

# SEIFSA

## ANNUAL REVIEW



20  
21



SEIFSA

Steel and Engineering Industries Federation of Southern Africa

**OUR PASSION, YOUR SUCCESS**

# SEIFSA

## 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 Southern Africa's most respected advocate for the Metals and Engineering industries in order to create innovative businesses positioned for growth and working in partnership with all stakeholders in the interests of 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.

## VALUES

### Integrity

Integrity is paramount to us. It informs everything that we do and how we do it.

### Diversity

We embrace, value and leverage Diversity.

### Excellence

We seek to do everything right the first time, with Excellence.

### Stewardship

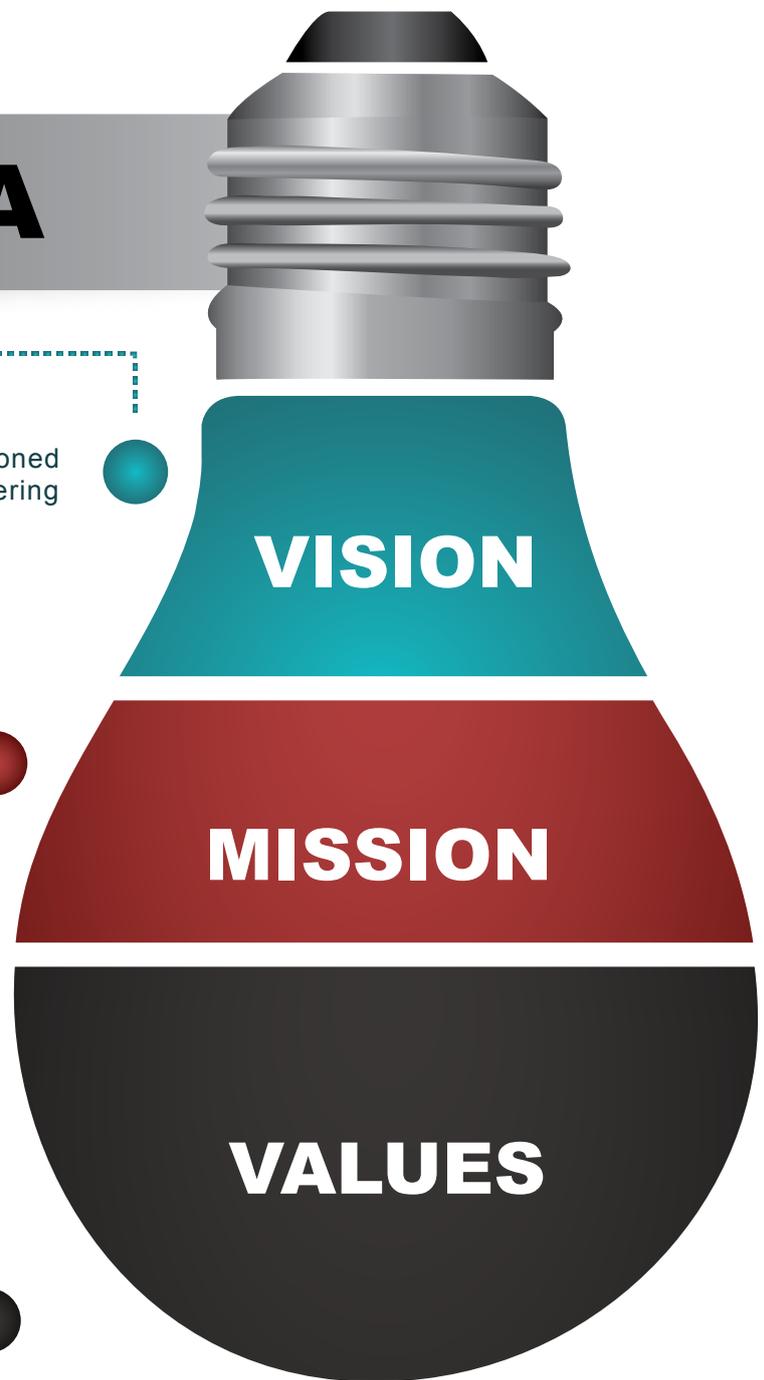
We take Responsibility for our actions and treat SEIFSA's assets with respect.

### Passion

We approach every task, however small it may appear to be, with Passion.

### Innovation

We always strive to Improve our performance and to come up with new products and services.



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# CHAIRMAN'S REPORT



The Metals and Engineering (M&E) sector remains a strategic sector of the general South African economy, which is also crucial in creating both labour-intensive and capital-intensive jobs. It has important direct linkages with the primary sector, other key industries and the tertiary sector of the economy, with the level of interdependence increasing over time.

The Steel and Engineering Industries Federation of Southern Africa (SEIFSA), through its representation of 18 employers' associations in this sector, has advocated actively for these associations and lobbied for policies aimed at improving the business conditions in which its member companies operate.

The initiative is in line with SEIFSA's main focus, which is to continue to build strong employer associations reflecting the views of their respective members and supporting the needs, interests and transformation objectives of responsible employers in the industry. SEIFSA is increasingly being relied upon to assist Government, labour and civil society in navigating the plethora of challenges facing our economy in the face of local and international shocks, including the coronavirus-induced economic crisis.

## THE ECONOMIC LANDSCAPE

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

Even before the COVID-19 pandemic, the South African industrial economic landscape was dominated by shrinking domestic market size, declining production, low-capacity utilisation levels, weak production sales, declining contribution to the overall total economy, declining employment numbers, increasing real per capital income impacting negatively on cost bases, increasing levels of imports, weak global trade balance position, low investment levels and low product price increase in relation to input prices. This continues to be the case.

Gross Domestic Product (GDP) data released by Statistics South Africa (Stats SA) for the first quarter affirmed an uptick in economic growth in the first quarter of 2021. According to Statistics SA, real gross domestic product (measured by production) increased at an annualised rate of 4.6% in the first quarter, though this was lower than the fourth quarter of 2020's revised growth rate of 5.8%.

Encouragingly, the broader manufacturing sector, including the M&E sector, was among the positive contributors in the secondary sector, rising by 1.6% in the first quarter. Manufacturing growth was largely driven by the automotive sector. A disappointing element was a decline in net exports of 0.9 % in the first quarter, followed by a rise in imports of 26.5% in the same period. The decline in exports of goods and services was largely influenced by decreased trade in minerals and vehicles and other transport equipment, while the rise in imports was largely driven by increase in mineral products, machinery and equipment, and vehicles and transport equipment.

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

StatsSA data showed total manufacturing production improved to 12.5% on a year-on-year basis in June 2021, when compared to June 2020. Total manufacturing sales increased by 29.3% year on year in June 2021, while declining marginally by 0.3% from May 2021. Year to date, manufacturing production increased by 16.3%, with sales improving by 28.9%.

As one of the backbone sectors of the South African economy, the M&E sector remains a crucial supplier of inputs into major sectors such as construction, mining and other manufacturing sub-industries, and is thus an integral part of economic and industrial development in South Africa. South Africa needs to increase its share of fixed investment to GDP from current levels if the country is to deal with the challenges of poverty and inequality as identified in 1994.

The latest Quarterly Employment Statistics (QES) data released by Stats SA also reflects the turbulent path to economic recovery. Total employment decreased by 0.1% quarter on quarter, from 9 653 000 in the fourth

quarter of 2020 to 9 644 000 in first quarter 2021. Year on year, total employment decreased by 552 000, a 5.4% decline when comparing the first quarter of 2021 to that of 2020. Within the M&E sector, total employment increased by 2,031 jobs between fourth quarter of 2020 and first quarter of 2021, representing a 0.5% increase. This reflects marginally improved economic conditions, with production patterns also having improved amid the easing of lockdown measures.

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

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

South Africa's global trade position, particularly within the M&E sector is worrying. Since 1995 to the first quarter of 2021, SA's net trading position in the sector has averaged R53-billion, reflecting a bias towards being an importer rather than exporter. The policy position adopted in the 1990s for an export-oriented industrial investment journey is yet to be realised in the sector. Imports continue to dominate the local market base across all product categories. South Africa's trade position in the M&E sector is positive only in Africa. In the first quarter of 2021, South Africa's net M&E trade position on the continent was R24.4-billion. From the period 2017 to the first quarter of 2021, the M&E sector has had a favourable trading position in Africa across all product categories, with the largest exports being motor vehicle, bodies for motor vehicles, trailers and semi-trailers at a total value of R85.8-billion, with non-ferrous metal products being the sector's largest import at R32.1 -billion.

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





the African Continental Free Trade Agreement.

As the Government rolls out its various, long awaited, infrastructure plans and incentive programmes, locally owned companies should be prioritised. The recently finalised Steel and Metals Fabrication Master Plan provides a glimmer of hope that the South African Government is finally dealing with the pressing challenges faced by the industry.

## **ADVOCACY AND LOBBYING**

One of the most important roles played by SEIFSA is to be the voice of the M&E sector in dealings with various stakeholders. The Federation performs this important role through advocacy and lobbying, which is performed by the CEO and his Senior Executives. They do this both directly, through engagements with policy makers in Government, industry stakeholders and thought leaders and through Business Unity South Africa, where they are active in the various committees and on Nedlac.

## **THE STEEL MASTER PLAN 1.0**

The Steel Master Plan holds huge potential to trigger green-field investment and demand for manufactured goods from the M&E sector. Investment in the industry has been stagnant for many years, partly because of the lack of a long-term vision and sustainability challenges as profits dwindle partly due to lack of demand.

The Steel Master Plan aims to reverse negative perceptions regarding the steel industry. It is our hope that the Steel Master Plan, which was signed by government, industry and labour representatives on 11 June 2021, will address constraints to demand arising from designation and local procurement, localisation, public and private sector projects, transformation and competitiveness.

These and other initiatives, as outlined in the plan, will ensure that there is increased output and demand for our sector's intermediate or final products. We will progressively highlight key areas for growth and business opportunities to companies within our industry. I would like to express a vote of thanks to Ms Nonhlanhla Ngwenya and Mr Tumi Tsehlo for their unwavering support, assistance and guidance in seeing this project to its fruition.



## ***THE AFRICAN CONTINENTAL FREE TRADE AREA (AFCFTA)***

Launched on 1 January 2021, the AfCFTA is an exciting game changer. The start of trading under the AfCFTA marks a new era in Africa's development journey. The creation of a larger African middle class means more consumption, which should trigger more production and even higher incomes on both national and individual levels. Currently, Africa accounts for just 2% of global trade. And only 17% of African exports are intra-continental, compared with 59% for Asia and 68% for Europe.

The potential for transformation across Africa is therefore significant. The pact will create the largest free trade area in the world measured by the number of countries participating. Connecting 1.3 billion people across 55 countries with a combined gross domestic product (GDP) valued at \$3.4 trillion, the pact comes at a time when much of the world is turning away from cooperation and free trade.

The agreement aims to reduce all trade costs and enable Africa to integrate further into global supply chains – it will eliminate 90% of tariffs, focus on outstanding non-tariff barriers, and create a single market with free movement of goods and services.

Cutting red tape and simplifying customs procedures will bring significant income gains. Beyond trade, the pact also addresses the movement of persons and labour, competition, investment and intellectual property. However, to overcome many current challenges, and to regain much of the ground lost in the wake of COVID-19, now is the time for more trade and greater cooperation.

When fully implemented, the benefits for the South African economy and the metals and engineering sector in particular could contribute to the addressing many challenges currently facing our sector, including production growth, productivity growth and reduced transport costs.

SEIFSA on behalf of its affiliated Associations will ensure that the voice of our membership is indeed heard on this important platform.

## ***BRAZIL, RUSSIA, INDIA, CHINA AND SOUTH AFRICA (BRICS)***

BRICs is an acronym for the developing nations of Brazil, Russia, India, China and South Africa. China and India will become the world's dominant suppliers of manufactured goods and services, respectively, while Brazil and Russia will become similarly dominant

as suppliers of raw materials. South Africa joined the group in 2010.

In the eleven years since its first summit (2009) BRICS has become an institution of global economic governance and a platform for coordination and cooperation of its member states. The establishment of the BRICS Manufacturing Working Group subsequently gave birth to numerous priority projects identified across a number of the sub-clusters of the manufacturing sector. Included in the MWG's priority projects are, among others, Electromobility Solutions; Smart Cities, Light Passenger Aircraft Manufacturing as well Exponential Manufacturing, Bio-Plastic Technologies and Project Thuthukisa.

2020 marked the seventh anniversary of the BRICS Business Council, which was established to promote and strengthen business, trade and investment ties among the business communities of the five BRICS countries and ensure that there is regular dialogue between the business communities and the Governments of the BRICS countries. SEIFSA through its then CEO was appointed, Chair of the Manufacturing Working Group of the SA Chapter of the BRICS Business Council.

It has been a decade since South Africa joined BRICS and while trade among BRICS nations has increased since the group was established in 2009, some have argued that South Africa's trade with BRICS nations has, for the most part, favoured the other four countries. The manufacturing industry's contribution to the economy has been declining for the past two decades as a result of cheap imports from Asian economies, lacklustre domestic demand and rising operational and input costs. It is therefore important for domestic manufacturers to look beyond our borders if the sector is to survive, grow and ultimately create jobs.

SEIFSA's role on BRICS and specifically on the Manufacturing Working Group is to assist South African manufacturers take better advantage of the opportunities manufacturers can leverage and discuss, among others, monitor and report on progress on Manufacturing Working Group Projects and how they will advance the course of manufacturing in the country amidst the economic slump that the economy in general and domestic manufacturers in particular currently find themselves in.

BRICS is a vast, strategic market for the metals and engineering industries products and services. SEIFSA will, through the BRICS Manufacturing Working Group, continue to play its part in identifying opportunities for the sector and strengthen dialogue and collaboration with like-minded parties in the BRIC countries.

## **2020/ 2021 NEGOTIATIONS ON WAGES AND CONDITIONS OF EMPLOYMENT**

Given the unprecedented socio-economic challenges brought about by the COVID-19 pandemic, the SEIFSA associations and the sector trade unions concluded an unprecedented stand-still agreement which saw the retention of all existing Main Agreement terms and conditions of employment and the freezing of the 1 July 2020 wage rates until 30 June 2021.

The conclusion of this historic standstill agreement, which saw workers not receiving an increase over the 12 month period, was the first of its kind in traditional industry collective bargaining arrangements. It marked a watershed moment when business and labour together recognised the devastating impact which the COVID-19 pandemic had had on companies and employees alike across the sector.

This unprecedented standstill agreement – built on understanding, respect and trust – would not have been possible without the co-operation of our labour partners. We are also grateful to them for the spirit with which they approached this difficult task at hand.

## **TRANSFORMATION**

The slow pace of transformation in the country, including in the M&E sector, continues to be of great concern. The Employment Equity Act and the 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 M&E 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 and the composition of Boards of Directors.

Employment and Labour Minister Thulas Nxesi has expressed concern at the slow pace of workplace transformation and has indicated that the Government will now resort to more aggressive strategies to ensure transformation in the workplaces. Minister Nxesi said the amending of the Employment Equity (EE) Act, which was submitted for amendment during the last Parliament, was at an advanced stage.

Minister Nxesi was speaking at the official launch and hand-over of the 21st Commission for Employment Equity (CEE) Report. The 21st CEE report shows that in 2020 whites occupied 64.7% of top management positions, while black lagged at 15.8%, with Indians at 10.6% and Coloureds at 5.7%.

White males held most of the top management positions, accounting for 51.6% last year, while their black counterparts were at 10.1%, Indians 7.3% and Coloureds at 3.5%.

Senior management positions were also dominated by whites at 52.5%, followed by blacks at 24.7%, Indians 11.6%, Coloureds 8% and foreign nationals at 3.1%. In terms of gender, white males lead with 34.7%, followed by blacks 15.1%, Indians 7.4% and Coloureds at 4.7%.

White's accounted for only 0.9% of the unskilled labour force, Indians for 0.7% and Coloureds for 10.9%, while blacks accounted for 83.7%.

Blacks fared the best at middle-management level where they accounted for 46.7% of positions, followed by whites at 32.1%, Coloureds 9.7%, Indians 9.1% and foreign nationals at 2.4%.

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 to create meaningful opportunities for all South Africans to play a crucial role in taking our industry to new heights.

## STATE OF THE NATION

The year under review has been characterised by a series of hearings into State capture chaired by Deputy Chief Justice Raymond Zondo. It remains our hope that the hearings will be followed by the immediate prosecution 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 continues to be done by the State capture commission 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.

All of us 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.

## FAREWELL TO KAIZER NYATSUMBA

On the 22 July 2021, Interim Board Chair, Mr Elias Monage confirmed that the Federation had uplifted the suspension of its CEO Dr Kaizer Nyatsumba, who had placed under precautionary suspension at the beginning of May 2021.

The parties reached an agreement to mutually separate, with Dr Nyatsumba deciding to return to his consulting company, KMN Consulting, following completion of his PhD.

SEIFSA wishes Dr Nyatsumba well in his future endeavours.

## APPRECIATION

There is no doubt that a focused effort is required to navigate SEIFSA and member associations through increasingly challenging circumstances, socio-economic difficulties, political indecisiveness and the impact and consequences of COVID-19. To achieve its objectives, SEIFSA requires well-informed, strong, respected leadership, a united and effective Board of Directors and Council and a presence and voice with all stakeholders.

I would like to express my thanks to the SEIFSA membership. This has been an eventful year and there have been many outstanding contributions by individuals to the successes that SEIFSA has achieved, negotiated and influenced.

My sincere thanks go to all SEIFSA Council Members for their support and active participation at our meetings. 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. Your contribution, professionalism and dedication are greatly appreciated.

I wish the men and women who will be elected onto the Board of Directors at the Annual General Meeting in October the very best of luck in the year ahead.

Finally, I and the Board stand firmly behind our newly appointed CEO, Mr Trentini, as he starts his journey on behalf of all of us, with our support, guidance and direction in positioning SEIFSA's strategic role in influencing policy and improving the business and

regulatory framework for the sector, taking into account the interests of all players, small and big, in the M&E Sector and that, as much as possible, SEIFSA speaks for all of them.

To that end, and with our support, we wish him good luck.

*Elias Monage*  
*President and Board Chairman*



# JOB LOSSES

**Over  
2020 to  
2021**

**16,623** jobs lost in the period between April and December 2020 with a further **4,957** jobs being lost between January to the end of March 2021.

This trend has continued with a further **2,625** jobs being lost between the end of March to May 2021, all adding up to **24,205** jobs having been lost between April 2020 to the end of May 2021.



# CHIEF EXECUTIVE OFFICER'S REPORT

## ANOTHER TOUGH AND CHALLENGING YEAR



The year under review has been the most difficult, not just in SEIFSA's recent history, but also for the South African economy and, indeed, the global economy.

In the space of a year, the true cost of the COVID-19 pandemic and the ongoing lockdowns introduced by the government to help contain its spread have had a devastating effect on the economy. The ongoing restrictions matched against a fragile economy and spiking unemployment have severely impacted the Metals and Engineering (M&E) Sector at a time when the economy was already in the doldrums due to the high unemployment rate and increasing inequality.

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

The negative growth figure for 2020 as a whole demonstrates how much economic ground was lost last year in terms of widespread business failures and huge job losses – MIBFA alone recorded 16,623 jobs lost in the period between April and December 2020 with a further 4,957 jobs being lost between January to the end of March 2021. This trend has continued with a further 2,625 jobs being lost between the end of March to May 2021, all adding up to 24,205 jobs having been lost between April 2020 to the end of May 2021. The economy, which is battling record unemployment and continued business failures, is only projected to recover from the negative effects of the global COVID-19 pandemic at best from 2022 and realistically from 2023 and 2024 onwards.

The pandemic and the resultant lockdowns have had a devastating impact on the economy, adding to job losses and leading to a spike in the unemployment rate that now stands at a record 32,6% – or, if one had to use the expanded definition of unemployment (i.e., those eligible to work but who have given up looking for job opportunities), the number surely would be in

excess of 40% of the economically active population. The consensus view among economists is that job numbers will only return to 2019 levels by 2024, which presents a massive gap to make up in the years ahead.

With the sector still in the throes of deep distress, compounded by the fact that the economy was already in the doldrums when the pandemic hit due to the then already high unemployment rate and the technical recession. The country has been downgraded to sub-investment or junk status and inequality has increased.

It is no exaggeration to say that the economy has been under siege. In the M&E Sector, as in other sectors of the economy, we have seen a growing number of companies embarking on short-time, layoff and retrenchments, being placed under business rescue or even being liquidated. Sadly, this is the kind of reality which is likely to remain with us over the next few months or years.

Just as the rest of the economy felt the pain in FY2020/21, so, too, did SEIFSA. It is common cause that when companies hurt, among the first areas where they make cuts are training and consulting, the very areas in which SEIFSA offers services for all interested parties, members and non-members alike. Consequently, we recorded our worst recent financial performance in FY2020/21. The details are contained in the Chief Financial Officer's report.

The situation would have been worse, had we not timeously taken steps to rein in costs.

With the benefit of hindsight and the views put forward by many experts, it would not be unfair to suggest that the Government could have managed the crisis differently. Regrettably, the damage has been inflicted on our economy and it will take a herculean effort on the part of all stakeholders over the next couple of years to return the economy and indeed our country to pre-COVID-19 levels of economic activity. We cannot stress enough the need for the Government to move swiftly beyond policy formulation to implementation and concrete actions.

## **ADVOCACY AND LOBBYING**

As always, advocacy and lobbying constitute an important part of our work, in addition to stakeholder management and revenue generation. This work is done through participation in various fora involving a multiplicity of stakeholders, attendance of important stakeholder functions and events, through to the arranging of one-on-one meetings for SEIFSA and/ or some of its member associations or companies.

We also ensure that the Federation's voice is heard on important matters with the potential to affect the economy and/or the metals and engineering sector.

Through regular public interviews, weekly issuing of press releases and the publishing of analyses and sundry opinion pieces in various media, SEIFSA continues to strengthen its profile as the authoritative voice in the M&E Sector.

Our various Divisional Executives continued to be active on various industry institutions and national business and tri-partite platforms.

During the year under review, we were active participants in deliberations that eventually culminated in the finalisation and signing of the Steel Master Plan. At the time of preparing this report, SEIFSA, through its representatives, has been appointed as workstream leads to work with all social partners towards the Master Plan outcomes. In this regard, we wish to thank Ms Nonhlanhla Ngwenya, Mr Tumi Tsehlo and Mr Elias Monage, who have been appointed to lead the Human Resources, Transformation and African Continental Free Trade Area Agreement workstreams, respectively.

Unfortunately, the COVID-19 pandemic and continued lockdown restrictions played havoc with SEIFSA's corporate events and were able to host the the Southern African Metals and Engineering Indaba. On a lighter note, the ever-popular SEIFSA Golf Day went ahead and was again over-subscribed, with almost all holes sponsored. We are grateful to the Houghton Golf Club for hosting our golf day for the third year in a row.

A separate, consolidated Advocacy and Lobbying Report is carried elsewhere in this *Annual Review*.

## **STABILITY AT INDUSTRY INSTITUTIONS**

During the year under review, stability continued to exist at the two industry institutions, the Metal and Engineering Industries Bargaining Council (MEIBC) and the Metal Industries Bargaining Funds Administrators (MIBFA). MEIBC Chief Executive Officer Sicelo Nduna has settled in well, and MIBFA continued to manage the Engineering Industries Pension Fund and the Metal Industries Pension Fund soundly, during a difficult period.

A separate report on the MIBFA funds is provided by our Chief Financial Officer, Rajendra Rajcoomar, in this *Annual Review*.

## THE YEAR AHEAD

While it is not possible to state, with a degree of certainty, how the next financial year is likely to be, it is probably safe to say that the 2021/22 financial year is likely to be marginally better than the year under review. A lot hinges on the trajectory that will be taken by the COVID-19 pandemic in the country in the months to come.

At the time of writing this report, vaccine roll-outs were underway, with the target of vaccinating 35-million individuals by Christmas Day remaining a potentially reachable target. While further waves will visit our shores, if the country does achieve herd immunity, there is reason to be optimistic that the economy should recover tentatively in the second half of 2021 and do even better in the first half of 2022. Should that prognosis hold, we should have a decent FY2020/21.

We also hope that the Government will finally deliver on both the Steel Master Plan and the promised and long awaited infrastructure plan which is intended to stimulate the economy.

## MY THANKS

The team with which I have the pleasure of working at SEIFSA is richly deserving of my gratitude and appreciation. Collectively, we have continued to work hard to ensure the Federation's success under the most challenging of circumstances.

I thank all staff members, from the Executive Committee Members to the most junior employee.

As always, colleagues and I are immensely grateful to all SEIFSA Associations and their membership for their continued support for and loyalty to the Federation. We appreciate each one of them.

Finally, my thanks and deep appreciation go to Mr Monage for his support and guidance to me and to the Board of Directors for its support and oversight of the Federation and the vote of confidence they have collectively invested in me to be the steward of the Federation over the next forward period.

Their collective skill, experience and wisdom and commitment to good corporate governance remain greatly appreciated.

*Lucio Trentini*  
*Chief Executive Officer*



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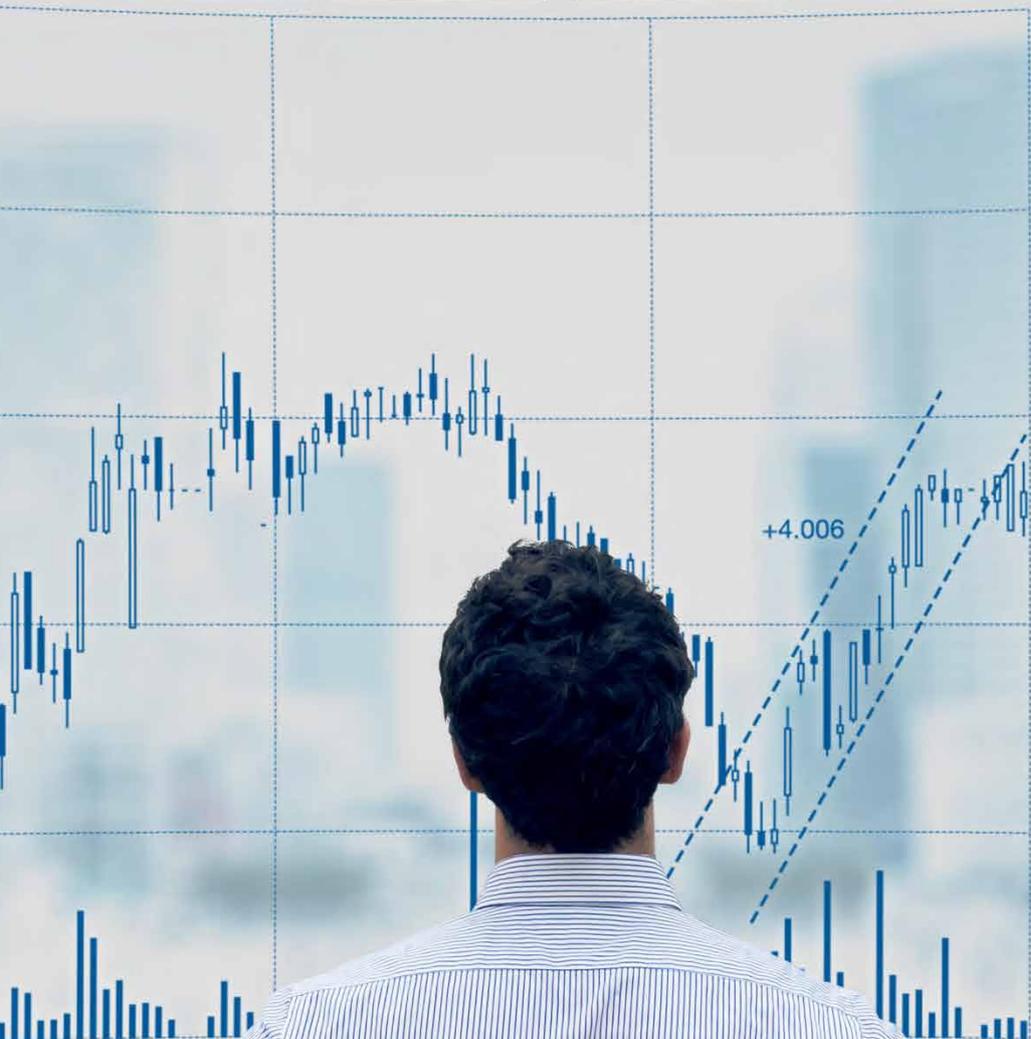
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**CONSECT**  
-9.2904

**AD**  
-8.3



# CHIEF FINANCIAL OFFICER'S REPORT

## OVERVIEW OF OPERATIONS



For the year under review the Federation's 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 generated from the sale of products, services and publications offered by the following Divisions:

- Industrial Relations and Legal Services;
- Human Capital and Skills Development; and
- Economic and Commercial.

The Safety Health Environment and Quality service offerings are outsourced. SEIFSA has also continued to offer accounting, administration and management services to 18 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 the implementation of world class marketing tools have assisted in increasing traffic to the Federation's website.

The Federation commenced the financial year with the pandemic having taken a firm grip on the country and the globe. This situation has wreaked unprecedented mayhem and devastation both to the population and the economies of the world.

Coupled with the pandemic, the local economic climate has maintained a steady decline with only limited improvements noted from February 2021 onwards.

Although encouraging, the improvements have not been enough to increase employment or create cash flow for investment and expansion. Unemployment grew (~40%) to the highest levels ever recorded in the history of the country. Infrastructure spend has been negligible which has not stimulated the metals and engineering sector. Much awaited government infrastructure spend is yet to materialize.

The financial markets that were decimated during the first quarter of 2020 showed some recovery from the second half of 2020. This boded well for members of the Metals Industries Pension and Provident Funds however cash flows of companies remained severely constrained.

Face to face contact remains a challenge as companies continue to limit face to face meetings and contacts. In response the Federation immediately converted all of its training and consulting services to digital formats and platforms. With the emergence of many training providers in the marketplace, the cost of digital training had to be reduced quite significantly in order to be competitive and gain traction. Although the Federation has embraced the so-called new normal, the uptake of digital training has been poor. In light of the Federation's financial performance during the year appropriate cost savings initiatives have been implemented to align to Federations' revenue generation during the year.

## **OVERVIEW OF FINANCIAL RESULTS**

The approved budget for the year is a break-even budget after sustaining a huge deficit in the past financial year. The impact of the pandemic coupled with the poor economic climate did not bode well for the Federation. There was much difficulty in meeting the monthly budget with just 2 months of the year closing ahead of budget. Initiatives to arrest the poor performance were not sufficient to meet the approved budget resulting in further steps being taken to contain expenditure in-line with revenue generation.

Income generated from membership fees has increased by 10.5% from FY2019/20. This increase was due to the good collection of membership fees during the year and some companies paying for the previous year's membership.

The SEIFSA Training Centre (STC) has been under new management from 1 January 2021. Thuthukisa Advisory & Consulting (TAC) has taken over the management of the STC for the next five years. For the year ending 30

June 2020, the STC had a zero-profit share, the first time ever in its history. It is pleasing to note that the STC under TAC has recorded a profit share in a period of just under six months notwithstanding the challenges brought about by the pandemic, various alert levels and interruptions in training.

The revenue generated from the sale of products and services increased by 6% when compared to FY2019/20. This improvement is attributable to the revenue generation of the STC.

Total expenses for the current year decreased by 0.3% when compared to FY2019/20. Cost optimisation continues to be implemented throughout the year.

The year closed with a deficit which improved by 29% year on year.

## **INTERNAL CONTROL**

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

## **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 non-related parties. Employees are limited to receiving gifts totalling R500.00 per annum and are obliged to complete the Gift Register which is tabled at the Executive Committee meeting every quarter.

## **EVENTS AFTER REPORTING DATE**

No events took place after the reporting date that would materially impact on the financial position/ performance of SEIFSA. The impact of the COVID-19 pandemic will not have a material adjustment to the Federation's activities.

## **FUTURE PLANS**

SEIFSA will continue to deliver on its primary mandate and focus, which is: collective bargaining, lobbying and advocacy. However in order to achieve these goals, at a minimal cost to its membership, the Federation will simultaneously seek to 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 continue to be closely monitored in order to ensure that the Federation remains financially viable. Where action is required to rectify performance, immediate corrective action will be implemented.

The year ahead remains a challenging one, with the sector facing a tough economic environment and the ongoing ravages of the COVID-19 pandemic. It is hoped that an uptick in the economy will materialise during the year ahead resulting in an improvement in trading conditions and a return to a semblance of business normality. With the Government's focus on rooting out corruption and the looting of the fiscus, it is hoped that much needed investments will flow into the country. Accordingly, the Federation will position

itself to harvest opportunities that may arise whilst simultaneously striving for impeccable service delivery at optimal cost.

*Rajendra Rajcoomar*  
*Chief Financial Officer*



# METAL INDUSTRIES BENEFITS FUND ADMINISTRATORS' REPORT



## BACKGROUND

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.

The 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 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 Sector Conduct. 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;
- Death Claims & Communications Committee;
- Disability Committee;
- Actuarial and Benefits Committee; and
- Collaboration Forum.

The number of meetings held by the various sub-committees 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.

Financial markets have recovered quite significantly in the last year and have posted improved returns for the losses made during Q1 of 2020. The Funds are managed in terms of the Strategic Asset Allocation (SAA) policy approved by the Boards of Trustees.

Financial markets have improved in the short term as the vaccine roll out globally has restored some positive market sentiments as many countries slowly return to normality. Offshore investments have performed relatively well with emerging markets not providing anticipated returns brought about by the COVID-19 pandemic.

The COVID-19 pandemic has had a devastating impact on both the global and local financial markets and the sharp recovery of the equity markets is reflected of a “V shaped” recovery. Markets remain stable and in any event investing in retirement investing is done over a long period, hence the message has and continues to be not to panic when markets take a turn for the worse and instead remain calm and patient as past history shows that markets, in the long term, do recover.

Based on the investment returns, EIPF declared a final fund interest rate of 26% pa for the period 1 April 2020 to 31 March 2021 and an exit bonus on a sliding scale of 25%. The MIPF declared a final fund interest rate of 22% pa for the period 1 April 2020 to 31 March 2021 and an exit bonus on a sliding scale of 16%.

Based on the return, the pensioners were granted an increase of 5% to their monthly pensions and were awarded a once off lump sum bonus of 2 times the monthly pension.

Surplus apportionments have exceeded R26.5bn (R26.0bn 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.

The South African Revenue Services has approved legislation to allow the transfer from a provident fund to a pension fund on retirement, this will enable pensioners to gain maximum pension for a longer period of time.

## 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 has yielded more than R845m (prior year R745m) in acknowledgment of debts (AOD) being secured by the Attorney. Payments totalling R546m (prior year R453m) of the signed AODs were been received, which equates to a 65% (prior year 61%) collection success rate.

## STAKEHOLDER RELATIONSHIPS

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

*Rajendra Rajcoomar*  
Chief Financial Officer



## METAL AND ENGINEERING INDUSTRIES BARGAINING COUNCIL REPORT



The Metal and Engineering Industries Bargaining Council (MEIBC) is registered in terms of Section 29(15)(a) of the Labour Relations Act (LRA), 1995. The MEIBC is a statutory body created under the LRA to provide for the co-regulation of stable and productive employment relations in the Metals and Engineering (M&E) sector.

The council is an industry-based forum of organised business and labour that regulates employment conditions and labour relations in the M&E Sector. It provides the necessary administrative infrastructure and technical expertise to ensure effective collective bargaining, industry compliance, dispute resolution and social protection services. During the period under review, the Council represented 10 342 firms and 416 994 blue and white collar employees in the industry.

In terms of Section 49(4) of the LRA a determination of the representativeness of a bargaining council in terms of the LRA must be undertaken annually. In terms of the representivity exercise which was undertaken by the Department of Employment and Labour during 2019 and is valid until 30 September 2022, the following representative determination was made:

The trade unions party to the council represent 153 443 (36,80%) out of 292 992 of the employees employed by all the employer organisations registered with the bargaining council.

There is a total of 292 992 (70.26%) out of 416 994 employees who are employed by the employers' organisations party to the council falling within the registered scope of the council.

There is a total of 3 919 (37,89%) out of 10 342 employers who are members of the employers'

organisations party to the council in the registered scope of the council.

SEIFSA-affiliated employer organisations registered with the bargaining council employ 168 883 employees (57.6%) of all employees employed by all the employer organisations registered with the council.

The MEIBC's scope covers a wide range of activities within the M&E sector, including the following sectors:

- The production of iron, steel, alloys and metallurgy
- General engineering
- Manufacturing engineering
- Building and repairs of ships and boats
- Certain sections of the electrical engineering industry
- The lift engineering industry
- The plastics industry

The MEIBC employs 89 staff, who are spread nationally across the national office, six regional offices and various Centre for Dispute Resolution Offices providing dispute facilitation and resolution throughout the country.

Over the last few years, the MEIBC has faced several challenges, which include the extension of its collective agreements to non-parties to the council, as well as the discharge of its dispute resolution functions under the LRA, which edged the council to potentially being wound up under the LRA. In order to arrest the disarray the council found itself in, the majority of the parties, supported by the Department of Employment and Labour, agreed to approach the Labour Court with a request to place the Council under administration.

The Court considered the unopposed relief sought by the parties and concluded that there was a need for the appointment of an administrator and importantly concluded that the MEIBC was indeed capable of being rescued.

The MEIBC came out of administration at the end of February 2020, with the court-appointed administrator formally ending his tenure at the Management Committee Meeting of the Council on 18 February 2020. There is no doubt that business rescue and administration prevented the Bargaining Council from entering full-blown liquidation and closure.

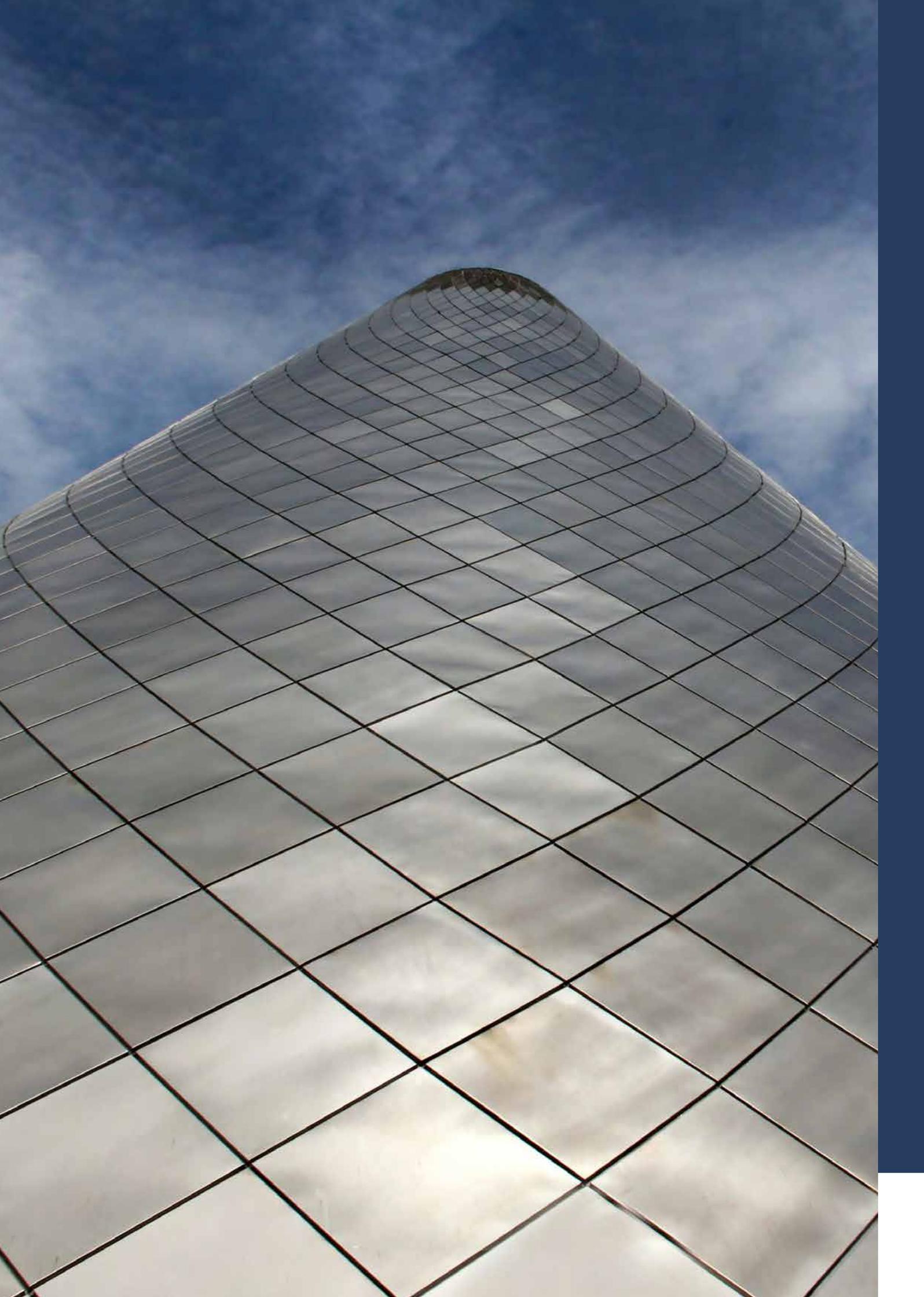
During his term, the Administrator appointed a council secretary with strong accountancy and corporate governance skills, presented a rehabilitation plan and budget and oversaw the gazettal and extension of the Bargaining Council's Administration and Dispute

Resolution Levy Agreements, which account for over 95% of the Council's income. The administrator was also effective in reducing overheads and stabilising the Council's finances.

The majority of stakeholders represented on the MEIBC firmly believe that a properly resourced and well-functioning Bargaining Council is in the best interests of employers and employees in the industry and critical for the maintenance of labour market stability.

*Lucio Trentini*  
*Chief Executive Officer*





## ABOUT SEIFSA



The Steel and Engineering Industries Federation of Southern Africa (SEIFSA) is a national employer federation representing the Metals and Engineering (M&E) industry. SEIFSA has, for the past 78 years, provided supported its members by lobbying 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 (BUSA), the National Economic Development and Labour Council (Nedlac) and the National Skills Authority (NSA). 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 M&E industry and at individual member company level by providing a comprehensive range of services and products to its members.

At 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 (MEIBC), the MEIBC Sick Pay Fund and the Manufacturing, Engineering and Related Services SETA.

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

- SEIFSA News;
- SEIFSA’s website (www.seifsa.co.za);
- Regular electronic mails; and
- Regular Association meetings

SEIFSA is the umbrella body for the following 18 registered independent employers’ organisations representing all the diverse sectors which constitute the M&E industry:

- Association of Electric Cable Manufacturers of South Africa (AECMSA)
- Cape Engineers and Founders’ Association (CEFA)
- Constructional Engineering Association (South Africa) (CEA)
- Eastern Cape Engineering and Allied Industries Association (ECEAIA)
- Electrical Engineering and Allied Industries Association (EEAIA)
- Electrical Manufacturers’ Association of South Africa (EMASA)
- Gate and Fence Association
- Hand Tool Manufacturers’ Association (HATMA)
- Iron and Steel Producers’ Association of South Africa (ISPA)
- KwaZulu-Natal Engineering Industries Association (KZNEIA)
- Lift Engineering Association of South Africa (LEA)
- Light Engineering Industries Association of SA (LEIA)
- Non-Ferrous Metal Industries Association of South Africa (NFMIA)
- Refrigeration and Air-Conditioning Manufacturers’ and Suppliers’ Association (RAMSA)
- SA Electro-Plating Industries Association (SAEPIA)
- 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, KwaZulu-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

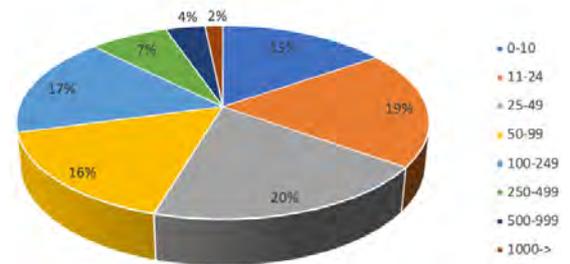
legislation, employment conditions, human capital and skill development, safety, health, environment and quality, broad-based black economic empowerment and contract price adjustment), publications, training courses, seminars and conferences.

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 2020/2021 financial year, the associations had a combined membership of 1,108 companies employing a total of 148,853 employees. The SEIFSA membership employs almost 51% of the total industry’s workforce represented by the employer organisations party to the MEIBC. Of these member companies, 55% employ fewer than 50 employees and 71% are located in Gauteng.

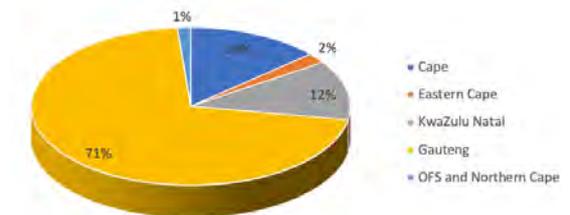
The composition of the SEIFSA membership of the associations federated to SEIFSA according to number of employees employed is illustrated on the following graphs:

**SEIFSA associations’ membership: June 2021**



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

**SEIFSA associations’ membership by regional location: June 2021**



## **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 mandating body of the Federation on all matters requiring a mandate from member associations. It comprises elected representatives from the various associations and co-opted senior industrialists. During the year under review, the SEIFSA Council met on six occasions, including the Annual General Meeting and a Special General Meeting. Two of these meetings, one of them being the Annual General Meeting, were held in person, while four were held virtually due to COVID-19 regulations.

*Theresa Crowley*  
*Associations Manager*



## ADMINISTRATION SERVICES



## ASSOCIATIONS

The FY2020-2021 was a difficult one for many member Associations as economic conditions saw a decline in membership.

There is no doubt that the extremely difficult economic conditions which South Africa faced prior to the pandemic detrimentally affected the Metals and Engineering (M&E) Sector. The onset of the COVID-19 pandemic, the hard lockdown and subsequent plethora of legislative directives and regulations placed a further strain on the economy and our sector in particular. Layoffs, retrenchments, short-time and the closure of companies continued to place our sector in business survival mode. Fortunately, in many instances, we were able to assist member companies to follow correct and lawful processes and procedures in order to manage their head count and survive these unprecedented times.

Many of the associations, supported by SEIFSA, offered struggling companies temporary financial relief.

Unfortunately, two associations agreed to close down due to declining membership. These were the SA Reinforced Concrete Engineers' Association (SARCEA) and the Association of Metal Service Centres of South Africa (AMSC).

## 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 (including membership retention and recruitment).

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 2020/2021 financial year, the number of companies in the above loyalty structure were as follows:

- Platinum member companies: 2
- Gold member companies: 54
- Silver member companies: 237
- Bronze member companies: 379
- Standard member companies: 482

*Theresa Crowley*  
*Associations Manager*





*financial year loyalty  
structure*

**2** Platinum member companies

**54** Gold member companies

**237** Silver member companies

**379** Bronze member companies

**482** Standard member companies



## MARKETING SALES & COMMUNICATION



Maintaining connections and communication lines with member companies and the industry as a whole was crucial in 2020 as the COVID 19 pandemic ravaged the industry and South Africa's economy. More than ever, SEIFSA needed to ensure it continued to engage with struggling member companies amid the tough economic environment.

A new digital strategy and investment in our communication platforms was therefore a crucial element of SEIFSA's marketing, sales and communication strategy.

During the year under review, SEIFSA revamped its website to create a community where member companies could engage with the Federation and fellow members. While the project remains underway, website traffic has remained consistent, mirroring

that of 2019. Visitors continued to reflect the industry's thirst for news. November, December, January and February continued as low points for visitors – and May, June, July, and August continued as peaks.

As to be expected, training revenue continued its downward trend, driven by COVID-19 as companies slowed their training initiatives.

As the response to COVID becomes "standard operating procedure" the MSC division began to look forward to a future where digital platforms for interaction and engagement become part of the "way we do business". In this regard the conceptualisation of a SEIFSA App became part of our strategy to continue to connect with our members – and industry itself. The development of this app will remain a key focus for SEIFSA in 2021.

## MEDIA ENGAGEMENT

SEIFSA continued to be recognised as the voice of the Metals and Engineering sector, with SEIFSA Executives continuing to provide insightful commentary on matters affecting the industry.

SEIFSA opinion pieces and commentary on key economic data was published on some of South Africa's most respected media platforms including Business Day, The Sunday Times, Business Report, Engineering News, The Star and Business Report, with the Chief Economist being interviewed by broadcast media including CNBC Africa, ENCA, Newzroom Afrika, SABC Radio and TV News, and Power FM.



## INDUSTRY EVENTS

- **SEIFSA Awards for Excellence**



In a much smaller ceremony than usual – as a result of COVID-19, SEIFSA hosted t 50 people at Summer Place in Boksburg on 27 November 2021.

In a year that has highlighted the importance of innovative thinking to drive the agility and resilience needed to dodge economic curveballs such as the COVID-19 pandemic, Centurion Systems walked away with the Most Innovative Company of the Year Award at the SEIFSA Awards for Excellence this evening.

Jeffery Thomas, who is currently Director of the SA Reinforced Concrete Engineers Association (SARCEA), was honoured with the CEO's Award for Outstanding Contribution to the Industry. Mr Thomas has played a significant role in the industry for the past 50 years. Apart from being at the forefront of various training schemes, he has served on the SEIFSA Council for the past 25 years as a representative of SARCEA.



• **Metals & Engineering Indaba**



Twice postponed in 2020 due to the pandemic, it was decided to postpone the Indaba indefinitely until an event of this magnitude can one again be hosted in person.

• **The 70th SEIFSA Golf Day**



The 70th edition took place at The Wanderers Golf Club on a magnificent summer’s day on 25 November 2020. The atmosphere was superb as people were keen to “get out” during a year plagued by COVID-19 lock-down restrictions, meeting new people and networking.

The event was sponsored by the following companies:

- Sanlam
- RMA
- Macsteel
- Gijima
- Harsco Metals and Minerals
- Constructional Engineering Association of South Africa
- Network IT
- Cargo Carriers

• **SEIFSA Presidential Breakfast**



The SEIFSA Presidential Breakfast took place on 9 October 2020. The keynote speaker was Mr Khaya Sithole and featured an address by SEIFSA President Mr Elias Monage.

The SEIFSA Annual Presidential Breakfast was attended by employers in the M&E Sector, their customers and suppliers as well as high-profile business leaders from other sectors of the economy.

Addressing the annual SEIFSA Presidential Breakfast, Mr Sithole said the COVID-19 pandemic had brought into sharp focus the leadership problems facing South Africa, which would affect South Africans politically, economically and socially for generations to come. He bemoaned that South African politicians did not appreciate the fact that they were the servants of the people, and that members of the general public did not punish the current Government by exercising their rights to vote for other parties which offered different visions for the country.

Mr Monage said it was worrying that where State-Owned Companies and different spheres of government have had infrastructure projects with the potential to stimulate the economy, they have tended to conveniently forget about designation and the threat of imported goods which local manufacturers have the capacity to manufacture.

“It is not surprising, therefore, that in the past year metal sector average output declined by 3%, net operating surplus dropped by 1.3%, formal employment declined by roughly 21,000 and the sector’s fixed investment cumulatively contracted by 19%, contributing to a sector trade deficit of R23-billion,” Mr Monage said.

*Nuraan Alli*  
 Acting Marketing, Sales and Communication Executive



# Business



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## ECONOMIC AND COMMERCIAL DIVISION



The Economic and Commercial (EC) Division has continued to live by its objective to elevate the profile of SEIFSA on the national platform on economic, industrial and trade policies, with the objective of improving conditions for companies within the M&E industry and the broader manufacturing sector.

To achieve this, the EC Division continued to offer the following services:

- Sector-oriented economic research presentations, including an overview of the domestic and international macro-economic environment, thus offering industry market intelligence to Associations, member companies, the Government as well as captains of industry;
- Continuous and intensified media commentary presence on selected economic variables data

as released by various data agencies such as Statistics South Africa and other topics of industry importance;

- Maintaining, updating and expanding the Price and Index Pages (PIPS), as the pre-eminent cost and price tracking product for the M&E cluster of industries, with the latest relevant indices;
- Contract Price Adjustment (CPA) or service provision agreement workshops and technical webinars or online training, where delegates are guided through the process of using the SEIFSA PIPS to substantiate costs and price adjustments and how to use model formulae for computation of applicable adjustments; and
- Consulting services to companies within the sector aimed at boosting margins and profits, ensuring growth and improving business savvy and sustainability.

## LAUNCH OF THE STATE OF THE METALS AND ENGINEERING SECTOR 2021-22 REPORT

The EC Division launched the much-publicised State of the Metals and Engineering Sector Report 2021-2022. Due to COVID-19 regulations, this was done through a webinar session held on the 26 February 2021. The report was a deep-dive into the 13 Categories of the Metals and Engineering Sector, covering the broader issues of production, sales, capacity utilisation, employment, per capital earnings, trade, investment, as well as price dynamics of inputs.

The comprehensive report also touched on the national budget implications for the M&E sector and advice for the industry on how to take advantage of Government support measures. The Report also provided detailed projections of the sector into 2023.

On policy interventions, the key areas that the Report put as suggestions to Government was based on challenges identified as per the detailed empirical analysis in this report, as well as industry player input.

These included:

- **Rising imports**  
SEIFSA also indicated that the M&E sector is facing a declining market environment domestically, with imports depressing the market share of local producers. Imports – especially from China – continue to flood into the local market, despite tariffs imposed on some products, thus putting pressure on the prices of locally-produced goods.
- **Rising Energy costs and un-reliable supply**  
One of the key challenges impacting negatively on the competitiveness of the M&E sector is rising energy costs. Eskom has for the last four years been increasing its electricity tariffs, and this has affected the cost base of most local producers in the sector, thus negatively affecting profit margins.

South Africa has also been facing challenges with regard to energy supply. Load shedding continues to be the order of the day to deal with energy shortages facing the country. This has discouraged investment across the economy and within the M&E sector.

- **Rising logistical costs**  
SEIFSA raised the awareness of rising logistical costs. The problems of logistical costs continue to make the South African M&E sector uncompetitive. A responsible State-Owned Entities such as Transnet has not only continued to increase its port and railway tariffs, but in some cases, it has not been able to offer a proper service on its railway lines, thus leaving local producers with no options but to use the expensive road transport route. In most cases, business has complained about how unreliable the domestic railway system is.
- **Raw material availability**  
SEIFSA identified raw material availability challenge in its interactions with industry. The M&E sector still confronts the challenge of raw material availability. South African raw materials suppliers of scrap metals and other minerals such as iron ore tend to have a preference for export due to the export prices on offer. This has affected the availability of such raw materials for local producers in the M&E sector.
- **Availability of skilled labour**  
SEIFSA identified shortage of skilled labour and aging work-force as one of the key challenges facing M&E sector in South Africa. As labour is a key component in industrial production. Not only is there a shortage of skills, but the industry is also faced with an ageing workforce. This has affected investment and expansion within the sector.
- **Declining trade position footprint**  
SEIFSA's analysis indicated that COVID-19 lockdown measures implemented across the world economies further depressed any potential for exports into some of the markets, especially Europe, for M&E sector products. Industrial activity is at relatively low levels. General trading trends, as presented in this report, have shown that the African continent is now an area of potential growth opportunity for South African producers. As such, this is an area that requires the Government's attention to support local industry market expansion on the African continent.
- **Liquidity challenges**  
SEIFSA identified liquidity as one of the most significant issues that the steel industry faces. Working capital is stuck due to lack of industrial activity. Non-payment by first-tier steel users is caused by their customers (second and third

tiers) not paying, such as construction companies, component manufacturers and mines. This lack of liquidity will force a spate of defaults and possibly some parts of the industry will not survive this crisis not because they are bad businesses, but simply because the flow of cash dries up.

The EC Division articulated SEIFSA's position for the Government to continue public infrastructure spending. The challenge the country faces is that the ratio of fixed investment to GDP has been below 20% on average since 1994. This is contrary to the picture in other emerging economies. While the Government was applauded for initiatives to spend on infrastructure, the weakness in local procurement policy in supporting local producers was presented in various engagements.

## **NATIONAL ENERGY REGULATOR OF SOUTH AFRICA ENGAGEMENT**

SEIFSA through its EC Division presented a detailed view on behalf of the M&E Sector at the public hearing by held by the National Energy Regulator of South Africa on the 7th of December 2020. This was to oppose the ESKOM application for an Electricity tariff hikes.

At the meeting, SEIFSA shared the negative impact electricity tariff have had in discouraging employment, investment among others, and the negative impact on M&E companies' financial sustainability. This position by SEIFSA was also well reported in the media. However, to the disappointment of SEIFSA and the broader public in general, ESKOM was granted the 15% tariff increase, effective on 1st April 2021, a process that even involved the court.

## **SUPPORT TO INDUSTRY ON WIDER ISSUES: SHORTAGE OF OXYGEN**

It was brought to the attention of SEIFSA through various communication channels and platforms that due to Covid-19 second wave that occurred mainly from the month of December 2020, that South Africa was facing a shortage of steel for use in industrial production within the M&E sector. This was affecting production. SEIFSA through its EC Division wanted to represent the industry views and bring this to the attention of Government. In January 2021, SEIFSA initiated a survey within its company member base, whose results indicated that

M&E companies had been negatively impacted by the shortage, and this required an urgent response as well as future planning to mitigate the risks identified.

The results were communicated to the relevant policy makers in Government, and also shared through the Media platform. It was from such that the matter was dealt urgently, with the primary producers coming on board to increase production. This stabilised the situation and prevented several job losses as was being seen prior to SEIFSA's intervention.

## **SUPPORT TO INDUSTRY ON WIDER ISSUES: SHORTAGE OF STEEL**

SEIFSA through its interaction with various producers in the downstream industry was alerted on the steel shortage in the country in the month of February 2021. Through its EC Division, SEIFSA also conducted a survey among its various downstream sector member companies to understand the broader dynamics at play. The survey was concluded in February 2021 and SEIFSA, with the support of the industry, led a delegation to engage with one of the primary producers of Steel, ArcelorMittal SA (AMSA).

A committee comprising the following individuals met with AMSA CEO Kobus Verster at AMSA Head Offices in Vanderbijlpark on 24 February 2021:

- SEIFSA CEO Dr Kaizer Nyatumba;
- SEIFSA Chief Economist Mr Chifipa Mhango;
- DEFY CEO Mr Evran Albas;
- Reinforcing Steel Contractors Operations Director Mr Ernest E Volschenk; and
- Structa Group Director Mr Carlo Martemucci.

The matter was amicably engaged upon and key outcomes were the commitment by AMSA to normalise flat steel supply by the end of March 2021 and long steel products by the end of June 2021.

## **ENGAGEMENT WITH GOVERNMENT ON BEHALF OF INDUSTRY**

SEIFSA through its EC Division continued to represent the M&E sector on various challenges that require policy interventions. A number of the issues are as

presented in the challenges presented in the State of The Metals and Engineering Sector Report of 2021-22.

SEIFSA presented its input to the Steel and Metal Fabrication Mater Plan drafting process to the Department of Trade, Industry and Competition (DTIC) in September 2020. As opportunity came up to discuss matters related to the steel shortage with the DTIC on 10th March 2021, SEIFSA further articulated its industry position on addressing challenges to Deputy Minister of Trade, Industry and Competition Mr Fikile Majola and his team. The deliberations were on point and the Deputy Minister encouraged SEIFSA to continue representing the industry with Government.

### **PARTICIPATION IN NUMSA BARGAINING CONFERENCE**

As part of its broader profiling and extension its broader platform of engagement, SEIFSA was invited to participate in the NUMSA's Pre-Bargaining conference held on 15th May 2021, to share the current state of the M&E Sector in South Africa. This provided input into the broader wage negotiations process in raising awareness of the challenges as well as seeking policy intervention support from the labour union.

### **MEDIA COVERAGE ON TOPICAL ECONOMIC ISSUES AND BROADER POLICY INTEREST TO M&E SECTOR**

The EC Division was also well positioned, articulating SEIFSA's position on industry-related matters on various media channels. These included print media, radio and TV. The key focus in the latter half of the financial year was to be more selective on the economic variables and also position SEIFSA EC Division into international media such as CGTV, CNBC Africa and other emerging channels such as NewzRoom Afrika. From 2 November 2020 to end of June 2021, the period when the tracking process of media coverage was initiated within EC Division, the Division appeared in 287 media platforms, with the opinion pieces published in this period alone.



## **THE PRICE AND INDEX PAGES (PIPS)**

The SEIFSA PIPS is a service offering by the EC Division and is currently in its 58th year of successful publication. SEIFSA through this service, tracks cost movements in over 250 products, which include steel, labour, transport, production prices, exchange rates, to name a few, on a monthly basis. This information is used by parties in contracts as a basis for which they negotiate price increases. Some of the sectors covered by this service include the entire manufacturing, engineering and steel sectors, the construction sector, transport and freight sector.

SEIFSA is an independent party to the contract, it is in a suitable position to provide an unbiased service that is mutually beneficial to both parties to a contract. The SEIFA PIPS are regularly audited by an independent party. The SEIFSA PIPS are solely available from SEIFSA on a subscription basis. During the financial year 2020/21, there were 1,004 subscribers to PIPS, a 2.8% increase from the previous financial year.

## **CONTRACT PRICE ADJUSTMENT (CPA) WORKSHOPS AND CPA WEBINARS**

The CPA workshop is designed to advance the knowledge of people tasked with managing the inflationary pressures long term contracts are exposed to. The workshop provides a systematic explanation of the full range of tools used in contract price adjustment, practical application of the tools, building inflation models and formulas.

With the COVID-19 pandemic, SEIFSA adapted to the “new normal” and not only offer these training courses on a face-to-face or in-house basis, but also offer all its training sessions via webinars. The web-based training platform provide a safe means for prospective delegates to train comfortably without needing to worry about ongoing health challenges.

To this end, SEIFSA has in the 2020/2021 financial year provided 38 training sessions with a total number of 102 delegates that attended these training sessions. SEIFSA also provided in-house training to three companies.



## INDUSTRIAL RELATIONS AND LEGAL SERVICES DIVISION



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

### ***CONCILIATION, ARBITRATION AND LEGAL REPRESENTATION SERVICES***

During the year under review, the Industrial Relations and Legal Services Division successfully represented member companies on dispute resolution fora such as the MEIBC, the CCMA and the Labour Court.

### ***INDUSTRY JOB GRADING***

SEIFSA, through the Industrial Relations and Legal Services Division, offers a Main Agreement job-grading service that provides valuable assistance to member companies in relation to industry job grading in accordance with the provisions of the Main Agreement. This service has enjoyed favourable reviews from member companies that have subscribed to the service.

### ***CHAIRING DISCIPLINARY ENQUIRIES***

The Federation provides qualified and experienced persons to chair, manage and conduct in-company disciplinary inquiries 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 various 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;
- The Main Agreement Handbook for the Metal Industry 2020/2021;
- 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; and
- Dealing with Theft, Unauthorised Possession and Searching Employees

## **MAIN AGREEMENT PUBLICATIONS**

Following the successful conclusion of a historical and unprecedented standstill agreement for the period of 2020 to 2021, SEIFSA published the 2020/2021 Main Agreement Handbook for the Metals and Engineering Industries. This annual publication is an easy-to-read summary of the industry's Main Agreement, which contains practical guidance on the 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, namely the online Main Agreement Portal, on the SEIFSA website. This online service contains the following key features:

- The Main Agreement Handbook in electronic format, including the Technical Schedules;
- 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;
- Access to SEIFSA's IR and Legal Services Division, which includes consultants and job grading experts.

Following the successful conclusion of the 2017-2020 wage negotiations, SEIFSA published the 2019/20 Main Agreement Handbook for the Metals and Engineering Industry. This annual publication is an easy-to-read summary of the industry's Main Agreement. The Handbook incorporates the wage increases that came into effect on 1 July 2019, 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, namely the online Main Agreement Portal, on the SEIFSA website. This online service contains the following key features:

- The Main Agreement Handbook in electronic format, including the Technical Schedules;
- 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; and
- Access to SEIFSA's IR and Legal Services Division, which includes consultants and job grading experts.

## INDUSTRIAL RELATIONS AND LEGAL SERVICES TRAINING

SEIFSA presents 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;
- The A to Z of the Main Agreement;
- The Main Agreement vs the Basic Conditions of Employment Act;
- Managing Sick Leave and Sick Leave Abuse in the Workplace;
- Key Aspects of the Labour Relations Act;
- Key Aspects of the Basic Conditions of Employment Act;
- Water-tight Dismissals – Including Chairing Disciplinary Hearings;
- Retrenchments, lay-offs and short-time – Get It Right;
- Employment Contracts – Cross your T's and dot your I's;
- Flexible Working Time Arrangements in the Industry;
- Updates on Labour Law Developments;
- The Law of Evidence;
- Understanding the Impact of the Protection of Personal Information 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, including the following:

- Representing members and the interests of the metals and engineering sector in various interactions 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, MIBFA, BUSA and Nedlac;
- 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).

## COLLECTIVE BARGAINING

Given the unprecedented socio-economic challenges brought about by the COVID-19 pandemic, the SEIFSA-affiliated Employer Organisations and the sector's five biggest trade unions concluded an unprecedented stand-still agreement, which saw the retention of all existing Main Agreement terms and conditions of employment and the freezing of the 2019/2020 wage rates until 30 June 2021

## BOARD APPOINTMENTS

Staff from the Industrial Relations and Legal Services Division occupy the following Board positions on external Boards:

- **Louwresse Specht:**  
Unemployment Insurance Fund
- **Vuyiswa Miya:**  
Unemployment Insurance Fund;  
National Nuclear Regulator; and MIBFA

*Louwresse Specht*  
*Industrial Relations and Legal Services*  
*Executive*



## HUMAN CAPITAL AND SKILLS DEVELOPMENT 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.

This year the HC&SD division also formed part of the NEDLAC Labour Market Chamber engagement team with the Department of Higher Education, Science and Innovation to table the Skills Strategy for Economic Reconstruction and Recovery Plan by social partners. The objective was to revive the National Skills Development Plan Task Team.

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

- merSETA Board;
- merSETA Metal Chamber;
- merSETA Regional Committees;

- BUSA Social & Policy Transformation Committee;
- BUSA Sub-Committee on Education & Training; & the Sub-Committee for Skills Strategy in ERRP;
- Human Resource Development Council (HRDC) (Champion for Skills Development and Transformation);
- National Artisan Development Advisory Body (NAMB);
- Quality Council for Trades and Occupations (QCTO);
- The South African Society for Co-Operative Education Board (SASCE); and
- Steel Master Plan – Human Resources and Transformation Workstreams;

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

The COVID-19 pandemic is just one example of a collision point of the myriad technological, political, economic and social challenges that the sector faces. This creates a high degree of uncertainty about how COVID-19 will impact on the future of education and training (supply) and the nature of the job market (demand).

The Department of Higher Education and Training (DHET) has tabled the Draft Skills Strategy for Economic Reconstruction and Recovery Plan which aims to make sure that the Economic Reconstruction and Recovery Plan (ERRP) is supported, and that no aspect of it is compromised by skills shortages. It is born out of the urgency for a well-coordinated strategy of skills development to support both the management of COVID-19 and economic and social recovery.



Economic growth needs to accelerate in a more inclusive manner to create jobs. Job creation is severely affected by the current economic state and focus will therefore need to be on retaining jobs and re-skilling the current workforce to support an economic recovery in a new reality.

Short-term in nature, the Economic Reconstruction and Recovery Skills strategy is designed to create a balance between the short- and long-term skills needs of the country and ensure that the skills system is strengthened with its implementation. As stated in the ERRP, South Africa is now on the threshold of an important opportunity to imaginatively, and with a unity of purpose, reshape its economic landscape.

Skills development is one of the identified enablers to ensure the successful implementation of the plan. The focus on skills is wide-ranging and entails optimising the regulatory environment, structural reforms to boost education and skills development and a concerted effort to build the skills base required by our changing

economy ahead of global technology advances, to ease and cost of doing business and to create greater levels of inclusion for young people, women, and persons with disability.

The lists of critical skills, occupations in high demand and priority occupations are some of the critical enablers of the economic recovery and reconstruction effort as they identify skills needs across the economy and assist to align skills planning with economic planning, ensure that skills are not a constraint on economic growth and promote the use of labour market intelligence for skills provisioning.

The Economic Reconstruction and Recovery Skills Strategy is located within the broader skills planning arsenal while making sure that the emergency responses are sustainable for the skills system in the long-term. This strategy specifically addresses the interventions that are required to ensure the successful implementation of the ERRP.

It assigns specific roles to key institutions within the skills sub-system including Setas, to concentrate on supporting skills planning, industry engagement, funding and workplace-based learning, the National Skills Fund to identify critical areas for funding support, targeting unemployed youth and vulnerable groups, particularly in rural parts of the country, and QCTO tasked with ensuring that qualifications are developed in response to demand.

Though the strategy puts focus on the skills sub-system playing an enabling role, the entire post-school education and training (PSET) system, which includes universities and colleges will contribute to delivering the plan. Additionally, the strategy seeks to rally the support of government departments such as Trade Industry and Competition, Employment and Labour, Public Works and Infrastructure, Agriculture and Rural Development, Small Business Development, Telecommunications, and the private sector to respond to, support and ensure there are no skills constraints in the implementation of the ERRP.

Economic growth needs to accelerate in a more inclusive manner to create jobs. Job creation is severely affected by the current economic state and focus will therefore need to be on retaining jobs and re-skilling the current workforce to support an economic recovery in a new reality.

Skills development and job creation are key drivers of equality and therefore remain elements of measure for transformation. SEIFSA member companies invest in transformation and the Broad-based black economic empowerment (B-BBEE) skills development element, by spending on training and development in a number of 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.

It is now even more imperative that the views of the membership are presented and heard to influence the transformation, human capital and skills development, regulatory environment in a way that does not negatively impact on the sector's business viability and sustainability.

## **EDUCATION AND TRAINING ADVISORY COMMITTEE (ETAC)**

The SEIFSA Education and Training Committee (ETAC) is a forum that usually meets to discuss skills development and training policy matters, including those relating to the DHET, merSETA, NAMB, BUSA, SAQA, QCTO and NSDP. Due to the impact of the pandemic, membership of SEIFSA's Education and Training Advisory Committee, has seen a decline. This, as reductions in training budgets and delivery constraints have had a negative impact on skills development in general. With the roll-out of the vaccination programmes, and relaxation in lockdown regulations, we should see an increase in attendance for such activities in the year ahead.

## **HC&SD TRAINING PUBLIC WORKSHOPS**

The division provides a range of development opportunities for both member and non-member companies on a range of pertinent and related topics in the field:

- Human Resources Strategy & Alignment
- Employee Value Propositioning
- Compliance related training in Employment Equity & Skills Development
- Human Resources Management & Development
- Transformation and B-BBEE Scorecard Management

- Job Grading & Evaluations
- HR Policy Development & Management

## **In-House Workshops**

Customised in-house training can be delivered at members workplaces as face-to-face training as well as, on-line as webinars.

Benefits include:

- Lower cost of training delivery
- Customised training
- Team building opportunities
- Increased convenience – less travel time and costs

## **Consultancy**

SEIFSA offers a comprehensive and professional consultancy service as specialists in advisory, consulting and projects management in the fields of Skills Development, B-BBEE and Human Capital, to our members. We customise a range of fit for purpose & success development programmes and solutions that meet the unique needs of our various clients, their employees and stakeholders.

## **SEIFSA Training Centre (STC)**

The STC is an accredited provider of apprenticeships, recognition of prior learning, trade testing, accredited learnerships, skills programmes and short courses in engineering, safety, artisan development, technical, production, management, services and related non-technical disciplines, across a number of sectors. While apprenticeships and artisan training will remain core offerings, the STC is poised to become a centre of excellence for training within the M&E industry and is being repositioned to become a premier comprehensive, high-quality skills development solutions centre, with offerings starting from entry-level artisan training to advanced skills-based post apprenticeship artisan development programmes.

In addition to this, the STC will offer accredited and non-accredited courses and other training to equip students with the non-technical skills needed for career progression.

## **HUMAN RESOURCE OVERSIGHT STATISTICS**

Competence, expertise and agility of our team are critical to the success of the organisation. High

performance, staff connectivity, safety, trust and confidence are key drivers for effective delivery of our mandate and objectives.

## **OUR WORKFORCE**

Our staff complement was 30 as at 30 June 2021, with one (1) vacancy.

## **TRAINING COSTS**

SEIFSA encourages continuous training and development for employees and funds training or studies relevant to its core business.

## **EMPLOYMENT AND VACANCIES**

The COVID-19 pandemic has continued to cast a shadow on the overall financial performance of the organisation. The poor economy and the continuing effects of the pandemic had a negative impact on the Federation

During the year under review, SEIFSA had undertaken an in-depth review of the operating and financial performance of the business, thus all vacancies were initially frozen. Furthermore, as part of reviewing operational costs and implementing operational restructuring, this resulted in the retrenchment of five employees from the original headcount 30, in an attempt to turn around the operational and financial performance of the organisation.

The internship programme was disrupted by COVID-19, which resulted in Human Resources reviewing internship contracts to ensure that all protocols were maintained.

## **EMPLOYEE PERFORMANCE MANAGEMENT FRAMEWORK**

Bi-annual performance reviews contained clear performance indicators and evidence requirements linked to the organisation's strategic objectives and values. These were conducted within the required timeframes.

As part of recognition and reward for outstanding performance within the organisation, we use every opportunity to celebrate team or personal achievements

and reinforce the spirit of performance. One of the ways in which achievement is recognised and celebrated is through the designation of "Employee of the Month". During the year under review, the following colleagues were Employees of the Month:

- July 2020: Zandile Ngubene;
- August 2020: Monica Pillay;
- September 2020: Mariaan de Jager;
- October 2020: Khumo Kodisang;
- November 2020: Lindiwe Modise;
- December 2020 : All Employees;
- January 2021: Mariaan de Jager;
- February 2021: Palesa Modise;
- March 2021:Matshidiso Mokoena;
- April 2021: Mark Lotter;
- May 2021: Monica Pillay;
- June 2021: Matshidiso Mokoena;

## **EMPLOYEE WELLNESS PROGRAMMES**

Monthly communication sessions on wellness were held to assist employees during the pandemic. SEIFSA successfully implemented all COVID-19 precautionary measures to mitigate the spread of the virus at the SEIFSA office. Compulsory checks and social distancing were enforced at the SEIFSA offices, and these remain in force. On a voluntary basis employees are afforded time off for the vaccination roll-out process. 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.

## **POLICY DEVELOPMENT**

During the period under review, Human Resource policies were updated, approved, implemented and rolled out through staff communication session to ensure that employees have a better understanding of these approved policies and procedures.

## **FUTURE HUMAN RESOURCES OBJECTIVES**

SEIFSA envisions itself as a professional and capable organisation grounded in ethical leadership, best practice, governance and management, appropriate competencies, good employee experience supported by policies, systems, processes and fair remuneration,

performance-based delivery of products and services and best practice consequence management.

## **TRANSFORMATION**

SEIFSA is a Level 4 contributor as a Qualifying Small Enterprise for B-BBEE. Accordingly, we are reformulating plans to address the priority elements of the B-BBEE scorecard to achieve our transformation targets.

SEIFSA continues to comply with all relevant South African labour legislation and there has been significant changes to South African employment legislation during the past year.

Sumaya Hoosen  
Human Capital & Skills Development Executive





# SAFETY, HEALTH, ENVIRONMENT, QUALITY



SEIFSA SHEQ services is meant to serve as a partner-in-advice for employers or organisations in order to implement effective health and safety procedures and structures within their workplace. The Occupational Health and Safety (OHS) Act 85 of 1993 is one of the legislative drivers responsible for enforcing and creating a healthy, safe, and prepared working environment for all employees, visitors, and suppliers within the workplace.

Using the OHS Act as a catalyst, SEIFSA provides comprehensive and professional safety, health, environment and quality (SHEQ) consultancy services to member companies, offering practical advice, guidance, training on all issues, including implementation of legal requirements.

SEIFSA's SHEQ Alliance Partners offerings throughout the industry and across the country include:

- The full spectrum of health and safety training as well as management services, including health and safety equipment supply and servicing throughout South Africa; and
- Implementation of ISO 9001, 45001, 14001, 31000 and 383-2 certification and maintenance of the SHEQ Management System, training on implemented systems and internal ISO audits.

## ABSOLUTE HEALTH

Absolute Health Services (AHS) has a team of qualified OHS practitioners who are able to assist organisations in implementing holistic, logical and successful OHS management services within their unique working environments, thus ensuring alignment with the OHS Act and its requirements.

Agile Business Integration Specialists

Agile specialises in ISO Management Systems and implementation of health management systems at companies, as well as related support services. Agile also provide an array of COVID-19 support services, including COVID health checks, Retuning employees to work and COVID-19 compliance audit/gap analyses.



## SMALL BUSINESS HUB



The SEIFSA Small Business Hub (SBH) continues its efforts to support small businesses through partnerships with both the private and public sectors. The hub's aim is to ensure that small business interests are represented in various platforms where SEIFSA Divisions lobby, enhancing its efforts in influencing policy in favour of small and medium enterprises (SMEs) within the Metals and Engineering (M&E) sector.

Sixty-six percent of the companies that are affiliated to SEIFSA's member Associations are small businesses. Through the SEIFSA Small Business Hub, SEIFSA strives to assist these companies to navigate the very tough operating environment. To this end, SEIFSA formed a number of partnerships to support small businesses.

- SEIFSA partnered with manufacturing industry veteran Leon Viljoen to provide support, guidance and advice to SMEs to help them run successful and sustainable businesses. Mr Viljoen has more than 20 years' experience in project and business management and as a C-suite-level executive at large businesses, such as ABB South Africa and Powertech Transformers. His experience in optimising business operations and improving performance allowed SEIFSA to provide SMEs crucial advice on how to run businesses, especially amid the COVID-19 pandemic.
- Mr Viljoen hosted a series of webinars between October 2020 and March 2021 on the building blocks of a successful business. More than 450 people attended the webinars, which were also recorded and can be accessed on SEIFSA's YouTube page as well as through the SBH website.
- SEIFSA joined forces with VennCap to assist companies to successfully secure funding for their businesses, thus enabling them to chart a course to sustainability as efforts to revive the economy get under way. VennCap specialises in helping SMEs access funding. Their value proposition is to provide solutions to assist companies to successfully secure funding for their businesses, thus enabling them to chart a course to sustainability. SEIFSA's partnership with VennCap allows us to serve as a conduit to help businesses in the sector access funding. Once again communication to the industry was through a series of webinars and several companies were successfully assisted through this partnership.
- SEIFSA also partnered with Niche Consulting to assist companies to successfully claim TERS funds for employee loss of income during the COVID-19 lockdown period. The challenge was that a large number of small to medium sized companies were struggling to secure the Temporary Employer / Employee Relief Scheme (TERS) benefits. Some applied for all staff but were only successful in receiving funds for a handful of employees. Niche were able to assist them to secure the balance of funds for their staff.

Change  
Makers



## ADVOCACY AND LOBBYING REPORT



Advocacy and lobbying are an important part of SEIFSA's work, in addition to stakeholder management and revenue generation. This is executed by all Executives within the Federation, under the leadership and guidance of the CEO and Operations Director.

In the main, SEIFSA's Divisional Executives conduct advocacy and lobbying on matters falling within their respective areas of expertise, with the Economics and Commercial (EC) Division at the forefront of those efforts. Below is a high-level overview of the key advocacy and lobbying initiatives undertaken by the various SEIFSA Divisions during the year under review.

## ECONOMIC AND COMMERCIAL DIVISION

Characteristically, the EC Division had a very busy year. Its lobbying efforts included the following engagements: Inputs on the Draft Steel Industry Master Plan 1.0

At the beginning of October 2020, the Department of Trade, Industry and Competition (DTIC) circulated a draft of the Steel Master Plan to stakeholders for input. The draft encompassed the outcome of various discussions held between industry stakeholders and Government facilitators and incorporated comments from public entities. The following key issues were highlighted by the EC Division:

- Feasibility of the main objective of the Steel Master Plan, which focuses on short-term survival and longer-term growth or sustainability of the industry: SEIFSA supports the objective of the draft plan as it aims at creating predictability of demand, costs and policy, towards recreating investment and confidence;
- The proposed high-level Steel and Engineering Industry Council to implement the Master Plan: SEIFSA supports the proposal to constitute a high-level team as its functions are plausible. However, in order to save resources and limit the parallel operation of similar committees, the existing Steel Committee should be recapitalised and restructured to be able to carry out the implementation of the plan;
- Steel imports monitoring mechanism: SEIFSA supports the recommendation to create a steel monitoring mechanism comprising representatives from the relevant Government Departments and the industry, which will ensure that the industry is more proactive in preventing imports penetration rather than reactive. This aligns with the recommendation made in the draft plan to reduce import saturation;
- Promotion of access to competitively priced inputs: SEIFSA proposes that the draft plan also includes initiatives aimed at ensuring that competitively priced inputs are available for midstream and downstream sectors. Steel that is locally produced is considerably more expensive than imported steel, putting local producers on the back foot when trying to compete with cheaper Chinese imports. The loss in competitiveness is driving most sub-industries to import components illegally, leading to high import penetration of components and standard parts and the closure of companies in the industry;
- Revitalise and expand the exports councils: SEIFSA proposes that the draft plan should include a proposal to review the functioning of the existing export councils and create an engineering exports council, especially in view of the fact that the current

steel exports councils do not effectively service the engineering cluster of industries;

- Logistics and electricity costs: The draft plan fails to explicitly address constraints around logistics and electricity costs, despite these being important challenges. For instance, inefficient and high costs of road, rail and port infrastructure continue to undermine the export competitiveness of the downstream industries. Although some salient points are raised regarding these constraints, SEIFSA recommends that a more detailed narrative be included in the draft plan on how to address these issues in order to improve efficiency and competitiveness;
- Steel Industry Development Fund: While the notion of a Steel Industry Development Fund is laudable, conditions must be agreed on how to achieve enhanced trade and commercial activity and to ensure that the proposed fund is sustainable. If business and economic activity continue to pose a challenge, companies may not commit to the fund in the long run; and
- The Action Plan: While the Action Plan is feasible, it must be followed by commitment and buy-in from all industry stakeholders.

The Steel Master Plan was finally signed on 11 June 2021. SEIFSA welcomed its launch, with SEIFSA President and Chairman Mr Elias Monage accompanied by fellow Board Members, SEIFSA Operations Director and SEIFSA Chief Economist being part of the official programme on the day.

### SEIFSA's inputs on DTIC's request on scrap metal exports

The DTIC recently solicited public comments and submissions to enable both the department and the National Treasury to introduce an export tax on scrap metal and also support government's efforts to combat illicit trade.

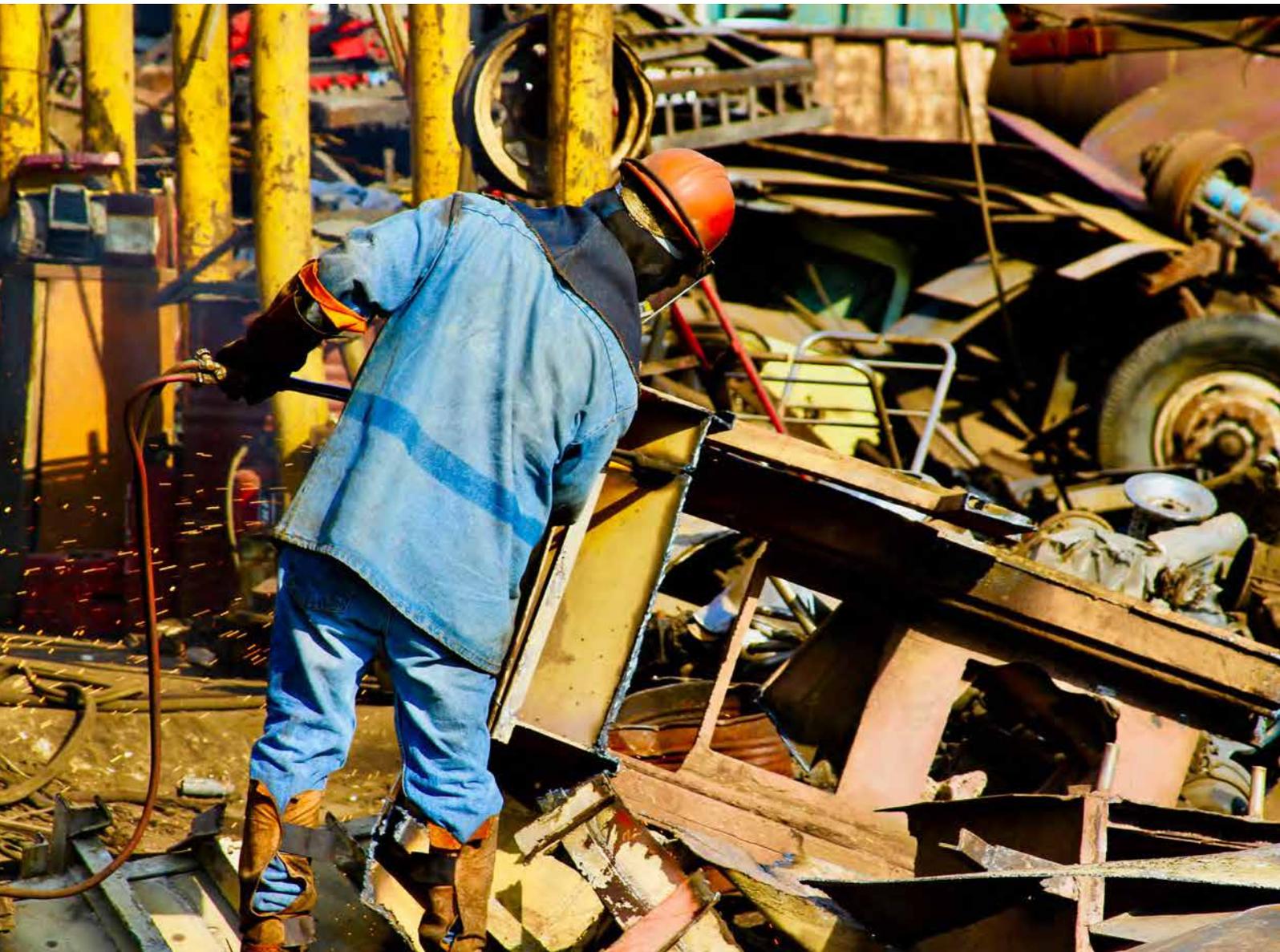
Based on the feedback received from the majority of our membership, SEIFSA generally expressed its support for the principle of non-export of scrap metal based on the challenges in the M&E industry, which include scrap metal price increases for domestic producers, the drastic increase in global demand for scrap, the scarcity of raw scrap materials and scrap metal theft.

SEIFSA's support for the imposition of a scrap metal exports duty was underpinned by the benefits that would be derived from the exports tax by the industry, spanning the protection of the infant industry, lower prices of inputs and the availability of scrap locally. Specifically, SEIFSA supported the recommendations made by the International Trade Administration

Commission of South Africa (Itac) on the proposed export taxes on scrap metal, with the various proposed rates as follows:

Scrap metal category	Specific tax (Rand per ton)	Percentage tax rate
Ferrous metals (including stainless steel)	R1000.00	20%
Aluminium	R3000.00	15%
Red Metals	R8426.00	10%
Other (waste and scrap metals)	R1000.00	20%

The rationale was that the various proposals of export taxes on scrap metal would help the strategic scrap resource, which is a key input in the metals industry.



## INDUSTRIAL RELATIONS AND LEGAL SERVICES DIVISION

### 2020 Main Agreement Negotiations

Given the unprecedented socio-economic challenges brought about by the COVID-19 pandemic, the SEIFSA-affiliated employer organisations and the sector's five biggest trade unions concluded an unprecedented stand-still agreement which saw the retention of all existing Main Agreement terms and conditions of employment, freezing the wage rates until 30 June 2021.

SEIFSA-affiliated employer organisations represent 56% of all scheduled workers employed by the employer organisations on the Bargaining Council, while the five trade unions collectively represent 49,8% of all scheduled workers employed by all the employer organisations on the Bargaining Council.

The conclusion of this historic standstill agreement, which saw workers not receiving an increase over the next 12 months, was the first of its kind in traditional industry collective bargaining arrangements. It marked a watershed moment when business and labour together recognised the devastating impact which the COVID-19 pandemic had had on companies and employees alike across the sector.

### The Protection of Personal Information Act, 4 of 2013 ("POPIA")

POPIA was gazetted in November 2013, however, the provisions of POPIA, creating compliance obligations on public and private bodies, only came into operation in June 2020. Public and private bodies were required to fully comply with the provisions of POPIA by 1 July 2021.

During the year under review, the Federation's IR&LS Division provided training and assistance to member companies seeking to comply with the provisions of POPIA.

### MEIBC

The MEIBC convened its first Annual General Meeting (AGM) on 24 November 2020 since coming out of administration in February 2020.

SEIFSA increased its presence on the Bargaining Council voting structures as a result of the admission of the Electrical Engineering and Allied Industries' Association (EEAIA), which will join the Constructional Engineering Association (CEA), the Light Engineering

Association (LEIA), the Cape Engineering and Founders' Association (CEFA), the KwaZulu-Natal Engineering Industries' Association (KZNEIA) and the Eastern Cape Engineering and Allied Industries Association (ECEAIA).

The SEIFSA-affiliated associations on the Bargaining Council voting structure represent 45,3% of all employees employed by all the employer organisations on the Bargaining Council, while the total SEIFSA-affiliated associations registered with the Bargaining Council but not qualified to have a seat on the Council's voting structure represent 57,6% of all employees employed by all the employer organisations registered with the Bargaining Council.

Collectively, the SEIFSA-affiliated Associations represent 168,883 employees. The CEA is the biggest organisation on the Council with 59,382 employees (as at the last audit), with NEASA coming in at 57,238 employees. The National Union of Metalworkers of South Africa remains the biggest trade union on the Bargaining Council with 115,794 members, followed by Solidarity with 18,334 members. The five trade unions which meet the threshold of a minimum of 5,000 paid-up members in the industry together represent 153,443 members on the MEIBC.



## SAFETY, HEALTH, ENVIRONMENT AND QUALITY SERVICES

SEIFSA, having outsourced the SHEQ services, continues to provide a comprehensive range of professional SHEQ consultancy services to member companies, offering practical advice, guidance and training on all issues, including the implementation of legal requirements.

SEIFSA's SHEQ offerings assist member companies in meeting the requirements of the Occupational Health and Safety Act, the Compensation for Occupational Injuries and Diseases Act and other SHEQ legislation. Through our existing alliance partners and new partnerships, SEIFSA's SHEQ experts provide guidance and assistance to companies in addressing safety, health, environment and quality issues at the workplace, including the full spectrum of COVID-19 workshops, products and services, as well as an array of COVID-19 and Occupational Health and Safety-aligned wall charts.

## HUMAN CAPITAL AND SKILLS DEVELOPMENT DIVISION

The manufacturing sector faces myriad challenges associated with the development of relevant skills. Among 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.

Ensuring that the views of the membership are presented and heard is critically important in influencing the HC&SD regulatory environment in a way that does not negatively impact on the sector's business viability and sustainability. Importantly, participation in these structures and fora affords SEIFSA an opportunity to play a leading role in crafting business mandates on skills development, including the sector's position on skills development.

### Industry 4.0 and its challenges

The manufacturing world is now entrenched in the world of Industry 4.0, but the vocational and skills development training sector lags far behind. That there will be labour market transitions that will demand training and retraining is certain.

Through SEIFSA's involvement with the BUSA Committee on Education and Training, SEIFSA has been involved and engaged with several Fourth Industrial Revolution and Future Work Studies and Research Projects through the International Labour Organisation and the University of Stellenbosch's Institute for Future Research.

The TVET college landscape has also started to shift dramatically, with industry demand being the arbiter of the curricula and the knowledge level of student/labour output. With these developments, fresh financial instruments will also have to be established or created to enable small, specialised companies in the manufacturing sector to enter the mainstream economy.

Through the involvement of the Manufacturing, Engineering and Related Services SETA (merSETA), researching the impact of modernisation of skills that will be needed for the M&E in the future has become a proactive alignment goal to ensure that the skills pipeline is adequately prepared and skilled for the modern manufacturing world of work.



## MERSETA

SEIFSA continued to play an important role in the strategic management, proper governance and oversight of merSETA through its direct representation on the Governing Board, Executive Committee, Finance and Grants Committee, Metal Chamber, Gauteng Regional South Committee and various other ad hoc Committees.

In light of the critical importance of effective skills development for the sector as well as current and future skills shortages, particularly at artisan level, it is critically important for the Federation to continue playing an active role in supporting, promoting and protecting employer interests at all levels of merSETA.

## TRAINING OF ARTISANS

Artisans play an important role in the industry and SEIFSA plays a significant 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; and
- A strategy to improve the trade-test pass rate.

The National Development Plan indicates that by 2030, the country should be producing 30,000 qualified artisans per year. It is against this backdrop that trades within sectors where there are identified skills shortages are the priority focus.

New qualifications and associated curricula are being developed for the various trades, with a number of them already being registered with the South African Qualifications Authority (SAQA). The new curricula contain revised knowledge modules, practical skills modules and work experience modules. The Department of Higher Education and Training (DHET) developed an Artisan Development Strategy. SEIFSA 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.

Co-operation between various Government departments, non-government and private sector organisations, institutions of higher learning and research institutions need to focus on providing support to young people through strengthening youth-led networks and institutions that can amplify their voice and drive change in policy to enable the learners to transit in between academic institutions and organisations in the form of career guidance policy is being prioritised.

## PROPOSED SETA LANDSCAPE AND NATIONAL SKILLS DEVELOPMENT PLAN

The National Skills Development Programme (NSDP) was launched in March 2019 and came into effect on 1 April 2020. The NSDP is key in enabling business, labour and Government to contribute towards economic growth, employment creation and social development. The entire post-school system has been the focus of a significant and radical improvement in the quality of education and training.

On 22 July 2019, Higher Education, Science and Technology Minister Blade Nzimande re-established the Sector Education and Training Authorities within a new SETA landscape from 1 April 2020 to 31 March 2030.

In order to effectively represent the interests of the membership and to advance the HC & SD agenda in the sector, it is critical that SEIFSA continues to play an active role in all these strategically important platforms. The appropriate policy framework for our long-term interventions is the NDP, a largely agreed upon definer of where South Africa should be heading. This plan is a tool towards the formation of a transformed and equitable society through a coherent, co-ordinated, holistic, long-term perspective and vision.

These important tenets must direct post-COVID-19 recovery. Unforeseen challenges call for a need to use the NDP as our lodestar that guides us out of the prevailing conditions and impact of COVID-19. A review of the NDP in the context of the pandemic must lead us to a post-COVID-19 development model that encompasses the three phases of recovery, reprioritisation and reconstruction.

Ensuring that the views of the membership are presented and heard is critically important in influencing the HC&SD regulatory environment in a way that does not negatively impact on the sector's business viability and sustainability.

## EMPLOYMENT EQUITY

The Employment Equity Amendment Bill was published on 20 July 2020. The Bill included amendments to the Employment Equity Act 55 of 1998 (“the EEA”) which permit far greater intervention by the Minister of Employment and Labour in addressing various transformational goals.

However, the proposed Amendment Bill also creates less regulatory impact on smaller employers. The Bill intends to amend the definition of designated employer by excluding companies which employ fewer than 50 employees, regardless of their annual turnover. This means that those employers will not be subject to the affirmative action provisions of the EEA. These amendments are a welcome relief from the regulatory burden already placed on small, medium and micro-sized employers.

The Bill also seeks to expound on existing measures in the EEA to reach its aim of ensuring equitable representation in the workforce of suitably qualified people from designated groups at all occupational levels. The introduction of section 15A to the Bill empowers the Minister of Employment and Labour the authority to identify national economic sectors and determine numerical targets for those sectors. However, the Bill requires that before doing so, the Minister must consult with the Employment Equity Commission on the proposed sectors and targets that he may be seeking to designate and he must publish any proposals for comment.

The Bill also requires that the numerical targets set by employers must comply with the sectoral targets set by the Minister. When assessing compliance with the EEA, the Director-General will also consider whether the employer has complied with the sectoral targets set by the Minister.

The Bill proposes that certain requirements must be met before the Minister may issue a certificate of compliance to a designated employer in terms of section 53 of the Bill.

One of those requirements is the achievement of the sectoral targets set by the Minister. Failure to meet these requirements will have severe implications for employers who seek to perform work for the State.

## CODE OF GOOD PRACTICE ON THE PREVENTION AND ELIMINATION OF VIOLENCE AND HARASSMENT IN THE WORLD OF WORK

On 20 August 2020, the Minister published the Draft Code of Good Practice on the Prevention and Elimination of Violence and Harassment in the World of Work, for public comment. This Draft Code has been guided by various conventions adopted by the International Labour Organisation, including the convention and recommendation on eliminating and preventing Violence and Harassment in the World of Work (Convention 190, 21 June 2019).

The Draft Code includes aspects already encapsulated in the Code of Good Practice on the Handling of Sexual Harassment Cases in the Workplace. However, the proposed draft expands substantially on the different types of violence that an employee may experience in the workplace and what steps employers are required to take to deal with these forms of violence.

The Draft Code lists four forms of violence and harassment in the workplace, namely;

- sexual violence and harassment;
- racial, ethnic, or social origin violence and harassment;
- workplace bullying; and
- protected disclosures.

As the Draft Code is discussed and deliberated at BUSA and Nedlac, members will be kept abreast on all developments related thereto.

*Lucio Trentini*  
*Chief Executive Officer*



## SOCIAL RESPONSIBILITY REPORT



SEIFSA prides itself on being responsive to the needs of not only its stakeholders, but communities in need of assistance. The Federation understands that it does not exist in a vacuum and, therefore, strives to be a corporate citizen that contributes to a healthy socio-economic environment. As such, SEIFSA believes that social responsibility is not only a moral imperative, but an integral part of its business model. SEIFSA uses the following blended approach to ensure that it is socially accountable and builds towards an enhanced future for our industry:

### **APPRENTICESHIPS**

SEIFSA keeps a watchful eye on scarce skills and aligns its funding to contribute to a consistent flow of a skills pipeline for the future. In the year under review, SEIFSA awarded scholarships to 20 apprentices in various trades offered at the SEIFSA Training Centre. The training commenced April 2021, the project will run for nine months and is expected to finish in January 2022. As at the date of this report, the R2.6-million funding has been fully committed through a partnership with Rand Mutual Assurance (RMA).

## **SEIFSA BURSARY**

SEIFSA has a longstanding, reputable bursary fund in place and boasts numerous successful business leaders who benefited from this fund. The Federation has undertaken to support and facilitate the development, availability and retention of skilled human capital in the M&E Sector.

Through the scheme, SEIFSA promotes development for critical and scarce industry skills required. Diversity in the student body is prioritised by encouraging previously disadvantaged individuals to seek assistance.

While the scope of the SEIFSA bursaries relates primarily to employers and employees affiliated to associations federated to SEIFSA, the policy does not preclude applications from eligible persons falling outside this fold.

In the year under review, SEIFSA provided bursaries to 23 students at various universities. As part of our efforts to contribute towards building a skilled economy in accordance with the National Development Plan, all the bursary recipients are pursuing qualifications that will assist in addressing skills shortages within the M&E sector.

We are proud of the distinctive calibre of individuals who are recruited through the bursary process.

## **INTERNSHIP PROGRAMME**

SEIFSA annually hosts learners from various Technical and Vocational Colleges to enable them to complete the practical work-based learning element needed for them to qualify. Five learners were enrolled on the internship development programme from the colleges. The learners, were placed in SEIFSA's various operational areas, where they receive focused development in line with their qualification outcome requirements.

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.

On rare occasions, we have in the past absorbed some interns where suitable positions became available. The current cohort of interns arrived in October 2020. Their contracts extend until March 2021 giving them the opportunity to reinforce what they have learnt on the job.

## **PHUMULA GARDENS PRIMARY SCHOOL**

SEIFSA adopted Phumula Gardens Primary School in Germiston, which has more than 2,000 learners. This school is home to children who live in RDP houses and some from some child-headed households. SEIFSA has a long-standing relationship with the school and has been assisting with its various needs as part of its corporate social investment.

SEIFSA believes learners need a clean, safe and happy environment in which to learn and thrive, and we were pleased to be able to contribute to creating such an environment at Phumula Gardens Primary School. Due to the pandemic, the school has been opened and closed on several occasions and learning at the school has been impacted by the school closures. We continue to engage with the school and provide support as required.

## **INNOVATION HUB**

SEIFSA has partnered with RMA to create an Innovation Hub based at the SEIFSA Training Centre situated Benoni. This programme in its inaugural year seeks to establish a facility where young unemployed entrepreneurs can be equipped with the necessary technical, practical and business skills to create and maintain successful businesses. A fund of R2.0m has been set aside to develop 10 beneficiaries. During the year good progress has been made in rolling out this innovative programme that will assist in creating employment and assisting the youth in assisting the communities they live in.

## **SUPPLIER DEVELOPMENT**

The economy has been struggling over the past years and with the devastating impact of the COVID-19 pandemic many businesses have closed their doors and many struggle to survive. The impact on small business has been even more devastating. SEIFSA has also partnered with RMA to support the development of small business in these challenging times. A fund of R2.0m has been created to assist 10 beneficiaries of this programme. At year a total of 8 companies have been supported and sound progress has been noted at year end.

*Sumaya Hoosen*  
*HC&SD Executive*





WESTBEACH

1902 - 2022

THE WHITE LEAFY GREENS, JUNGLE WATERS, LIME, THE MOST ELEGANT BUDS, COCONUT MILK, THE SWEET, CLEAN LEAF, SORRELWOOD, THE FINE

KIT II AGE



# COMPANY SECRETARIAT REPORT



During the Federation's 77th Annual General Meeting (AGM) held on 9 October 2020, the following Non-Executive Directors were elected to the SEIFSA Board:

- Ryan Haynes
- Honey Mamabolo
- Ernst Volschenk
- Ntobeko Panya

The following Non-Executive Directors were re-elected to serve on the SEIFSA Board:

- Alpheus Ngapo;
- Nonhlanhla Ngwenya
- Tumi Tsehlo

The following were elected President and Vice-Presidents from the elected Non-Executive Directors:

- **SEIFSA President**
  - Alpheus Ngapo
- **SEIFSA Vice-Presidents**
  - Elias Monage\*
  - Nonhlanhla Ngwenya
  - Andrea Moz

- \* Mr Monage's two-year term came to an end at the AGM of 9 October 2020, however, he was automatically eligible to serve as Vice-President for another year.

## BOARD MEETINGS

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

- 3 August 2020
- 29 September 2020\*
- 2 November 2020
- 1 February 2021
- 26 April 2021\*
- 3 May 2021
- 26 May 2021
- 15 June 2021\*

**\*Special Board Meeting.**

## Board Committee Meetings

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

### Audit and Risk Committee

- 31 August 2020
- 29 September 2020
- 3 May 2021
- 26 May 2021

### Social and Ethics Committee

- 29 March 2021

### Remuneration Committee

- No meetings were held for this Committee in the year under review

## GOVERNANCE ISSUES

The following noteworthy governance events took place during the course of the year:

- During April 2021, Mr Ngapo resigned from the Board and as SEIFSA's President, and the Board appointed Mr Monage to serve as Interim Board Chair and President until the next AGM.
- After serving many terms as a SEIFSA Board Member, Ms Veldhoven resigned from the Board due to her retirement from the industry. SEIFSA wishes her well and thanks her for her loyal and dedicated service.
- Mr Panya also resigned from the Board due to time constraints, however, he continues to play an active role as a member of Light Engineering Industries' Association's Executive Committee.
- During May 2021, the CEO of SEIFSA, Dr Kaizer Nyatumba, was placed under precautionary suspension and in July 2021 he resigned from SEIFSA.
- On the 3 August the SEIFSA Board appointed Lucio Trentini as Chief Executive Officer.
- During the Board Meeting of 26 May 2021, the Board of Directors resolved to constitute a Nominations Committee, consisting of Mr Monage, Ms Ngwenya and Mr Tshlo.

*Louwressè Specht*  
*Company Secretary*





## SEIFSA REPRESENTATION ON OTHER BODIES



### *SEIFSA IS REPRESENTED ON THE FOLLOWING BODIES:*

- Business Unity South Africa (BUSA)
- Energy Task Team of BUSA
- 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)
- Rand Mutual Assurance (RMA)
- Unemployment Insurance Fund
- National Nuclear Regulator
- National Economic, Development and Labour Council (Nedlac)
- South African Society for Co-operative Education (SASCE)
- BRICS Manufacturing Working Group

SEIFSA, through its membership of these bodies, is able to influence business and policy makers 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 Southern Africa, in particular the Metals and Engineering Industry, 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.

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

## STANDING COMMITTEE ON ECONOMIC POLICY

SEIFSA is represented on the BUSA Standing Committee on Economic Policy by Mr Chifipa Mhango, 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 Ms Sumaya Hoosen, 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

Mr Lucio Trentini and Ms Sumaya Hoosen serve as members of this committee.

## merSETA GOVERNING BOARD

SEIFSA is represented on the Governing Board by Ms Sumaya Hoosen.

## METAL CHAMBER

SEIFSA is represented in the Metal Chamber by Ms Hoosen.

## MEIBC

The MEIBC is the forum created by employers and industry trade unions to facilitate the industry wage and employment condition 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 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.

## 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
- Metal Industries Provident Fund
- Metal and Engineering Industries Permanent Disability Scheme
- Metal and Engineering Industries Bargaining Council Sick Pay Fund

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

## 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 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**

Mr Trentini 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**

Mr Trentini 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

Mr Mhango 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.

## RAND MUTUAL ASSURANCE (RMA)

SEIFSA's Chief Financial Officer, Mr Rajendra Rajcoomar, serves as one of the Directors on the Board of RMA.

## BRICS BUSINESS COUNCIL MANUFACTURING WORKING GROUP

SEIFSA's outgoing CEO, Dr Kaizer Nyatsumba, served as a member – and Chairman – of the Manufacturing Working Group of the South African Chapter of the BRICS Business Council for the period under review.

*Lucio Trentini*  
*Chief Executive Officer*



application or been employed by  
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are you available to start work?  
 Yes  No  
to school/references/work b  
No  
me(s)?  
 Full time  
can you work  
... (please list  
Foreign languages



**Elias Monage**  
*President and  
Chairman*



**Nonhlanhla Ngwenya**  
*Vice-President*



**Andrea Moz**  
*Vice-President*



**Tumi Tsehlo**  
*Non-Executive Director*



**Ernst Volschenk**  
*Non-Executive Director*

## executive team



**Lucio Trentini**  
*Chief Executive Officer*



**Rajendra  
Rajcoomar**  
*Chief Financial  
Officer*



**Sumaya Hoosen**  
*Human Capital and Skills  
Development Executive*



**Chifipa Mhango**  
*Chief Economist*



**Louwressè Specht**  
*Industrial Relations  
and Legal Services  
Executive*



**Nuraan Alli**  
*Acting Marketing, Sales  
and Communications  
Executive*

## management team



**Mariaan de Jager**  
*Finance Manager*



**Mpho Lukoto**  
*Communications  
Manager*



**Mark Lotter**  
*Marketing Manager*



**Palesa Molise**  
*Economist*



**Theresa Crowley**  
*Associations  
Manager*



**Vuyiswa Miya**  
*Industrial  
Relations and  
Legal Services  
Manager*



**Michael Lavender**  
*Industrial Relations  
Manager*

# Directors



**Honey Mamabolo**  
*Non-Executive Director*



**Ryan Haynes**  
*Non-Executive Director*



**Lucio Trentini**  
*Chief Executive Officer*



**Louwressè Specht**  
*Company Secretary*

# staff members



**Tshidi Mokoena**  
*Receptionist*



**Denelle Chetty**  
*Financial Administrator*



**Neo Mkhwanazi**  
*Credit Controller*



**Khumo Kodisang**  
*Associations Administrator*



**Lindiwe Modise**  
*Office Assistant*



**Penny Seitz**  
*Credit Controller*



**Monica Pillay**  
*Executive PA to the Chief Executive Officer*



**July Malakoana**  
*Invoicing Clerk*



**Eleen Snyman**  
*Economic and Commercial Statistics Officer*



**Zandile Ngubeni**  
*Creative Designer*



**Tshimangadzo Netshituni**  
*Credit Controller*