apprentice statistics in order to understand the reasons impacting on the shift.

SEIFSA has actively project-managed Phase 2 of the Metal Chamber research project, which, focuses on supply and demand of skills in the metals and engineering sector during the year. The research service provider has used a variety of triangulation methods and sources to gather evidence and corroborate the findings in order to obtain expert opinion and insights on skills shortages in our industry. These findings were fed into the sector skills plans that were developed by the merSETA. The project was funded by a research grant from the merSETA. These funds were made available to all five Chambers in the merSETA in order to ensure that research is able to respond to the needs of individual sectors.

## SCHOLARSHIPS AND BURSARIES

In order to align to the national and sectorial objectives of skills development and to create a skills pipeline for our member companies, SEIFSA embarked on an initiative of awarding bursaries to learners who wish to pursue an Apprenticeship, University of Technology or University qualification in the steel and engineering sector.

Annually SEIFSA utilises funds from the Technological Fund and its Metal and Engineering Industries Education and Training Fund (MEIETF) to provide bursaries to Higher Education and Artisan bursars respectively.

SEIFSA is proud to announce that we have a total of 25 bursars in our current bursary skills pipeline.

### The statistics are as follows:-

- 10 Learners in the apprenticeship bursary programme in the fields of Boilermaker, Electrician and Fitter & Turner.
- 3 Learners at Universities of Technology in various fields of engineering.
- 12 Bursars at Universities in the various fields of engineering.

## THE YEAR AHEAD

The year ahead for the steel and engineering environment will be extremely challenging,

economically. It is anticipated that in view of these challenges, that training and development spend from various companies will be sacrificed and the training and development that does take place will be focussed on regulatory and legislative compliance issues. The downside to this is that companies who adopt this approach will be negatively affected on their B-BBEE scorecard. On the other hand, the pressure from the B-BBEE scorecard to spend 6% of leviable payroll on training and development could result in more training and development being done. It would probably come down to the extent that a company is prepared to sacrifice a higher B-BBEE level versus their financial challenges.

In the year ahead, SEIFSA will continue to develop accredited training interventions in relevant divisions. This would afford our member companies an opportunity to boost their B-BBEE scores in respect of skills development.

In regard to the skills development landscape, the major change would be that the SETA license and National Skills Development Strategy 3 (NSDSIII) comes to an end in March 2016. At the time of going to print, there was no indication as to whether there was an intention to have a NSDS4 or how the skills landscape would change in respect of the SETAs. There is however likelihood that, based on various recommendations there could be a consolidating of SETA structures. SEIFSA is well positioned to lobby the interest of industry and to keep member companies informed on the progress in this environment due to the Human Capital and Skills Development Executive being a member of both the merSETA Board and the National Skills Authority Board.

In the year ahead, SEIFSA will again approach the merSETA for opportunities to conduct research into the skills challenges being experienced in the metals sector. The focus of the research will largely be on the current curriculum of various trades and the mismatch with industry or sectoral demand.

Some of the human capital challenges that companies would be facing apart from ensuring workforce optimisation, increased productivity and efficiency and doing more with less is to consistently ensure that employee engagement and retention is addressed.

*Mustak Ally*

*Human Capital & Skills Development Executive*



# SEIFSA TRAINING CENTRE



SEIFSA  
TRAINING CENTRE  
inspiring excellence

SEIFSA's Training Centre is based in the metal industry heartland of Ekurhuleni, Benoni.

The training centre has a proud 31-year history of providing outstanding apprentice training results and continues to attract favourable publicity from successful partnerships and projects with the Department of Infrastructure Development, the Swiss-South African Co-operation Initiative (SSACI), the merSETA Accelerated Artisan Training Programme (AATP) and, more recently, the Nigerian Government.





## SEIFSA TRAINING CENTRE

The SEIFSA Training Centre (STC) provides, as the core of its training services, ten registered apprenticeship trades. It also provides trade testing, trade readiness and pre-employment assessment, with mainly customised training courses where requested. Customised short courses were also presented at client sites. STC has accreditation with both the merSETA and the CHIETA as training provider and trade test centre. The centre employs 14 staff members and has a full capacity of 250 trainees per day.

## SEIFSA TRAINING CENTRE OFFERINGS

The SEIFSA training centre offers training in the following disciplines (at basic, intermediate or advanced levels):

### Apprenticeships:

- Boilermaker
- Electrician
- Fitter
- Fitter and Turner
- Instrument Mechanician
- Millwright
- Tool, Jig and Diemaker
- Turner
- Welder
- Pipe Fitter

### Advanced and Specialised Courses

- Trade test preparation
- Electrical fault diagnostics
- Control and instrumentation
- High speed machining
- Advanced fitting and turning
- Hydraulics
- Pneumatics
- MIG and TIG welding and industrial safety
- Industrial safety
- Introduction to PLC's

## TRAINING CENTRE PERFORMANCE FOR THE YEAR 2014-2015

The training centre staff participated actively in both the CEP for training programme revision and trade tests

and development of new Occupational Qualifications as driven by the QCTO and NAMB processes.

The training centre was running at 89% capacity utilisation for the 24/36 week training programmes and a total of 356 candidates attended this training for the year.

580 Candidates were trade tested under merSETA for the year, while 61 candidates were trade tested under CHIETA for the same period. This represents 541 the number of candidates tested between the two SETAs and an average of 45 candidates per month. Trade test pass rate for the period July 2014 - June 2015 was calculated at 68% for merSETA and 60% for CHIETA.

From the above, the Kusile project with Murray and Roberts had contributed 88 trainees in July 2014 while 48 trainees started training in January 2015.

In January 2015, SEIFSA again sponsored 10 high calibre young trainees who upon completion of their 24 week training will be made available for recruitment to the industry. These trainees completed their institutional training in June 2015 and are available to be indentured as apprentices for the balance of their training up to trade test. The trainees were recruited with an average age of 28 years and younger and a minimum of an N4 qualification. The group consists of three Electricians, four Fitter and Turners and three Boilermakers. Trainees attended interviews for placement at various companies. The uptake for apprenticeship has been particularly low due to economic challenges faced by businesses throughout the country. The centre remains committed to place bursary students in apprenticeships where the opportunity provides.

## GENERAL

The training centre has again this year exceeded performance expectations. Given the challenges facing South Africa's economy, the centre achieved a highest ever capacity utilisation for both training and trade testing. The centre remains a trusted and leading training facility to many in industry.

## THE YEAR AHEAD

In the year ahead there would be a continued focus on providing qualitative trade training interventions. It is also the intent to establish an advisory board for the training centre to ideally position it within the sector. The advisory board would be constituted of nominated candidates of member companies.

# SAFETY, HEALTH, ENVIRONMENT & QUALITY



SEIFSA's Safety, Health, Environment and Quality Services provides advice, training and support to companies on all health, safety and environmental matters to comply with the Occupational Health and Safety Act (85 of 1993). We also offer consulting on all health and safety-related issues, including compensation claims.



## TRANSFER OF CLASS 13 EMPLOYERS TO RAND MUTUAL ASSURANCE

With effect from 1 March 2015, Class 13 Employers were transferred to Rand Mutual Assurance by the Minister of Labour. This is in accordance with Section 30 of the Compensation for Occupational Injuries and Diseases Act, which allows the Minister to issue a licence to carry on the business of insurance of employers against their liabilities to employees to a Mutual Association.

The transfer was generally received positively, mainly owing to the service delivery problems due to backlogs at the Compensation Fund. There was some slight hesitation among affected employers initially, as with any change affecting usual business operations. SEIFSA facilitated discussions that involved the office of the Compensation Commissioner, Rand Mutual Assurance and employers and most of the misconceptions were resolved.

## HEALTH AND SAFETY LEGISLATION REVIEW

The following requirements of the Construction Regulations became effective from 7 August 2015:

- Permit System
- Professional registration of health and safety personnel

Organisations involved in construction are encouraged to ensure that their health and safety personnel are registered with the South African Council for the Project and Construction Management Professions (SACPCMP).

The Occupational Health Safety Amendment Bill was sent to the Labour Market Chamber of Nedlac on 30 June 2014. Deliberations among the social partners is still ongoing and there has been consensus on some of the amendments. On completion of the current deliberations, the bill will be published for public comment.

## ISO 9001: 2015

ISO 9001: 2015 will become effective in September 2015. Organisations that are ISO 9001 certified have

three years to transform their systems to meet ISO 9001: 2015 requirements. One of the major changes is the focus quality risk management and an emphasis on leadership engagement.

Organisations need not discard existing systems. Quality practitioners must rather identify synergies between the new standard and its predecessor first and then incorporate any additional requirements into the existing system.

## SHEQ SERVICES

The SHEQ Executive obtained the following professional registration:

- ISO 9001 Lead Auditor Certification with the International Registrar for Certified Auditors (IRCA)
- Environmental Health Practitioner with the Health Professions Council of South Africa (HPCSA)

This is to support SEIFSA's endeavours to expand its scope of services and continue to offer relevant services to its membership.

A number of accredited courses were introduced including:

- Construction Health and Safety Management
- ISO 9001 Management
- Quality Auditors
- Legal Liability

## HEALTH AND SAFETY CONSULTANCY

SEIFSA provides a comprehensive range of health and safety services, including:

- Advice and assistance on occupational health and safety policies, provisions and employer obligations
- Interpretation of occupational health and safety legislation
- The formulation and customisation of company level health and safety management policies, systems and procedures
- The identification of occupational health and safety hazards
- The conducting of risk assessments
- Incident investigations and reporting

# SAFETY, HEALTH, ENVIRONMENT & QUALITY

## NATIONAL REPRESENTATION

Advisory Council for Occupational Health and Safety (ACOHS)

The Federation is represented on the Advisory Council for Occupational Health and Safety by the Safety, Health, Environment and Quality Executive. The council's primary function is to advise the Minister of Labour on matters of policy arising out of or in connection with the application of provisions of the Occupational Health and Safety Act or any other matter relating to health and safety in South Africa.

## ADVISORY COMMITTEE FOR COMPENSATION COMMISSIONER FOR OCCUPATIONAL DISEASES

SEIFSA is also represented in the Advisory Council for Compensation for Occupational Diseases. The committee was established in accordance with the Occupational Diseases in Mines and Works Act 78 of 1973, administered by the Department of Health. The committee advises the Commissioner on matters related to compensation for occupational diseases in mines and works and carries out duties assigned to it by the Minister of Health.

*Nonhlalo Mphofu*  
Safety, Health, Environment and Quality Executive



# SMALL BUSINESS HUB



Following the successful launch of the SEIFSA Small Business Hub in May 2015 we are proud to report notable achievements the hub has recorded thus far, proving the very important role envisaged for this hub in being the voice for small businesses within the metals and engineering sector and in the broader economy.

One of the most exciting aspects of the small business hub is that while it is a brainchild of SEIFSA, the solutions designed, stakeholders involved and overall coverage of the hub is not only limited to companies operating in the metals and engineering sector, but intended to serve any and all small businesses in Southern Africa. This is exciting because it gives the small business hub the necessary scale in order to take on substantial initiatives that will result in meaningful impact to the broader economy.

The key functions of the Small Business Hub are to:

- Facilitate important interaction between large and small businesses;
- Give small businesses access to the various expertise that exists within SEIFSA through our industry-renowned and knowledgeable Executives within the fields of Economics and Commercial; Industrial Relations; Legal Services; Human Capital and Skills Development; as well as Safety, Health, Environment and Quality;
- To be a hand-holding guide for small and micro-enterprises through the often complex compliance and regulatory regime through which so many small businesses struggle to navigate;
- Facilitate interaction between government and small businesses through workshops on incentives offered by the different government departments to small companies, incentives available to small companies from the South African Revenue Service (SARS), State-owned Entities and any other important government-affiliated departments;
- Organise networking events in order to give small companies the platform to expand their businesses through interaction with other small businesses.

The core objectives of the Small Business Hub include:

- Providing cost-effective products and services addressing the overall needs of SMEs;
- Creating alliances with outside partners to strengthen the SEIFSA small business proposition;
- Offering cost-effective support services that are sector-focused and related to SME categories (micro and small);
- Identifying sector and company-specific challenges, monitoring trends and developing specific interventions to improve SME performance;
- Identifying, simplifying and facilitating opportunities and linkages to business development and financial services in order for SMEs to improve productivity and profits, support job creation and achieve economic growth;
- Ensuring a reduced rate of failure of SMEs through proper coordination of accessible and cost-effective support services;
- Lobbying for and representation of SMEs' interests on various issues with government, other business organisations and with labour.

## UPDATE

To date our priority has been to set up formal strategic alliances with various stakeholders that will have an important role to play in the growth and development of the small business hub and ultimately, the growth and development of the small businesses which the hub intends to serve. We are proud to report that the hub has enjoyed noteworthy traction both in terms of expression of interest by various small and large businesses. It has also been very well received by the respective alliance partners we have approached. The alliance partners approached include Developmental Funding Institutions (DFIs), government departments overseeing various small business initiatives, the SARS and various State-owned companies whom we are currently in discussion with.

# SMALL BUSINESS HUB

Another exciting development within the small business hub has been the development of capacity to facilitate the supplier and enterprise development on behalf of large companies. In order to comply with the the broad-based black economic empowerment (B-BBEE) codes of good practice, companies are required to spend 3% of their net profit after tax on supplier and enterprise development. Apart from the money that has to be spent, managing supplier and enterprise development projects can be quite taxing on an organisations resource. SEIFSA through the small business hub has developed capacity to assist companies with their supplier and enterprise development initiatives, where SEIFSA takes a "Project Manager" role and sees the supplier and enterprise development programmes from start to finish.

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

To date, we are currently in talks to begin the supplier and enterprise development programmes for two very prominent and large South African companies. This is potentially one of the most exciting initiatives of the Small Business Hub and we look forward to reporting on the success of these initiatives.

## PRODUCTS AND SERVICES:

### 1. ACCOUNTING AND ADVISORY SERVICES

- Monthly Management accounts (including detailed report on performance)
- Annual Financial Statements
- Budget preparation (including Capex funding opportunities)
- Structuring of Reporting Systems for optimum decision making

- Implementation and advice on appropriate Accounting Packages
- Structuring of Accounting/Administration units
- Tailor made Financial Courses to suit business requirements

### 2. STATUTORY COMPLIANCE

- Monthly filing with SARS (PAYE,SDL,UIF & VAT)
- Provisional & Annual Tax submission Tax clearance certificates
- General tax advice
- Annual CIPC Returns
- Department of Labour Returns (ROE)
- Company registrations (CIPC)

### 3. INFORMATION TECHNOLOGY (IT) SOLUTIONS FOR SMES

- Website development and hosting
- Essential IT products for start-ups
- Business connectivity
- Innovative IT solutions for SMEs
  - i. IT convergence
  - ii. IT auditing
  - iii. IT budgeting

### 4. PROCUREMENT OF FUNDING

- Submission of application for finance to relevant financiers
- Liaison with relevant financiers

### 5. B-BBEE SERVICES

- Broad-based Black Economic Empowerment (B-BBEE) exemption certificates (for entities below the R10 million annual turnover threshold)
- B-BBEE consulting services (for entities above the R10 million annual turnover threshold)
  - i. Strategies on how to improve B-BBEE rating
  - ii. Assistance with preparation for verification (document review and collection)

### 6. SUPPLIER AND ENTERPRISE DEVELOPMENT FACILITATION

### 7. MARKETING SERVICES

- Logo design and corporate identity
- Web development design and maintenance
- Brochure / leaflets design

*Taffie Chibanguza*  
*Economist*



# COMPANY SECRETARY

## ROLE AS A COMPANY SECRETARY

The Company Secretary is responsible to the Board for, inter alia, ensuring compliance with procedures and applicable statutes and regulations. To enable the Board to function effectively, all Directors have full and timely access to information that may be relevant to the proper discharge of their duties. This includes information such as corporate announcements, investor communications, agenda items for Board meetings and other developments which may affect the organisation and operations. This also includes access to management, where required.



The Board of Directors, acting in the best interests of the company, forms the focal point of corporate governance, with responsibilities extending to shareholders and other stakeholders. The Non-Executive Directors are expected to be independent from the management and act as the trustees of shareholders. This implies that they are obligated to be fully aware of and question the conduct of organisations on relevant issues. The corporate governance structure hinges on Co-opted Board Members who are supposed to bring objectivity and assist the Board in carrying out its obligations.

However, the challenge in the Federation (largely due to the constitution of the organisation) has been that some of the individuals appointed to the Board as Co-opted members have often mistaken and/ or misunderstood their role. To some degree, this is attributed to the misconception that the appointment is made for purposes of representing the views of a particular Association to which the individual appointee is affiliated. As a result, some of the Co-opted Board Members find themselves conflicted with the objectives of the Federation and, in

turn, fail to carry out their fiduciary duties to the Board and to the Federation effectively.

It is important to note that Directors and Co-opted Board members cannot further the interests of their individual Associations while serving on the Board. They must at all times serve the interests of the Federation for the benefit of the shareholders (all SEIFSA affiliated Associations) and other stakeholders.

In the year under review, there were four general Board meetings and one special budget approval meeting held on the following dates:

4 August 2014

3 November 2014

2 February 2015

4 May 2015

18 May 2015 (Special Board Meeting for the approval of the budget)

*Bridgette Mokoetle*

*Legal Executive And Company Secretary*

The attendance Register of the Directors at the Board Meetings was as follows:

Director	August 2014	November 2014	February 2015	May 2015	Special board meeting (May 2015)	No. of meeting attended
Ufikile Khumalo	Present	Present	Present	Present	Present	5
Alph Ngapo	Present	Present	Present	Present	Absent	4
Hannes van der Walt	Present	Present	Absent	Present	Present	4
Leon Viljoen	Present	Absent	Present	Present	Absent	3
Angela Dick	Absent	Present	Present	Absent	Absent	2
Bob Stone	Absent	Absent	Present	Present	Present	3
Neil Penson	Absent	Present	Absent	Present	Present	3
Kaizer Nyatumba	Present	Present	Present	Present	Present	5
Elsa Venter	Present	Present	Present	Present	Present	5
Lucio Trentini	Present	Present	Present	Present	Present	5

The attendance Register of the Directors at the Remuneration Committee was as follows:

Director	August 2014	December 2014	June 2015	No. of meeting attended
Ufikile Khumalo	Present	Present	Present	3
G Hartley	Absent	Present	N/A	1
Leon Viljoen	Present	Absent	Present	2
M Hannemann	Present	Present	N/A	2
H W Duys	Present	Present	N/A	2
Neil Penson	Absent	Present	Present	2
B Ashlin	Absent	Absent	N/A	0
Hannes Van Der Walt	Present	Present	Absent	2

The attendance Register of the Directors at the Audit Committee was as follows:

Director	October 2014	April 2015	No. of meeting attended
H W Duys	Absent	N/A	0
A Ngapo	Present	Present	2
Hannes Van Der Walt	Present	Present	2
Angela Dick	N/A	N/A	0

# REPRESENTATION

## SEIFSA REPRESENTATION ON EXTERNAL BODIES

### SEIFSA REPRESENTATION

SEIFSA is represented on the following industry, sectoral and national structures and bodies:

- Business Unity South Africa (Busa)
- Manufacturing, Engineering and Related Services Seta (merSETA)
- Metal and Engineering Industries' Bargaining Council (MEIBC)
- Metal Industries' Benefit Funds' Administrators (Mibfa)
- National Economic, Development and Labour Council (Nedlac)
- Busa Energy Task Team
- South African Institute of Iron and Steel Downstream Development Committee
- Technical Sectoral Liaison Committee on Trade Agreements of Nedlac
- Advisory Council for Occupational Health and Safety
- Advisory Council for the Compensation Commissioner for Occupational Diseases in Mines and Works (CCOD) and Medical Bureau for Occupational Diseases (MBOD)
- Technical Committee7: Hazardous Chemical Substances

SEIFSA, through its direct participation in these national bodies, is able to influence policy makers at the highest level and to represent the interests of members. This is aligned to the Federation's vision: To add value to our members as the recognised voice of the metals and engineering industry.

## BUSINESS UNITY SOUTH AFRICA (BUSA)

SEIFSA is a founder member of Business Unity South Africa (Busa) and, as such, participates fully in a wide range of forums and structures that shape the nature of the South African regulatory environment. SEIFSA plays an active role in the following Busa activities and initiatives:

### STANDING COMMITTEE ON ECONOMIC AND TRADE POLICY

SEIFSA is represented on the Busa Standing Committee on Economic Policy. The committee serves mainly as the employer caucus for Nedlac's Trade and Industry Chamber, Public Finance and Monetary Policy Chamber and the Development Chamber.

### SUB-COMMITTEE ON EDUCATION AND TRAINING

SEIFSA is represented on the Busa Sub-committee on Education and Training. The committee acts as a joint employer body to examine and make recommendations on policy matters to the Standing Committee on Social Policy (Socpol) in the field of skills development.

### STANDING COMMITTEE ON SOCIAL AND TRANSFORMATION POLICY

SEIFSA serves on the Busa Standing Committee on Social Policy. The committee examines and makes recommendations on policy matters in the field of social and transformation policy and serves as the employer caucus for Nedlac's Labour Market Chamber.

# REPRESENTATION

## MANUFACTURING, ENGINEERING AND RELATED SERVICES SETA (merSETA)

SEIFSA is represented on the merSETA Accounting Authority.

A SEIFSA representative is currently chair deputy to the Metal Chamber of the merSETA, the largest chamber in the organisation as well as the Innovation, Research and Development Committee.

## METAL AND ENGINEERING INDUSTRIES BARGAINING COUNCIL (MEIBC)

The Metal and Engineering Industries Bargaining Council is the forum created by SEIFSA and the industry trade unions to facilitate the industry wage and terms and conditions of employment negotiations and to administer and enforce the various collective agreements arising from this process.

SEIFSA serves the employer interests on the following bargaining council structures and committees:

### MANAGEMENT COMMITTEE

This committee controls the activities of the bargaining council and determines its strategic direction and focus.

### NATIONAL FINANCE AND ADMINISTRATION COMMITTEE

This committee controls the council's administrative and financial functions and responsibilities.

### NATIONAL STANDING COMMITTEE

This committee is responsible for negotiating various issues arising from the industry's Settlement Agreement and other technical issues which arise relating to the industry's Main Agreement.

### REGIONAL COUNCILS

SEIFSA's regional managers and appointed employer representatives serve on the council's regional structures. These regional councils are responsible for the administration of the bargaining council's functions in the regions falling under the scope of jurisdiction of the council.

## INDUSTRY POLICY FORUM

This strategic forum is a platform where SEIFSA leadership, the unions' presidents and general secretaries and government ministers engage on a range of national and strategic challenges facing the industry.

## METAL INDUSTRIES BENEFIT FUNDS ADMINISTRATORS (MIBFA)

SEIFSA is represented on the Mibfa board of directors and on the boards of Management of the four industry benefit funds, namely:

- Engineering Industries Pension Fund (EIPF);
- Metal Industries Provident Fund (MIPF);
- Metal and Engineering Industries Permanent

- Disability Scheme (PDS); and
- Metal and Engineering Industries Bargaining Council Sick Pay Fund

SEIFSA represents 50% of the membership of each of these bodies, with the industry's trade unions making up the balance.

## NATIONAL ECONOMIC, DEVELOPMENT AND LABOUR COUNCIL (NEDLAC)

Nedlac provides a national forum for government, organised business, labour and community groups to meet and engage on issues of social and economic policy.

Nedlac's aim is to make economic decision-making more inclusive and to promote the goals of economic growth and social equity. Organised business is represented on Nedlac by representatives appointed by Business Unity South Africa (BUSA).

SEIFSA serves the organised business and Federation's interests on the following Nedlac committees:

### NATIONAL DEMARCATION STANDING COMMITTEE

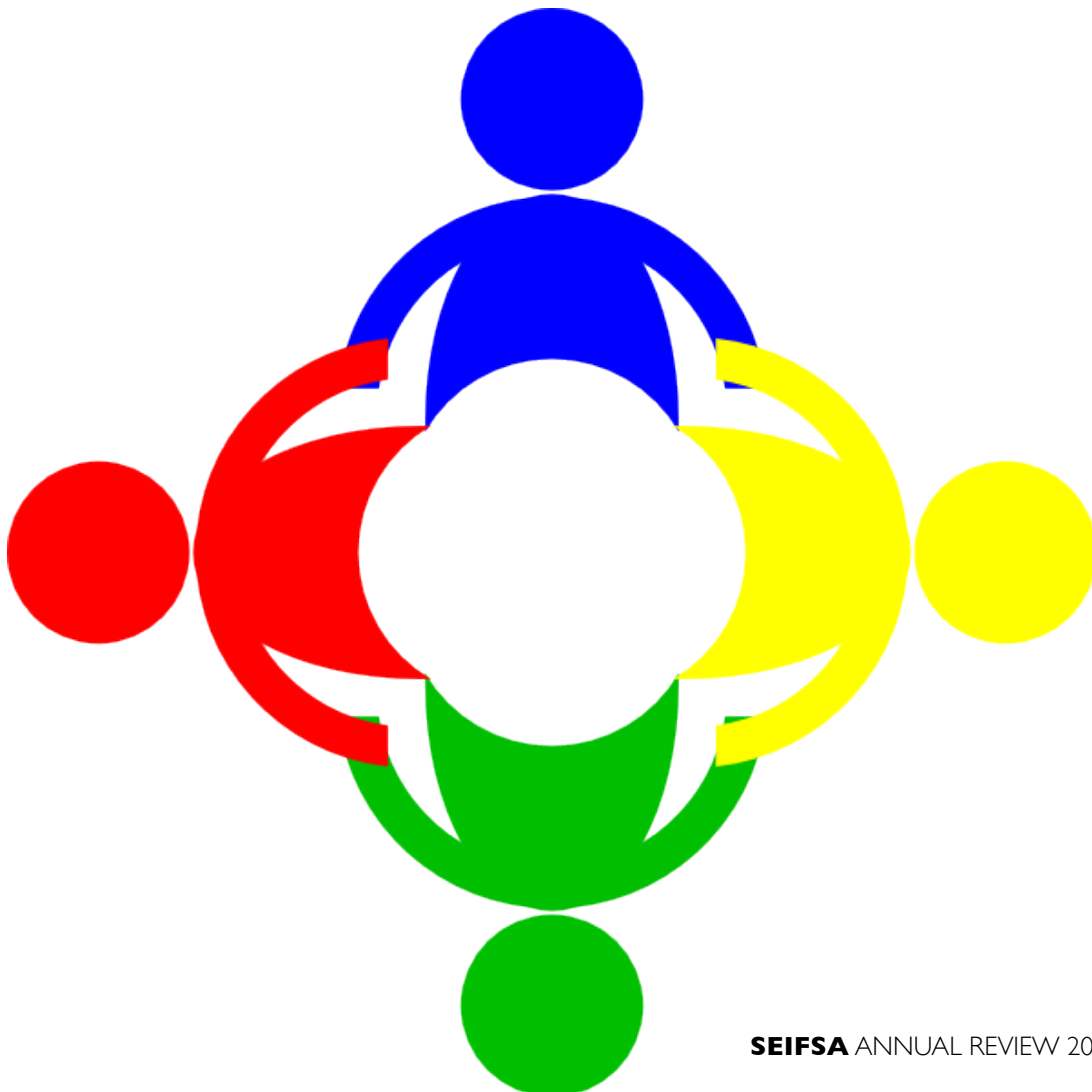
SEIFSA's Operations Director is a business representative on Nedlac's National Demarcation Standing Committee. This committee provides a forum where all formal applications for registration, variation of registration and demarcation applications between bargaining councils and statutory councils are considered. In addition, all CCMA demarcation awards are reviewed.

### LABOUR MARKET CHAMBER

SEIFSA's Operations Director serves on Nedlac's Labour Market Chamber. The chamber provides a forum where the social partners are able to engage in meaningful debate around proposed amendments to labour legislation and planned changes to the country's labour market policy.

### TRADE AND INDUSTRY CHAMBER

SEIFSA's Chief Economist is a business representative on the Trade and Industry Chamber of Nedlac. The chamber provides a forum where the social partners are able to engage in meaningful debate around various industrial policy options and alternatives.



# ASSOCIATIONS

## ASSOCIATION OF ELECTRIC CABLE MANUFACTURERS OF SA

Employers engaged in the manufacture of electric cables.

- Chairperson: K Edmond
- Vice-chairperson: G Eddey
- Executive Director: M Dames

## ASSOCIATION OF METAL SERVICE CENTRES OF SA

Employers engaged in the industry comprised of service centres concerned exclusively with the cutting and/or forming of metal products for sale, to order or to customer requirements.

- Chairperson: V Sanders
- Vice-chairperson: J Cloete
- Administrator: C Smith

## CAPE ENGINEERS AND FOUNDERS ASSOCIATION

Employers engaged within the scope of the Metal and Engineering Industries Bargaining Council in the Cape region.

- Chairperson: J Raad (Acting Chairperson)
- Vice-chairperson: Vacant
- Executive Director: C Boyes

## CONSTRUCTIONAL ENGINEERING ASSOCIATION (SOUTH AFRICA)

Employers engaged in the construction engineering industry, operating in the structural, mechanical, electrical, instrumentation, piping and project management fields. In addition to its own activities, the CEA has two active divisions: the Labour Broking Division and the Temporary Employment Services Division. The association has close ties to the SA Institute of Steel Construction and the SA Institute of Welding.

- Chairperson: B Garrad
- Vice-chairperson: M Spencer
- Vice-chairperson: K Cowley
- Executive Director: L Breckenridge
- Administrator: C Smith

## ELECTRICAL ENGINEERING AND ALLIED INDUSTRIES ASSOCIATION

Employers engaged in the manufacture of electrical equipment such as generators, motors, converters, switch and control gear (including relays, contractors, electrical instruments and equipment associated therewith), electrical lighting, heating and cooling equipment, primary and secondary cells and batteries (other than motor car batteries), transformers, furnace equipment, signalling and electronic equipment, electric cables comprising insulated and uninsulated conductors, or incandescent lamps and/or the installation, maintenance, alteration and repair of electrical equipment including the wiring of or for such equipment.

- Chairperson: R Melaia
- Vice-chairperson: P Flint
- Vice-chairperson: A Tucker
- Administrator: C Smith



## **ELECTRICAL MANUFACTURERS' ASSOCIATION OF SA**

Employers engaged in electrical manufacturing in the Republic of South Africa.

- Chairperson: J Ellis
  - Vice-chairperson: S Mokgehele
  - Administrator: C Smith
- 

## **FERRO-ALLOY PRODUCERS' ASSOCIATION (DEFEDERATION PENDING)**

Employers engaged in the production of ferro alloys.

- Chairperson: J Zaayman
  - Vice-chairperson: H Bouwer
  - Administrator: C Smith
- 

## **GATE AND FENCE ASSOCIATION**

Employers engaged in the manufacture and erection of gates and fencing materials and operating a workshop.

- Chairperson: G Harrop Allin
  - Vice-chairperson: M Pereira
  - Administrator: K Kodisang
- 

## **HAND TOOL MANUFACTURERS' ASSOCIATION**

Employers engaged in the manufacture of edge hand and small tools in the Republic of South Africa.

- Chairperson: E Klein
  - Vice-chairperson: D Aldridge
  - Administrator: T Crowley
- 

## **HOT DIP GALVANIZERS ASSOCIATION SOUTHERN AFRICA**

Employers engaged in hot dip galvanizing.

Chairperson: A de Wit

- Vice-chairperson: N Pienaar
  - Vice-chairperson: P Nicholl
  - Executive Director: R Wilmot
- 

## **IRON AND STEEL PRODUCERS' ASSOCIATION OF SOUTH AFRICA**

Employers engaged in the basic production of iron and/or steel and/or their alloys or rolling and/or drawing and/or finishing processes when associated and performed conjointly with the basic production of iron and steel and/or their alloys.

- Chairperson: B Khumalo
  - Vice-chairperson: A Jansen v Vuuren
  - Administrator: C Smith
- 

## **LIFT ENGINEERING ASSOCIATION OF SA**

Employers engaged in lift and/or escalator manufacture and/or assembly and/or installation and/or repair and/or maintenance.

- Chairperson: K Scholtz
  - Vice-chairperson: T Baker
  - Administrator: K Kodisang
- 

## **LIGHT ENGINEERING INDUSTRIES ASSOCIATION OF SA**

Employers engaged in the manufacture by repetitive methods of light metal products by forging, stamping, rolling, pressing, bending, welding, cutting and/or casting.

- Chairperson: E v Ryneveld
  - Vice-chairperson: L May
  - Administrator: K Kodisang
- 

## **KWA-ZULU NATAL ENGINEERING INDUSTRIES ASSOCIATION**

Employers engaged in the engineering industry, including general, structural and foundry operations in the KwaZulu-Natal region.

- Chairperson: I Delpoit
  - Vice-chairperson: I Moodley
  - Administrator: K Griffin
-

# ASSOCIATIONS

## NON-FERROUS METAL INDUSTRIES ASSOCIATION OF SOUTH AFRICA

Employers engaged in the manufacture of non-ferrous metals and alloys including the smelting of scrap metal in connection with such manufacture.

- Chairperson: B Stone
- Vice-chairperson: J v Heerden
- Administrator: C Smith

## PLUMBERS AND ENGINEERS BRASSWARE MANUFACTURERS' ASSOCIATION

Employers engaged within the scope of the Metal and Engineering Industries Bargaining Council in the Midlands region.

- Chairperson: F v Zanten Solleveld
- Vice-chairperson: G Heydenrych
- Administrator: K Kodisang

## EASTERN CAPE ENGINEERING AND ALLIED INDUSTRIES ASSOCIATION

Employers engaged within the scope of the Metal and Engineering Industries Bargaining Council in the Midlands region.

- Chairperson: M Putigna
- Vice-chairperson: P Marais
- Administrator: K Vosloo

## PRESSURE EQUIPMENT MANUFACTURERS' ASSOCIATION OF SA

Employers engaged in the manufacture of pressure vessels.

- Chairperson: G Crawford
- Vice-chairperson: C Welman
- Executive Director: K Dewar
- Administrator: T Crowley

## REFRIGERATION AND AIR-CONDITIONING MANUFACTURERS' AND SUPPLIERS' ASSOCIATION

Employers engaged in the manufacture and/or supply of refrigeration and/or air-conditioning equipment and/or products.

- Chairperson: N la Vita
- Vice-chairperson: A van der Merwe
- Administrator: K Kodisang

## SA ELECTROPLATING INDUSTRIES ASSOCIATION (DEREGISTRATION PENDING)

Employers engaged in the decorating, protecting and building up of metals by means of electrode position processes, including the grinding, polishing, anodizing, pickling and preparation of such metals and other operations incidental thereto.

- Chairperson: T Joseph
- Vice-chairperson: M Kotze
- Administrator: K Kodisang

## **SA ENGINEERS' AND FOUNDERS' ASSOCIATION**

Employers engaged in the business of general engineering or founding or jobbing or machine tool manufacturing. "General engineering, founding, jobbing" means, other than its all embracing meaning, repetitive production of metal or abrasive products by precision methods on machine tools designed or adapted to this end or the manufacture of metal castings or the performance of engineering processes or the undertaking of engineering work in connection with articles which, owing to the heavy nature thereof, cannot be handled otherwise than by use of large power driven plant or machinery. "Abrasive products" means grinding media such as grinding wheels, bricks, sticks, segments and other devices designed for the purpose of removing by mechanical abrasion metal or other surplus material from other products and in which the abrasive is composed wholly or mainly of some mineral substance embedded in a matrix of ceramic, resin, rubber, shellac or other binding material. "Machine tool manufacturing industry" means the industry in which employers and employees are associated for the manufacture of mechanical and hydraulic tools/articles and such other activities which are incidental thereto or consequent thereon.

- Chairperson: R Williams
- Vice-chairperson: D Symondson
- Vice-chairperson: K Gough
- Vice-chairperson: E Gordon
- Administrator: C Smith

## **SA FASTENERS MANUFACTURERS' ASSOCIATION**

Employers engaged in the manufacture of metal fasteners and allied products.

- Chairperson: R Pietersma
- Vice-chairperson: I Cerrai
- Administrator: C Smith

## **SA POST TENSIONING ASSOCIATION**

Employers engaged in the design, assembly, supply and fixing of tendons and anchorages for the post tensioning of concrete.

- Chairperson: D Lambert
- Vice-chairperson: C George
- Executive Director: J Thomas

## **SA REINFORCED CONCRETE ENGINEERS' ASSOCIATION**

Employers engaged in the cutting, bending, supply, and/or fixing in position of steel bar the reinforcement of concrete for all types of building and civil engineering structures.

- Chairperson: I Broderick
- Vice-chairperson: D Maritz
- Executive Director: J Thomas

## **SA VALVE AND ACTUATORS MANUFACTURERS' ASSOCIATION**

Employers engaged in the manufacture of valves and actuators.

- Chairperson: P Thompson
- Vice-chairperson: C Moir
- Administrator: C Smith

## **SOUTH AFRICAN REFRIGERATION AND AIR-CONDITIONING CONTRACTORS' ASSOCIATION**

- Chairperson: M Botha
- Vice-chairperson: R Futter
- Executive Director: B Richardson

## **SA PUMP MANUFACTURERS' ASSOCIATION**

Employers engaged in the manufacture and/or fabrication and/or assembly of pumps.

- Chairperson (Interim): L Smart
- Vice-chairperson (Interim): R Colyn
- Vice-chairperson (Interim): P Mindry
- Administrator (Interim): T Crowley

# SEIFSA PAST PRESIDENTS

## SEIFSA PAST PRESIDENTS

Term	President	Term	President
• 1943-1944	HC Gearing	• 1980	RT Shaw
• 1945	MNW Napier	• 1981	L Boyd
• 1946	JM Osborne	• 1982	JED Bramwell
• 1947	HJ van der Bijl	• 1983	PE Streicher
• 1948	BG Twycross	• 1984	JW Nelson
• 1949	LHL Badham	• 1985	FP Kotzee
• 1950	JM Russell	• 1986	R Mason
• 1951	JS Sinton	• 1987	KN Jenkins
• 1952	AG Williams	• 1988	RB Savage
• 1953	D Lion-Cachet	• 1989	W van Wyk
• 1954	JM Osborne	• 1990	DB Mostert
• 1955	CM Kruger	• 1991	RA Barbour
• 1956	WF Boustred	• 1992	DC Brink
• 1957	JS Sinton	• 1993	CJM Prinsloo
• 1958	AG Williams	• 1994	PA Watt
• 1959	JA Black	• 1995	TE Jones
• 1960	JM Russell	• 1996	J Trotskie
• 1961	HK Roseveare	• 1997	DCG Murray
• 1962	WE Kirkwood	• 1998	CV Campbell
• 1963	CM Kruger	• 1999	WW Cooper
• 1964	JED Greenhorn	• 2000	LL van Niekerk
• 1965	JM Russell	• 2001	C Grim
• 1966	LB Knoll	• 2002	A Harris
• 1967	WL Morrison	• 2003	D Keet
• 1968	AB Anderson	• 2004	HW Duys
• 1969	WE Kirkwood	• 2005	HH Fischer
• 1970	WG Boustred	• 2006	M Pimstein
• 1971	GA MacWhirter	• 2007	M Pimstein
• 1972	RC Throssell	• 2008	J Fourie
• 1973	LB Knoll	• 2009	J Fourie
• 1974	JP Coetzee	• 2010	N Claussen
• 1975	TM King	• 2011	N Claussen
• 1976	AL Charles	• 2012	HW Duys
• 1977	JP Kearney	• 2013	HW Duys
• 1978	WN Randell	• 2014	U Khumalo
• 1979	CD Ellis	• 2015	U Khumalo



Steel and Engineering Industries Federation of Southern Africa  
**OUR PASSION, YOUR SUCCESS**



**SEIFSA**  
Learning Academy



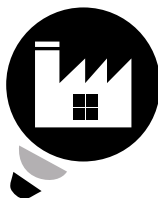
**SEIFSA**  
Research Institute



**SEIFSA**  
International



**SEIFSA**  
Commercial



**SEIFSA**  
Small Business Hub

**Tel +27 11 298 9400**

**0861 SEIFSA**

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## CONTACT DETAILS

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Steel and Engineering Industries Federation of Southern Africa

**OUR PASSION, YOUR SUCCESS**

