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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 Southern Africa.

MISSION

To be SouthernAfrica'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 Southern 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.

CORE VALUES

Integrity

Diversity

Excellence

Stewardship

Passion

Innovation





CHAIRMAN'S REPORT

The state of our metals and engineering sector is a reflection of the performance of economic activity in South Africa. While there was a general increase in production in the broader manufacturing sector — including South Africa's heterogenous metals and engineering cluster — for the period under consideration, the contribution to gross domestic product (GDP) was a cause for concern.

he role played by our metals and engineering sector towards economic growth is still fairly negligible when compared to the pre-economic and production crises years of 2009 and 2014 respectively. The lacklustre economic productivity of our sector reflects the very disappointing growth in domestic demand since 2007, during which GDP growth has been hovering around 1% per annum.

Through its representation of over 23 active member Associations, SEIFSA continues to interact with all stakeholders who influence economic activity. Notwithstanding some controversial resolutions adopted at the 54th ANC national conference in December, such as on land restitution without compensation, I remain confident that a Cyril Ramaphosa-led Government will do everything possible to revive the economy and to forge a working partnership among itself, business and labour. It is my hope that he and his team will work hard to undo the damage done to South Africa by his predecessor and to win back the international community's respect for South Africa.

Just as in the year under review, going forward SEIFSA's key focus will continue to be on facilitating the operation of strong, influential employer Associations which reflect the views of their respective memberships. In its valuable engagements with stakeholders, the

Federation will continue to manage and represent the various views, needs, interests and objectives of all participating employers to advance the interests of our Associations and our industry.

BUSINESS AND ECONOMIC ENVIRONMENT

Although production in the metals and engineering sector is generally increasing alongside international commodity prices, the cluster is still going through a structural adjustment and its challenges are still prevalent. Its growth pattern still fluctuates, productivity is generally poor, capacity utilisation is still below the required 85% and investment and profit levels are low. Domestic production costs have also been rising alongside output levels.

Although these signal the resilient nature of businesses in our sector, regrettably, the optimism and hope for better future business prospects is not shared by all purchasing executives. There continues to be understandable concern among a number of stakeholders and observers that the country is deindustrialising. That concern is a direct consequence

of the ongoing decline of broader manufacturing's contribution to South Africa's GDP over the past few decades, at a time when other sectors such as finance, real estates and business services and wholesale and retail trade, catering and accommodation grew at a higher pace.

The metals and engineering sector's share of manufacturing in the first quarter of 2018 was 29.05%, effectively contributing 3.52% to the GDP. A slightly stronger rebound in production was recorded in the second quarter of 2018, with a marginal year-on-year improvement when compared to June 2017. On aggregate, the sector seems to have improved on the moderate growth (0,5%) recorded in the first quarter of 2017, posting an encouraging growth of 4,1% by the end of the second quarter of 2018.

All indications are that the positive output trajectory will be maintained even though growth in the sector is still volatile and trending below its 18-year average. Thankfully, however, ample political will and a recent turnaround in the business activity index, including all but one of its sub-indices, provide signs of green shoots.

The strategic role of SEIFSA in influencing policy cannot be underestimated. The Federation's involvement with Business, Government, Labour and institutions like the International Trade Administration Commission is geared towards improving the business and regulatory framework for the sector. The trade wars triggered by the USA this year, which have the potential of significantly inflicting harm on the broader metals and engineering sector, has made SEIFSA's advocacy and lobbying activities even more important.

The continued survival of the sector depends, as far as the domestic economy is concerned, heavily on the health and growth of the sectors which are drivers of its demand, namely mining, construction and automotive sector. Therefore, there is an urgent need for the long-drawn-out negotiations on the new version of the Mining Charter to be concluded speedily in order to improve South Africa's chances of attracting much-needed investments across the board and boost domestic growth. There is also a growing need for South African businesses to gear up to take advantage of opportunities opening up to the north of our borders, thanks to both the Trilateral Free Trade Agreement and the African Continental Free Trade Agreement adopted by the continent's political leaders.

Perhaps more importantly, here at home all stakeholders within the sector must show greater maturity, put their differences aside and collaborate more. Regrettably,

hitherto the industry has been known to be more reactive than proactive when dealing with challenges. Although some intermediate products of the metals and engineering cluster are close substitutes, it is important that unscrupulous tactics are not used by one sub-industry over the other to gain competitive trade advantage.

Competition is important, but so, too, is co-operation – and definitely not collusion – among industry players. Without co-operation, businesses – both large and small – cannot flourish and expand. Intra-industry squabbles are counterproductive to the objectives of the National Development Plan (NDP) and impact negatively on the implementation of the NDP and its long-term socioeconomic road map, with dire consequences on jobs and economic development, to name a few.

Opportunities like SEIFSA's annual Southern African Metals and Engineering Indaba offer a great platform for industry players to put their heads together, deliberate on matters of common interest and seek to influence Government policy. It is crucially important that the Indaba, which enters its fifth year in 2019, enjoys the full and enthusiastic support not only of companies in Associations affiliated to SEIFSA, but also that of all industry players, including their suppliers and customers.

THE 2017-20 WAGE NEGOTIATIONS

Given the severe impact of economic conditions on the manufacturing sector and the associated difficult trading conditions facing most companies, member companies will no doubt have taken comfort in the knowledge that there were no wage negotiations this year. This was of particular significance, in view of the widespread industrial action and strikes experienced in many other sectors and the wage settlements agreed to.

SEIFSA signed an agreement with all the trade unions in our industries in 2017 on terms and conditions of employment for a three-year period ending on 30 June 2020. Although not perfect (no negotiated agreement ever is), the final settlement agreement contained 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 2020; and
- The wage increases agreed upon 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.

There is also a growing need for South African businesses to gear up to take advantage of opportunities opening up to the north of our borders, thanks to both the Trilateral Free Trade Agreement and the African Continental Free Trade Agreement adopted by the continent's political leaders.

SEIFSA and all the trade unions have committed to continuing discussions on crucial and urgent challenges facing the metals and engineering industries, such as the difficulties faced by small businesses, modernising the Main Agreement, deepening the discourse on the future format and structure of collective bargaining and reviewing the current exemptions policy to accommodate businesses in need.

Finally, in view of recent Labour Court Judgements setting aside the applicability of the 2011-to-2014 and the 2014-to-2017 MEIBC Main Agreements to non-parties, SEIFSA and all the trade unions have, as a fundamental element of last year's agreement, committed to taking steps to prepare a New Consolidated Main Agreement for gazettal and extension to non-parties.

BUSINESS SUSTAINABILITY

Although we have every reason to be relieved that we did not face another round of wage negotiations in 2017/ 2018, challenges of different kinds remain. At the top of our list is our country's lacklustre economic performance, followed by continuing significant imports of competitive products and skills and our manufacturing sector's apparent lack of internationally competitiveness.

These challenges will continue to stare us in the face, and maybe even worsen, until such time that South Africa Incorporated – Government, business and labour – gets together to address them constructively, putting the country's interests above all else, and then implementing the solutions agreed to.

To this end, SEIFSA welcomes the soon-to-bepromulgated amendments to the Basic Conditions of Employment Act and the Labour Relations Act and the coming into effect of the National Minimum Wage Act. These ground-breaking developments agreed upon by business, labour, Government and community representatives will provide the foundation for a profound and much-needed shift in the tone of labour relations in South Africa. As part of the package of agreements, the social partners at NEDLAC have agreed to a National Minimum Wage (NMW) and a suite of measures which will promote greater stability in labour relations. The parties have reaffirmed the right to fair labour practices and the important roles of the private sector and the State in creating the necessary conditions to drive productivity-led, inclusive growth and employment.

These Agreements recognise that employees should be paid a fair minimum wage for productive work, that strikes should be peaceful and functional, that all stakeholders have a leadership role to play in bringing stability to the labour market and that productive employment is essential for inclusive growth. It is hoped that these agreements will lay the basis for putting South Africa on a more sustainable labour relations footing in addressing a key and important concern expressed by business: namely, labour market stability.

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 ongoing challenge facing the Federation is to demonstrate that it has the interests of all players, big and small, in the metals and engineering sector and that, as much as possible, it represents or speaks for all of them. To that end, the Federation's Small Business Hub (SBH) is of critical importance. I encourage many companies — large, medium-sized and small — within and outside the broad SEIFSA membership to make use of the impressive suite of services offered by the SBH.

TRANSFORMATION

The slow pace of transformation in the metals and engineering sector continues to be of great concern. The Employment Equity Act and Skills Development Act provide the basis for addressing other indicators of inequality in the labour market. These two pieces of legislation complement each other in addressing inequalities and unfair discrimination in human capital development, thus helping this country to harness fully the potential of its diverse human capital.

The manufacturing industry in general and the metals and engineering sector in particular are very much in need of transformation. This is the case not only when it comes to general business ownership, but also with regards to occupation of senior leadership positions.

The 18th Commission for Employment Equity Annual Report found that 20 years since the enactment of the Employment Equity Act, the top and senior management positions in the workplace are largely still occupied by white people, mostly males. The picture in terms of gender remains particularly discouraging. The highest increase (18,8%) in representation of women is noted at Senior Management level. This is a bleak picture that should concern all business leaders across all sectors, starting with ourselves in our sector.

Statistics from the Commission of Employment Equity (CEE) indicate that the white population group remains favoured for training and development, while males remain favoured in terms of gender. This indicates that the aforementioned two pieces of legislation intended to be supportive of each other in driving transformation are still not achieving the desired outcome.

During the 2017 employment equity reporting cycle, 27 163 employment equity reports were submitted by designated employers, which included 7 299 428 employees. Five thousand and sixteen (5 016) reports were received from manufacturing, representing 895 743 employees. The make-up of the manufacturing sector in terms of the national economically active population when it comes to population groups and gender is as follows: Africans constitute 60,3 percent (43,1% male, 17,2% female), ; Coloureds constitute 10% (8,8% male, 5,8% female), Indians make up 6,0% (4,0% male, 2% female) and Whites make up 17,3% (11,9% male and 4,4% female).

In terms of workforce profile at the top management in the manufacturing sector, whites constitute 70.9% for all genders, compared to Africans at 8% for all genders. Foreign nationals sit at two percent of permanent employees. The disproportionate situation is the same in terms of recruitment, skills development and promotion, where whites still dominate in comparison with other population groups.

In its 17th Annual Report , the CEE explored various options for the promulgation of Section 53 of the Employment Equity Act. Section 53 requires every employer that concludes an agreement with any organ of the State to comply with the requirements of the Act. Compliance to Chapter II of the Act (i.e. the elimination and prohibition of unfair discrimination) applies to both designated employers and non-designated employers,

with only designated employers required to comply with Chapter III (i.e. affirmative action for the equitable representation of the designated groups). This has led to proposals for amendments to the Employment Equity Act and its Regulations.

Key amendment proposals include the revisiting of the definition of designated employers, setting of sector targets as an enabling provision to monitor and measure compliance and, at the same time, allowing for a rapid certification process in terms of the requirements of Section 53. The proposed amendments in the Act are designed for easy regulation and digitization, particularly when it comes to the certification process. As a sector, we need to stand up and embrace change and advocate transformation. Not only is it in South Africa's interest for that to happen, but it is also fundamentally in business's own long-term interest. It is of critical importance that a concerted effort is made by the sector towards creating meaningful opportunities for all South Africans to play a crucial role in taking our industry to new heights.

STATE OF THE NATION

The change that took place in February 2018, which saw Jacob Zuma replaced by Cyril Ramaphosa as Head of State, was most welcome. While the initial euphoria occasioned by this transition has since dissipated, there is every reason to believe that the country will be much better run in the new dispensation, especially after the 2019 general elections. We look forward to a reduction in our bloated Cabinet and the general public sector and to the implementation of the many undertakings made by President Ramaphosa.

The next year will be characterised by a series of hearings into State capture and, hopefully, a number of prosecutions of those alleged to have been involved in various acts of corruption both in the public and the private sectors. In particular, the work that will be done by the State Capture Commission led by Deputy Chief Justice Raymond Zondo will be of vital importance in ensuring both that South Africans get to appreciate fully the extent to which their country was taken advantage of and that the country cleanses itself. I urge anybody with information that may be helpful to the Commission in the execution of its work to cooperate fully with it and its investigators.

All of us – as citizens, business and labour leaders, elected public officials, etc. – have a collective duty to eradicate the terrible scourge of corruption and to place the country on an upward, growth trajectory. We dare not fail our country and future generations.

APPRECIATION

There is no doubt that focused effort and planning is required to navigate SEIFSA and its member Associations through increasingly challenging circumstances, socio-economic difficulties, political and regulatory uncertainty and the weak business landscape. To achieve its objectives, SEIFSA requires well-informed, strong, respected leadership, a united and effective Board and Council and a presence and voice with all stakeholders.

I would like to express my thanks to the SEIFSA membership, which supported my Acting appointment as Interim President, after the unexpected resignation of Mr Michael Pimstein as President. On behalf of the Board of Directors, I would like to thank him for his service to SEIFSA.

This has been an eventful year and there have been many outstanding contributions by individuals to the successful outcomes that SEIFSA has negotiated and influenced.

My sincere thanks go to all the Council Members who joined various of our interventions and committees and gave so generously of their skills and their time. My thanks also go to fellow Directors on the SEIFSA Board and to the SEIFSA Executives. I am grateful to the entire SEIFSA team for its collective and individual energy, enthusiasm and passion for the Federation – even in the face of significant challenges. Your contribution, professionalism and dedication are greatly appreciated. Finally, I wish the men and women who will be elected onto the Board at the Annual General Meeting in October the very best of luck in the year ahead.

Pieter Du Plessis
Interim President



SEIFSA Awards for Excellence
Trophies presented to winning companies





CHIEF EXECUTIVE'S REPORT

Another Good Year for SEIFSA

outh Africa continued to under-perform economically during the year under review. While the global economy improved for the better and other African countries generally recorded better performances, here at home a host of factors ensured that no more than marginal improvement in economic growth was recorded.

The first half of the financial year in 2017 was characterised by even more reckless political actions and pronouncements from the country's leadership, as the governing party's focus remained on its 54th national conference in Nasrec, Johannesburg in December, at which a new leadership was to be elected. Corruption continued to bedevil the country and the relationship between the Government and business was dangerously strained. It is no wonder that international ratings agencies like S&P downgraded the country's credit rating to junk in November 2017.

Following the election of Cyril Ramaphosa as ANC president in December 2017 and as Head of State in February 2018, a new sense of optimism swept through the country. Given President Ramaphosa's solid business credentials and his oft-repeated determination to crack down on corruption, for a while it appeared that South Africa had timeously pulled back from the precipice.

That is the context within which SEIFSA conducted business in the 2017/18 financial year. Once again, manufacturing — and, within it, the metals and engineering sector — continued to struggle. As in other economic sectors, companies continued to struggle and even fold and thousands of jobs were lost.

That context notwithstanding, SEIFSA again managed to meet its revenue target for the year, thanks, among other things, to our ongoing cost-containment

measures. For the second year in a row, after five years of losses, the Federation recorded a surplus and contributed towards the rebuilding of its reserves. Four of our five Divisions exceeded their revenue targets and our commemorative publication, SEIFSA At 75, was a run-away success.

Details of our financial performance in 2017/18 are provided in Chief Financial Officer Rajendra Rajcoomar's Report in this publication.

We hope to continue to maintain this good performance in the years to come in order to shore up the Federation's reserves.

Corporate Events A Success

During the year under review, our various corporate events were a great success. The 2017 SEIFSA Golf Day was over-subscribed, as usual, with watering holes throughout the Reading Golf Club in Alberton.

The SEIFSA Awards for Excellence showed immense growth in popularity, with more companies sending in entries for the seven categories of the Awards, and our third Southern African Metals and Engineering Indaba at the IDC Conference Centre had an impressive list of speakers from business, Government and labour.

Next year (2019) will mark the fifth year of the Southern African Metals and Engineering Indaba and the 25th year of South Africa's democracy. We look forward to our best conference yet to date, both in terms of the programme put together and in terms of the number of delegates in attendance.

Stability Returns to the MEIBC

The Metals and Engineering Industries Bargaining Council (MEIBC), which had come perilously close

to collapse a year earlier, stabilised during the year under review. While the 2017-2020 Main Agreement was not gazetted and extended during this period, nevertheless the Bargaining Council managed, through the leadership of Administrator Afzul Soobedaar, to approve some of the important Agreements necessary for the Council's functioning and revenue generation.

Both Mr Soobedaar and the Bargaining Council continued to enjoy the support of by far the majority of the Labour and Employer parties represented on it. Given its relative budgetary constraints and the fact that the priority during the year was getting the 2017-2020 Main Agreement adopted by the Management Committee and ready to be sent to the Minister of Labour for possible gazetting and extension, again the MEIBC could not make progress in the matters previously set aside for discussion in an Industry Policy Forum.

My Thanks

As always, I am deeply indebted to my team at SEIFSA, which remains richly deserving of my gratitude and appreciation. It is thanks to all members of staff that SEIFSA managed yet again to generate a surplus after having broken even in FY2016/17. SEIFSA staff members are a dedicated, hard-working team of professionals who always rise to the occasion, especially when we have once-off special events like SEIFSA At 75, which was a phenomenal success. They are, to a man and woman, great assets to the Federation.

I am also grateful to all SEIFSA member Associations for their continued support for and loyalty to the Federation. They are the lifeblood of SEIFSA and my colleagues and I appreciate each one of them. With all of us working as a team and pulling in the same direction, SEIFSA can only be even stronger and its voice more influential.

Finally, my thanks and appreciation go to the Board of Directors for its support and stewardship of the Federation. I value their collective wisdom and guidance and the commendable manner in which we dealt with vexing challenges together on the corporate governance front during the year under review.

Kaizer \mathcal{M} . Nyatsumba Chief Executive Officer



SEIFSA Annual Golf Day Trophy circulated over 67 times annually to winners



CHIEF FINANCIAL OFFICER'S REPORT

OVERVIEW OF OPERATIONS

or the year under review, SEIFSA continued to operate with a primary focus on collective bargaining, lobbying and advocacy, whilst simultaneously having a secondary focus on generating revenue from consultancy, training and the sale of publications such as the SEIFSA Price and Index Pages, Industrial Relations Advisors and The State of the Metals and Engineering Sector Report. The primary source of revenue was generated from fees levied to Associations, with the other revenue streams being the sale of products, services and publications offered by the following Divisions:

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

SEIFSA has also continued to offer accounting, administration and management services to 19 of its affiliated Associations and the SEIFSA Training Centre continued to focus on developing high-calibre artisans to meet the needs of employers and address the skills shortage in artisan development that faces the country. Over the past years, SEIFSA has steadily increased the revenue generated by the Divisions in order to maintain the competitive pricing of its membership fees and the price of its products and services. Continuous product innovation and marketing tools have assisted in increasing traffic to the Federation's website and the take-up of our service and product offerings.

The economic climate improved marginally from the previous year and continues to follow a very slow upward trajectory. The threat of a trade war led by the

United States (US) also created an environment of uncertainty and panic in certain circles that exported their products to the US. Here at home, the political climate showed signs of improvement after the election of President Cyril Ramaphosa, but the sector has yet to show sustained material improvement.

As the majority of the Federation's customers are from the metals and engineering sector, these external factors seriously impact on the sector, which then impacts on the Federation's ability to generate revenue and retain or grow its membership base. Notwithstanding this fact, the Federation managed to promote and market the uptake of its product and service offerings.

As readers will recall, the Collective Bargaining Levy agreement lapsed in December 2012 and the Federation subsequently made significant strides in making up for this lost revenue by offering products and services which add value to its membership and other customers. SEIFSA has worked hard throughout the year to hold onto its membership in the course of the year, notwithstanding the harsh economic climate.

A continuous effort to optimise costs has been maintained, without compromising service delivery. The Federation operated at full operational capacity for the majority of the year.

OVERVIEW OF FINANCIAL RESULTS

The approved budget for the year was one of a surplus after a break-even budget in FY2016/17. Having met the budget in the previous financial year, every effort was made to meet the budget for FY2017/18. The year started off well, with SEIFSA falling behind budget in

just two months in the first half of the year. For the remainder of the year, performance exceeded the budget.

Consolidations and liquidations in the sector impacted negatively on the Federation's membership, but a peaceful conclusion of the wage negotiation in August 2017 provided an opportunity to increase revenue in the Industrial Relations space. The investment made in the Marketing Department to create a new website and the implementation of Active Campaign in the first quarter of the year provided a new opportunity to improve revenue streams and increase traffic to our websites. With a full roll-out of Active Campaign at the beginning of 2018, visitors to the website/s and transactions via the website/s showed significant improvement.

The Federation turned 75 years old in June 2018 and the SEIFSA at 75 publication provided an opportunity to generate additional revenue. This opportunity was promptly harvested, with a combined effort of all staff at the Federation.

Income generated from membership fees increased by 6.83% from FY2016/17. This increase was positive in light of the large number of consolidations and mergers of companies in the sector. The income generated by the SEIFSA Training Centre increased by 3.78% when compared to FY2016/17. The SEIFSA Training Centre experienced a marginal inflationary increase in profit. The revenue generated from the sale of products and services increased by 40.44% when compared to FY2016/17. This growth has been attributable to an overall increase In the Divisional sales and the proceeds from the Technical and Vocational Education and Training Centres of Specializaton tender awarded by the Department of Higher Education and Training. Significant growth exceeding inflation was achieved during the year under review.

Total expenses for the current year increased by 6.57% when compared to FY2016/17, mainly attributable to the salary increases that were awarded after a two-year absence during the era of tight cost containment. Continuous cost optimisation has been implemented.

The year closed with a surplus, for a second consecutive year.

The surplus generated has assisted in marginally improving our Reserves, but the balance sheet still remains under pressure, with a closing current ratio of 1.21 (FY2016/17: 1.16).

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.

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 combatting 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 in the next 12 months.

NEW OR PROPOSED ACTIVITIES

SEIFSA has no new or proposed activities for the next 12 months.

GIFTS AND DONATIONS RECEIVED IN KIND FROM NON-RELATED PARTIES

No gifts and donations were received in kind from nonrelated parties. Employees receiving gifts are obliged to complete the Gifts Register, which is tabled at the Executive Committee meeting every quarter. The SEIFSA Policy does not allow employees to accept gifts exceeding R500 in value. If such gifts are accepted out of courtesy, then they are forfeited to the Federation, which either sells them or donates them to our adopted school.

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 will continue to deliver on its primary mandate and focus, which is undertaking collective bargaining, lobbying and advocacy. In order to achieve these goals at a minimal cost to its membership, the Federation will simultaneously generate revenue from the rendering of services that are paramount to its members' and customers' businesses and deliver products that will add value to all its customers. Financial performance will be closely monitored to ensure that the Federation remains financially viable. Where action is required to rectify performance, immediate corrective action will be implemented.

The year ahead is likely to remain a challenging one, with the sector facing a tough economic environment. The current political climate/uncertainty makes investments in the country more and more difficult, hence muchneeded capital investments to improve productivity and competiveness are routinely delayed. We remain

hopeful that the economy and political climate will improve in the future. Accordingly, the Federation will need to strive continuously for impeccable service delivery at optimal cost.

KEY FINANCIAL RATIOS

| Revenue: Membership | ↑ 6.83% |
|-------------------------------|-----------------|
| SEIFSA Training Centre Profit | ↑ 3.78% |
| Revenue: Products & Services | ↑ 40.44% |
| Expenses | ↑ 6.57% |
| Surplus | ↑ 11.84% |

KEY FINANCIAL RATIOS



Rajendra Rajcoomar Chief Financial Officer

METAL INDUSTRIES BENEFITS FUND ADMINISTRATORS REPORT

Retirement Funds in South Africa are governed by the Pension Funds Act No. 24 of 1956 (as amended), that came into operation on 1 January 1958. Since then, all retirement Funds (Pension, Provident and Retirement Annuity Funds) must be registered in terms of this Act.

he main aims of the Pension Funds Act are to:

Register and regulate all entities operating as
Retirement Funds;

- · Protect the rights of members;
- Maintain minimum solvency standards to ensure that employers do not renege on their commitments to employees and leave them destitute in their old age;
- Ensure that the Funds, as separate legal entities, have balanced ownership and accountability of the participating parties; and
- Dissolve Funds that are financially unsound or that wilfully violate the Act.

In terms of the Pension Funds Act, members have the right to elect 50% of the Board Members. A Trustee acts in a fiduciary capacity and should be familiar with and understand the laws governing retirement funds.

The Board of Trustees has appointed as its agent the Metal Industries Benefit Fund Administrators (MIBFA) to administer the funds of Employers and Employees in the metals and engineering industries. The Board is nevertheless accountable and ultimately responsible to the Registrar and the Financial Services Board. MIBFA provides administration services for the following Funds:

- · Engineering Industries Pension Fund;
- · Metal Industries Provident Fund;
- Metal and Engineering Industries Permanent Disability Scheme; and
- Metal and Engineering Industries Bargaining Sick Pay Fund.

A BRIEF HISTORY OF THE FUNDS THAT ARE ADMINISTERED BY MIBFA

Engineering Industries Pension Fund

The Engineering Industries Pension Fund, being the continuation of the Metal Industries Group Life and Provident Fund with which the Metal Industries Group Pension Fund was merged with effect from 1 January 1995, was first established in 1957.

Until 31 March 2012, the Engineering Industries Pension Fund was a Defined Benefit Fund. This means that the benefits that were payable in terms of the Rules were guaranteed and fixed in nature. The Fund bore the risk and benefits payable on retirement had to be paid as a monthly income and were payable to the member for the rest of his or her life.

The Board of Trustees agreed to convert the active member section of the Fund to a Defined Contribution Fund from 1 April 2012.

This was done in order to guarantee the long-term financial sustainability of the Fund.

In a Defined Contribution Fund, member benefits are based on the members' own contributions to the Fund, plus the employer's contributions, plus interest earned from investing these contributions.

The Metal Industries Provident Fund

The Metal Industries Provident Fund, a Defined Contribution Fund, was established on 1 May 1991.

In this Fund, only the contributions are defined and benefits that are payable in terms of the Rules are payable as a lump sum. There is no monthly income on retirement. The member, therefore, carries the risk and is responsible for ensuring that s/he invests the lump sum wisely.

On starting employment, workers can thus choose to belong to either the Engineering Industries Pension Fund or the Metal Industries Provident Fund.

The Metal and Engineering Industries Permanent Disability Scheme

The Permanent Disability Scheme was established in 1994 in order to provide a monthly income to members who become permanently disabled and unfit to carry out any occupation in the metal industries.

On joining either the Engineering Industries Pension Fund or the Metal Industries Provident Fund, members automatically assume membership of the Permanent Disability Scheme.

Metal and Engineering Industries Bargaining Sick Pay Fund

The Sick Pay Fund, a Benefit Fund governed by the Friendly Societies Act, was established in 1978.

These benefits are temporary in nature and are geared to assist employees in times when they have exhausted their sick leave and have no means of income while they are absent from work due to illness or confinement. The benefit also includes payment to employees who are on maternity leave for a period up to six months.

REPRESENTATION ON THE BOARD OF TRUSTEES

The Associations affiliated to SEIFSA have elected representatives from Industry, together with employees of SEIFSA, to serve as Trustees on the Boards of Trustees of the Pension and Provident Funds. The Board of Trustees comprises an equal split of representation from both Employers and Labour who meet, at least, four times per annum. Based on the level of knowledge and expertise that the Trustees have, they also serve on various sub-committees of the Board of Trustees, namely:

- Governance Committee;
- Investment Committee:
- Actuarial and Benefits Committee (sub-committee of the Investment Committee); and
- Collaboration Forum.

The number of meetings held by the various subcommittees will vary, depending on the tasks at hand, and will normally precede a meeting of the Board of Trustees

The Board of Trustees has adopted an Investment Policy Statement and has strict Governance measures in place.

INVESTMENTS

The combined value of the Pension and Provident Funds is in excess of R110 billion, making it one of the largest privately-managed funds in the country. The performance of the Fund Managers is closely monitored and corrective action implemented immediately, where necessary, and all investments are made in accordance with the Investment Policy Statement.

The financial markets both locally and globally have performed poorly during the past few years, with an improvement being noted during the last year. However, the returns generated by the Funds have managed to exceed inflation. The asset management expenses of approximately 30 basis points being paid are the lowest in the industry. Approximately 35% of the total assets are managed by the MIBFA Internal Managers.

Surplus apportionments have exceeded R24bn (R23bn prior year) to date, with 7.2% being added monthly for the employees' benefit from the Contribution Increase Programme Reserve Account (CIPRA), with no cost to the employer or employee.

In addition to the members' investment (contributions by members and employers, plus investment returns), an exit bonus of 13%-18% (varying with the actuarial valuations) becomes payable to a member when the member exits the Fund.

During the year, the Funds Living Annuity has been rolled out to the members and the Industry Fund (Job Creation Fund) is being pursued for implementation.

SECTION 13 OF THE PENSION FUNDS ACT

Non-compliance with Section 13A of the Pension Funds Act 24 of 1956 (the "Act") which deals with payment of contributions to the Fund is now a criminal offence in terms of the new sections [13(8) and (9)] that have been added to the Pension Funds Act with effect from 28 February 2014. If convicted, a fine of up to R10

million and/or imprisonment of up to 10 years may be imposed on the responsible party.

In addition to criminalising the non-payment of contributions, the person at the employer responsible for not paying the contributions over to the Fund is also held personally liable for the non-compliance. Every Director of a Company or every Member of a Close Corporation, who is regularly involved in the management of the Company's or Close Corporation's overall financial affairs, or all the persons compromising the governing body of the employer, as the case may be, are personally liable for compliance with this Section of the Act. In terms of Section 13A (9) (a) of the Act, the Fund is compelled to request all participating employers to identify a "Responsible Person" that will be personally liable in the event of non-compliance with Section 13A.

During the year, MIBFA allocated part of its enforcement of arrear collection budget to the Metal Engineering Industries Bargaining Council (MEIBC) to roll out the new provisions of Section 13. This was a positive action that yielded more than R422m (prior year R299m) in acknowledgment of debts (AOD) being secured by the Attorney. Payments totalling R256m of the signed AODs were received, which equates to a 60.7% collection success rate.

STAKEHOLDER RELATIONSHIPS

MIBFA has set up a call centre to assist members with queries. In addition, SEIFSA continues to engage and provide feedback on MIBFA's various activities to all its member Associations and to the members of the affiliated Associations. When requested to do so, SEIFSA regularly engages with MIBFA to address and satisfactorily resolve various funds-related matters.

Rajendra Rajcoomar Chief Financial Officer



SEIFSA Awards for Excellence 2018

Weir Minerals - represented here by Marketing Director Rajen Govender - took top honours, walking away not only with the 2018 Most Transformed Company of the Year Awards, but also with the Environment Stewardship Award

ADMINISTRATION SERVICES REPORT

ASSOCIATIONS

he past Financial year FY2017-2018 has been unique as it set out and culminated in a Wage Settlement Agreement covering three years 2017 to 2020. This followed a prolonged negotiation period squeezed into eight weeks with the expected strike not taking place.

This was reflective of extremely harsh business conditions which had to be faced by both employers and trade unions. That the 21 affiliated SEIFSA federated Associations could reach a signed Agreement with the major trade unions registered with the Metal and Engineering Industries Bargaining Council, bears testimony to the maturity of the negotiation parties.

There is no doubt that the extremely harsh economic conditions and political turmoil which South Africa faces, is seriously impacting on the metals and engineering sector. Retrenchments and even the closure of companies has placed our industry in survival mode for many members and we can only thank those of you who have stood by your Association.

Following the de-federation by the South African Engineers' and Founders' Association (SAEFA) on 31 December 2016, a significant number of companies previously affiliated to SAEFA have joined another Association federated to SEIFSA.

Sadly, two Associations are in the process of closing down, namely the Pressure Equipment Manufacturers Association (PEMA) (previously Pressure Vessels Manufacturers Association), which was formed in 1978 and the Plumbers and Engineers Brassware Manufacturers' Association, which was formed in 1968. However, the membership of these Associations have joined other Associations federated to SEIFSA.

ADMINISTRATION AND FINANCIAL SERVICES

Secretarial and Accounting Services

In addition to the industry services offered by SEIFSA, the Federation also provides a secretarial and accounting service to some of the constituent employer Associations. These include the following specific services:

Accounting;

Administrative and Secretarial;

Communication and Liaison;

Compliance; and

Marketing (which includes retention and recruitment).

SEIFSA AWARDS FOR EXCELLENCE

As a Federation that represents 23 member Associations, SEIFSA values the relationship that it has with all its affiliated Associations and always strives to ensure greater alignment between itself and the Associations.

The CEO's Award for the Association of the Year is presented to an Association that has shown the best level of legal compliance, membership growth, participation in SEIFSA structures, benefits offered to its members and promoting the interests of those members.

The winner of the CEO's Award for the Association of the Year for 2017 is the Light Engineering Industries Association of South Africa (LEIA). The Association has been a member of SEIFSA since 1951 and continues to participate actively within the various structures in SEIFSA, the MEIBC and the Metal Industries Fund



SEIFSA Awards for Excellence 2018

Trophy for Association of the Year Award presented to Mr Edward van Ryneveld of Light Engineering industries of South Africa (LEIA) by Kaizer Nyatsumba, SEIFSA CEO. Administrators' (MIBFA) Pension and Provident funds.

Former Constructional Engineering Association of South Africa Executive Director Louis Breckenridge was honoured with the Lifetime Achievement Award for his contribution to the industry over a 60-year period in various capacities: as an employer, a business owner, CEA Executive Committee member, CEA Chairman, CEA Executive Director, SEIFSA Council Member and resident expert on a host of industry forums and committees.

In keeping with SEIFSA's loyalty programme, the Federation has the following membership recognition structure:

- Platinum member companies
 70 + years
- Gold member companies
 50 69 years
- Silver member companies
 25 40 years
- Bronze member companies
 10 24 years
- Standard member companies
 1 9 years

For the 2017/2018 financial year, the number of companies in the above loyalty structure were as follows:

Platinum member companies

46 Gold member companies

234 Silver member companies

474 Bronze member companies

47 Standard member companies

Theresa Crowley Associations Manager



LET YOU COMPANY'S INNOVATION BE KNOWN

Enter the 2019 SEIFSA Awards for Excellence

awards.seifsa.co.za



MARKETING REPORT

SEIFSA's marketing effort is centred on the organisation's seven digital platforms, each supporting and showcasing a particular SEIFSA industry asset. From its initial investment into Inbound Marketing in 2017, to fully operational websites, the inter-related goals of increased sales, cost savings and efficiency, and understanding SEIFSA's customers – the strategy has shown tangible results.

The following websites are fully operational:

- SEIFSA Main Website www.seifsa.co.za
- SEIFSA PIPS https://pips.seifsa.co.za/
- The Main Agreement https://mainagreement. seifsa.co.za/
- The Metals & Engineering Indaba https:// meindaba.seifsa.co.za/
- The SEIFSA Awards for Excellence https:// awards.seifsa.co.za/
- The SEIFSA Training Centre https://training. seifsa.co.za/
- The Small Business Hub https://smallbusinesshub. seifsa co za/

POTENTIAL UNLIMITED

All SEIFSA websites use the world's largest – and best supported – Content Management System (CMS), which is WordPress. Therefore, publishing online has become easier and reduces the need for complex coding, and makes it simple to produce Search Engine Optimised (SEO) URL addresses. An example of this is:

 https://www.seifsa.co.za/the-popi-act-comes-intoeffect-in-2018/

This URL is now responsible for more than 1000

visitors each month to SEIFSA's website, since May 2018 onwards. The URL has also been responsible for driving training numbers upwards for the IR&LS "POPI Training" course, and creating on average five new qualified leads per week. The Inbound Marketing strategy evident in this single URL creates a ready pool of people i.e. leads – ready and willing to receive marketing information straight to their inboxes on SEIFSA training and consulting. The goal for SEIFSA is to replicate the success of its POPI campaign across its other products and services for the SHEQ, Human Capital and Skills Development, and the Economics Divisions, in particular.

The year under review has seen phenomenal growth in visitors to the SEIFSA website. The main website has grown its audience at an average rate of more than 900 additional visitors each month from January to July 2018. As of July 2018, the SEIFSA website attracted 10,500 visitors. Online revenue to SEIFSA from its e-commerce capability has followed this growth path, increasing from R9,300 in January to R 71, 840, in the month of June 2018. Put another way, 328 people visit the website for each SEIFSA employee and, a by June, the website generated R2,245 per SEIFSA employee.

DEEPENING RELATIONSHIPS

In addition, SEIFSA uses a sophisticated Customer Relationship Management (CRM) system, ActiveCampaign, which has grown in importance as a management, a communication and an interaction tool, which connects all SEIFSA websites. It has helped the Marketing Department to increase email campaigns to SEIFSA's member company network from 18 per month in January to 50, as of July 2018. SEIFSA's email campaigns range from Press Releases, to its

ARE FULLY OPERATIONAL:



https://pips.seifsa.co.za/

The Main Agreement

https://mainagreement.seifsa.co.za/

02

01

The Metals & Engineering Indaba

https://meindaba.seifsa.co.za/

03



www.seifsa.co.za



https://awards.seifsa.co.za/





The SEIFSA Training Centre

https://training.seifsa.co.za/



All SEIFSA websites use the world's largest – and best supported – Content Management System (CMS), which is WordPress

The Small Business Hub

https://smallbusinesshub.seifsa.co.za/





In addition, SEIFSA uses a sophisticated Customer Relationship Management (CRM) system, Active Campaign, which has grown in importance as a management, a communication and an interaction tool, which connects all SEIFSA websites



Training Courses, as well as driving awareness of signature events such as the Metals and Engineering Indaba and the SEIFSA Awards for Excellence.

ActiveCampaign has allowed the Marketing Department to align with the Sales Department and, through email automation and linkages to the websites, provide qualified sales leads for a range of SEIFSA products such as Price & Index Pages, Training, and Award Entries, amongst others. The SEIFSA CRM has become the organisation's way of managing online and "real-world" relationships and interactions with clients and potential clients – giving it reporting capabilities not available before.

SEIFSA's Marketing Strategy is based on two interrelated approaches:

- Content Marketing the production of compelling content; and
- Inbound Marketing the technology and intelligence of content distribution.

For SEIFSA's strategy to continue to be successful, the Marketing Department must always focus on quality content. Without content, Inbound Marketing cannot be implemented successfully, and won't yield the intended results. It needs a sustained and dedicated approach.

INDUSTRY EVENTS & SEIFSA PLATFORMS

SEIFSA AT 75: A LANDMARK PUBLICATION



For 75 years, the Steel and Engineering Industries Federation of Southern Africa (SEIFSA) has represented the metals and engineering industries, provided active support for Employer Associations and lobbied for policies that have improved the business environment in which its members operate. This rich, 75-year legacy has been possible due to active support throughout the years from our members and their respective companies – and we remain deeply grateful for it.

To celebrate this significant milestone and to profile its proud legacy, SEIFSA published a 100-page, glossy, high-quality 75th Anniversary Special Magazine called SEIFSA at 75, which maps SEIFSA's 75-year journey by highlighting the Federation's most memorable events, including key milestones, past challenges and transformation, among others.

SEIFSA at 75 offers insights into South Africa's changing political environment, economic outlook, the outlook for the metals and engineering sector as well as the future of collective bargaining, and other external environmental factors that will have an impact on the metals and engineering sector.

Our thanks go to our invaluable advertisers, which have made it possible for us to cover the costs of this publication. We are immensely grateful to all of them for their wonderful messages of congratulations on SEIFSA's 75th anniversary.

SEIFSA AWARDS FOR EXCELLENCE



Born out of the need to encourage growth and celebrate excellence in the metals and engineering sector, the SEIFSA Awards for Excellence offer an opportunity for companies operating in this vital sector to receive well-deserved recognition by industry peers for their capabilities, expertise and innovation.

In front of an audience of more than 100 guests, Weir Minerals took top honours, walking away not only with the 2018 Most Transformed Company of the Year Award, but also with the Environment Stewardship Award. The Health and Safety Award Category sought to reward an organisation with the lowest Lost-Time Injury Frequency Rate and an effective system in place for managing risks. Babcock, which was named the winner in this category, completed a 1.5 million manhour project without any serious injuries.



Judges in the Most Innovative Award category said the quality of entries was extremely high, vindicating SEIFSA's belief that, even during difficult economic times, some companies in the metals and engineering sector have continued to embrace and leverage innovation in order to remain domestically and internationally competitive.

The judges were impressed by the work done by the winning company, Denwa Engineering, which used its invention in the form of MaMoo Trailer to design and manufacture a product with local material and labour, instead of importing from an overseas-based company at an exorbitant cost and with very little value-add from South Africa.

Finally, Schneider Electric took home the award for the Best Corporate Social Responsibility Award.

SOUTHERN AFRICAN METALS & ENGINEERING INDABA 2017



The Third Southern African Metals and Engineering Indaba – which featured very senior and high-profile business executives, labour leaders and Government representatives on the programme – took place at the IDC Conference Centre on 14-15 September 2017.

The conference was born out of the need to arrest and eventually reverse the ongoing decline of manufacturing in general and the metals and engineering sector in particular.

Building on the success of the previous two conferences, 2017's Indaba had an impressive line-up of speakers who addressed the delegates and shared their expertise on a wide range of topics. In addition, the Indaba offered all stakeholders – business executives and captains of industry, policy makers and Government Ministers, as well labour leaders – a vital opportunity to discuss matters of common interest calmly, robustly and yet constructively in order to improve the performance of the sector and grow the economy.



The Minister of Labour, Mildred Oliphant, at the 2017 MEI.

Economic Development Minister Ebrahim Patel delivering the opening address at the 2017 Metals and Engineering Indaba

The scope of the conference included:

- Political Leadership in South Africa: Does It Advance or Hamper Economic Growth?
- The Continental Free Trade Area: A Reality before the End of 2017?
- Wining Together: Can Government, Business and Labour Conclude a Social Compact in the interest of Labour Stability and Foreign Investment?
- The Automotive Production and Development Programme and the SA Metal and Engineering Sector
- Do Steel Import Traffics Benefit or Hurt the SA Economy?

Speakers included:

- Economic Development Minister Ebrahim Patel;
- · Labour Minister Mildred Oliphant;
- National Association of Automobile Manufacturers of South Africa Director Nico Vermeulen;
- National Association of Automotive Components and Allied Manufacturers (NAACAM) Director Renai Moothilal;
- · Business Unity South Africa CEO Tanya Cohen;
- Business Leadership South Africa (BLSA) CEO Bonang Mohale;
- Southern African-German Chamber of Commerce and Industry Chief Executive Officer Matthias Borddenberg
- · Bowmans Gilfillan Partner Graham Damant;
- Department of Labour Chief Director Thembinkosi Mkalipi;
- NUMSA General Secretary Irvin Jim;
- · Solidarity General Secretary Gideon du Plessis;
- International Trade and Administration Commission Chief Commissioner Siyabulela Tsengiwe;
- · Voith Turbo Managing Director Charl Folcher;
- Massmart Chairman Kuseni Dlamini; and
- ANC Treasurer-General and Former KwaZulu-Natal Premier Dr Zweli Mkhize





Labour Minister Mildred Oliphant with Sello Rasethaba and a delegate at the 2017 Metals and Engineering Indaba





THE 67TH ANNUAL SEIFSA GOLF DAY

The SEIFSA Golf Day is a popular, annual event



that provides the perfect opportunity for participants to network and strengthen relationships in a relaxed and informal environment.

The 67th Golf Day was held on 25 August 2017 at the Reading Country club. For the second year in a row, Michael Schulz was the guest speaker and had the players and guests wholeheartedly entertained.

The 2017 SEIFSA Golf Day was – as is the norm – over-subscribed: 124 golfers making up 39 four-ball teams participated in the event.

This is an annual industry Golf Day that brings together companies in the metals and engineering sector and some of their customers and suppliers for networking, team building and fun. This is a day that makes it possible for people from different companies to build or strengthen relations with counterparts from other companies.

SEIFSA thanks for following companies for sponsoring holes and prizes:

- merSETA
- Transman
- Allied Steelrode
- Integra Group
- Permatool
- PRP Solutions
- Shereno Printers
- Harsco
- · Reading Country Club
- Sach-Warr Construction
- Network IT
- · Xpedia Applications
- Weir Minerals
- Designer Cables
- · Unique Welding Alloys
- MIBFA
- Ismart
- · EIE Group

SEIFSA PRESIDENTIAL BREAKFAST

The SEIFSA Presidential Breakfast took place on 13 October 2017 and the guest speaker, Professor JP Landman, provided political and economic insights

Professor Landman's address highlighted how the political climate directly impacts business in South Africa. Other aspects included telling the gathering how South Africa's increase in population growth and a concomitant 1.23 percent increase in immigration had contributed to the decline in economic growth from 1.5 percent in 2014 to a possible 0,7 percent in 2017.

"I've seen this movie before. In 1985 South Africa faced similar economic challenges," he said. "But despite the country's economic and political woes, South Africa has an open society that will enable it to make an about turn".

Professor Landman said he remained optimistic about the country's future because of a number of institutional and open-society forces in the country, such as the ability to replace the government, a free and pluralistic media, an independent judiciary and an outspoken civil society, among others.

"The bottom line for growth in South Africa would be a journey from traditionalism to modernism. To get onto this journey, the country needs to embrace the world by selling the world what it wants and taking what it can give you," he argued.

The prestigious event was attended by employers in the metals and engineering sector, as well as high-profile business leaders from other sectors of the economy.

Mark Lotter
Marketing Manager



SEIFSA Presidential Breakfast
Guest Speaker: Professor Susan Booysen





COMMUNICATIONS REPORT

The strategic objective of SEIFSA's Communications Department is positioning the organisation as the primary representative and voice of businesses in the metals and engineering industries and overall manufacturing, both large and small. This is done through regular writing and distributing press releases and thought leadership articles as well as positioning the SEIFSA Executive Team for interviews on a regular basis.

he Communications Department is also responsible for developing, implementing, monitoring and maintaining effective channels of communication between SEIFSA and its member companies. This valued communication is conducted on a weekly basis, keeping members abreast of any developments impacting them and the industry in general.

ELECTRONIC COMMUNICATION

Electronic Newsletters

SEIFSA distributed regular electronic newsletters to member companies 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

SEIFSA News is the Federation's official publication and a member benefit. This publication affords member companies easy access to the latest industry news and practical advice. It is published bi-monthly and is delivered to member companies and available online at www.seifsa.co.za.

Website

SEIFSA's website performs an important communication function for the membership. Many industry-relevant

articles, updating members on the latest developments and news in the industry, have been posted on SEIFSA's website, and covered a wide range of topics. The website is an important source of information for our members and the general public. Content uploaded on the website included:

- · The wage increase and exemption arrangements;
- · Employment equity requirements;
- Important announcements impacting member companies; and
- · Press releases

During the course of the year, work commenced to develop and launch the SEIFSA Price and Index Pages (PIPS) and the Southern African Metals and Engineering Indaba websites. The Communications Department reviewed and approved the content for the new websites.

The new websites have numerous features and advantages. These include:

- Improved user experience with higher conversion rate:
- E-commerce functionality;
- · User tracking; and
- A ticketing system.

In terms of publicity during the period under review, the Federation's total Advertising Value Equivalent (AVE) for 1 July 2017 - 30 June 2018 was R 46, 075, 386, 43, up from the previous year's R15 710, 084.

THIRD SOUTHERN AFRICAN METALS AND ENGINEERING INDABA

The Third Metals and Engineering Indaba was held from 14 – 15 September 2017 at the Industrial Development Corporation (IDC) Conference Centre and featured an exciting list of local and international speakers. The speakers included African National Congress (ANC's) then Treasurer-General Dr Zweli Mkhize, Minister of Economic Development Ebrahim Patel as well as former ANC Member of Parliament Makhosi Khoza and Independent Director of Companies Dr Mamphele Ramphele, among others. The Communications Department provided support prior, during and after the conference. As a result, the Indaba garnered considerable publicity.

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Dr Makhoi Khoza addressing the ME Indaba 2017

SEIFSA AT 75 PUBLICATION

During the course of the year, the Federation also celebrated its 75th Birthday Anniversary by publishing a glossy, high-quality publication called SEIFSA at 75. The publication of SEIFSA at 75 was a resounding success and attracted an unprecedented amount of support from Associations and member companies which not only advertised in it, but also shared their journeys with SEIFSA and sent birthday wishes and messages of support.

We would like to express our heartfelt gratitude to everybody who supported this important 75-year milestone.

Ollie Madlala Communications Manager



SEIFSA at 75 cover of the publication



INDUSTRIAL RELATIONS AND LEGAL SERVICES DIVISION

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

CONCILIATION, ARBITRATION AND LEGAL REPRESENTATION SERVICES

The Industrial Relations and Legal Services Division continues to provide professional Industrial Relations and Legal Advisory and Representation Services which are cost-effective to member companies throughout the industry. The Division has successfully represented member companies in dispute resolution for ssuch as the MEIBC, the CCMA and the Labour Court.

Among the Labour Court litigation handled by the Division in the year under review on behalf of members, one of the matters was a reported decision in the Labour Court, Johannesburg in which matter the Labour Court ruled in favour of the SEIFSA member company.

It is also worth noting that the Division has recorded the highest number of litigation instructions in the year under review. This is a clear indication that more and more member companies have realised the expertise that lies within the Division and have confidence in the Division's Services.

INDUSTRY JOB GRADING

SEIFSA, through the Industrial Relations and Legal Services Division, offers a Main Agreement job grading service which provides valuable assistance to member companies in relation to industry job grading in accordance with the Main Agreement provisions.

This service has enjoyed very favourable reviews from member companies who have subscribed to it.

CHAIRING DISCIPLINARY ENQUIRIES

The Federation continues to provide qualified and experienced persons to chair, manage and conduct incompany disciplinary enquiries and disciplinary appeal proceedings.

BARGAINING COUNCIL ASSISTANCE

SEIFSA provides advice and assistance to member companies on the:

- Interpretation, application and implementation of the Bargaining Council's collective agreements;
- Formulation of all types of exemption applications;
 and
- Presentation and motivation of exemption applications at the relevant Bargaining Council committees.

GENERAL INDUSTRIAL RELATIONS SERVICES

SEIFSA provides advice and assistance to member companies on all industrial relations and legal issues, including the following:

- Dispute resolution processes;
- Application of employment conditions;
- · Job grading queries and disputes;
- · Dealing with strike action and related actions; and
- The interpretation and application of labour legislation.

INDUSTRIAL RELATIONS AND LEGAL PUBLICATIONS

A comprehensive range of industrial relations and legal publications is available to SEIFSA members. These include:

- A Practical Guide to Implementing Retrenchment Law at the Workplace
- Main Agreement Handbook for the Metal Industry 2017/2018
- Main Agreement Wall Chart
- · Managing Absenteeism in the Workplace
- · Disciplinary Policy and Code
- Dealing with E-mail and Internet Abuse at the Workplace
- Contracting with Permanent and Temporary Employees and Persons Provided by Labour Brokers
- Dealing with Sick Leave and Sick Leave Abuse in the Workplace
- Dealing with Theft, Unauthorised Possession and Searching Employees

MAIN AGREEMENT PUBLICATIONS

Following the successful conclusion of the 2017-2020 wage negotiations in August 2017, SEIFSA published the 2017/18 Main Agreement Handbook for the Metal Industry. This annual publication is an easy-to-read summary of the industry's Main Agreement. The latest edition incorporates the wage increases that came into effect on 1 July 2018 together with a number of enhancements intended to assist management in the practical application of the terms and conditions of employment of the industry.

As an added benefit to members, the Main Agreement Handbook was launched as an online subscription service to the SEIFSA website. This online service contains the following key features:

- · A quick and easy search facility;
- Downloads of pro-forma letters and employment contracts;
- Live updates of changes to the wording and content of the Main Agreement;
- Direct access to SEIFSA's consultants and job grading experts;
- · Access to SEIFSA's IR case study database; and
- Links to the Department of Labour and Bargaining Council websites.

The 2017/18 edition of the SEIFSA Main Agreement wall chart was also published in August 2017. It

summarises the key sections of the Main Agreement in a poster format.

INDUSTRIAL RELATIONS AND LEGAL TRAINING

SEIFSA continues to present a comprehensive range of practical industrial relations and legal training courses, seminars and workshops for employees and different levels of management. These courses and workshops include:

- Effective IR on the Shop Floor;
- Understanding and Administering the Amendments of the Main Agreement;
- Managing Sick Leave and Sick Leave Abuse in the Workplace;
- Understanding and Implementing Labour Legislation;
- · Effective Disciplinary Action;
- · Updates on Labour Law Developments;
- Flexible Working Time Arrangements in the Industry;
- How to Prepare for and Conduct a Disciplinary Hearing;
- · The Law of Evidence;
- Understanding the Impact of the POPI Act for your business; and
- Business Contracts and Service Level Agreements.

The Industrial Relations and Legal Services Executive and the Managers lobby, on behalf of the membership, in the following platforms:

- Representing members and the interests of the metals and engineering sector in various key forums such as the National Economic Development and Labour Council (NEDLAC), its sub-committees and various relevant working groups;
- Playing an active and leading role within the structures of Business Unity South Africa (BUSA) in order to ensure that the interests of the metals and engineering sector are heard and taken into account by that body;
- Ongoing interaction with the leadership of the unions in the metals and engineering sector;
- Providing and/or co-ordinating legal advice to act on behalf of Associations in promoting, opposing and/or influencing legislative and other measures affecting the industry and/ or sectoral interests;
- Representing SEIFSA and its member Associations on statutory and other structures, including the MEIBC, NEDLAC and BUSA;
- Representing member Associations on the Boards of Trustees of the MIBFA structures and committees;

- Providing a professional advisory, feedback and reporting service on matters of relevance to the various Associations; and
- Attending various Association meetings (and annual general meetings).

LOBBYING AND ADVOCACY

The Industrial Relations and Legal Services (IR&LS) Division has been involved, through various BUSA and NEDLAC processes, in the following initiatives:

• Strike Barometer Project

The IR&LS Division participated in a project aimed at assisting the Department of Labour (DoL) to assess its current labour market database that facilitates data collection on strikes.

The research is aimed at examining the current processes used by the DoL to collect and collate strike data, assessing the validity and reliability of the data and the current platforms utilized to collect strike data with a view to understanding the information needs of member companies when it comes to data on industrial action and how best this information can be packaged for effective information delivery.

Labour Relations Stability

The Portfolio Committee on Labour has published the following Bills for public comment:

- · The Basic Conditions of Employment Bill;
- The National Minimum Wage Bill; and
- · The Labour Relations Amendment Bill.

To date, the Department of Labour has briefed the National Council of Provinces' (NCOP) Select Committee on Economic and Business Development on the Labour Laws Amendment Bill. The Bill was passed by the National Assembly and sent on 29 November 2017 to the NCOP for concurrence.

BUSA has made submission to Parliament on the Labour Law Amendment Bills.

Business's objective was to aim for interventions that will promote much higher levels of labour relations stability and accountability by the social partners by securing key agreements on:

- a Code of Good Practice on Collective Bargaining and Industrial action;
- an Accord that binds all the NEDLAC parties to the Code;

- agreement to expedite criminal and disciplinary processes in the event of violent strikes; and
- balloting provisions that will ensure that union constitutions require secret balloting.

Consolidated Main Agreement

The Industrial Relations and Legal Services Division has been engaging the various signatory Trade Unions and Legal Representatives in finalizing the Consolidated Main Agreement for submission to the Department of Labour for gazettal. The Main Agreement has been finalized and all the Parties are satisfied with the contents of the version to be submitted to the Department of Labour for gazettal.

The MEIBC has adopted the Consolidated Main Agreement as an industry agreement concluded between the Parties in a Bargaining Council in terms of Section 31 of the Labour Relations Act (LRA).

Once the Department of Labour finalizes and signs off on the industry membership statistics submitted by the Bargaining Council, an Industry Membership Verification Certificate will be issued. Once the certificate is received by the Parties, the next and final phase of processing the Consolidated Main Agreement as an agreement to be extended to non-parties, in compliance with Section 32 of the LRA, will be tabled and processed by the Parties in the Bargaining Council.

External Representation

The Industrial Relations and Legal Services Executive was appointed onto the Board of Directors of the Rand Mutual Assurance in July 2018 and also serves on the Board's Social and Ethics Committee. The Rand Mutual (RMA) is a non-profit mutual assurance organisation which is owned by its policy holders. RMA operates in terms of section 30 of the Compensation for Occupational Injuries and Diseases Act, 130 of 1993 as amended, under licence from the Minister of Labour. The RMA Group also operates under both short- and long-term insurance licences issued by the Financial Services Board (FSB).

The Divisional Executive continues to serve on the Board of the National Nuclear Regulator (NNR), a public entity which was established and is governed in terms of Section 3 of the National Nuclear Regulator Act (Act No 47 of 1999) to provide for the protection of persons, property and the environment against nuclear damage through the establishment of safety standards and regulatory practices. She is a member of the Audit Committee of the NNR Board of Directors.

It is responsible for:

 granting nuclear authorisations and exercising regulatory control related to safety over the siting, design, construction, operation, manufacture of component parts; and

 the decontamination, decommissioning and closure of nuclear installations and vessels propelled by nuclear power or having radioactive material on board, which is capable of causing nuclear damage.

Bridgette Mokoetle Indutrial Relations and Legal Executive





ECONOMIC AND COMMERCIAL DIVISION

n line with SEIFSA's mission, the Economic and Commercial (EC) division's objective is to enhance the profile of SEIFSA by providing input to the national discourse on economic, trade and commercial matters. This is aimed at generally improving business conditions in the metals and engineering (M&E) cluster in particular and the broader manufacturing sector in general. To this end, the division provides the following services:

- Annual sectoral level economic research and statistical analysis of key variables including an overview of the domestic and international macroeconomic environment and insightful industry market appraisals to SEIFSA member associations, the government and other key stakeholders;
- Update the Price and Index Pages (PIPS) (a flagship product for the metals and engineering cluster) continuously, with the latest statutory and sector specific cost indices for relevant economic indicators including intermediate input costs. The PIPS indices are, therefore, useful for tracking of changes in costs, benchmarking of standards and best practices, calculating of contracts (or tenders) price adjustments or escalation and for generally updating price lists;
- Contract Price Adjustments (CPAs) workshops where delegates are guided through the process of using the PIPS indices (based on longitudinal or real-time data) to substantiate price adjustments and how to use model formulas for computation of price adjustments;
- Adhoc consulting services in industry-related matters aimed at improving business savvy and operational excellence.

ECONOMIC ENVIRONMENT

The economic environment in South Africa is shaped not only by its own domestic dynamics but also by a bigger global reality due to the openness of our economy as measured by the trade to gross domestic product ratio (that is, exports plus imports = 58% of GDP), and also our large current account deficit (4.8% of GDP or R229bn annually), requiring foreign capital inflows. The challenges faced by the South African economy as evidenced by low economic growth invariably transcend to the M&E cluster, which is a small open sector with a high propensity to attract a significant amount of foreign currency. Generally, GDP growth post the 2014 production crises has been very poor, largely trending below 2% thereby constricting the expansion of various sub-components in the cluster.

Although there was an increase in production during the financial year ended 2018, the challenges of the sector are still prevalent and the cluster is still going through a structural change. However, despite the economy being stuck in continuous low growth levels post the global economic and financial crises, with rising intermediate input costs and record high unemployment rate (particularly amongst the youth), the expectation is for the resilience of the cluster to prevail in 2019. Accordingly, constant support from relevant industry stakeholders and the government is needed to boost productive processes and demand for the intermediate products of the M&E cluster towards sustainability, given its strategic importance.

The cluster's share of manufacturing stood at 29.05%, effectively contributing 3.52% to the gross domestic



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product (GDP) of the country at the end of the financial year. A slightly stronger rebound in production was recorded in the second quarter of 2018, with a marginal year-on-year improvement when compared to June of 2017. On aggregate, the sector seems to have improved on the moderate growth (0,5%) recorded in the first quarter of 2017, by posting an encouraging growth of 4,1% by the end of the second quarter of 2018, further highlighting its resilience. All indications are that the positive output trajectory will continue even though growth in the sector currently seems to be very volatile and still trending below its 18-year average. The encouraging signs are underpinned by ample political will and a recent turnaround in the composite business activity index, including all but one of its sub-indices.

Production of companies in the sector stood at R570 billion, with value added to the domestic economy at an estimated R116 billion (registering an annual decrease of R7,2 billion). The sector recorded an increase in employment in the full year of 2017, gaining 7,246 (formal) (or 2% increase) and 10,353 (informal) jobs respectively, comprising a cumulative trend of 17, 599 (formal and informal) jobs (or 3% increase). This is good news especially given that the increase in employment is congruent with that of the broader manufacturing sector which gained 32,712 (formal and informal) jobs in 2017 when compared to 2016.

The M&E capacity utilisation improved in Q2 2018 to 80.28% (the cumulative average of Q3 2017 to Q2 2018 is 80.35) against a sectoral benchmark of 85%. The low (albeit improving) capacity utilisation is largely driven by nondescript domestic demand, lack of specialised or skilled labour and high prices of raw materials. Better capacity utilisation indicates the extent to which an industry is operating relative to its

potential. The variance between the actual output and maximum potential output (capacity utilisation) also provides insight into the extent to which an industry can immediately absorb additional orders, without needing to expand existing operations. Capacity utilisation is, therefore, important in determining the point that an industry is operating on the cost curve. Higher (lower) capacity utilisation reduces (increases) the total unit cost, favourably (unfavourably) influencing export competitiveness of industries in both domestic and in international markets, improving (reducing) profits and supporting (impeding) economic growth through new (lack-of) investments.

Real fixed capital stock decreased by 3%, largely affected by an initial underutilisation of capacity in the start of the year, also impacting negatively on productive capacity. There was growth in fixed capital productivity (2,55 percent point), in unit labour costs (1,29 percent point) and in imports substitution (54.1 percent) (highlighting the ongoing deindustrialisation taking place). Correspondingly, there was a decrease in both labour productivity (1,34 percent point) and multi-factor productivity (1,18 percent point) signifying inefficiency in utilising available factors of production. Encouragingly, gross fixed capital formation or new investments within the sector grew by 4,0% underpinned by an uptick in domestic demand and increased local market size from 0,6% in 2016 to 1,3% in 2017. There is also hope for an improvement in this trend in the second half of 2018 given the rebound in business activity index.

Notwithstanding the low GDP recorded in Q1 of 2018, there is optimism that the second quarter GDP figures will provide mild impetus for a slightly robust growth in the second half of 2018. Despite the existence of a US triggered trade war with China, improvement in



domestic growth is possible, supported by a generally improving international economic environment and underpinned by moderate recovery of investment and exports. Moreover, growth in important export markets (for locally-manufactured intermediate products) such as the SADC, the rest of the African continent, Europe, Asia (particularly China) and the USA are important in gradually improving demand conditions regionally and globally. These should be beneficial to local exporters over the medium-to-long term. It is also expected that a continual improvement in the current socio-political environment (including a clearer government economic policy stance) and international commodity prices will translate to better business opportunities and improve the financial positions and performances of local companies. This is good news for the M&E cluster in particular and the broader manufacturing industry in general.

SEIFSA's Q1 2018 review of the State of the Metals and Engineering Sector's Report specifically simulates the M&E sub-sectors benefiting from these developments on the local and international macroeconomic environment. Accordingly, based on prevailing signs of domestic and global tailwinds and generally improving production performance of the M&E cluster, the full-year forecast was revised upward from 1,1% growth in 2018 to 1,7% growth, despite the presence of significant sector-specific downside risks. The revised prognosis resulted in the improvement of the outlook in 54% of the sub-industries in the M&E cluster when compared to the initial forecast, with only 46% of the sub-components either contracting or deteriorating.

In nominal terms, the trade deficit in the M&E sector narrowed in Q1 of 2018 to R31.1 billion from R31.5 billion recorded in Q4 2017, but widened on a year-onyear basis from R28.1 billion recorded in Q1 of 2017. Alternatively, in real terms, the trade deficit consistently narrowed in Q1 of 2018 to R300 million from R313 million recorded in Q4 2017, and also reduced on a year-on-year basis from R327 million recorded in Q1 of 2017. Total exports from the cluster to the rest of the world contracted by 8,1% in real terms on a quarteron-quarter (basis between Q4 2017 and Q1 2018 (largely due to a stronger rand and seasonal effects), but expanded by 20,2% on a quarterly year-on-year basis. Despite a stronger Rand in Q1, real imports also decreased by 7.0% quarter-on-quarter, which is indicative of a weak domestic economic environment.

On average, the sub-industries with lower export-to-output ratios - which measures how much total production is exported - generally experienced the most severe contractions in output in Q1 2018. These sub-industries include the Rubber products, the Plastic

products, the Structural metal products, and the Electrical machinery and apparatus sub-components. Given that the demand profile for these sub-sectors seems to be pro-cyclical to domestic demand, this is a cause for concern (considering the prevailing lowdemand scenario) and an initiative geared towards boosting exports will be beneficial to these subcomponents. Alternatively, all the sub-components with a higher exports-to-output ratio experienced expansion in production underpinned by exports competitiveness and improving international commodity prices and demand. On average, the sub-industries with higher propensity for imported components (except for Rubber products) generally experienced expansion in output in Q1 2018, highlighting the effects of imports penetration. These sub-industries include the Basic Non-ferrous metal products, Machinery and equipment, Household appliances, MV parts and accessories and other transport equipment sub-components.

Increased export volumes and export competitiveness is pivotal if companies in the cluster intend to benefit from expected domestic green shoots and generally optimistic global outlook. The strategic role of SEIFSA in influencing policy cannot be underestimated. The Federation's involvement with Business, Government and Institutions such as the International Trade Administration Commission and Business Unity South Africa and Labour is geared towards improving the business and regulatory framework for the sector. Recent challenges facing the industry, including the US triggered trade wars with the potential of destroying the broader steel industry has brought the importance of this fact into sharp focus.

WHAT DOES THE FUTURE PROMISE?

The main question is what should be done to ensure that the sector is more competitive, export more and possibly improve profits and employment numbers?

The continued survival of the sector depends, as far as the domestic economy is concerned, crucially on the health and growth of the sectors which are drivers of its demand, namely mining, construction and automotive sectors. Hence the urgent need to conclude issues around the mining charter in order to attract so much needed investments across the board and boost domestic growth. In addition, the need to grow market share in regional markets and also mitigate potential risks from the existing trade war between two of the World's largest economies is also important.

Also, part of the answer is that all stakeholders within the sector must put differences aside and collaborate more. A salient and undeniable fact is that the industry is notorious for being more reactive than proactive when dealing with challenges. Although some intermediate products of the metals and engineering cluster are close substitutes, unscrupulous tactics should not be used by one sub-industry over the other, to gain competitive trade advantage. Competition is encouraged, albeit in a business-as-usual atmosphere rather than belligerently. Without co-operation, all businesses including the small, medium and micro enterprises cannot flourish and expand. Intra-industry

Increase trade and interdependence with the rest of Africa should receive a boost from a new R13,4billion export trade facility launched by the Export Credit Insurance Corporation of South Africa (ECIC) and the African Export Import Bank (Afreximbank). This should boost exports from South Africa to the rest of Africa with a combined population of about 1,2 billion people and GDP of roughly US\$2,2 trillion. Companies in the sector need to "sharpen the saw" and focus more on exporting to the SADC region (including SACU), especially given



The M&E sector is intimately linked to the fortunes of the agricultural, mining and quarrying, construction and auto sectors (and to some extent, the electricity and transport sectors). The signs of recovery in each of the aforementioned sectors (and export demand) is crucial for the M&E sector over the longer term

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squabbles are counterproductive to the objectives of the National Development Plan (NDP) in the long run, thereby, constricting the effective implementation of its long-term socio-economic road map, with dire consequences on jobs and economic development.

There has been a relative reduction in import volumes, thanks to the protection measures for downstream steel industry (safeguard tariffs) announced by the government. Also, the establishment of a R1.5 billion (over three years) downstream steel industry competitiveness fund, through interest rate subsidy, will relieve some pressure due to a number of structural factors, which have undermined the sector's competitiveness. This had resulted in a number of firm closures and more than 6% related job losses.

Longer-term survival and recovery, however, needs a whole paradigm shift in policy measures and company behavior. There is need to contain input costs and further mitigate the impact of both the 2007/8 financial and economic crises and the 2014 productions crisis which are still felt in the industry. Also, the negative effect of the Chinese economy which is simultaneously slowing down and overwhelming world markets with cheap exports need to be contained. Encouragingly, early indications suggest there has been no unusual spike in imports despite the existing trade war.

the favourable growth forecast for the region. Of total exports into Africa, almost 81% are destined for SADC, West Africa (8,7%), East Africa (8,9%), North Africa (1,3%) and Middle East (0,5%).

Importantly, a 'cluster' approach to the dynamics of each sub-industry is needed. As highlighted in the State of the Metals and Engineering Sector Report for 2018/19, each sub-industry within the sector has its own unique exposure to national and international markets, its own capital or labour intensities and its own productive capacity constraints and production cost challenges. Gross fixed capital formation (new investment) is clearly needed by all the sub-components, in order to improve productive efficiencies to that of world benchmarks and to grow.

The M&E sector is intimately linked to the fortunes of the agricultural, mining and quarrying, construction and auto sectors (and to some extent, the electricity and transport sectors). The signs of recovery in each of the aforementioned sectors (and export demand) is crucial for the M&E sector over the longer term. Stimulation and redirection of domestic general government procurement demand towards domestic metals and engineering producers is a policy measure over which South Africa has control. The recent initiative by the DTI aimed at designation, localisation and supplier development is lauded as a significant tool

in the industrial policy 'toolkit' to support the broader manufacturing sector. This is especially given that government has the largest procurement spend. The steel industry seems to be the earliest beneficiary but the expectation is for the benefit to trickle down to other industries in the M&E cluster. In addition, enhanced cost-effectiveness and moral suasion is also needed to ultimately attract private sector demand as well.

SECTORAL LEVEL ECONOMIC RESEARCH

The EC division published a fifth further enhanced version of its State of the Metals and Engineering Sector Report in January 2018. The Report which entails research triangulation and robust statistical analyses (including descriptive, inferential and statistical modelling) takes an annual look of the sector, elaborating on the drivers and underlying dynamics of observed variables like production, demand, employment, intermediate input costs, profit trends, export competitiveness, investment and capacity utilisation.

Over the years, the Sector Report has become the benchmark for monitoring business activities and developing economic trends on a sub-industry and sector level. The sub-industries covered included the rubber, plastics, basic ferrous, basic non-ferrous, metal products, machinery and equipment, household appliances, electrical machinery and equipment, transport equipment as well as parts and accessories for motor vehicles. Tracking progress of these various sub-components during the year relative to the initial prognosis and outlook proved to be a powerful tool for understanding the health of the sector.

The report relies on recognised external sources of data. These include Statistics South Africa, the South African Reserve Bank, the South African Revenue Services, Quantec and the World Bank. These are complemented by other sources such as the Economic Trend South Africa and the Industrial Development Corporation. The availability of accurate and credible economic information on sub-industry level is a resource available to members, but not fully utilised. Great effort was made to ensure that the type of data used, the sources and the methods employed in compiling the data are benchmarked to both national and international standards. The information is analysed in a unique way to produce an overview of the national and international environment, vividly depicting the state of the local M&E cluster, highlighting the important drivers of growth and concluding with a predictive annual outlook.

The purpose of the State of the Metals and Engineering Sector Report

The main aim of the report is to track whether the sector is expanding or declining and several longitudinal data and trends (which are often very volatile) are monitored accordingly. The study makes use of an eclectic methodology in its analyses and entails comparing the most current data point to the one immediately preceding it. It also makes use of a monthly and annual analyses, including several year-to-date versus previous year comparisons. The approach helps in contextualising the growth trend in the industry, in generally highlighting the various drivers of growth (or lack of) and in predicting output trends in the sector with a high confidence interval. Ad hoc monthly commentary and periodic reviews are subsequently published as derivatives of the research report.

The second objective of the study is to provide an intrinsic understanding of the dynamics of observed trends. The analysis in this regard is evidenced-based, robust and compelling, further igniting several discourses. Resultantly, more in-depth reviews and opinion pieces of specific drivers have been conducted and published in several platforms. Some of these include the SEIFSA News journal and domestic newspapers including technical publications.

The third objective is for the report to ignite interest and provide evidenced-based impetus for collaboration, advocacy and lobbying. Collaboration and lobbying should be aimed at reducing specific constraints as identified in various internal fora within SEIFSA. Given that the EC division acts as a repository of much of the information on the sector's economic performance over the years, an important aspect of the research is, therefore, in facilitating advocacy and lobbying initiatives in several external forums.

The level of advice sought from SEIFSA by policymakers and the impact it had with dealing with metals crisis over the years proved how valuable this can be. SEIFSA has received positive indications that it will still be part of a soon to be reconstructed steel price monitoring committee and this is good for the industry. SEIFSA currently serves in other forums including the Technical Sectoral Liaison Committee (TESELICO), the National Economic Development and Labour Council's (NEDLAC's) Trade and Industry Chamber, the departments of Trade and Industry, Economic Development, Manufacturer's Trade and Tariffs Forum and BUSA's Economic Policy and Tax Policy committees, including other sub-committees.

A substantive input was made when SEIFSA recently held a high-level meeting with President Ramaphosa's Economic Adviser and a team of investment envoys of the South African government. The meeting provided an opportunity for all parties to discuss salient issues affecting investments into the M&E cluster in particular and the broader manufacturing sector in general. Moreover, it also reaffirmed the importance of Business maintaining a good working relationship with the Government (and the governing party) and to continuously work towards broadly improving local economic conditions. Another substantive input was made when SEIFSA and Transnet recently launched a joint Working Group (WG) with the mandate of addressing prevailing inefficiencies towards ultimately reducing logistics costs for businesses. Effectively, three work streams were created by the joint SEIFSA-Transnet WG to continue with the objective of the working group. These include the logistic efficiency, the competitiveness and benchmarking work streams. Progress reports from these initiatives will be made available to stakeholders on a regular basis as stipulated in the WG terms of reference document.

SEIFSA PRICE AND INDEX PAGES (PIPS)

The SEIFSA PIPS publication is in its 55th year of successful publication and has grown to be the most trusted and widely used tool for contract price adjustment. The PIPS indices which is regularly audited, assists companies calculate future changes in costs of labour, steel, transport and other inputs affecting the final cost of manufacture in order to adjust prices up to date of delivery. The publication helps businesses in due diligence and mitigating input costs, thereby improving the margins. Innovative initiatives aimed at enhancing the publication over the years have been successful, significantly improving the product's value and positioning it as a pre-eminent cost improvement tool in the real sector.

To subscribe visit www.seifsa.pips.co.za or call 011 298-940ò

The PIPS publication tracks over 200 independent market or product specific indices that are valuable in drafting contracts with significant lead periods. The periodical also includes SEIFSA's composite input cost index which replicates the average cost structure of the metals and engineering (M&E) sector, comprising of labour (20%), administered costs (including fuel, electricity) (15%); nominal effective exchange rate (40%) and miscellaneous (including intermediate producer price index (PPI) (25%).

Roughly ninety percent (90%) of the M&E sector's products, including the basic ferrous (iron and steel), the basic precious and non-ferrous metals and castings, are of an intermediate nature (i.e. made up of goods that are in a transition stage between raw and finished, and can only be sold to other manufacturers to create the finished goods). The intermediate PPI measures factory gate prices and is, therefore, a good aggregate indicator of the ability of producers in the sector to increase selling prices. The average change in selling prices received by domestic producers in the M&E cluster (intermediate PPI) averaged 0,6% in the financial year ending June 2018 (and 3,98% in the 2017 calendar year), while the composite input cost index averaged 1,88% by end June 2018. This represents a significant pressure on the margins of producers in a year where selling prices have relatively been generally decreasing, posting an average reduction of 6,63% in domestic merchant prices and 4,74% in export prices.

During the period under review (that is, July 2017 to June 2018), Domestic steel prices increased by 7,7% (Y-o-Y) at steel producer level and by 8,2% (Y-o-Y) at steel merchant level, largely driven by underlying commodity prices globally and the weakening exchange rate at the first half of 2017/18. The iron and steel industry's real value added to the domestic economy was an estimated R19,0 billion as at the end of 2017. Even though the first half of the period under review saw a weaker exchange rate, the Rand did not depreciate significantly enough to switch operations to a negative differential between selling price and input cost inflation. Although companies in the sector operated in an environment of increasing input costs in the first half of 2017/18, there was a slight improvement in margins in the second half, generally characterised by easing input cost pressure on companies underpinned by an increasingly stronger Rand. The stronger exchange rate also eased inflation prospects in the sector, leading to an increment in positive differential between selling price and input cost inflation. Although the expectation is for the positive trend to continue towards better profit margins, the caveat is that the exchange rate is very volatile and prone to domestic and international fundamentals. This warning is even more valid given the current context

of trade war. This can render the Rand's trajectory very unpredictable in the near future thereby reversing the gains made from the positive inflation differential. SEIFSA is constantly monitoring these indicators given that the risk to the inflation outlook from the volatile exchange rate remains feasible.

In as much as companies in the M&E sector do their utmost best to contain costs, the irrefutable fact is that they are still exposed to uncontrollable cost increases which can be exponential and persistent. This places great emphasis on the importance of the SEIFSA PIPS publication which provides comfort in dealing with the capricious cost curves. The PIPs publication allows companies supplying products to account for and claim those costs which are out of their control, while at the same time allowing buying companies to contain costs and mitigate the risk of unnecessary costs overruns. Indeed, the need to mitigate price changes also partly contributes in explaining the noteworthy attention the SEIFSA PIPS publication has enjoyed over the period 2017/18.

SEIFSA CONTRACT PRICE ADJUSTMENT WORKSHOPS

The progress made with the Theory and Calculation of Contract Price Adjustment (CPA) workshops is encouraging. CPA is a methodology used to adjust defined areas of cost over a defined period of time, to cover costs fluctuations beyond the control of the parties to a contract. The CPA model basically helps buyers and suppliers to reach an agreement

on the adjustment of prices in a contract over a specified frequency. We have continued to observe an impressive caliber of attendees at the workshops, in the form of project managers, procurement managers, supply chain managers, financial directors, business owners and all those individuals tasked with managing the cost and inflation profile of a company. The frequent and increasing number of delegates attending our CPA workshops exemplifies the importance that companies are placing on the potential risks inflation poses to the bottom line.

SEIFSA is making a very important contribution in ensuring that volatile costs components are accounted for. Over the 2017/18 year, SEIFSA has continued to prioritise reviewing, developing and expanding the coverage of the SEIFSA PIPS indices, which are accurately computed in line with internationally-recognised methodology and timeously published.

SEIFSA remains committed to serving the interest of the broader manufacturing sector including its metals and engineering sub-components. SEIFSA is also committed to ensuring that the PIPS publication and the CPA workshops continue to be the best tools to mitigate the effects of inflation and exchange rate volatility (amongst other variables) eroding the sustainability of companies in the cluster.

Michael Ade
Chief Economist and Economics and
Commercial Executive





SAFETY, HEALTH, ENVIRONMENT AND QUALITY DIVISION

SIFSA provides comprehensive and professional safety, health, environment and quality consultancy services to member companies - offering practical advice, guidance and training on all issues, including workmen's compensation claims and implementation of legal requirements. In light of the recently published ISO 9001: 2015 and ISO 14001: 2015, the division also implements the new standards and offers advice on transitioning to the latest versions.

In addition to offering training and consultancy services, the division also lobbies extensively in various national forums on behalf of the industry. These forums include the Advisory Council for Occupational Health and Safety, National Economic Development and Labour Council (Nedlac), Advisory Committee for the Compensation Commissioner for Occupational Diseases, and the Department of Environmental Affairs industry forums. Some of the engagements are directly with various stakeholders in government, organised business and organised labour. This report highlights some activities of the year under review.

COMPENSATION FUND

Amendments to COIDA

Nedlac deliberations on the Compensation for Occupational Injuries and Disease Act (COIDA) Amendment Bill began in July 2017 and were concluded in April 2018. The purpose of the amendments is to provide for the rehabilitation, re-integration and return to work of injured employees, to regulate the use of health care facilities and to also regulate compliance and enforcement.

Generally, the draft amendments seek to increase compensation benefits and improve service delivery.

The business position was, in summary, as follows:

- the extension of compensation cover should not have excessive economic impact on assessment fees payable by the employer to the Compensation Fund; and
- administrative fines should not be based on an employer's turnover, but rather on the financial loss caused by the non-compliance, as well as the adverse impact on the health of the affected employee(s).

a. Extension of Scope of Benefits

In terms of extension of cover, two key matters have been flagged by business:

- i. The introduction of the concept of "no-fault basis" effected by the removal of "serious willful misconduct". In the current Act, employees who are injured due to willful misconduct such as being under the influence of alcohol or refusal to apply health and safety measures are in principle not covered by COIDA; and
- ii. In the event of an accident while travelling to and from work currently employees are only covered by COIDA if:
- the vehicle used by the employee is provided by the employer for such purposes;
- the vehicle is driven by the employer or by one of the employees and
- if such a vehicle is provided free of charge.

According to the current wording of the draft amendment bill, employees would be covered travelling to and from work, regardless of their mode of transport.

Business argued that the above circumstances are outside of the control of an employer i.e. an employer cannot anticipate or control serious willful misconduct or the risk posed by the choice of transport made by employees. This would have a significant impact on the frequency of claims, the risk rating of the employer and, most importantly, the assessment fees payable to the Compensation Fund by the employer.

b. Determination of Fines

The proposal by the Government was that the commission of certain administrative non-compliances would attract a fine of up to 10% of the previous year's turnover. Even though there was no agreement on this Issue, business maintained that:

- Any prescribed fine/penalty should be a defined amount (not a % of an unknown amount)
- Any fine/penalty should be capped (have a maximum of "up to").
- Penalties should be imposed by a Court of law (if an employer is found guilty of an offence).

There is no set date by which the draft bill will be published for comment, however, the general sentiment is that it might be after the 2019 presidential elections. The revised Bill incorporating public comments will be re-tabled at Nedlac before it is finalized.

UNIVERSAL HEALTH COVERAGE

National Health Insurance

The National Health Insurance Bill was published for comment on 21 June 2018 and comments were to be submitted by 21 September 2018. Two of the major areas of concern are:

a. The cost of NHI

The cost of NHI is unknown, to date- government has not produced any financial modelling to demonstrate its cost and sustainability. Some economics experts have warned that this uncertainty is likely to deter international investment and adversely affect economic growth.

The government's track record in State-owned entities has been negative over the years and a centralisation of health funding is a cause for concern. According to the NHI Bill, the Fund will become the public purchaser and the sole financier of health.

b. Mandatory prepayments

During his public announcement, the Minister of Health, Aaron Motsoaledi spoke of income cross subsidisation i.e. rich subsidising the poor. The NHI public campaign flyer outlines the following funding sources:

- · General taxes
- Employees earning above a certain amount will be required by law to contribute

- Employers will assist the NHI Fund by ensuring that their NHI contributions are collected and submitted, in a similar way as UIF contribution
- Employers will match their employee's contribution to NHI

Surprisingly the NHI Bill is silent on employer and employee contributions and leaves one to assume its covered in the "monies to which the Fund may become legally entitled to". (After the promulgation of the NHI and Medical Aid Fund Bill- 11 more pieces of legislations will be introduced or amended in order to bring some of the NHI requirements into effect)

While Nedlac discussions continue, Business Unity South Africa (BUSA's) NHI Hybrid Research Project is underway. The research results will form a solid base for argument against the viability of NHI as currently proposed.

HEALTH AND SAFETY LEGISLATION REVIEW

1. Occupational health and safety

A. Occupational Health and Safety Amendment Bill For reasons unknown, there has been a delay in the publishing of the Draft Occupational Health and Safety (OHS) Amendment Bill for comment. Nedlac deliberations had commenced in October 2014 and concluded in March 2016.

The following Regulations were published for comment:

- Draft Ergonomics Regulations
- Draft Asbestos Abatement Regulations
- Lift, Escalator and Passenger Conveyor Regulations Incorporation of the Code of Practice for Inspection and Testing of Lift

No regulations have been promulgated in 2018.

ENVIRONMENT LEGISLATION

Carbon Tax and Climate Change Bill

The 2017 Draft Carbon Tax Bill is a refinement of the initial 2015 Draft Carbon Tax Bill. The main aim of the carbon tax bill is to put a price on the environmental and economic damages caused by excessive emissions of greenhouse gases. A secondary aim is to change the behaviour of firms and consumers, by encouraging uptake of cost-effective, low-carbon alternatives.

Once the Bill comes into effect, the National Treasury will levy carbon tax on emissions above the absolute carbon budgets (a greenhouse gas emissions allowance allocated to a person over a defined time period). The Department of Environmental Affairs

(DEA) is currently devising methodology for the level of the budgets. The DEA also published a Climate Change Bill which, once It comes to effect, will enable the enforcement of Carbon Budgets.

The business position on both Bills is that there is no reason for a developing country, whose GDP growth has remained below 2% since 2016, to have one of the most stringent environmental legislation in the world. Moreover, the imposition of carbon budgets where there are no alternative technologies is prejudicial towards business.

SHEQ BUSINESS SOLUTIONS

ISO 9001 Quality Management Systems (QMS) is an effective tool for assuring quality of products. According to research, it increases the bottom line and enhances access to markets.

The SHEQ division provides consultancy and training services to assist with the implementation or improvement of QMS. ISO 9001 implementation is offered to small enterprises at competitive rates.



The cost of NHI is unknown, to date- government has not produced any financial modelling to demonstrate its cost and sustainability. Some economics experts have warned that this uncertainty is likely to deter international investment and adversely affect economic growth



b. Industry Waste Management Plans

On 6 December 2017 the Minister of Environmental Affairs published a notice directing the following industries to submit industry waste management plans for approval:

- Lighting
- · Electrical and Electronic Equipment and
- · Paper and Packaging Industry

This was after SEIFSA and BUSA raised flags against the previous notice, citing impractical requirements and compliance unachievable deadlines. The deadline for subscription to approved Industry Waste Management Plans was 6 September 2018. However, by August 2018, there had not been a single plan approved by the Minister. To this end, affected companies may find themselves unable to comply with this requirement. The SEIFSA SHEQ Executive continues to lobby on this matter and keeping the Associations informed.

Quality related offerings include internal QMS audits are to evaluate the effectiveness of your system, and second party QMS audits to your suppliers to enhance your supply chain.

SHEQ COMPLIANCE SERVICES

SEIFSA's SHEQ Division assists member companies in meeting the requirements of the Occupational Health and Safety Act, the Compensation for Occupational Injuries and Diseases Act and other safety, health, environment and quality legislation. The SEIFSA SHEQ division guides companies in addressing safety, health, environment and quality issues at the workplace and thereby protecting management from vicarious liability and criminal prosecution.

The Division offers an audit programme which includes the following:

- · An annual audit;
- The provision of the administrative documentation



required to ensure that the mandatory administrative requirements are observed;

- A written report identifying and addressing areas of non-compliance and, where necessary, specific recommendations for action by management; and
- The formulation of an implementation plan to assist in the achievement and maintenance of full and proper legal compliance.

SHEQ LEGAL ADVISORY SERVICE

SEIFSAprovides a comprehensive range of consultancy and advisory services to member companies on safety, health, environment and quality issues, including:

- General health and safety legal advice and assistance;
- Interpretation and advice on occupational health and safety legislation;
- Interpretation and advice on workmen's compensation legislation;
- Formulation and implementation of company level health and safety management systems and procedures;
- · Incident investigations and reporting; and
- Legal compliance guidance and auditing.

SHEQ TRAINING

SEIFSA presents a comprehensive range of practical safety, health, environment and quality training courses, seminars and workshops aimed at all levels of management. These courses were run during the year on an in-house basis and also as public sessions and include:

- · Health and Safety Representatives
- ISO 9001: 2015, ISO 14001: 2015, and ISO 45001 Awareness
- 16.2 Appointees
- Compensation for Occupational Injuries and Diseases Act.
- · Incident Investigation.
- Basic Safety Induction and HIV/Aids Awareness.
- Introduction to Occupational Health and Safety Act for Management.



SEIFSA Training SEIFSA SHEQ Executive Nonhlalo Mphofu conducting a workshop Other services include risk assessments on tasks, machines, processes and equipment; incident investigation; the development of safe work procedures, and fire risk surveys.

The SHEQ Executive lobbies on behalf of the membership on the following platforms:

- Advisory Council for Occupational Health and Safety: Advises the Minister on occupational health and safety matters;
- Technical Committee 7: Hazardous Chemical Substances: Advises the Chief Inspector on HCSrelated matters (at date of publication reviewing Asbestos, Lead and HCS Regulations);
- Iron and Steel Sector Forum: Promotion of health and safety in the sector and formulation of best practices;
- NEDLAC: Representing and protecting the interests of business in engagements with Government and Labour;
- BUSA: Represent the industry in engagements with business on all policies affecting Occupational Health and Environment;
- Advisory Council for the Compensation Commissioner for Occupational Disease (CCOD): Advises the Compensation Commissioner on compensation matters;
- Steering Committee for Integration of Compensation Systems: Engagements aimed at integrating or improving compensation systems under COIDA and ODMWA;
- DEA Waste Management Forum: Engagements on proposed amendments to Environmental Legislation.

In addition, the division is closely monitoring developments in relation to the National Clean Production Centre on Energy Efficiency in order to ensure that members benefit from various funded programmes; and is also monitoring the Government's implementation of the National Strategy on Climate Change Mitigation.

The SHEQ division will continue to play an active advocacy role in representing the views of business on various platforms, lobby relevant Government departments, influence amendments to existing legislation and/ or the introduction of new legislation affecting the health and safety of workers in the industry and strengthen enforcement regulations aimed at reducing fatalities and injuries in the metals and engineering industries.

Nonhlalo Mphofu
Safety, Health, Environment, Quality
Executive



HUMAN CAPITAL AND SKILLS DEVELOPMENT (HC&SD) DIVISION

SEIFSA, acting through direct representation on the Business Unity South Africa (BUSA) Standing Committee on Education and Training (SUB-CET), plays a major role in co-ordinating the views of business and lobbying for employer-friendly skills development policies and approaches at national level.

The HC&SD Division is represented on and engages in the following platforms:

- · African Academy (City & Guilds) Board;
- merSETA Board;
- merSETA Metal Chamber;
- · merSETA Regional Committees;
- BUSA Social & Policy Transformation Committee;
- BUSA Sub-Committee on Education & Training;
- Human Resource Development Council (Champion for Skills Development and Transformation);
- National Artisan Development Advisory Body;
- The South African Society for Co-Operative Education Board (SASCE); and
- Department of Higher Education's Occupational Team Conveners.

In order to effectively represent the interests of the membership and to advance the human capital and skills development agenda in the sector, it is critical that SEIFSA continues to play an active role in these various platforms.

The National Development Plan Vision 2030 subscribes to the objectives of eradicating poverty, removing inequality and reducing unemployment. It is well known that without sufficient focus and continued investment in skills development, these objectives may not be realised to any meaningful extent.

Within the manufacturing sector, there is a myriad of challenges associated with development of relevant skills. Amongst others, a legacy of poor educational opportunities, a complex tertiary education and training landscape and a poor basic education system, have resulted in many employees having little or low levels of skills. The national shortage of skills in all economic sectors exacerbates the challenges associated with the retention of staff and increases the demands for training and development in the sector. The skills-development environment is also complex, with many policies, regulatory and legislative requirements. Traversing these requirements and challenges can be resource-intensive and exhaustive for many companies in the industry.

To counter skills shortages, SEIFSA member companies invest in employee training and development in multitudinous interventions that include learnerships, bursaries, apprenticeships, internships and adult education. The industry also supports training and skills development in the communities where operations are located, helping to make socio-economic growth possible.

Ensuring that the views of the membership are presented and heard is critically important in influencing the human capital and skills development regulatory

environment in a way that does not negatively impact on the sector's business viability and sustainability.

ADVOCACY AND LOBBYING

SEIFSA represents the interests of the industry in matters affecting education and skills development nationally. SEIFSA is represented on statutory bodies such as the BUSA, merSETA, Human Resource Development Council of South Africa (HRDC), and the Quality Council for Trades and Occupations (QCTO).

SEIFSA is also an active member of and participant in several national, sectoral and ministerial task teams and committees. Among others, these include the National Artisan Development Advisory Body (NADAB), the task team for advancing TVET education and training, the National Economic Development and Labour Council (Nedlac) task teams on free higher education and the National Skills Development Plan (NSDP), and the International Labour Organisation (ILO) teams on the future of work, innovations in apprenticeships and recognition of prior learning. Involvement in these platforms ranges from foundational learning, further education and training (FET) colleges, and their course offerings, to artisan training and reviews of skills systems. SEIFSA is also an active member of BUSA in areas affecting skills development. Participation in these structures and platforms affords SEIFSA an opportunity to play a leading role in crafting business mandates on skills development, including the sector's positions on skills development.

Industry 4.0 and its Challenges

As the manufacturing world wonders on the impact of Industry 4.0, the vocational and skills development training sector is lagging behind. That there will be labour market transitions which will demand training and retraining is certain. Lifelong learning is a fait accompli for both young and old. This will lead to more rapid occupational mobility between different sectors of the economy. Skills mismatches between labour demand and supply will become a thing of the past as the demand for specialized knowledge grows at faster paces.

The TVET landscape will change dramatically with industry demand being the arbiter of the curricula and the knowledge level of student/labour output. The concept of just the right amount of education in the current curricula of TVETs will cease as a practice as curricula will have to be rapidly adapted to meet the demand for specialised knowledge. Industry will subsidise those institutions that are able to keep abreast

of Industry 4.0, to the detriment of lagging institutions. This would need policy interventions in South Africa. Logistical and associated challenges will cease to be major problems. With these developments, fresh financial instruments will also have to be established or created to enable small, specialised manufacturing sector to enter the mainstream economy.

(MERSETA) - SEIFSA's Role

SEIFSA continued to play a major role in the strategic management, proper governance and oversight of the Merseta through its direct representation on the Governing Board, Executive Committee, the Metal Chamber, Gauteng Regional Committee and various other ad hoc committees.

In light of the critical importance of effective skills development for the sector and current skills shortages, particularly at artisan level, it has become increasingly important for the Federation to play an active role in supporting, promoting and protecting employer interests at all levels of the Merseta. This includes SEIFSA playing an important role in the tripartite Merseta, together with organised labour and government.

The Merseta is the sector education and training authority (SETA) for the manufacturing and related services, representing five chambers; Metal, New Tyre, Plastics, Auto and Motor sectors in compiling a sectors skills plan to inform and enable skills development in the overall sector and is also responsible for ascertaining skills demand as well as disbursing the skills development levies. Most companies in the merSETA sector are small and medium, but they employ only 35% of all employees. Large companies account for 65% of employment. Most companies are in Gauteng, Western Cape, KwaZulu-Natal and Eastern Cape. The metal sector also has a footprint in Northern Cape and Mpumalanga.

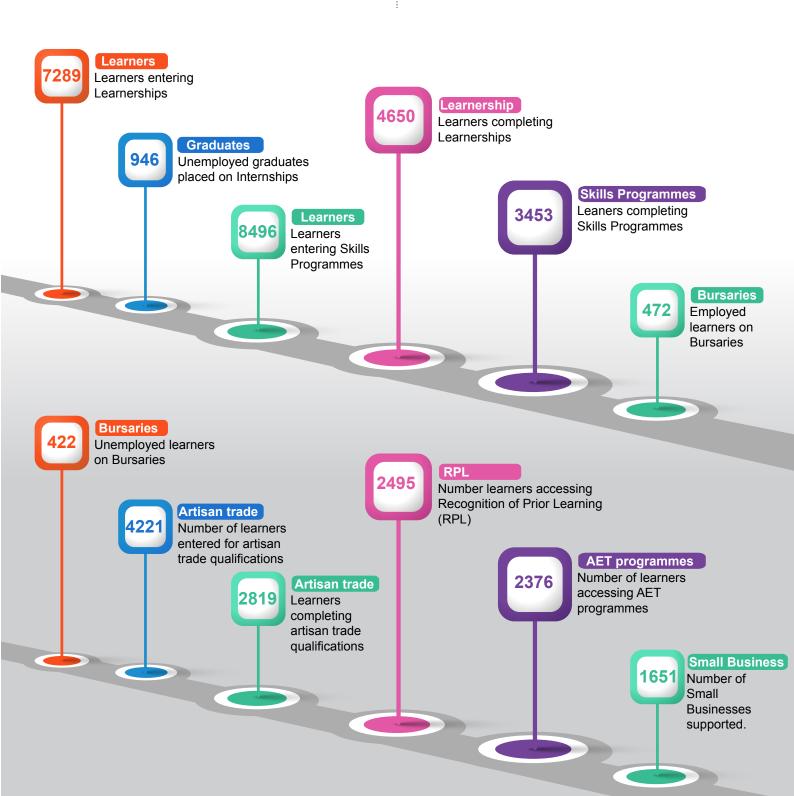
The sector does not reflect the demographics of the country, with 58% of merSETA employees being African and almost a quarter (23%) white, compared to these groups accounting for 80% and 8% of the population, respectively. Indians constitute 3%, while coloureds account for 9%. merSETA represents a youthful sector, in which, in 2017, around 40% of all employees younger than 35 years and only 10% were older than 55. The 2017 data indicates fewer number of youth in the sector and a slight decline in employees overall. merSETA organisations employ 4 626 people with disabilities, 10% more than was reported in 2016. Overall, the sector comprises a majority of semi-skilled

and skilled workers. One in every five workers is skilled and a quarter is employed at technician level or higher.

A total number of 4 057 companies were successfully approved for mandatory grants, compared to 4 005 in 2015/16. This resulted in a claims ratio of 74.2% for the year under review compared to 73.7% in the previous year.

Some of the performance achievements during 2017 were:

merSETA implemented research to better understand the skills development requirements in formal and informal, SME and Cooperative enterprises as these smaller segments have potential to stimulate growth in the mer-sectors. Up-skilling, re-skilling and even multiskilling of the current work force is required to keep pace with the demands of a technologically disruptive industry and curtail further job losses.



Under Strategic Objective 5 of the NSDS III – "Increased contribution to employment and growth opportunities through skills facilitation," the following achievements were recorded for the year under review:

- 7289 learners entering learnerships
- · 946 unemployed graduates placed on internships
- 8496 learners entering skills programmes
- 4650 learners completing learnerships
- 3453 leaners completing skills programmes
- · 472 employed learners on bursaries
- · 422 unemployed learners on bursaries
- 4221 number of learners entered for artisan trade qualifications
- 2819 number of learners completing artisan trade qualifications
- 2495 number learners accessing recognition of prior learning (RPL)
- 2376 number of learners accessing AET programmes
- 1651 number of Small Businesses supported.

NATIONAL BODY REPRESENTATION

SEIFSA continues to be an active participant on national human resource development platforms either through formal nomination as a business representative through BUSA or by ensuring that it participates in the substructures of these bodies. Among others, these bodies include the Quality Council for Trades and Occupations (QCTO) and the HRDC.

The QCTO is responsible for quality assurance of trades and occupations in the post-school education and training system. Some of the key areas of focus in 2017 were:

- Moving quality assurance accountabilities, responsibilities and outputs from the SETAs to the QCTO (only workplace quality assurance would remain with the SETAs)
- Ensuring that the registration of trades and occupations is a priority (a challenge for the QCTO due to limited resources)
- Developing the business case for increasing funding of the QCTO (limited finances has been a major stumbling block in achieving objectives).

The HRDC, 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 Department of Higher Education and Training, with membership based on a five-year tenure and representatives including government ministers, senior business leaders, organised labour, academia and civil society, focused on the following in 2017:

· Identifying skills blockages and recommending

- appropriate solutions as well as identifying the primary institutional structures and leaders to implement possible solutions in partnership
- Commissioning research in human resource development
- Encouraging organised business, civil society, government and organised labour to invest in education and training, and to take full responsibility for human resource development within their areas of competency.

SETA GRANT REGULATIONS

When the skills levy and SETAs were initially established, the grant regulations were:

- A mandatory grant of 50%
- The NSF received 20% of the levy
- A discretionary grant of 20%
- An administration cost for SETAs of 10%
- Levies not used as in a year could be saved as surplus and used in future by the SETA.

The Minister of Higher Education changed the original SETA grant regulations as follows:

- The mandatory grant was reduced from 50% to 20%
- · The NSF received 20% of the levy
- The discretionary grant was increased from 20% to 49.5%
- The administration cost was increased to 10.5%
- Surpluses in excess of 5% were to be "swept" into the account of the NSF.

BUSA challenged the Minister of Higher Education and Training's decision to change the SETA grant regulations through the Labour Court in 2013.

Since 2013, the matter has been in court and has been heard a few times. Each time, the ruling was in favour of business and the grant regulations of 2012 were set aside. However, the Minister of Higher Education and Training appealed these decisions on various grounds hence the matter is still with the Labour Court. The last ruling, made in October 2017, set aside the "sweeping" of surplus funds. The matter on the changing of the mandatory grant from 20% to 50% will be heard in the first quarter of the 2018 calendar year.

PROPOSED SETA LANDSCAPE AND NATIONAL SKILLS DEVELOPMENT PLAN

Following the publication of the Government Gazette, on the SETA landscape proposal and the extension of National Skills Strategy IV, social partners engaged with

Nedlac throughout 2017, as well as on other platforms about the proposed changes. The revised NSDP was gazetted in December 2017 for further public comment. SEIFSA solicited input from various members and made a submission to BUSA, which in turn will be including consolidated business input in the proposals.

Training of artisans

Artisans play an important role in the industry and SEIFSA plays an active role in areas where the training of artisans is a focus. The National Artisan Moderating Body (NAMB) is responsible for the quality of artisans trained. It has developed:

- transitional arrangements for trade testing of artisans
- draft regulations on a national register for artisans
- a report on the Recognition of Prior Learning for Artisans project
- · a policy for generic grants for artisan learners
- · a national administration system
- · a strategy to improve the trade test pass rate

New qualifications and associated curricula are being developed for the various trades, with a number of them already being registered at the South African Qualifications Authority (SAQA). Others are in the process of being developed. The new curricula contain revised knowledge modules, practical skills modules and work experience modules. The DHET is also in the process of developing an Artisan Development Strategy. SEIFSA has contributed to this work and uses its membership within the National Artisan Development Advisory Body to advise DHET on artisan matters and to influence policy relating to artisan development.

Education and Training Advisory Committee (ETAC)

Membership of SEIFSA's Education and Training Advisory Committee continued to increase. The committee met regularly during the year to discuss skills development and training policy matters, including those relating to the Department of Higher Education and Training, Merseta, NAMB, BUSA, SAQA, Quality Council for Trades and Occupations (QCTO) and National Skills Development Plan (NSDP).

A substantial number of skills development facilitators from member companies also attended these meetings and reported that participation in this forum had made a significant contribution to their understanding of skills policy development as well as implementation issues within their organisations.

HUMAN CAPITAL & SKILLS DEVELOPMENT TRAINING

Public workshops

A range of interactive training courses customised for training, HR and Employment equity managers and skills development facilitators were presented on the following topics:

- Employment Equity; successful submissions
- Introduction to skills development;
- Skills Planning and Reporting (Merseta's -National Skills Development Management System (NSDMS))
- Supervisory Training (Unit Standard 242821);
 and
- Effective Communication (Unit Standards aligned)
- Problem Solving (Unit Standard aligned)
- Training Committee Training and Employment Equity Committee Training (qualification programme).

In-house workshops

The following workshops were conducted on an in-house basis to equip members to fulfil their obligations in terms of the skills development and Employment equity legislation and to promote best practice:

- An overview of skills development for training committees; and
- Employment Equity Committee roles and responsibilities Training.

Consultancy

SEIFSA offers a comprehensive and professional consultancy service on a range of human capital and skills development issues, including:

- Introduction to skills development;
- Maximising PIVOTAL grants;
- Preparing Workplace Skills Plans and Annual Training Reports to claim mandatory grants;
- Technical advice on skills development matters;
- Linking skills development initiatives to a company's strategic plan;
- Registering apprentices and learners;
- Identifying available industry learning interventions;
- Assistance with Employment Equity constitutions and submissions;
- Employment Equity Audits

- SARS assistance with Section 12H of income Tax Act and ETI:
- Leveraging B-BBEE.

Scholarships and Bursaries

Technician Training

SEIFSA, over the year under review, renewed two scholarships and awarded three new scholarships to students taking courses leading to national diplomas in engineering at universities of technology (the former technikons). Private students received the full bursary amount and company-based students received tuition fees only.

Undergraduate Study

The Federation had four bursars who completed their undergraduate qualifications in the year under review

SEIFSA TRAINING CENTRE

The SEIFSA Training Centre in Benoni, outsourced to GijimaAst since 2003, is managed by a governing committee comprising SEIFSA and GijimaAst representatives.

The SEIFSA Training Centre was running at 64% capacity utilization for the 24/36 week training programmes a total of 404 candidates attended this training for the year.

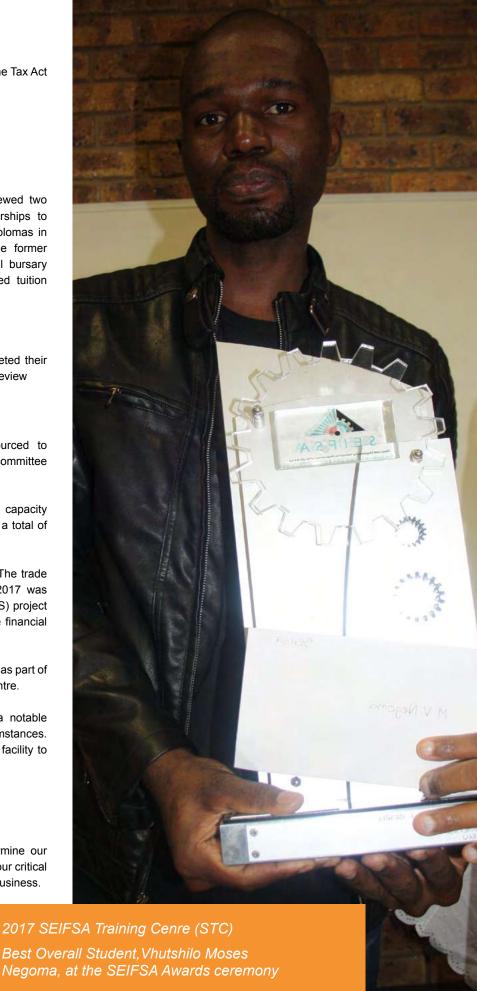
443 Candidates were trade tested by the Centre. The trade test pass rate for the period July 2016 - June 2017 was calculated at 65%. From the above, the Gibela (ITS) project has contributed 100 trainees in the first half of the financial year i.e. June to December 2017.

SEIFSA replaced six laptops for the Training Centre as part of providing the tools to enable performance at the centre.

The SEIFSA Training Centre has again put in a notable performance, given the challenging economic circumstances. The Centre remains a trusted and leading training facility to many in industry.

HUMAN CAPITAL

The skills and competencies of our people determine our success in executing the activities that form part of our critical enablers. Human capital is the biggest cost to our business.



Best Overall Student, Vhutshilo Moses Negoma, at the SEIFSA Awards ceremony SEIFSA is a Level 4 contributor in terms of the Exempt Micro Enterprise Codes for the Broad-based Black Economic Empowerment. Accordingly, we are reformulating plans to address the priority elements of the B-BBEE scorecard to achieve our transformation targets.

SEIFSA thrives on happy, motivated employees. We incentivize and reward generously for exceptional performance, strongly encouraging the achievement of personal goals. Well-defined incentive targets are set annually, with performance discussions conducted as required through the year.

We use every opportunity to celebrate team or personal achievements and reinforce the spirit of performance. SEIFSA's financials are presented to employees monthly, and this includes the performance of the respective Divisions. A highlight is the employee of the month presented to nominated employees who have exemplified the SEIFSA values and made extraordinary contributions. These highly-valued individuals embody SEIFSA's culture and core beliefs and demonstrate consistent dedication and performance. These individuals set new standards and become role models for others to follow.

Performance contracts and reviews link into our talent management and succession management processes. SEIFSA's ongoing investment in skills development, talent management, organisational transformation and employee relations are aimed at securing and motivating the calibre of human capital we need to achieve our strategy.

Personal growth and career development are discussed with each employee annually and line Managers are responsible for ensuring that these discussions give rise to meaningful development plans.

Succession planning is actively encouraged within all Divisions to ensure the constant availability of high-quality Managers and Executives.

Our intern development programme provides trainees with meaningful work under the guidance of allocated mentors who are trained according to an individually-paced hierarchy of learning.

Investment in learning and development R15 019.03 Average learning and development days per person 1 Percentage of females participating in learning and development: 77%

Maintaining sound and productive working relationships is of utmost importance to us, and open communication

channels between Managers and employees are encouraged. Frequent communication sessions are held to update all employees on business progress, celebrate achievements and introduce new employees to SEIFSA.

SEIFSA complies with all relevant South African labour legislation. There have been significant changes to South African employment legislation during the past year.

Wellness initiatives provide employees with access to services that promote individual health and wellbeing. Key initiatives include an annual wellness day where employees are encouraged throughout and monitored.



SEIFSA interns for the 2018-19 Financial Year

SEIFSA continuously endeavours to be an employer of choice and, as such, complies with applicable employment legislation and the Code of Good Practice. The Human Capital (HC) team continues to affiliate with various Human Resources and employment law professional bodies to keep abreast of best practice. To achieve its legislative mandate and organisational goals, SEIFSA acknowledges that people are its most important assets. We, therefore, promote and motivate employee engagement using the total rewards system to attract, develop, reward and retain highly-skilled people. The year under review was geared towards the development of two new appointees in management positions and ensuring the transferal and honing of skills internally and ensuring continuity of processes. SEIFSA is committed to increasing the representation

of previously-disadvantaged individual groups in line with our employment equity plan, including people living with disabilities. In supporting the national skills development plan, SEIFSA established an internship programme and introduced a development programme to empower young, unemployed graduates and prepare them for the world of work.

INTERNSHIP PROGRAMME

Ten learners were enrolled on the internship development programme from Ekhurukeni East College. The learners, together with two graduate interns from the University of Johannesburg, have been placed in the operational areas of SEIFSA.



From Left to right: Sesi Chauke, Mbali Sibaya, Thabang Nkhabu, Johannes Nchabeleng, Elliot Mariri, Eugene Selepe, Zanele Phala, Zodwa Zwane, Thandeka Shabangu and Sifiso Ramotsepe

HUMAN RESOURCE OVERSIGHT STATISTICS

Our workforce

Our staff complement was 31 on 30 June 2018, with one vacancy. Staff turnover for the period under review levelled out compared to the previous year.. The recruitment processes focused extensively on job-culture fit to ensure retention (in line with our recruitment and selection policy).

Training costs

SEIFSA encourages continuous training and development for employees, and funds training or studies relevant to its core business. Given the skills shortage in our industry, we take pride in the number of employees who have used our training and development programmes.

Employment and vacancies 2017

The recruitment process for the Human Capital Manager and Marketing Manager was finalised in 2017.

EQUITY TARGET AND EMPLOYMENT EQUITY STATUS

SEIFSA does not tolerate any form of discrimination and is fully committed to the Code of Good Practice on employment equity.

The Department of Labour, in partnership with the Commission for Employment Equity (CEE), started engagements with business leaders from various economic sectors. This follows the continued slow pace of transforming in the South African labour market 20 years since the promulgation on the EE Act.

The Commission for Employment Equity is a statutory body established in terms of section 28 of the Employment Equity Act. Its role is to advise the Minister of Labour on any issues concerning the Act, including policy and matters pertaining to the implementation of the EE Act.

These engagement sessions followed the release of the 18th CEE Annual Report. The aim of these sectoral engagements was to consult business leaders and their representatives (managers, human resource officers, EE officers among others) on employment equity-related matters and understanding the challenges that employers face in employment equity implementation and strategies to overcome them.

Transformation at the workplace also has the potential of moderating the 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.

Career Awareness

SEIFSA attended a variety of Career Day sessions throughout 2017.

The events target learners from disadvantaged and economically depressed communities and are perhaps the only opportunity for most of them to experience this kind of interface with the world of work, experienced role models and professionals in these environments. There is no doubt that they left the events with a better understanding of the inner workings, ethos in the world of work as well as career opportunities available from the various companies.

It was an honour and privilege for SEIFSA to support and participate in these events and know the impact it had on the learners and enriched their lives. We hope that this influenced them positively in a very profound way and that this experience will remain with them.

Melanie Mulholland
HCSD Executive





SMALL BUSINESS HUB

Three years on since its establishment, the SEIFSA Small Business Hub (SBH) continues to seek to play a significant role in supporting small businesses through partnerships with both the private and public sectors. An integrated approach which aims to ensure that small business interests are represented in various platforms where SEIFSA Divisions lobby will enhance the hub's efforts in influencing policy in favour of small businesses in our metals and engineering sector.

ENTERPRISE AND SUPPLIER DEVELOPMENT

he SBH continues to explore prospects in the Supplier and Enterprise Development space. The hub offers turn-key solutions to large enterprises seeking to enhance their Broad-Based Black Economic Empowerment score through supplier and enterprise development. Over the past three years, SEIFSA has accumulated a good track record for supporting small business growth.

The SBH finalized the implementation of a relatively large-scale Supplier Development Project for an affiliated member company. This was the third consecutive year of managing the project for the same organization.

PARTNESHIPS

On 24 June 2018 SEIFSA formally partnered with Aurik Enterprise Development (Aurik) to help small and medium enterprises (SMEs) in the metals and engineering sector to grow and thrive. Aurik is headed by Pavlo Phitidis and specializes in developing and implementing supplier and enterprise development programmes.

SEIFSA is confident that Aurik has the necessary expertise and capacity to provide business support services to SMEs, working within the metals and engineering industries through SEIFSA's Small Business Hub.

Small businesses have traditionally struggled to sustain their operations in a challenging economic environment and bigger businesses have also encountered challenges in finding the right business partners to become part of their supply chain systems. The partnership with Aurik will enable SEIFSA to address these issues.

Interestingly, in the last 14 years Aurik has assessed over 18 000 entrepreneurs and assisted over 1500 SMEs across all economic sectors. During 2015/16, when the South African GDP growth rate fell from 1.4% to 0.3%, the average annual turnover rate for the SMEs supported by Aurik grew by 59.8%. Making this happen requires, amongst other things, close collaboration between big and small business. With this objective in mind, SEIFSA has entered into a strategic partnership with Aurik with the aim of impacting positively on the metals and engineering sector.

Nonhlalo Mphofu
Small Business Hub Coordinator



ABOUT SEIFSA

The Steel and Engineering Industries Federation of Southern Africa (SEIFSA) is a national employer federation representing the metals and engineering industries. SEIFSA has, for the past 75 years, provided active support for its members and lobbied for policies that have improved the business environment in which its members operate.

SEIFSA's management team represents employers on a number of organisations that are critical to the success of the industry as a whole, including Business Unity South Africa; the Nedlac Council and the National Skills Authority. Over the years, the SEIFSA management team has positively influenced legislation and policy affecting labour relations, skills development as well as economic and trade matters.

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

At an industry level, SEIFSA negotiates collective agreements covering wages, conditions of employment and social security benefit arrangements with the trade unions. The Federation also represents employers on the boards of the Engineering Industries Pension Fund, the Metal Industries Provident Fund, the Metal and Engineering Industries Permanent Disability Scheme, the Metal and Engineering Industries Bargaining Council Sick Pay Fund, the Metal and Engineering Industries Bargaining Council and the merSETA.

Communication is an important aspect of the Federation's relationship with its members. There are five main channels of communication:

- SEIFSA News
- SEIFSA's website (www.seifsa.co.za)

- · Regular electronic mails
- · Regular Association meetings; and
- The Annual Southern African Metals and Engineering Indaba

SEIFSA is the umbrella body for the following 23 Independent employer Associations representing all the diverse sectors which constitute the metals and engineerings industry:

- 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 (ECEAIA)
- Electrical Engineering and Allied Industries Association
- Electrical Manufacturers' Association of South Africa (EMASA)
- · Gate and Fence Association
- Hand Tool Manufacturers' Association (HATMA)
- Hot Dip Galvanizers Association Southern Africa
- Iron and Steel Producers' Association of South Africa (ISPA)
- · Kwa Zulu 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 (In the process of winding up)
- Pressure Equipment Manufacturers Association of South Africa (PEMA) (In the process of winding up)
- Refrigeration and Air-Conditioning Manufacturers' and Suppliers' Association (RAMSA)
- · SA Electro-Plating Industries Association
- SA Reinforced Concrete Engineers' Association (SARCEA)
- SA Valve and Actuators Manufacturers' Association (SAVAMA)
- South African Pump Manufacturers' Association (SAPMA)
- South African Refrigeration and Air-Conditioning Contractors' Association (SARACCA)

Three of these associations are regionally based and are located in Cape Town, Kwa-Zulu Natal and the Eastern Cape.

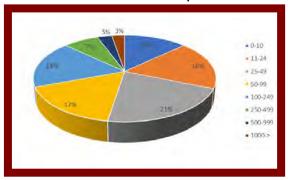
SEIFSA is a non-profit-making body. Its main source of income derives from annual per capita levies on member companies. The balance derives from income from services rendered and products sold to companies in the industry. SEIFSA's range of services and products includes consultancy (covering labour legislation, employment conditions, human capital and skill development, safety, health, environment and quality, broad-based black economic empowerment and contract price adjustment), publications, training courses, seminars and conferences.

SEIFSA has, since its formation in 1943, helped promote a business environment in which its members can successfully run their operations. The past year has been no exception and SEIFSA has demonstrated that it plays a vital role in promoting and protecting the interests of employers in the industry.

For the FY2017/2018 financial year, the Associations had a combined membership of 1244 companies employing a total of 178,514 employees. The SEIFSA membership employs almost 64% of the total 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. Of these member companies, 53% employ fewer than 50 employees and 72% are located in Gauteng.

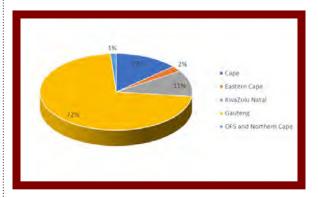
The composition of the SEIFSA membership of the Associations federated to SEIFSA according to number of employees employed is illustrated on the following graphs:

SEIFSA Associations' Membership: June 2018



The regional location of the SEIFSA membership of the Associations federated to SEIFSA is illustrated below:

SEIFSA Associations' Membership by Regional Location: June 2018



MEETINGS

The Federation experienced another very active year in terms of association meetings and meetings of the various interest groups within SEIFSA and joint meetings with other organisations.

The SEIFSA Council is the policy-making body of the Federation. It comprises elected representatives from the various Associations and co-opted senior industrialists. The SEIFSA Council met on at least 8 occasions, including special meetings and the Annual General Meeting, during the year under review.





COMPANY SECRETARIAT

The 2017 financial year started when the industry wage negotiations were still continuing. The SEIFSA Board of Directors, as mandated by the SEIFSA Council, provided strategic direction towards the successful conclusion of the wage negotiations. The Board of Directors elected members of the Board to attend the various negotiation meetings and support the Operations Director who led the negotiations on behalf of the SEIFSA Associations.

uring the Federation's 74th Annual General Meeting (AGM) held on 13 October 2017, the following Non-Executive Directors were appointed:

- Ms Ellen Veldhowen;
- Mr Andrea Moz; and
- Mr Peter Amm.

At the self-same AGM, an amendment increasing the number of Non-Executive Directors to nine was made to SEIFSA's Memorandum of Incorporation. Since the amendment was approved after the elections of Board Members had already taken place, the AGM mandated the Board of Directors to co-opt suitably-qualified individuals to fill the two new positions.

Ms Mayleen Kyster and Ms Bukelwa Bulo, who had each received the fourth highest number of votes at the AGM, were approached for co-option as Board Members; Ms Bulo did not make herself available and Ms Kyster was co-opted onto the Board.

In February 2018 Vice-President Oupa Komane and Leon Viljoen resigned from the Board of Directors, the former because he was no longer employed in the sector and the latter because of increased commitments. Following their resignations, the Board elected Pieter du Plessis for Vice-President, alongside Mr Alph Ngapo who was elected into that position at the last AGM.

President Michael Pimstein and Mr Peter Amm resigned in May 2018. The Board then elected Mr. Pieter du Plessis as Interim President, with the remaining vacancies unfilled because the Board continued to have a quorum.

Board Meetings

In the year under review, there were four Board Meetings held on the following dates:

- August 2017
- November 2017
- February 2018
- May 2018

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

| The attendance Register of the Directors at the Board Meetings was as follows: | | | | | | |
|--|-------------|---------------|---------------|----------|--------------------------------|--|
| Director | August 2016 | November 2016 | February 2017 | May 2017 | No. of Meetings attended | |
| Michael Pimstein | Present | Present | Present | Resigned | 3 | |
| Pieter du Plessis | Present | Present | Present | Present | 4 | |
| Alph Ngapo | Present | Present | Present | Present | 4 | |
| Anthony Boy | Present | Present | Present | Present | 4 | |
| Elias Monage | Present | Present | Present | Present | 4 | |
| Oupa Komane | Present | Present | Resigned | Resigned | 2 | |
| Leon Viljoen | Present | Present | Resigned | Resigned | 2 | |
| Ellen Veldhowen | N/A | N/A | Present | Present | 2 | |
| Peter Amm | N/A | Absent | Present | Resigned | 1 | |
| Andrea Moz | N/A | Present | Present | Present | 3 | |
| Mayleen Kyster | Absent | N/A | Present | Present | 2 | |
| Bukelwa Bulo | Present | N/A | N/A | N/A | 1 | |
| Kaizer Nyatsumba | Present | Present | Present | Present | 4 | |
| Lucio Trentini | Present | Present | Present | Present | 4 | |

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

| Director | July 2017 | June 2018 | No. of Meetings attended |
|-----------------|-----------|-----------|--------------------------|
| Oupa Komane | Present | N/A | 1 |
| Elias Monage | Present | Present | 2 |
| Ellen Veldhowen | Present | Present | 2 |
| Mayleen Kyster | Present | Present | 2 |

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

| Director | October 2017 | April 2018 | No. of Meetings attended |
|----------------|--------------|------------|--------------------------|
| Alph Ngapo | Present | Present | 2 |
| Peter Amm | N/A | Resigned | 0 |
| Bukelwa Bulo | Present | N/A | 1 |
| Mayleen Kyster | N/A | Present | 1 |
| Andrea Moz | N/A | Absent | 0 |



SEIFSA REPRESENTATION ON OTHER BODIES

EIFSA is represented on the following external bodies:

- · Business Unity South Africa (BUSA).
- Commission for Conciliation, Mediation and Arbitration (CCMA).
- · Energy Task Team of BUSA
- Eskom, SEIFSA and Structural Forum for the Overseeing of Development in the Eskom Build Programme.
- · SEIFSA Training Centre Governing Body.
- 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).
- South African Society for Cooperative Education (SASCE)
- South African Institute of Iron and Steel Downstream Development Committee.
- Price Monitoring Committee.
- Technical Sectoral Liaison Committee on Trade Agreements of Nedlac.
- National Nuclear Regulator.
- Advisory Council for Occupational Health and Safety (ACOHS).
- Iron and Steel Sector OHS Committee.
- · Technical Committee for Hazardous Substances.

SEIFSA, through its membership of these bodies, is able to influence business and policymakers at the highest level and to represent the interests of members. This is aligned to the Federation's vision: to represent and promote the interests of business in South 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.

BUSINESS UNITY SOUTH AFRICA (BUSA)

BUSA participates in a wide range of forums and structures that shape the nature of our regulatory environment. In particular, BUSA plays an active role in Nedlac.

Internationally, it is a member of the International Organisation of Employers, the Pan-African Employers' Confederation, and the Southern African Development Community Employers' Group. BUSA is also the official representative of business at the International Labour Organisation, African Union Social Affairs Commission and the World Trade Organisation.

The SEIFSA Chief Executive Officer, Kaizer Nyatsumba, completed his term as one of four Directors to represent unisectorals into the Board of BUSA.

Various SEIFSA members of staff participate in a number of BUSA's's Sub-Committees, including the following:

Standing Committee on Economic Policy

SEIFSA is represented on the BUSA Standing Committee on Economic Policy by Dr Michael Ade, SEIFSA's Chief Economist. 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 this committee by Melanie Mulholland, SEIFSA's Human Capital and Skills

Development Executive. The committee acts as a joint employer body to examine and make recommendations on policy matters in the field of skills development.

Standing Committee on Social and Transformation Policy

Lucio Trentini, SEIFSA's Operations Director, and Melanie Mulholland, SEIFSA's Human Capital and Skills Development Executive serves as members of this committee.

Advisory Council for Occupational Health and Safety (ACOHS)

Nonhlalo Mphofu, SEIFSA's Safety, Health, Environment and quality Executive, served as members of this committee until July 2018.

Commission for Conciliation, Mediation and Arbitration (CCMA)

Lucio Trentini, SEIFSA's Operations Director, serves on the Board of the CCMA and on the Accreditation Sub-Committee of the CCMA.

MANUFACTURING, ENGINEERING AND RELATED SERVICES SETA (MERSETA)

Governing Board

SEIFSA is represented on the Governing Board by Melanie Mulholland,.

Metal Chamber

SEIFSA is represented at the Metal Chamber by Melanie Mulholland and Christia Uys (Weir Minerals) Carlien Van Der Merwe (Columbus), Desmond Uithaler (SEIFSA Training Centre/ Gijima), Johan Riekert (ArcelorMittal), Kelly Moodley (Macsteel), Mayleen Kyster (Africa Steel Holdings), Nomsa Nkomonde (Rotek Engineering), Saigren Naidoo (Institute of Foundrymen) and Erica Grace (Scaw Metals)

METAL AND ENGINEERING INDUSTRIES BARGAINING COUNCIL

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

SEIFSA serves the membership's interests on the following structures and committees:

The Management Committee

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

The National Finance and Administration Committee

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

The 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.

The Regional Councils

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

METAL INDUSTRIES BENEFIT FUNDS ADMINISTRATORS (MIBFA)

SEIFSA is represented on MIBFA's 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)
- Metal and Engineering Industries Bargaining Council Sick Pay Fund (SPF)

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 forum for government together with organised business, labour and community groups to meet at national level to 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 by BUSA of which SEIFSA is a member.

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

NATIONAL DEMARCATION COMMITTEE

Lucio Trentini, SEIFSA's Operations Director, is a business representative on Nedlac's Demarcation Standing Committee. This committee provides a forum where all formal applications for demarcation between bargaining councils and various demarcation issues and disputes between sectors and bargaining councils are considered and determined.

Labour Market Chamber

Lucio Trentini, SEIFSA's Operations Director, is a business representative 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

Dr Michael Ade, SEIFSA's Chief Economist, is a business representative on the Trade and Industry Chamber of Nedlac. The chamber debated various industrial policy options and alternatives during the year under review.

HUMAN RESOURCE DEVELOPMENT COUNCIL (HRDC)

SEIFSA's Human Capital and Skills Development Executive, Melanie Mulholland serves as a

Transformation and Skills Development Champion on skills development matters in South Africa.

NATIONAL NUCLEAR REGULATOR (NNR)

SEIFSA's Industrial Relations & Legal Services Executive, Bridgette Mokoetle, has been elected as one of the Directors on the Board of the NNR.

IRON AND STEEL SECTOR OHS COMMITTEE

SEIFSA's Safety, Health, Environment and Quality Executive serves as a member of this committee.

TECHNICAL COMMITTEE FOR HAZARDOUS CHEMICAL SUBSTANCES

Nonhlalo Mphofu, SEIFSA's Safety, Health, Environment and quality Executive, serves as a member of this committee.

Lucio Trentini
Operations Director





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BOARD OF DIRECTORS



Pieter Du Plessis Interim President



Alph Ngapo Vice President



Anthony Boy Non-Executive Director



Elias Monage Non-Executive Director



Ellen Veldhoven Non-Executive Director

EXECUTIVE TEAM



Kaizer Nyatsumba Chief Executive Officer



Lucio Trentini Operations Director



Melanie Mulholland Human Capital and Skills Development Executive



Michael Ade Chief Economist



Bridgette Mokoetle Industrial Relations and Legal Services Executive



Rajendra Rajcoomar Chief Financial Officer



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

MANAGEMENT TEAM



Mariaan de Jager Finance Manager



Michelle Norris Skills Development Manager



Mark Lotter Human Capital & Marketing Manager



Economist



Marique Kruger Theresa Crowley Associations Manager



Nuraan Alli Sales Manager



Michael Lavender Industrial Relations Manager



Zolile Moyikwa IR & Legal Services Manager



Andrea Moz Non-Executive Director



Mayleen Kyster Non-Executive Director



Kaizer M. Nyatsumba Chief Executive Officer



Lucio Trentini Operations Director



Bridgette Mokoetle Company Secretary

STAFF MEMBERS



Lache Galvin Receptionist



Denelle Chetty Credit Controller



Lerato Lebeko
Executive PA to the
Chief Executive Officer



Khumo Kodisang Associations Administrator



Thabiso Lebea
Events and Facilities
Coordinator



Neo Zulu Credit Controller



Penny Seitz Credit Controller



Monica Pillay Executive PA to the Operations Director



July Malakoana Invoicing Clerk



Lindiwe Modise Office Assistant



Eleen Snyman Economics and Commercial Statistics Clerk



Jeanette Dlamini IR and Legal Services Administrator



Kristen Botha Marketing and Sales Assistant



Natalie Fourie Sales Officer



Zandile Ngubeni Creative Designer



Tshimangadzo Netshituni Junior Credit Controller



The SEIFSA Awards for Excellence is a platform that recognises excellence in the steel and engineering sector.

These are the categories:

Most Innovative Company Of The Year

Best Corporate Social Responsibility Programme Of The Year

Most Transformed Company Of The Year

Environment Stewardship Award Of The Year

Health and Safety Award Of The Year

Customer Service Award Of The Year

Artisan Award Of The Year

CEO Awards

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WE CAN MANAGE YOUR ORGANISATION'S

ENTERPRISE AND SUPPLIER DEVELOPMENT PROGRAMME



Managing an SED initiative can be strenuous on an organization's human resources; hence our aim as the SEIFSA SBH is to alleviate such strain. We have diverse and adequate expertise and, therefore, are able to manage the overall supplier and enterprise development process while providing support to the beneficiaries.

> The SEIFSA Small Business Hub (SBH) is a department of the Steel and Engineering **Industries Federation of Southern Africa** (SEIFSA), created specifically to address the needs of small and micro-enterprises (SMEs) in Southern Africa to contribute to the growth of the economy and the creation of jobs.

SEIFSA SBH does not deduct any administration or project management fees.

PROVEN TRACK RECORD

IN ADDING VALUE

We have a proven track record as our previous work has been successfully audited and verified by a SANAS-approved verification agency.

Endorsed from a multi-national company for which we have successfully implemented a Supplier Enterprise Development Programme.

Our focus goes beyond enhancing the B-BBEE score card for our clients.

We produce growth-inducing tangible results among your suppliers and selected enterprises.

If significant gaps identified within the SMMEs fall outside the scope of your investment, we perform due diligence to link them to other relevant funded programmes

In order to obtain the maximum score of twenty (20) on SED, a measured entity must make Supplier and **Enterprise Development** Contributions of 3% of Net **Profit After Tax (NPAT).**



