

SEIFSA

Steel and Engineering Industries Federation of Southern Africa

OUR PASSION, YOUR SUCCESS

ANNUAL 2016 REVIEW

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
Diversity
Excellence
Stewardship
Passion
Innovation



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

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Cover inspired by the iconic
Nelson Mandela Bridge

Editor

Israel Mlambo

Creative Designer

Zandile Ngubeni

CHAIRMAN'S REPORT

In this report, I would like to focus on some of the immediate challenges facing our businesses as the varied activities of SEIFSA over the past year are detailed in the Chief Executive's Report.

The metals and engineering sector is a micro-cosmos of the general South African economy. Our Industry has critical direct linkages with both the primary and tertiary sectors. The Steel and Engineering Industries Federation of Southern Africa (SEIFSA), through its representation of over 20 industry Associations in this sector, has provided meaningful support to these Associations and has lobbied for policies to improve the business environment in which its members operate.

SEIFSA's key focus remains assisting in building strong employer Associations reflecting the views of their respective memberships and supporting the needs, interests and transformation objectives of responsible employers in the industry.

There is little doubt that an enormous amount of focussed effort and planning is needed to navigate the Federation through the ever-challenging socio-economic, political

and regulatory environment and indeed, the generally unfavourable business landscape.

For this, SEIFSA needs well informed, strong, respected leadership, a united Board, an effective and supportive Council representing the Associations, and one that actively engages with their members. A good relationship with all Stakeholders, including Government, Trade Unions and other Employer Organisations is critical. Communication of joint concerns on a regular basis is imperative to the wellbeing of the Sector.

BUSINESS AND ECONOMIC ENVIRONMENT

As we all know, distressingly, the fortunes of the metals and engineering sector did not improve during the financial year ended in June 2016.

There is talk that the country is de-industrialising. This is a fallacy, however. Manufacturing and the metals and engineering sector's share of the economy is indeed shrinking, but simply because other sectors of the economy are growing faster.

Domestic demand for the sector's products peaked at an all-time high during 2013, only to decline by 10% in 2014 and grow by 8% in 2015. It is estimated to have contracted by 3% during the course of 2016. Production by South African companies declined for the second year running. The result has been that domestic producers continued losing market share in their own market, from about 50% in 2013 to 43% this year. This, in turn, means R50 billion worth of production lost and, with the current sector employment multipliers, an estimated 40 000 jobs lost.

National economic growth has ground to halt and so has fixed investment. Prospects for growth are depressed. This is a far cry from a decade ago, and appalling news for millions of people without employment. It is heart breaking especially when one considers the enormous lack of skills in our country and a large portion of our population that simply do not possess any skills at all. The irony is that the domestic market for our products has been growing until 2013, yet the sector has not been able to respond to this with production languishing at 30% below the 2007/8 peak.

In terms of jobs lost, the last financial year was particularly bad: an estimated 25 000 people lost their jobs in the sector, from a total of 400 800 employees to 375 000 by the middle of 2016. This makes for frightening reading, at an average company size of 50 employees, these numbers translate tragically into 500 companies ceasing to exist.



Angela Dick

Report

CHAIRMAN

In the main, this state of affairs is due to export markets being extremely weak, with massive competition from every country that is a player in the metals and engineering market. Surplus production capacity worldwide has forced prices down to unprecedented levels making it hard to retain or grow the sector's footprint internationally. Competition from the South African market has also increased in tandem, with most of the growth in domestic demand being taken up by imports/competitors exporting to our shores.

The second biggest stumbling block is domestic costs rising to such levels that it renders the domestic sector uncompetitive, even on the domestic front. The fact that such a large proportion of costs are linked to the dollar prices of input (40%) and administered prices (15%), is a source of huge frustration as local companies have very little control over the situation. This makes the industrial relations field an area of intense conflict.

The main question is what should be done to bring the sector back to an even keel and possibly rekindle growth in production and employment?

Part of the answer is that all stakeholders within the sector must find a way to work together in order to survive and to regain growth. We cannot be at war with each other; different companies against one another, different associations against each other, labour at war with business. We are all in this together. Without this cooperation, business cannot flourish and invest for the future and labour will not have a means to survive and prosper with disastrous results for our country.

Government institutions and government policy have an important role to play. It is not helpful to view the whole sector as 'a pipeline' starting at the basic metal producers and ending somewhere with the higher value adding parts of the sector. The logic behind this presupposes a zero sum game. One part of the sector must lose for other parts to win. A paradigm shift is needed, which takes each part of the sector as a 'stand-alone' industry with its own dynamics. Policy should be set in such a way that it enhances the potential of an industry to grow and mitigate against the problems encountered.

The critical importance of SEIFSA's role in influencing policy cannot ever be underestimated. The Federation's involvement with Government departments and institutions like the International Trade Administration Commission's work on tariffs and trade is geared towards improving the environment for the sector. The ferrous industry crisis has brought the importance of this fact into sharp focus.

The South African economy, and by implication the metals and engineering sector, domestic trade and industry policy, as well as the direction of the world economy, are all shrouded in uncertainty. Without a large measure of certainty returning to the economic environment surrounding the sector, very few will be brave enough to invest in the future. Without us talking to one another and with our social partners, government and labour focussing on the very same issues, this will not happen. The responsibility rests on us to do just that; find one another and forge a way ahead in uncharted waters for the good of all.

The main question is what should be done to bring the sector back to an even keel and possibly rekindle growth in production and employment?

EXTENSION OF THE MAIN AGREEMENT AND WAGE INCREASES

Given the severe impact of the economic recession on the manufacturing sector and the associated difficult trading conditions that most companies are facing, member companies can take some comfort that there were no wage negotiations this year. This was of particular significance in view of the widespread industrial action and strikes experienced in many other sectors and the associated relative high wage settlements which appeared to fly in the face of the contracting economy and employer attempts to retain employment under considerable financial distress.

SEIFSA embarked on a comprehensive campaign to provide practical advice and assistance to member companies seeking to secure wage-increase exemptions as a consequence of the negative impact of the economic crisis on their businesses. The wage-increase exemption process appears to have worked well in dealing with applications received from employers to implement lesser increases than those prescribed in the Main Agreement.

Unfortunately, we are faced with the onerous task of having to negotiate wage and conditions of employment next year because of the expiry of our three-year agreement concluded in 2014.

In view of the widespread disputes and strikes experienced throughout most other key sectors of the economy and the associated high wage settlements, the coming year will undoubtedly prove to be quite daunting from an industrial relations perspective, and will most likely present employers with a challenging set of union demands.

SEIFSA, together with the support and assistance of all member Associations, will do everything in its power

to conclude an agreement with all the industry trade unions within its mandate and with the least amount of disruption for the membership. We need active participation from member Associations in this regard.

SEIFSA'S SUSTAINABILITY

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

These challenges will continue to stare us in the face, if not worsen, until such time that South Africa Incorporated – Government, business and labour – gets together to discuss things openly and constructively, putting the country's interests above all else. To this end, SEIFSA welcomes the Labour Relations Indaba convened by Deputy President Cyril Ramaphosa last year and looks forward to the anticipated outcomes related to, amongst other, the reintroduction of a strike ballot, dealing with strikes that turn violent and a much-anticipated Code of Good Practice on Collective Bargaining later this year.

Internally, we have to ensure that SEIFSA continues to be equal to the challenges that confront it, including our approach to collective bargaining and the mandating process. The ongoing challenge facing the Federation is to demonstrate that it has the interests of all players, big and small, in the metals and engineering sector and that, as much as possible, it represents or speaks for all of them.

ASSOCIATIONS

The Electrical Engineering and Allied Industries' Association (EEAIA) affiliated to SEIFSA celebrated its 80th anniversary during the year. The EEAIA was founded in 1936.

According to the records, the oldest Association that was formed was the Cape Engineers and Founders' Association, which was formed in 1925, followed by the Port Elizabeth Engineers Association, which was formed in 1926 (in 2014 the Association changed its name to the Eastern Cape and Allied Industries Association). The last Association to be formed was the Electrical Manufacturers' Association of SA, which was registered in 1997.

Report

CHAIRMAN

TRANSFORMATION

The slow pace of transformation in the metals and engineering sector continues to be of concern. The manufacturing industry in general and the metals and engineering sector in particular are in dire 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.

A recent BEE Survey, conducted by KPMG, ranked the manufacturing sector as the second-worst performer after mining, as it struggled to adhere to the codes on employment equity, skills development and transforming management control.

As a sector, we need to 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 long-term interest. It is of critical importance that a concerted effort is made by the sector towards creating meaningful opportunities for all South Africans to play crucial roles in taking our industry to new heights.

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

Transformation at the workplace also has the potential of moderating the currently-rising levels of racial polarisation in the country. As social studies have shown in different parts of the world, inclusive countries

tend to be more cohesive than those which do not fully embrace and leverage the wealth offered by a country's diversity.

APPRECIATION

I would like to express my thanks to the SEIFSA membership, which elected me President at the last Annual General Meeting. It is a great honour and I am deeply indebted to them and appreciate their support and cooperation with the Board and myself during my presidency.

My sincere thanks also go to my fellow Directors on the SEIFSA Board and the SEIFSA Executive Management Team. I am grateful to the entire SEIFSA team for its energy, enthusiasm and passion for the Federation even in the face of challenges. Your contribution, professionalism and dedication are greatly appreciated.

Finally, I wish incoming Board Members, including my successor as President, the very best of luck in the year ahead. If I can be of any assistance, I will be more than happy to offer my support.

Sincerely

Angela Dick

President and Chairman

CHIEF EXECUTIVE OFFICER'S REPORT

AN EVEN TOUGHER YEAR

For a number of reasons, the 2015/16 financial year was even more difficult for the global economy, the South African economy and many sectors in it, among them our own metals and engineering sector. The domestic mining and construction sectors to which ours is a significant supplier continued to struggle as international commodity prices fared no better than they did the year before, with only the auto-manufacturing sector holding its own, thanks in no small measure to the very attractive Government incentives to attract and retain original equipment manufacturers in the country.

South Africa's sovereign debt continued to grow as the local currency, the Rand, took a heavy beating, without resulting in much benefit for local exporters, as those who have repeatedly called for a weaker Rand over the years have hoped would happen.

South African manufacturers found themselves facing unfair competition from East-Asian exporters which, in addition to enjoying the advantages of considerably lower input and administered costs when compared to South Africa, also had

the added benefit of subsidies in their home markets. Regrettably, the Government took long to react to these instances of dumping, moving to impose import tariffs on steel imports only once affected parties like domestic steel manufacturers, organised labour and employer bodies organised themselves into a powerful lobby group.

The year under review was one during which Section 189 Notices were very much in the news. As local markets shrunk and many South African manufacturers found it difficult to remain competitive in the export market, many companies across the metals and engineering sub-sectors had no choice but to contain costs through, among other ways, restructuring and retrenchments. For some, the cuts that had to be made were deeper than others, while other companies merely had to shave off some fat off their fixed staff costs.

Regrettably, even with these necessary remedial steps, some companies still found themselves having to be placed on business rescue or even liquidated. In many ways the 2015/16 financial year was one that witnessed, in the words of National Union of Metalworkers of South Africa (NUMSA) General Secretary Irvin Jim, "a jobs bloodbath" whose effects are likely to continue to be felt for years to come.

SEIFSA, which represents employers in what is currently a struggling metals and engineering sector and which counts companies mostly in the self-same sector as consumers of its products and services, was not immune to these economic headwinds. The Federation struggled to make its revenue budgets, with the exception of the Human Capital and Skills Development Division, which finished on target.

As a result, decisive actions had to be taken timeously to reduce the Federation's fixed costs. For the very first time in SEIFSA's history, we embarked on two rounds of retrenchments, parting ways with 11 staff members. We also froze a number of vacancies that arose, parcelling work out to already over-worked individuals who remained in the Federation's employ. By the end of the year, our established staff complement had shrunk from 43 to 32.

Among the colleagues who parted ways with SEIFSA in the course of the year was Deputy CEO Elsa Venter. That position was abolished and its responsibilities were shared between Operations Director Lucio Trentini and the CEO. I thank Mrs Venter and the other employees who parted ways with SEIFSA in the course of the year for their service to the Federation over the years and wish them well for the future.

Kaizer Nyatumba



Report

CHIEF EXECUTIVE OFFICER

Despite failure to make the budgeted revenue, the actions taken in the course of the year to contain costs were so successful that SEIFSA came very close to finishing the year on budget. For the first time since 2011, SEIFSA is poised to break even in the 2016/17 financial year.

Details of our financial performance in 2015/16 are given in Chief Financial Officer Rajendra Rajcoomar's Report in this publication.

SUCCESS STORIES

Its toughness notwithstanding, 2015/16 also saw SEIFSA register some phenomenal successes that bode well for the future:

Federation concludes Strategic Partnership with IDC

- The Federation entered into strategic partnerships with the Industrial Development Corporation and the Department of Trade and Industry, which saw both institutions coming on board as partners on the South African Metals and Engineering Indaba. As a result, the Southern African Metals and Engineering Indaba 2016, which had a more exciting programme featuring renowned local and international speakers, took place at the IDC Conference Centre in Sandton.

Among the speakers who addressed the conference were Former President Kgalema Motlanthe, Finance Minister Pravin Gordhan, Small Business Development Minister Lindiwe Zulu, Department of Trade and Industry Deputy Director-General Garth Strachan, US Embassy Minister Counsellor for Economic Affairs Laird Trieber, European Union Chamber of Commerce and Industry Executive Chairman Stefan Sakoschek, Business Unity South Africa CEO Khanyisile Kweyama, to mention a few. Thanks to the support from our sponsors and delegates, the Indaba generated a profit of R750 000. The conference will continue to take place at the IDC Conference Centre over the next two years.

SEIFSA Awards for Excellence

- The SEIFSA Awards for Excellence showed considerable growth in popularity in only their second year. Unlike in their inaugural year in 2015 when there was a total of 21 entries in six categories and no entry in the Environmental Stewardship of The Year Award category, there were entries in all seven categories in 2016, with many of them being of a very high quality. My congratulations go to all the winners: Genrec Engineering (Artisan of the Year Award and Health and Safety Award of the Year), Zimco Aluminium Company (Most Innovative Company of the Year Award), Grohe Dawn Watertech (Best Customer Service of the Year Award), Scaw Metals Group (Most Transformed Company of the Year Award), Steloy Castings (Environmental Stewardship of the Year Award), Voith Turbo South Africa (Company of the Year Award), South African Refrigeration and Air Conditioning Association (Association of the Year Award), Ufikile Khumalo for his Sterling Presidency of SEIFSA over the past two years, and Henk Duys (Outstanding Service to SEIFSA Award). Entries for the SEIFSA Awards for Excellence for the 2016 calendar year will open in December 2016 and details can be found on www.seifsaawards.co.za. Winners will be announced at a stand-alone event in May 2017.



Kgalema Motlanthe: Former President of RSA at the Southern African Metals and Engineering Indaba 2016



Small Business Hub

- Our Small Business Hub, which presents cost-effective products and services that are tailor-made for small, micro- and medium enterprises, has gained traction in the market. A growing number of companies have either made enquiries about its services or taken these up. Among the most successful to date has been the SBH's Enterprise and Supplier Development (ESD) programme, which manages ESD for large companies. Service rendered by the SBH to the South African business unit of a multinational company has received great praise. Details of the services offered by the SBH are available on www.seifsasmallbusiness.com.

SECTORAL COLLECTIVE BARGAINING?

During the year under review, SEIFSA and its member Associations spent a considerable amount of time discussing the current model of national collective bargaining and debating different options that may be considered, in consultation with our labour partners, in future. Various consultative meetings took place, progress was made among ourselves and broad consensus emerged on the possible way forward.

The possibility of sectoral collective bargaining, which would enable factors unique to a sub-sector of the broad metals and engineering industry to be taken into consideration when employers and labour meet to negotiate on wages and conditions of employment in that sub-sector, proved to be most popular. Indeed, an example of such an approach already exists in the lift engineering sub-sector, which negotiates annually with labour in that sub-sector.

Regrettably, we were not able to take this proposal into a formal discussion with labour. Given other developments towards the end of the financial year, which pre-occupied employers and labour alike and had the potential of straining relations between the two stakeholder groups on the eve of the expiry of the 2014-17 Settlement Agreement, we ran out of

time and could not formally propose to labour sectoral collective bargaining as the appropriate, sub-sector-sensitive approach to the next round of negotiations.

The spoke in the wheel, as it were, was the controversy that dogged the Metals and Engineering Industries Bargaining Council (MEIBC) was triggered by the expiry of the MEIBC's Administration and Dispute Levy, which was last renewed in 2011 at the same rate for a five-year period. As the MEIBC felt the financial squeeze, this led to some stakeholders publicly questioning that institution's financial sustainability and concomitantly hurling accusations at those at the helm of the Council. That led to five of the six unions on the MEIBC Management Committee declaring a dispute with the employer parties.

Thankfully, that dispute was subsequently withdrawn when the parties eventually agreed to a year-long extension of the current Administration and Dispute Levy and the formation of an Oversight Committee, to be situated above the Management Committee, made up of an equal number of employer and labour representatives.

Regrettably, that means that some – if not all – of those issues are likely to find their way back onto the respective parties' lists of demands for the 2017 wage negotiations.

Report

CHIEF EXECUTIVE OFFICER

Owing to the MEIBC's financial challenges and the surfeit of legal challenges that the institution had to deal with since the 2014 round of negotiations, unfortunately some important meetings that had to be convened to get labour and employer parties to discuss matters that were put aside in those negotiations did not take place. With the Industry Policy Forum not able to meet, little or no progress was made on matters of great importance for employers and labour.

Regrettably, that means that some – if not all – of those issues are likely to find their way back onto the respective parties' lists of demands for the 2017 wage negotiations.

2017 WAGE NEGOTIATIONS

Understandably, the 2014-17 Settlement Agreement reached in the 2014 wage negotiations was not universally popular among employers. There were some who held the view that the amounts settled upon were too high, especially given the health of the local economy in general and that of the metals and engineering industries, in particular.

Reached after a month-long strike (and after an unprecedented five-month one earlier in the platinum sector) that caused considerable harm to the already-struggling sector, and after the involvement of Labour Minister Mildred Oliphant and the Council for Conciliation, Mediation and Arbitration as arbitrators, that agreement was mandated by all but one of the SEIFSA member Associations. Correctly, it came from member Associations themselves, and was not a decision taken either by the SEIFSA Negotiating Team or the Board.

Two main positives flowed from that agreement: despite labour's initial implacable opposition to both, eventually we managed to conclude a three-year agreement as opposed to a year-long one, and eventually an agreement was reached on Section 37 of the Main Agreement, which protects our members from shop-floor bargaining on matters that were the subject of discussion during national collective bargaining.

At the time of writing, it looks like we will, indeed, have enjoyed the full benefits of the three years of labour stability within the sector flowing from the 2014 three-year settlement. That means that for a solid three-year period employers in this sector will have been able to focus fully on their businesses and maintaining or increasing market share, instead of worrying about possible industrial action.

That stability ends officially in June next year. The next round of negotiations should start around March or April next year, at a time when the situation in our industry is not expected to be any different.

Needless to say, we are all apprehensive about those negotiations. No doubt, we will all hope that they will proceed smoothly, with both sides being mindful of the state of the economy and being reasonable in their approaches, with the negotiations concluded without any resort to a show of force through industrial action. As has just been indicated in the section above this one, we spent a lot of time in the year under review dealing with internal and other matters. It is vitally important that, between now and February 2017, we all focus single-mindedly on preparations for the 2017 wage negotiations and ensuring that the SEIFSA Negotiating Team – which will be led by Operations Director Lucio Trentini – has a solid but realistic mandate.

MY THANKS

As indicated at the beginning of this report, the 2015-16 financial year was a very difficult one. That notwithstanding, the team at SEIFSA remains standing, ready to soldier on. It has been a phenomenal team that is fully deserving of my appreciation and gratitude. To each one of my colleagues, I say: thank you ever so much. There is no SEIFSA without you.

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

Finally, I thank the Board of Directors for its support and stewardship of the Federation. I look forward to working with the Board – including the new Directors to be elected at the forthcoming Annual General Meeting – next year to take SEIFSA to the next level.

Kaizer Nyatumba

Chief Executive Officer

CHIEF FINANCIAL OFFICER'S REPORT

OVERVIEW OF OPERATIONS

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

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

SEIFSA has also continued to offer accounting, administration and management services to 20 of its affiliated Associations. The SEIFSA Training Centre continues to develop high calibre artisans and address the skills shortage in artisan development that faces the country.

The Collective Bargaining Levy agreement ended in December 2012 and coupled with the adverse economic environment facing the industry, the negative financial effects of these continued to be felt in the year under review. The sector has continued to shrink with declining employment numbers as a result of retrenchments. This impacted negatively on membership income, which is a key source of income and the de-

mand for our product and service offerings made via the SEIFSA Divisions.

OVERVIEW OF FINANCIAL RESULTS

The start of the year under review has been an extremely challenging one with the Federation battling to meet its budget approved in June 2015. Management took decisive action in September 2015 to immediately remedy the situation by balancing its expenditure in line with the revenue being generated. Strategic cost cutting measures were implemented together with the retrenchment of several employees and the freezing of vacancies that arose when employees resigned. A total of R10m has been saved in line with the decreased revenue streams. A revised forecast was presented to the Board and Council during February outlining the plan to end the year as close as possible to the original budget approved in June 2015. Among the various initiatives implemented, the second Metals Engineering Indaba, brought a handsome profit that enabled the Federation to surpass the forecast submitted to the Board and Council.

Income generated from Associations and Divisions has increased by 0.70% from FY2014/15 and income generated by the SEIFSA Training Centre has decreased by 19.0% when compared to FY2014/15. The marginal increase in income from Associations and Divisions is attributable to the poor uptake of products and services and the state of the sector/market in which the Federation operates. The SEIFSA Training Centre has experienced an unusually low uptake of apprentices in the last quarter of 2015, which negatively impacted on the year's profit share. Fortunately an increased uptake of apprentices during January 2016 has helped in improving profit levels.

Total expenses decreased by 23.3% over FY2014/15, due to the cost-cutting Initiative implemented during the second quarter of the financial year.

The year closed with a deficit and short of the budget. However, the overall result was better off than the February 2016 forecast.

Due to the deficit sustained, the balance sheet is under pressure, with a closing current ratio of 1.1 (FY2014/15: 1.69). Gearing has increased from 48.9% in FY2014/15 to 76.8% in the current year. The increase in gearing is attributable to the deficit sustained in the year.

Rajendra Rajcoomar

Report

CHIEF FINANCIAL OFFICER

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 combat fraud and all other acts of dishonesty on a zero-tolerance basis.

DISCONTINUED ACTIVITIES AND ACTIVITIES TO BE CONTINUED

SEIFSA has no discontinued activities or activities to be discontinued in the next 12 months. Based on financial performance of the Divisions in the financial year 2016/17, a review of the continued existence of Divisions will be made.

NEW OR PROPOSED ACTIVITIES

SEIFSA had 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 receiving gifts are obliged to complete the gift register which is tabled at an 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.

FUTURE PLANS

SEIFSA continues to pursue its three-year strategy (FY2014/17) that was approved by the Board in achieving a breakeven budget for FY2016/17. After much deliberation at the Board and Council meetings, the budget for FY2016/17 was finally approved based on a hybrid model that is carrying out collective bargaining, advocacy and lobbying activities whilst simultaneously generating income from the sale of products and services.

Financial performance is closely monitored to ensure that the Federation remains financially viable. Where measures are required to rectify performance, immediate corrective action will be implemented. On-going products and services enhancements are considered and bi-annual customer satisfaction surveys are conducted. Where corrective action is required, this is implemented.

The year ahead remains a challenging one with a sector facing a tough and distressed economic environment. According to economists, a slight improvement in the economy will be noted in the latter half of 2017. Until then, the Federation will need to continuously strive 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, 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 Services Board. MIBFA provides administration services for the following Funds:

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

A BRIEF HISTORY OF THE FUNDS THAT ARE ADMINISTERED BY MIBFA

Engineering Industries Pension Fund

The "Engineering Industries Pension Fund" having been named and 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 are payable in terms of the Rules are guaranteed and are fixed in nature. The Fund bears the risk and benefits payable on retirement must be paid as a monthly income and are 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 as 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 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 the member invests the lump sum wisely.

On starting employment, workers can thus choose to belong to either the Engineering Industries Pension Fund or join 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 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 the 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 Board of Trustees of the Pension and Provident Funds. The Board of Trustees comprises an equal split of representation from both Employers and Labour who meets at least 4 times per annum. Based on the level of knowledge and expertise that the Trustees have, they also serve on various sub-committees of the Board of Trustees namely:

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

The number of meetings held by the various sub-committees will vary depending on the tasks on 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 are in excess of R105 billion, making it one of the largest privately managed funds in the country. The performance of the Fund Managers is closely monitored and corrective action implemented immediately where necessary and all investments are made in accordance with the Investment Policy Statement. During the year the following tactical asset allocation was implemented:

Asset class	MIPF and EIPF in-service members	EIPF pensioners
SA equities	48.0%	25.0%
SA listed property	2.5%	2.5%
SA bonds	16.5%	44.5%
SA cash	2.5%	2.5%
Global equities	20.5%	15.5%
Global listed property	2.5%	2.5%
Africa equity	1.0%	1.0%
Africa unlisted property	0.5%	0.5%
SRI equity	2.5%	2.5%
SRI bonds	2.5%	2.5%
Private equity	1.0%	1.0%

The financial markets have performed poorly during the past two years, with the last year performing the worst. The returns generated by the Funds have, however, managed to exceed inflation over the past two years. When the fund returns are benchmarked against similar assets managers, the MIBFA returns have outperformed these. Asset management expenses are also optimised (lowest cost when compared to other Funds and the bargaining power with Fund Managers due to the size of investments) with at least 50% of the total funds being managed by internal MIBFA Fund Managers.

Surplus apportionments have exceeded R20bn to date with 7.1% being added for the employees benefit monthly from the Contribution Increase Programme Reserve Account, with no cost to the employer or employee.

In addition to the members investment (contributions by member and employer, plus investment returns), an exit bonus of 18% becomes payable to a member when the member exits the Fund.

SECTION 13 OF THE PENSION FUNDS ACT

Non-compliance with Section 13A of the Pension Fund 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 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 R160m in acknowledgment of debts (AOD) being secured by the Attorney and a further R25m from matters under litigation. The Attorney has also secured a further R50m in cash transfers of which 96% has been allocated to the member's Pension or Provident Fund. The cost of collection is approximately 5.5% of the money collected.

STAKEHOLDER RELATIONSHIPS

SEIFSA is committed to and continues to engage and provide feedback to all its 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 funds related matters.

Rajendra Rajcoomar

Chief Financial Officer

Report



A speaker at the Annual Southern African Metals and Engineering Indaba 2016 presenting to delegates



ADMINISTRATION SERVICES REPORT

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
- Marketing (which includes retention and recruitment)

Associations highlights

The Electrical Engineering and Allied Industries' Association (EEAIA), affiliated to SEIFSA, celebrated its 80th anniversary during the year. The EEAIA was founded in 1936.

According to the records, the oldest Association that was formed was the Cape Engineers and Founders' Association which was founded in 1925, followed by the Port Elizabeth Engineers Association, which was formed in 1926 (the Association changed its name in 2014 to the Eastern Cape and Allied Industries Association (ECEAIA)). The last Association to be formed was the Electrical Manufacturers' Association of SA, registered in 1997.

SEIFSA AWARDS FOR EXCELLENCE

On 27 May 2016, SEIFSA announced the winners of its Second Annual Awards for Excellence. One of the categories is the CEO's Award, which comprises a category for the Association of the Year Award. This was awarded to an Association federated to SEIFSA that has shown the best level of compliance, growth in membership, participation within the relevant structures, benefits offered to members and promoting the interests of members in their specific sector. The winner of this prestigious award was the South African Refrigeration and Air-Conditioning Contractors' Association (SARACCA). Of significance is that the Association showed a growth of 39% from the previous year.

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 2015/2016 financial year, the number of companies in the above loyalty structure were as follows:

- | | |
|-----------------------------|-----|
| • Platinum member companies | 2 |
| • Gold member companies | 42 |
| • Silver member companies | 368 |
| • Bronze member companies | 656 |
| • Standard member companies | 737 |





Report

ADMINISTRATION SERVICES

2 Platinum member companies

42 Gold member companies

368 Silver member companies

656 Bronze member companies

737 Standard member companies

Theresa Crowley

Associations Manager

Bob Stone: Sales and Marketing Director at Zimco Aluminium Company received The Most Innovative Company of the Year Award at the SEIFSA Awards for Excellence 2016 ceremony

MARKETING REPORT

THE SOUTHERN AFRICAN METALS AND ENGINEERING INDABA

The Southern African Metals and Engineering Indaba (MEIndaba) 2016, held in Sandton on 26 and 27 May, was a resounding success with delegates, speakers and the media providing incredible feedback for the annual event. Lead speakers included Former President Kgalema Motlanthe, who spoke on the significance of the metals and engineering industries and the need for growth; the Minister of Small Business Development, Ms Lindiwe Zulu, who pointed to the importance of turning around the challenges in the sector in order to create jobs; Massmart Chairman Kuseni Dlamini, with a focus on the influence of BRICS on business; and many other captains of industry who tackled issues of significance.

The Indaba continues to create a platform for business and government to collaborate on solutions for a turnaround effort for the metals and engineering sector, which has been under pressure for a while, with job losses exceeding 11 000 in 2015. Many stakeholders are now looking forward to an even bigger and more engaging MEIndaba, which will take place on 14-15 September 2017.

Details are available at www.meindaba.co.za

SEIFSA AWARDS FOR EXCELLENCE

On 27 May 2016 SEIFSA announced winners of its Second Annual Awards for Excellence. The top performing companies were unveiled at a breakfast that took place before the commencement of the second day of the Southern African Metals and Engineering Indaba taking place at the IDC Conference Centre in Sandton.

Genrec Engineering, a division of Murray and Roberts, took top honours as it walked away with not only the Artisan of the Year Award, but also the Health and Safety Award of the Year. South Africa's largest manufacturer of secondary aluminium products, Zimco Aluminium Company, was declared the winner in the Most Innovative Company of the Year category, while Grohe Dawn Watertech scooped the Best Customer Service Award of the Year. The Most Transformed Company of the Year Award went to the Scaw Metals Group, while the Environmental Stewardship Award was scooped by Steloy Castings. Owing to the limited number of entries received for the Best Corporate Social Responsibility Programme of the Year Award, the judges took a unanimous decision not to have a winner for this category.

Former SEIFSA Presidents Mr Henk Duys and Mr Ufikile Khumalo jointly received the Outstanding Service to SEIFSA Award, while the Association of the Year Award went to South African Refrigeration and Air Conditioning Contractors' Association. Voith Turbo was declared winner of the Company of the Year Award.

The SEIFSA Awards for Excellence 2017 will take place on 25 May 2017.

Details of the SEIFSA Awards for Excellence can be found at www.seifsaawards.co.za

EVENTS

GOLF DAY

The 65th SEIFSA Golf Day was held on 24 July at the Glendower Golf Club. Despite the cold and rainy weather, the game was a resounding success with a field of 168 players. The master of ceremonies, Joey Rasdien, participated in the SEIFSA team and he also entertained the guests and players at dinner.

Report

MARKETING

The competition was a four ball alliance with two scores to count. Boitshoko won the SL Hodgson Memorial Floating Trophy with a score of 92.

SEIFSA would like to thank the following organisations for sponsoring holes and prizes: Cirgon Group, ABI, Weldamax, Sigma Coatings, merSETA, Shereno Printers, SAGE, Nicro Industrial, Sach Warr, Transman, Africa Steel Holdings, Boitshoko and Glendower Golf Club.

PRESIDENTIAL BREAKFAST AND ANNUAL GENERAL MEETING

SEIFSA held its 72nd AGM and Presidential Breakfast on 9 October at the Campus in Bryanston.

Renowned and well respected independent political analyst, author and keynote speaker specialising in South African and international politics Daniel Silke, was a guest speaker and delivered an address entitled *"The State of the Nation: Critical economic and political issues facing South Africa in the future"*, in which he provided a glimpse into not only South Africa's future economic and political environment, but the possible impact that international politics and economics could have on South Africa.

This year's Annual General Meeting and Presidential Breakfast takes place on 14 October 2016 at the Sunnyside Park Hotel, Parktown.

Nuraan Alli

Acting Marketing Manager and Sales Manager

SEIFSA Golf Day trophy

COMMUNICATIONS REPORT

The strategic objective of SEIFSA's Communications Department is positioning the organisation as the primary representative and voice of business in the metals and engineering industries and overall manufacturing, both large and small.

In terms of publicity in the period under review, the Federation's Advertising Value Equivalent (AVE), was R38,139,757, down on the previous period from R158,615,781. The AVE's sharp decline can simply be explained by the fact that the period, 2014/2015, was during widespread industrial action in the metals and engineering sector. This subsequently led to SEIFSA experiencing higher-than-normal coverage, particularly in broadcast – the latter which enables much higher AVE than other media channels.

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

ELECTRONIC COMMUNICATION

Electronic Newsletters

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

SEIFSA News

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



As an added benefit to the membership, the Main Agreement Handbook was published as a hard copy publication and as an on-line subscriber service on the SEIFSA website.

Report

COMMUNICATIONS

Website

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

- The wage increase and exemption arrangements
- Employment equity requirements
- Busa-related announcements
- Various breaking-news articles on SEIFSA's stance on matters of importance to the membership.

As an added benefit to the membership, the Main Agreement Handbook was published as a hard copy publication and as an on-line subscriber service on the SEIFSA website.

Association Websites

Various association websites were launched during the year. These provide an overview on the activities of the associations, their chairpersons, contact details and a list of upcoming meetings and events.

OTHER PUBLICATIONS

SEIFSA at Your Service

The annual publication provides a comprehensive overview of SEIFSA's wide range of divisional product and service offerings to the members.

Israel Mlambo

Communications Manager



Scaw Metals Group CEO Markus Hannemann addresses the audience after receiving The Most Transformed Company of the Year Award at the SEIFSA Awards for Excellence Ceremony



INDUSTRIAL RELATIONS AND LEGAL SERVICES DIVISION

MAIN AGREEMENT WAGE INCREASES AND WAGE EXEMPTIONS

The industry negotiated increases for the third-leg of the three year wage deal were published well in advance of the implementation date of 1 July 2016.

SEIFSA Management Briefs and Evites were circulated to the membership detailing the range of increases to be implemented and importantly, guidelines on applying for a wage exemption from the increases.

Staff of the Industrial Relations and Legal Services (IR/LS) Division assisted many members in compiling the application and meeting with employees, their elected representatives and local trade union officials. Whilst the process of applying for an exemption from the industry wage increases remains arduous it is encouraging to note that on the whole, more applications were successfully granted than declined.

LEGAL SERVICES

A year after the introduction of SEIFSA Legal Services to the membership and the subsequent merging of the Industrial Relations and Legal Services into one Division, it is pleasing to report that the service offering continues to grow from strength to strength. Not only is SEIFSA Legal Services proving to be an important new generator of income for the Federation, the potential for further growth and expansion remains positive.

The SEIFSA IR/LS Executive and IR/LS Manager were involved in a number of important legal matters relating to representing member companies successfully at the Labour Court in interdicting unprotected strikes, opposing a number of appeal applications lodged by various trade unions against applications for exemption granted to members, launching review applications in the Labour Court when the independent Exemptions Appeal Board (IEAB) ruled against the member company and assisting and representing members in a number of company level matters relating to allegations of unfair treatment related to the newly introduced legal concept of equal pay for work of equal value.

SECTION 37

Members will be painfully aware that the resolution of the strike in 2014 was delayed due to the unions and, in particular, NUMSA insisting that section 37 should be removed from the Main Agreement.



A year after the introduction of SEIFSA Legal Services to the membership and the subsequent merging of the Industrial Relations and Legal Services into one Division, it is pleasing to report that the service offering continues to grow from strength to strength.



Division

INDUSTRIAL RELATIONS AND
LEGAL SERVICES

Section 37 relates to the principle of levels of bargaining in the industry and, importantly, protects the membership against a compulsion to bargain on issues of a substantive nature at plant level. In essence, it guards against double dipping and importantly protects members from being approached on issues that relate to the cost of employment.

The eventual settlement agreement concluded in 2014 satisfactorily addressed this principle in the form of a full and final settlement clause linked to Section 37 that has, by and large, stood firm and afforded the necessary protection to the membership. This notwithstanding, certain member companies were approached in the period under review at company level on issues of a substantive nature, while a member company faced an unprotected strike action on demands relating to issues regulated by section 37. The SEIFSA IR/LS Division diligently represented member companies in this regard and successfully argued the matters on their behalf at various forums, including the Labour Court.

Section 37 remains a critically important provision of the Main Agreement. As the membership begins to prepare the groundwork for the forthcoming rounds of Main Agreement wage and conditions of employment negotiations - Section 37 must be protected, retained and further bolstered.

THE MOVE TOWARDS SECTORALISATION

In the metal industry, the parties to the collective agreement have acknowledged that the viability and sustainability of the collective bargaining structures and processes are under threat from two key, socio-economic forces: the enhanced requirement for increased competitiveness in a global market and the urgent need to address the social living conditions of employees in an environment worsened by both inequality and poor service delivery.

What eventually may result from the ongoing discussions about the future of collective bargaining

remains to be seen, but what is clear is that the current state of affairs is unsustainable and the time for action is long overdue. However, this action needs to be considered and well researched and, most importantly, it requires genuine commitment from all stakeholders, which clearly includes more than just employers and employees.

A successful system will be one which continues to address problems of minimum standards, inequality and poverty while also, critically, ensuring the continued survival and growth of the businesses in the sector. Until this balance is found, our industrial relations climate will remain seriously problematic and continue to erode investor confidence and direct investment in the economy.

Notwithstanding the extensive and detailed discussion that have taken place between employers across the spectrum, it seems unlikely that a uniform template delineating an overall or industry-embracing sectorally-based collective bargaining framework, as was originally mooted, will be in place prior to the commencement of the next round of bargaining early in 2017.

This notwithstanding, key sectorally-based sectors have signalled their intent on pursuing their end-goal of engaging labour on the merits of establishing sectorally-based collective bargaining arrangements. Certain sectors are already some way down the road, others are in the planning stages and others still are preparing the way ahead.

Industry in time we will see the emergence of pockets of engagement between clearly delineated and identifiable sectors and labour, with engagements emerging not only on wages and cost of employment issues but, more importantly, on a range of issues, where common cause will be the common denominator, e.g. training and skills development, procurement, designation, engaging strategic stakeholders, Government, state owned enterprises, etc. In short, on initiatives aimed at moving away from arguing who gets what slice of the pie, to growing the pie.

Most of these sectors have not necessarily targeted the following year to achieve this. The achievement of this in many cases stretches beyond 2017 with engagements already underway, focusing on building trust, understanding and common cause.

For many other Associations and, particularly, the larger generic associations, the challenge remains determining how best to unbundle and how to move forward. How larger associations may choose to be unbundled is tricky. Small business, likewise, apart from constituting a huge number of small and medium-sized companies with diverse activities providing employment from a collective bargaining point of view may not have much more to offer. This is apart from the promise of retaining and creating job opportunities.

In all likelihood, industry will not witness a quantum shift to sectorally-based bargaining. At best, we will see sectorally-based associations slowly transitioning towards a new sectorally-based order, acting as pilots and leading the way in terms of learnings and experience for others to follow.

LABOUR MARKET POLICY

Following the call made by President Jacob Zuma in his State of the Nation address on 17 June 2014 for social partners to deliberate on the state of the labour relations environment, and in particular, to address wage inequalities, violent as well as protracted strikes, a Labour Relations Indaba was convened under the auspices of National Economic Development and Labour Council (Nedlac) and the stewardship of the Deputy President to launch a comprehensive process of engagement among the social partners.

The following broad focal areas were agreed between the parties to frame the discussion, namely:

- Promoting employment, labour market stability, the right to strike, protracted strikes, violence and collective bargaining; and
- Engaging on a national minimum wage.

A number of meetings to date have taken place between the stakeholders through various task teams that have been tasked to identify ways of addressing these key

challenges. The process to date has been guided by the following key principles:

- That labour market stability has important implications for economic growth and job creation, investor confidence and productivity;
- That all stakeholders share a common interest in promoting more and decent jobs in all sectors of the South African labour economy and in reducing the high rate of unemployment, including the very high levels of youth unemployment;
- Recognition that strike action by workers and trade unions is a constitutionally enshrined right and a legitimate exercise of power to pursue demands but that strikes should also be a measure of last resort; and
- Recognition that prolonged strike action has the potential to cause serious harm, not only to the strikers and their members, but also to others outside the workplace.

Discussions to date have focused on:

- Exploring ways of working together to remove obstacles to increase economic growth and employment;
- Recognising the Constitutional right of workers to strike;
- Exploring all options aimed at resolving a dispute prior to embarking on strike action;
- Not undermining the ability of workers to embark on procedural strike action but simultaneously exploring all options to resolve a dispute as speedily as possible;
- Working together to ensure that strike action is peaceful, free of intimidation and violence; and
- Considering various options aimed at addressing violence and prolonged strike action.

On discussions aimed at introducing a national minimum wage, the stakeholders are exploring the modalities of introducing a national minimum wage in the context of not unintentionally adding to the unacceptably high levels of unemployment in our country.

Discussions on these matters at Business Unity South Africa (BUSA) and Nedlac are ongoing as the parties seek to translate the principles set out above into a set of practical agreements that will promote labour market stability and social dialogue.

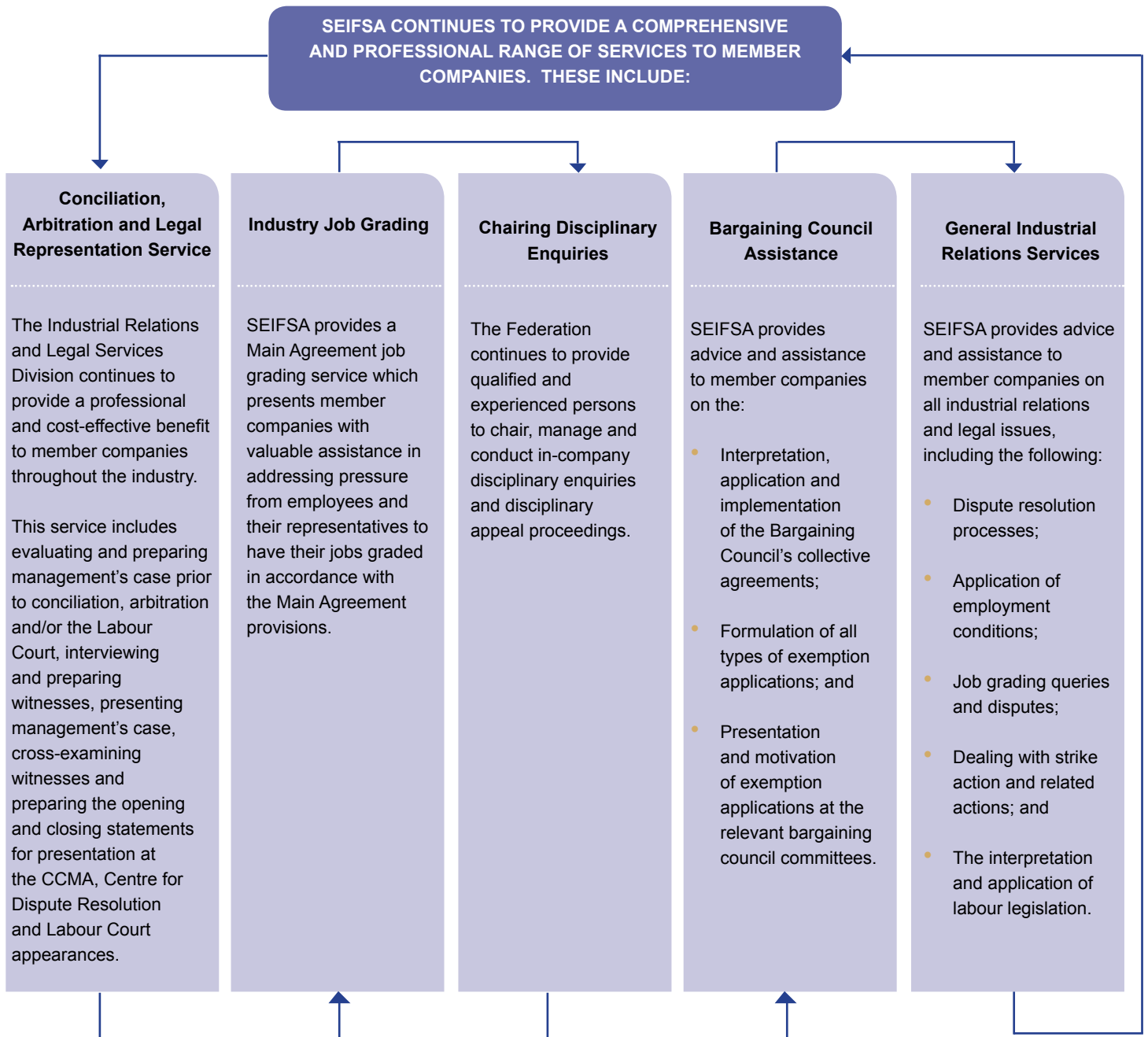
There is little doubt that the proposed legislative changes contemplated by these discussions are complex and fundamental in nature, and will require considerable negotiation by the organised business representatives serving on the Nedlac appointed task teams.

Division

INDUSTRIAL RELATIONS AND LEGAL SERVICES

The negotiations between the country's social partners are currently under way and SEIFSA, together with other business interest groups, will be doing everything

possible to ensure an outcome that seeks to find a balance between employer and employee interests.



INDUSTRIAL RELATIONS AND LEGAL PUBLICATIONS

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

- A Practical Guide to Implementing Retrenchment Law at the Workplace
- Main Agreement Handbook for the Metal Industry 2016/17
- 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 at the Workplace
- Dealing with Theft, Unauthorised Possession and Searching Employees

MAIN AGREEMENT PUBLICATION

SEIFSA published the 2016/17 Main Agreement Handbook for the Metal Industry in July. This annual publication is an easy-to-read summary of the industry's Main Agreement. The latest edition incorporates the wage increases that came into effect on 1 July 2016 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 subscriber service on the SEIFSA website. This online service contains the following key features:

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

The 2016 edition of the SEIFSA Main Agreement Wall Chart was also published in July. It summarises the key sections of the Main Agreement in a poster format.

INDUSTRIAL RELATIONS AND LEGAL TRAINING

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

- Implementing the Employment Equity Act;
- Effective IR on the Shopfloor;
- Understanding and Administering the Amendments of the Main Agreement;
- Managing Sick Leave and Sick Leave Abuse at the Workplace;
- Understanding and Implementing Labour Legislation;
- Effective Disciplinary Action;
- Updates on Labour Law Developments;
- Flexible Working Time Arrangements in the Industry;
- How to Prepare and Conduct a Disciplinary Hearing; and
- The Law of Evidence.

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

- Representing members and the interests of the metals and engineering sector in various key forums such as the Nedlac, its sub-committees and various relevant working groups;
- Playing an active and leading role within the structures of Busa in order to ensure that the interests of the metals and engineering sector are heard and taken into account by that body;
- Ongoing interaction with the leadership of the unions in the metals and engineering sector;

Division

INDUSTRIAL RELATIONS AND
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- Providing and/or co-ordinating legal advice to act on behalf of Associations in promoting, opposing and/or influencing legislative and other measures affecting the industry and/ or sectoral interests;
- Representing SEIFSA and its member Associations on statutory and other structures, including the MEIBC, NEDLAC and Busa;
- Representing member Associations on the Boards of Trustees of the MIBFA structures and committees;
- Providing a professional advisory, feedback and reporting service on matters of relevance to the various Associations; and
- Attending various Association meetings (and AGMs).

In addition, the Industrial Relations and Legal Services Executive oversees the provision of secretarial services to the SEIFSA Executive Committee, the SEIFSA Board and Board Committees (i.e. Audit and Remuneration Committee) and the SEIFSA Council and is responsible for the preparation, arranging and facilitation of the SEIFSA Annual General Meeting.

Bridgette Mokoetle

Industrial Relations and Legal Services Executive

Main Agreement Handbook

for the metal industry



Engage below

www.seifsa.co.za



ECONOMICS AND COMMERCIAL DIVISION

The Economics and Commercial division's mission is to raise the profile of SEIFSA in the national discourse on economic, industrial and trade policies. To achieve this, the division provides the following services:

- Continuous economic research to understand and communicate industry market intelligence to the associations, members, government and the general public.
- Maintaining and expanding the price and index product as the eminent cost tracking product for the metals and engineering sector.

ECONOMIC CONDITIONS

The fortunes of the metals and engineering sector did not improve during the financial year ending in June 2016. The metals and engineering sector share of manufacturing stood at 24% and its direct contribution to the gross domestic product of the country was 3,3% at the end of the financial year. Production of companies in the sector stood at R522 billion, with value added to the economy of an estimated R126 billion.

The South African market for metals and engineering products outstripped local production by a very large margin over the last number of years. Domestic producers' market share declined from about 50% in 2013 to only 43% this year. The costs in terms of production losses (R50 billion), employment opportunities (40 000) and company closures (+/- 500) are huge forgone.

After the contraction in production during the previous financial year (-3,9%) a further decline was recorded (-4,5%) over the reporting period. Capacity utilisation numbers continued to decline (-2,4%) and stood at 77% by the middle of the year, against a benchmark

of 85%. This situation has a crippling effect on competitiveness (fixed costs). Variable costs have also shot up dramatically during the last two years. The combination of labour (20% weight), dollar based prices (40% weight), administered prices (15% weight) and other costs (25% weight) increased by 12% during the year while producer and merchant prices increased by only 10% and 3% respectively. The latter two represent the selling prices of the sector and in combination with higher cost inflation shows the pressure on profit margins.

WHAT DOES THE FUTURE HOLD?

In the short term, further downscaling will probably happen. SEIFSA foresaw a contraction of 3% in production for the full calendar year 2016; the first half of the year recorded a very disappointing decline of 4,5%, on an annualized basis.

Early indications are that imports have started to drop due to the protection measures for steel (tariffs) announced by government. Even outside the possible impact of tariffs, input costs for downstream producers rose by 30% since January 2016. A substantial initiative has been launched by the International Trade Administration Commission to investigate the scope for tariff increases on downstream products to their bound rates, in an effort to strike a balance in protection measures.

Longer-term survival and recovery, however, needs a whole paradigm shift in policy measures and company behaviour.

Apart from rising costs, the sector has been hard hit by the aftermath of the 2007/8 financial crisis and the dynamics of the Chinese economy simultaneously slowing down and overwhelming world markets with cheap exports.

It seems as if this structural shift in the market dynamics have not sunk in for companies (some still viewing it as a cyclical downturn) and policymakers (largely stuck on the 'pipeline' construct of how to focus policy). The result of these tendencies is that the wrong questions are asked. A 'cluster' approach to the dynamics of each sub-industry is needed.

Each sub-industry within the metals and engineering sector has its own unique exposure to domestic and international markets, its own capital or labour intensities, and its own production cost challenges. Investment is clearly needed by all, but not necessarily

to expand; rather to improve production efficiencies to the world benchmarks.

The sector is intimately linked to the fortunes of the mining, construction and auto sectors and recovery in each of these three sectors (and of export demand) is crucial for the metals and engineering sector over the longer term. Stimulation and redirection of domestic general government procurement demand towards domestic metals and engineering producers is a policy measure over which South Africa has control. World class cost-effectiveness and moral suasion will ultimately attract private sector demand as well.

The importance of SEIFSA's role in shaping policy cannot be underestimated. Our involvement with government departments and institutions like the International Trade Administration Commission's work on tariffs and trade is geared towards improving the environment for the sector. The ferrous industry crisis has brought the importance of this in sharp focus.

ECONOMIC RESEARCH

The division published a third, further enhanced version of its State of the Metals and Engineering Sector Report in January 2016. The Report takes an annual look and quantifies the state of the sector, elaborating on the underlying dynamics driving the observed variables, like capacity utilisation, production, employment, investment and profitability.

This has been achieved by utilising different data sources in a unique way to produce an overview of the international and domestic environment, showing the state of the sector, highlighting the important drivers of growth and concluding with an outlook for 2016 and 2017.

The Report became the benchmark for monitoring developing economic trends during the year on a sub-industry and sector level. The sub-industries covered included the plastics, rubber, basic ferrous, basic non-ferrous, metal products, non-electrical machinery and electrical machinery as well as shipbuilding. Tracking

progress of these various industries during the year, relative to the initial prognosis and outlook proved to be a powerful tool for understanding the health of the sector.

The Report relies heavily on outside (of SEIFSA) sources of data; amongst them Statistics South Africa (e.g. production, capacity utilisation, and employment), the South African Reserve Bank (gross domestic production), and the Bureau for Economic Research (manufacturing surveys and purchasing managers' index). This year, the Report benefited from several enhancements of data from Statistics South Africa (finer disaggregation) and a project by MIBFA, the MEIBC and SEIFSA (to understand employment numbers better).



The Report takes an annual look and quantifies the state of the sector, elaborating on the underlying dynamics driving the observed variables, like capacity utilisation, production, employment, investment and profitability.

One objective of the research is to track whether the sector is expanding or in decline. Several trends are monitored with this in mind. These are often very volatile. A technique has been developed to make sense of the changes observed. The most current data point is compared to the one immediately preceding it, as well as how the year (up to that date) compares to a previous year. To understand whether the indicator is above or below the anticipated trend for the year, 12 month comparisons are made. Monthly commentary is published based on this work.

A second objective is to understand the reasons behind observed trends. More in-depth work is done and has been published in several SEIFSA News articles as well as opinion pieces in newspapers and technical publications. Some of this work has formed the subject of addresses to international conferences. In March, an address was made to the International Aluminium Conference in Cape Town hosted by the Aluminium Federation of South Africa, and in May, a presentation was made to the International Wrought Copper Council, hosted by the SA Copper Development Association, also in Cape Town.

A third, very important aspect of the research is advocacy initiatives in several forums. The level of advice sought from SEIFSA by policymakers and the impact it had with the ferrous metal crisis (Evraz-Highveld business rescue) proved how valuable this can be. SEIFSA was asked to contribute to Minister Patel's Steel Panel, and subsequently to serve as Busa representative on the International Trade Administration Commission. Other forums included NEDLAC, the departments of Trade and Industry, Economic Development and the National Treasury. Another substantive input was made to the National Energy Regulator of South Africa when Eskom applied for an increase in electricity prices mid-term of its third Multi-year Price Determination to 'claw back' losses in income through the 'Regulatory Clearing Account' mechanism.

The availability of accurate and credible economic information on sub-industry level is a resource available to members, but not yet fully utilised.

PRICE AND INDEX PAGES

The Price and Index Pages (PIPS) publication is in its 53rd year of successful publication. The significant investment channelled into the publication over the last two years has begun to show noteworthy results.

Inflation, which by definition is the erosion of purchasing power, also equates to the erosion of profit margins. The year 2015/2016 has coincided with a significant build-up of inflationary pressure in the production system, particularly in the latter period, i.e. January to June 2016.

Over the period under review; domestic steel prices increased on average 26%, the Rand has been very unstable, consistently weakening, therefore impacting metals traded in dollars and the cost of all other imported products. The local currency weakened 23%, 21% and 10% against the British Pound, US Dollar and the Euro, respectively. The metals and engineering sector priced in on average a 8.7% increase in wages, a 12% increase in water and electricity and 5% increase in transport costs.

While companies in the metals and engineering sector are trying to rationalise costs as much as they possibly can, the undeniable fact is that they are still exposed to costs which they cannot control. These cost increases, their magnitude and persistence, place greater



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or call Kristen Botha
011 298-9455
kristen@seifsa.co.za



emphasis on the importance of the SEIFSA PIPS publication. This also partly contributes in explaining the noteworthy attention the SEIFSA PIPS publication has enjoyed over the period 2015/ 2016.

The publication allows companies supplying product to account for and claim those costs which are out of their control, while at the same time allowing buying companies to contain costs and mitigate the risk of unnecessary project cost overruns.

CONTRACT PRICE ADJUSTMENT WORKSHOPS

This division is also pleased to report on the encouraging trend evident in the performance of the Theory and Calculation of Contract Price Adjustment workshop. We have continued to observe an impressive calibre of attendees at the workshops, in the form of project managers, procurement managers, financial directors and all those individuals tasked with managing the cost and inflation profile of a company. This exemplifies the importance companies are placing on the significance of a company's inflation profile and the risk inflation poses to the bottom line.

Over the 2015/2016, year we have continued to prioritise expanding the coverage of the SEIFSA PIPS indices, ensuring unquestionable scientific methodology and accuracy and the timeous publication of each successive publication.

We remain committed to ensuring that the SEIFSA PIPS publication continues to be the best insurance against inflation eroding the sustainability of companies in the metals and engineering sector.



Over the period under review; domestic steel prices increased on average 26%, the Rand has been very unstable; with a consistently weakening trend, therefore impacting metals traded in dollars and the cost of all other imported products.

Henk Langenhoven

Chief Economist



SAFETY, HEALTH, ENVIRONMENT AND QUALITY (SHEQ) DIVISION



SEIFSA provides a comprehensive and professional safety, health, environment and quality consultancy service to member companies - offering practical advice, guidance and training on all issues, including workmen's compensation claims and implementation of legal requirements. In light of the recently published ISO 9001: 2015, the division also implements the new standard and offers advice on transition of quality management systems from the ISO 2008 to the 2015 version.

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

COMPENSATION FUND


Integration of Worker's Compensation Systems

The move to integrate the two compensation systems under the Compensation for Occupational Injuries and Disease Act (COIDA) and under the Department of Health Occupational Diseases in Mines and Works Act (ODMWA) was necessitated by the need to alleviate the plight of mine worker (and ex-mine workers) who bear the brunt of the dysfunctional system under ODMWA.


In May this year the High Court in Johannesburg certified a class action by mineworkers against gold mining companies in South Africa. It is, therefore, in the interest of the mining houses that current mine workers are migrated to Occupational Injuries and Diseases Act (COIDA). Under COIDA, employees have no common law right to sue their employers for injuries or diseases suffered during the course of employment.

This is the bone of contention between organised labour and organised business, as unions are of the view that currently, all miners are future millionaires under ODMWA. If they are to be migrated to COIDA, the unions' view is that Section 35 of COIDA should be amended or repealed to allow for civil claims by employees against employers.

It is unlikely that the migration of mine workers to COIDA will result in the repeal of Section 35, however, SEIFSA will continue to monitor the developments.



Under COIDA,
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diseases
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employment.



HEALTH AND SAFETY LEGISLATION REVIEW

1. OCCUPATIONAL HEALTH AND SAFETY

- a) NEDLAC: Task Team for Occupational Health and Safety (OHS) Bill

The deliberations on the Occupational Health and Safety Bill came to an end in March 2016. It is very likely to be published for comment during the course of this year or next. Some of the major draft amendments are on fines and penalties on the power of inspectors.

- b) ADVISORY COUNCIL FOR OCCUPATIONAL HEALTH AND SAFETY (ACOHS)

b (i) Draft Guidelines for Construction Health and Safety

When the Construction Regulations were promulgated in February 2014, the Department of Labour announced that it would publish accompanying guidelines in order to avoid misinterpretation of the regulations. The draft guidelines were tabled at the April Advisory Council for Occupational Health (ACOHS). In May, SEIFSA convened a task team to review the draft Guidelines for Construction Health and Safety. The draft guidelines were found to be somewhat useful but inadequate. The main concerns, which SEIFSA has put forward to the Advisory Council for Occupational Health are as follows:

- Explicit guidance on Health and Safety costing requirements must be included, as this causes confusion during construction projects
The guideline does not provide for approval, performance monitoring and review of performance of contractors or HS personnel.
- The inspection of sites at the pre-tender phase is not always possible as the National Key Points Act imposes restrictions.

Guidelines for dealing with such restrictions must be included.

- Definitions are not in line with those in the Occupational Health and Safety Act and the Construction Regulations

Advisory Council for Occupational Health (ACOHS) is established in terms of the Occupational Health and Safety Act. Its purpose is to advise the Minister of Labour of Occupational Health and Safety related matters.

b (ii) Draft Ergonomics Regulations

Following a presentation of Draft Ergonomics Regulations presented to ACOHS in March 2016, a meeting of business participants in the Ergonomics Regulations Task Team members was held. There was a unanimous agreement that competent persons performing ergonomic risk assessments and training employees on behalf of the employer was unacceptable. It was also acknowledged that drafting ergonomics regulations that would be adequate for all types of business would be impossible. A proposal to discard the draft ergonomics regulations and instead introduce and draft ergonomics guidelines was put forward to ACOHS.

ENVIRONMENT LEGISLATION

a) Atmospheric Emission Licenses

The Hot Dip Galvanizers Association together with SEIFSA and other employer organisations expressed grave concern to the Department of Environmental Affairs over the high cost of the license application and renewal fees.

According to the 2015 Draft Regulations Prescribing the Atmospheric Emission License Processing Fees, proposed license application and renewal fees ranged from R20 000 to R400 000, depending on the number of listed activities.

Regulations Prescribing the Atmospheric Emission License Processing Fees were finally promulgated on 11 March 2016. The license application fees are R10 000 and license renewal fees are R5 000 per listed activity.

This goes to show that when business works as a collective, there is much to be achieved!

b) Draft Carbon Offsets Bill 2016

Draft Carbon Offsets Bill was published for comment on 20 June 2016 in terms of clause 20(b) of the Draft Carbon Tax Bill, 2015.

c) Industry Waste Management Plans

In August 2016, The Minister of Environmental Affairs published a notice directing the following industries to submit Industry waste management plans for approval:

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

Both SEIFSA and Business Unity South Africa raised flags with regarding the notice, from its scope to the compliance deadlines. In response, the Minister withdrew the notice. A revised version has been published for comment.

SHEQ BUSINESS SOLUTIONS

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

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

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

SHEQ COMPLIANCE SERVICES

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

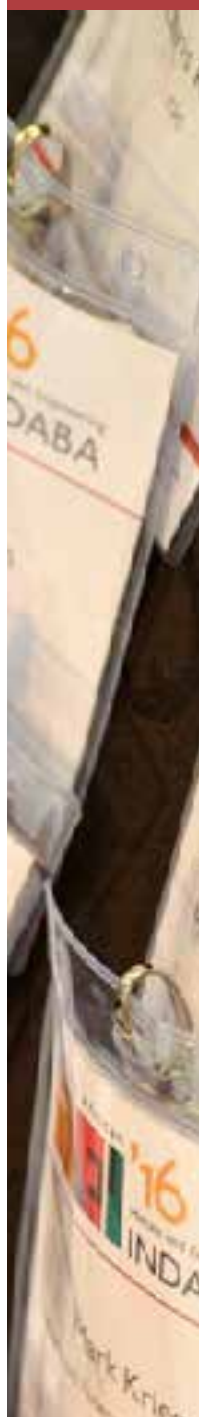
The Division offers an audit programme which includes the following:

- An annual audit;
- The provision of the administrative documentation required to ensure that the mandatory administrative requirements are observed;
- A written report identifying and addressing areas of non-compliance and, where necessary, specific recommendations for action by management; and
- The formulation of an implementation plan to assist in the achievement and maintenance of full and proper legal compliance.

SHEQ LEGAL ADVISORY SERVICE

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

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



Division

SAFETY, HEALTH, ENVIRONMENT
AND QUALITY

SHEQ TRAINING

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

- Health and Safety Representatives
- Quality Awareness
- 16.2 Appointees
- Compensation for Occupational Injuries and Diseases Act.
- Incident Investigation.
- Basic Safety Induction and HIV/Aids Awareness.
- Introduction to Occupational Health and Safety Act for Management.

Other services include risk assessments on tasks, machines, processes and equipment; incident investigation; the development of safe work procedures, and fire risk surveys.

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

- Advisory Council for Occupational Health and Safety: Advises the Minister on occupational health and safety matters;
- Technical Committee 7: Hazardous Chemical Substances: Advises the Chief Inspector on HCS-related matters (at date of publication reviewing Asbestos, Lead and HCS Regulations);
- Iron and Steel Sector Forum: Promotion of health and safety in the sector and formulation of best practices;
- NEDLAC: Representing and protecting the interests of business in engagements with Government and Labour;
- BUSA: Represent the industry in engagements with business on all policies affecting Occupational Health and Environment;
- Advisory Council for the Compensation Commissioner for Occupational Disease (CCOD): Advises the Compensation Commissioner on compensation matters;

- Steering Committee for Integration of Compensation Systems: Engagements aimed at integrating or improving compensation systems under COIDA and ODMWA;
- UIF Board: To ensure financial security on loss of employment as provided for by the UIF Act; and
- DEA Waste Management Forum: Engagements on proposed amendments to Environmental Legislation.

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

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

Nonhlalo Mphofu

Safety, Health, Environment and Quality Executive

HUMAN CAPITAL AND SKILLS DEVELOPMENT (HC&SD) DIVISION

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

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

- National Skills Authority (NSA) Board;
- NSA Monitoring and Evaluation Sub-Committee;
- Manufacturing Engineering & Related Services Sector Education Training Authority (merSETA) Board;
- merSETA Metal Chamber;
- merSETA Regional Committees;
- Busa Social & Policy Transformation Committee;
- Busa Sub-Committee on Education and unci (Technical Working Group);
- Artisan Development Monitoring and Evaluation Technical Task Team; and
- The South African Society for Co-Operative Education Board (SASCE);

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

Ensuring that the views of members are presented and heard is critical in influencing the human capital and skills development regulatory environment in a way that does not negatively impact on the sector's business viability and sustainability.

CHANGES TO LEGISLATION

In a significant development, the government, during 2015 signalled its intention to review the Proposed New Seta Landscape (PNSL) and extend the National Skills Development Strategy (NSDS) III until 2018.

The full implications for business of this transfer will only become apparent once wider consultation has been completed:

In essence, this proposal envisages:

- Removing obstacles in the supply of vocational skills for occupations in demand;
- Facilitating the creation of workplace based learning opportunities for learners;
- Facilitating employer-led initiatives to address skills gaps and enhance youth employability;
- Aligning current and future training needs with workplace demand; and
- A more focused mandate for SETAs.

It is envisaged that the proposed policy will be finalised by December 2016, taken to Parliament by April 2017 and implemented on 1 April 2018.

EDUCATION AND TRAINING ADVISORY COMMITTEE (ETAC)

Membership of SEIFSA's ETAC continued to increase. The committee met regularly during the year to discuss skills development and training policy matters including those relating to the Department of Higher Education and Training, merSETA, National Artisan Moderation Body (NAMB), Busa, South African Qualification Authority (SAQA), Quality Council for Trades and Occupations (QCTO) and National Skills Development Strategy (NSDS).

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

Division

HUMAN CAPITAL AND SKILLS
DEVELOPMENT

HUMAN CAPITAL AND SKILLS DEVELOPMENT TRAINING

Public workshops

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

- Employment Equity: successful submissions
- Introduction to Skills Development;
- Skills Planning and Reporting (merSETA's SETA Management System (SMS))
- Skills Development Update;
- Supervisory Training (Unit Standard 242821); and
- Effective Communication (Unit Standards aligned)
- Training Committee Training and Employment Equity Committee Training (qualification programme).

In-house workshops

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

- An overview of skills development for Training Committees; and
- Employment Equity Committee: Roles and Responsibilities.

CONSULTANCY

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

- Introduction to Skills Development;
- Maximising Professional, Vocational, Technical Academic Learning (PIVOTAL) grants;
- Preparing Workplace Skills Plans and Annual Training Reports to claim mandatory grants;
- Technical advice on skills development matters;
- Linking skills development initiatives to a company's strategic plan;
- Registering apprentices and learners;

- Identifying available industry learning interventions;
- Assistance with Employment Equity constitutions and submissions;
- SARS assistance with Section 12H of Income Tax Act and Employment Tax Incentive (ETI); and
- Leveraging Broad-Based Black Economic Empowerment (B-BBEE).



Ensuring that the views of members are presented and heard is critical in influencing the human capital and skills development regulatory environment in a way that does not negatively impact on the sector's business viability and sustainability.

THE MANUFACTURING, ENGINEERING AND RELATED SERVICES SETA (MERSETA) — SEIFSA'S ROLE

SEIFSA continued to play a major role in the strategic management, proper governance and oversight of the merSETA through its direct representation on the Governing Board; Executive Committee; the Education, Training and Quality Assurance Functional Standing Committee; the Metal Chamber; the Accelerated Artisan Training Programme Steering Committee; Gauteng Regional Committee and various other ad hoc committees.

In the light of the critical importance of effective skills development for the sector and current skills shortages, particularly at artisan level, it has become increasingly important for the Federation to play an active role in supporting, promoting and protecting the employer interests at all levels of the merSETA.

SEIFSA was awarded the Metal Chamber Research Project for 2016. In 2015, on behalf of merSETA's Metal Chamber, SEIFSA conducted research to identify occupations in demand within the Metal and Engineering Industry, estimating the extent of such demand, and determining the supply-side challenges.

SEIFSA extended the scope of this research study by probing deeper into the recommendations made in the previous research study (2015). The purpose of this research study is to determine what changes in training and development are vitally needed in seven occupational trades: boilermaker, welder, millwright, fitter and turner, toolmaker, patternmaker and industrial electrician for artisans to remain relevant and productive in the Metals and Engineering industry. The project was completed in April 2016 and approved by merSETA's Metal Chamber during May 2016.

SCHOLARSHIPS AND BURSARIES

Technician Training

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

Undergraduate Study

The Federation awarded seven scholarships to students registered for approved undergraduate engineering courses at South African universities.

SEIFSA TRAINING CENTRE

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

The SEIFSA Training Centre was running at 65% capacity utilisation for the 24/36 week training programmes, and a total of 365 candidates attended this training for the year.

The centre trade-tested 583 candidates. The trade test pass rate for the period July 2015 to June 2016 was 75%.

The Randwater project has contributed 90 trainees in the second-half of the financial year (i.e. January to June 2016).

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

SKILLS DEVELOPMENT

A significant aspect of SEIFSA's national strategic role has been in the sphere of skills development. The following important skills development related events took place over the course of the year:

- The Draft National Youth Policy was gazetted on 12 January 2015 for public comments. The policy intends to create job opportunities for the youth in order to address youth unemployment.

Division

HUMAN CAPITAL AND SKILLS
DEVELOPMENT

- Busa successfully brought an application against the Minister of Higher Education and Training, the National Skills Authority, and the National Skills Fund challenging the Seta Grant Amendments of 2012. This was a significant victory in protecting the use and allocation of the Skills Development Levy.
- The policy on Recognition of Prior Learning was launched in 2015.
- The proposed new SETA Landscape was released for comment during 2015.
- NSDS III was extended to March 2018

In order to keep our member companies abreast of the constantly changing skills development landscape, SEIFSA has ensured that it is represented at National Skills Authority, Busa, merSETA Board and Chambers, Technical Working Group of the Human Resource Development Council of SA and other relevant platforms.

During 2015, SEIFSA was represented at the Human Resource Development Council (HRDC). HRDC meetings held during 2015 focused on key matters related to the strengthening of higher education partnerships with industry, Artisan Development Monitoring and Evaluation Technical Task Team (AD ME TTT), Adopt a Technical Vocational Educational Technical College (TVET) pledge, Worker Education Technical Task Team and the New Proposed SETA Landscape (NPSL).

There has also been a welcome openness for constructive engagement by the Department of Higher Education and Training with business, and SEIFSA has been successful in developing and maintaining strong links with the Minister, the Director-General and Senior Departmental Officials. This is important for the future, particularly in view of the Minister's stated strategic focus on artisan training and development.

HUMAN CAPITAL

The skills and competencies of our employees determine SEIFSA's success in executing the activities

that form part of the Federations key performance areas.

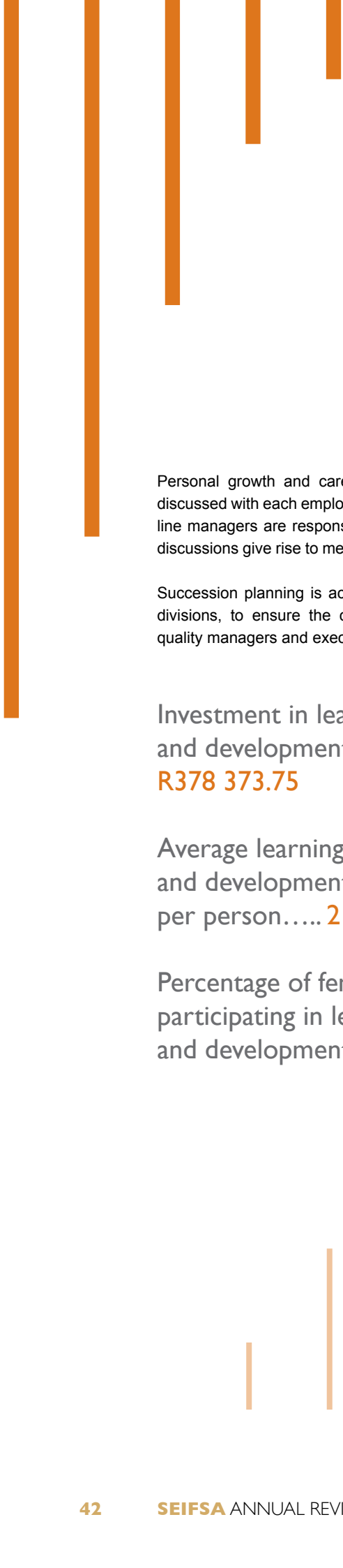
SEIFSA is a Level 3 contributor in terms of the Qualifying Small Enterprise Codes for the Broad-Based Black Economic Empowerment (B-BBEE). Accordingly, we are reformulating plans to address the priority elements of the B-BBEE scorecard to achieve our transformation targets.

While we maintained Level 3 B-BBEE score, the key areas for improvement are the priority elements (BEE Management and Preferential Procurement).

SEIFSA thrives on motivated employees. The Federation incentivises its staff and recognises exceptional performance, strongly encouraging the achievement of personal goals. Well-defined incentive targets are set annually, with performance discussions conducted regularly throughout the year.

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

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



Personal growth and career development plans are discussed with each employee at least twice a year and line managers are responsible for ensuring that these discussions give rise to meaningful development plans.

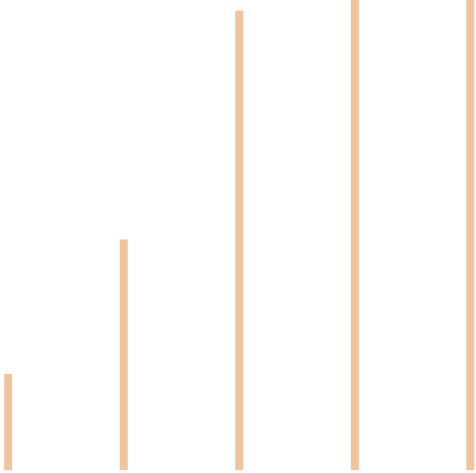
Succession planning is actively encouraged within all divisions, to ensure the constant availability of high quality managers and executives.

Investment in learning and development

R378 373.75

Average learning and development days per person..... **2**

Percentage of females participating in learning and development: **67%**



Maintaining sound and productive working relationships is of utmost importance to SEIFSA, and open communication channels between managers and employees are encouraged. Frequent communication sessions are held to update all employees on business progress, celebrate achievements and introduce new employees to the organisation.

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

SEIFSA complies with all relevant South African labour legislation. The Federation continuously endeavours to be an employer of choice and, as such, complies with applicable employment legislation and the Code of Good Practice. The Human Capital Team continues to affiliate with various Human Resources and employment law professional bodies to keep abreast of best practice. To achieve its mandate and organisational goals, SEIFSA acknowledges that people are its most important assets. We therefore promote and motivate employee engagement using the total rewards system to attract, develop, reward and retain highly skilled people.

Two staff members were promoted to senior positions in the year under review. SEIFSA is committed to increasing the representation of Previously Disadvantaged Individuals (PDI) groups in line with our employment equity plan, including people living with disabilities.

INTERNSHIP PROGRAMME

In supporting the National Skills Development Plan, SEIFSA established an Internship Programme and introduced a Development Programme aimed at empowering young unemployed graduates and prepare them for the world of work.

Ten learners were enrolled on the internship development programme, six from Ekurhuleni East, one from SCAW Metals and three from iLearn. The programme provides trainees with meaningful work under the guidance of allocated mentors who are trained according to an individually paced hierarchy of learning.

Division

HUMAN CAPITAL AND SKILLS
DEVELOPMENT

HUMAN RESOURCES OVERSIGHT STATISTICS

Our workforce

Our staff complement was 42 on 1 July 2015 and closed on 32 on 30 June 2016. This was mainly due to normal staff turnover, not filling posts that became vacant and implementing a retrenchment and restructuring exercise during the period under review.

Training costs

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

Employment Equity Status

SEIFSA is committed to creating a workplace in which no one is denied employment opportunities or benefits for reasons unrelated to ability and where no one is discriminated against unfairly. The Federation is strongly committed to the Code of Good Practice on Employment Equity.

SEIFSA remains committed to the promotion, development and recognition of people on merit. To this end, it will neither make token appointments, nor implement any practices or procedures which establish barriers to the appointment, promotion or advancement of non-designated employees.

Career Awareness

SEIFSA attended the 2016 Engineering Week at the Career Centre at Sci-Bono. The event targeted learners from disadvantaged and economically depressed communities and may well have been the only opportunity for most of them to experience this kind of interface with the world of work.

Melanie Mulholland

Human Capital and Skills Development Executive

SMALL BUSINESS HUB (SBH)

The 2015/2016 year concluded a full year of the existence of the SEIFSA Small Business Hub (SBH), which was launched in May 2015. A number of initiatives have been undertaken and successfully completed during the year under review.

An interesting point to note, one that emerged quite starkly during the 2015/16 year, is that it is our larger companies, those falling outside of the SBH scope, that have partnered with the Hub in various transactions or activities. Owing to the commercial nature of some of the transactions, we would not be able to mention company names but rather the activities and transactions explored.

ENTERPRISE AND SUPPLIER DEVELOPMENT

The SBH was appointed to project-manage an Enterprise and Supplier Development program for a multinational company operating in the power transmission, power plant equipment and industrial gear box manufacturing.

This project was to the value of R450 000.00. The project was successfully completed, within the timeframes, and it seems by all indication that the SBH will be appointed in the 2016/2017 year to undertake phase two of the project at a similar value.

During the year under review, SEIFSA was also approached by two local steel mills, one requesting that we assist them in setting up an incubation hub for the suppliers in their value chain.

The other mill requested that the SBH assist in the execution of a supplier development program, through services offered by the Federation.



Lindiwe Zulu: Minister of Small Business Development, speaking at the Southern African Metals and Engineering Indaba 2016

Department

SMALL BUSINESS HUB

Given the turbulent environment and difficult operating environment that the metals and engineering sector finds itself, the two projects by both companies were not pursued during the period under review.

TRANSACTIONS

During 2015/2016, the SBH was also appointed by a multinational that manufactures processing plant, equipment, electronics and automation systems for clients in the ferrous, non-ferrous, and ferro-alloy industries. The company was exploring the opportunity of acquiring a 10% stake in a local entity that will serve as the acquiring company's local service workshop.

SEIFSA's SBH was appointed to find, vet and present potential target companies for the acquiring company. A number of companies were presented, with some resulting in supplier agreements, while due diligence for the purchase is concluded.

INTERACTION WITH SEIFSA ASSOCIATIONS

During the period under review, the South African Refrigeration and Air Conditioning Contractor's Association (SARACCA) expressed keen interest in the SBH. As a result, representatives of the SBH were invited to present the SBH to the association at its various meetings around the country.

REVIEWING THE SMALL BUSINESS ACT

During the year 2015/16, Nedlac initiated a task team comprising business, labour, government and the community constituencies to review the Small Business Act.

SEIFSA's SBH, through the BUSA affiliation, was represented on this task team. The task team was mandated with reviewing the following key areas;

- Review of the Small Business Act;
- Enhancement of institutional efficiency;
- General Support for SMME's;
- Red tape reduction; and
- Procurement support.

This is an on-going Task Team wherein SEIFSA will continue engaging and participating.

Tafadzwa Chibanguza

Economist and SBH Manager

ABOUT SEIFSA

INTRODUCTION

The Steel and Engineering Industries Federation of Southern Africa (SEIFSA) is a national employer federation representing the metals and engineering industries. SEIFSA has, for the past 72 years, provided active support for its members and lobbied for policies that have improved the business environment in which its members operate.

SEIFSA's management team represents employers on a number of organisations that are critical to the success of the industry as a whole, including Busa; the Nedlac Council and the National Skills Authority. Over the years, this 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 metal and engineering industry and at individual member company level by providing a comprehensive range of services and products of direct benefit to members.

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

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

- SEIFSA News
- SEIFSA's website (www.seifsa.co.za)
- Regular electronic mails
- Regular Association meetings; and
- The Annual Southern African Metals and Engineering Indaba



About

SEIFSA

MEMBERSHIP

SEIFSA is the umbrella body to 26 Independent employer associations representing all the diverse sectors which constitute the metals and engineering industry. These are:

- Association of Electric Cable Manufacturers of South Africa
- Association of Metal Service Centres of South Africa
- Cape Engineers and Founders' Association (CEFA)
- Constructional Engineering Association (South Africa)
- Eastern Cape Engineering and Allied Industries Association (ECEAIA)
- Electrical Engineering and Allied Industries Association
- Electrical Manufacturers' Association of South Africa (EMASA)
- Gate and Fence Association
- Hand Tool Manufacturers' Association (HATMA)
- Hot Dip Galvanizers Association Southern Africa
- Iron and Steel Producers' Association of South Africa (ISPA)
- Kwa Zulu Natal Engineering Industries Association
- Lift Engineering Association of South Africa
- Light Engineering Industries Association of SA
- Non-Ferrous Metal Industries Association of South Africa
- Plumbers and Engineers Brassware Manufacturers' Association
- Pressure Equipment Manufacturers Association of South Africa (PEMA)
- Refrigeration and Air-Conditioning Manufacturers' and Suppliers' Association (RAMSA)
- SA Electro-Plating Industries Association
- SA Reinforced Concrete Engineers' Association (SARCEA)
- SA Valve and Actuators Manufacturers' Association (SAVAMA)
- South African Engineers and Founders' Association
- South African Fasteners Manufacturers' Association (SAFMA)
- South African Post Tensioning Association (SAPTA) – (deregistration pending)
- 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.

As a non-profit-making body, SEIFSA'S main source of income is derived 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 include 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.

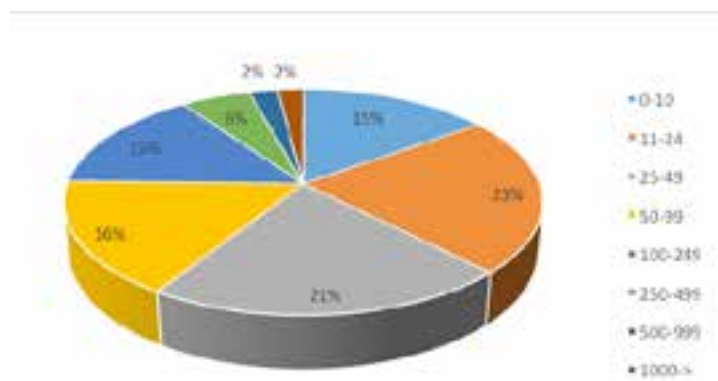
Since its formation in 1943, SEIFSA has helped promote a business environment in which its members can successfully run their operations. The past year has been no exception and SEIFSA has demonstrated

that it plays a vital role in promoting and protecting the interests of employers in the industry.

For the 2015/ 2016 financial year, the associations had a combined membership of 1 720 companies employing a total of 208 388 people. The SEIFSA membership employs almost 66% of the total industry's workforce represented by the employer organisations party to the Metal and Engineering Industries Bargaining Council. This makes SEIFSA one of the largest and most influential employer federations in South Africa. Of these member companies, 59% employ fewer than 50 employees and 77% are located in Gauteng.

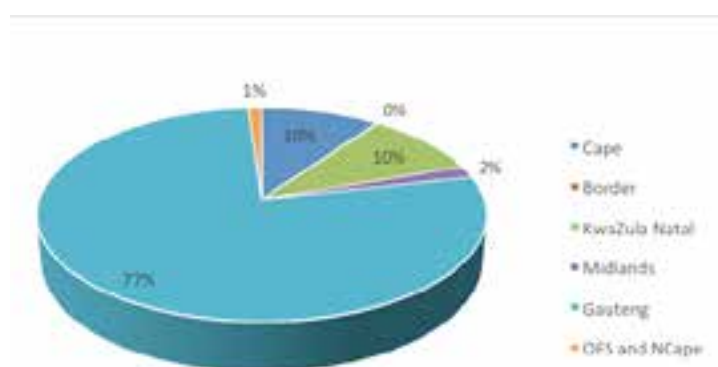
The composition of the SEIFSA membership according to number of people employed is illustrated below.

SEIFSA Membership by Size of Employment: 2015 / 2016



The regional location of the SEIFSA membership is illustrated below:

SEIFSA Membership by Regional Location: 2015/ 2016



About

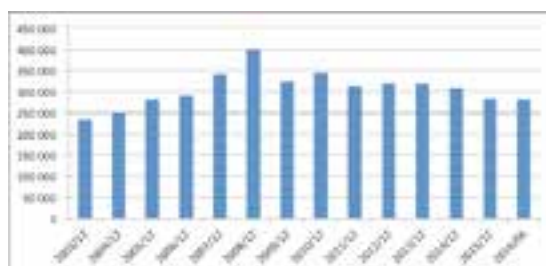
SEIFSA

MEETINGS

The Federation experienced another 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 structure of the Federation. It comprises elected representatives from the various associations and co-opted senior industrialists. The SEIFSA Council met on at least seven occasions, including special meetings, during the year under review.

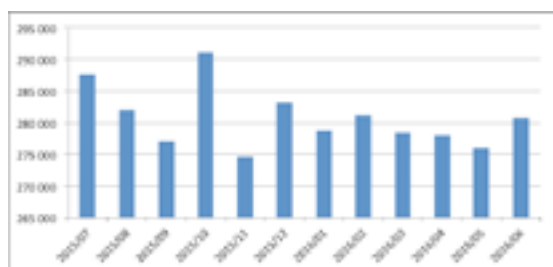
The chart below illustrates the movement in employment, year-on-year over the period from December 2003 to July 2016. It can be seen that employment/membership numbers increased from 2003 and peaked in 2008. A decrease of 60,000 members is noted in 2009 and then remained constant until 2013. With a challenging economic climate staring in 2014, employment/membership numbers started to decline as observed until June 2016.



Source: MIBFA data, EIPF & MIPF Membership

INDUSTRY EMPLOYMENT

The chart below illustrates the movement in employment in the metal industry over the period under review from July 2015 to 30 June 2016. The number of contributors peaked in October 2015 and reflects a decline until May 2016. This is attributable to the tough economic conditions that prevail which have led to many companies downsizing and going into liquidation. A slight improvement is noted in June and reflects the collection of prior / outstanding contributions by the MIBFA.



Source: MIBFA data, EIPF & MIPF contributions

Lucio Trentini
Operations Director

SECRETARIAT REPORT

SECRETARIAT REPORT

Corporate governance involves a set of relationships between SEIFSA's management, its board, its member Associations and other relevant stakeholders. By promoting the integrity, accountability and transparency of the organisation, adequate corporate governance practices are particularly essential to achieving and maintaining high levels of public trust and confidence in the operations systems and processes, which constitute the premise to its effective functioning.

The Company Secretariat is committed to assisting the Board of Directors in upholding corporate governance standards and principles with the aim of maximising the long-term value creation for the member Associations and relevant stakeholders. This is ensured through awareness of the corporate governance rules and principles as laid out in the Companies Act, 71 of 2008 and the King III report on Corporate Governance and regular monitoring by the by the Company Secretariat.

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

- August 2015
- November 2015
- February 2016
- May 2016



Dr Martyn Davies: Chief Executive Officer, Frontier Advisory, delivering his speech at the MEIndaba 2016

Report

SECRETARIAT

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

Director	November 2015	February 2016	May 2016	August 2016	No. of Meetings attended
Angela Dick	Present	Present	Present	Absent	3
Bob Stone	Present	Present	Present	Present	4
Neil Penson	Present	Absent	Present	Present	3
Hannes van der Walt	Absent	Present	Present	Present	3
Leon Viljoen	Absent	Present	Present	Present	3
Kaizer Nyatumba	Present	Present	Present	Present	4
Lucio Trentini	Present	Present	Present	Present	4
Ross Williams	Present	Present	Present	Present	4
Mayleen Kyster	Not nominated as yet	Present	Absent	Absent	1
Bernard Ashlin	Not nominated as yet	Present	Absent	Absent	1
Ben Gerrard	Present	Present	Present	Absent	3
Oupa Komane	Not nominated as yet	Not nominated as yet	Present	Present	2
Ian Delpoit	Not nominated as yet	Present	Absent	Absent	1
Paolo Trincherio	Not nominated as yet	Present	Present	Present	3

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

Remuneration Committee meetings did not take place since there were no salary increases effected.

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

Director	October 2015	April 2016	No. of Meetings attended
B Garrad	Not yet appointed	Present	1
A Ngapo	Present	Resigned	2
Hannes Van Der Walt	Present	Present	2

Bridgette Mokoetle

Company Secretary

SEIFSA REPRESENTATION ON OTHER BODIES

SEIFSA is represented on the following external bodies:

- Business Unity South Africa (Busa).
- Commission for Conciliation, Mediation and Arbitration (CCMA).
- Energy Task Team of Busa
- Eskom, SEIFSA and Structural Forum for the Overseeing of Development in the Eskom Build Programme.
- SEIFSA Training Centre Governing Body.
- Manufacturing, Engineering and Related Services Seta (merSETA).
- Metal and Engineering Industries Bargaining Council (MEIBC).
- Metal Industries Benefit Funds Administrators (Mibfa).
- National Economic, Development and Labour Council (Nedlac).
- National Skills Authority (NSA).
- South African Institute of Iron and Steel Downstream Development Committee.
- International Trade Administration Committee (ITAC)
- Price Monitoring Committee
- Technical Sectoral Liaison Committee on Trade Agreements of Nedlac.

SEIFSA, through its membership of these bodies, is able to influence business and policymakers at the highest level and to represent the interests of members. This is aligned to the federation's vision: to represent and promote the interests of business in South Africa, in particular the metals and engineering industries, through lobbying and capacity building, provision of related services and building of good relations with key stakeholders.

BUSINESS UNITY SOUTH AFRICA (BUSA)

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

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

The SEIFSA Chief Executive Officer, Kaizer Nyatsumba, has been elected as one of four Directors to represent unisectorals into the Board of Busa.

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

Standing Committee on Economic Policy

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

Sub-Committee on Education and Training

SEIFSA is represented on this committee by Melanie Mulholland, SEIFSA's Human Capital and Skills Development Executive. The committee acts as a joint employer body to examine and make recommendations on policy matters in the field of skills development.

Standing Committee on Social and Transformation Policy

Lucio Trentini, SEIFSA's Operations Director, serves as members of this committee.

Commission for Conciliation, Mediation and Arbitration (CCMA)

Lucio Trentini, SEIFSA's Operations Director, serves on the CCMA.

REPRESENTATION

ON OTHER BODIES

INTERNATIONAL TRADE ADMINISTRATION COMMISSION (ITAC)

SEIFSA's Chief Economist, Henk Langenhoven, serves on the International Trade Administration Commission.

MANUFACTURING, ENGINEERING AND RELATED SERVICES SETA (MERSETA)

Governing Board

SEIFSA is represented on the Governing Board by Melanie Mulholland and A. Hanekom.

Executive Committee

Melanie Mulholland represents SEIFSA on the meSETA Executive Committee.

Metal Chamber

SEIFSA is represented at the Metal Chamber by Mustak Ally and Willy Matthiae (SEIFSA Training Centre/Gijima), Terrence Harrison (ArcelorMittal), Cobus Cato (Macsteel), Sha Nadine (Atlas Foundries) and Blackie Swarts (Cape Gate)

METAL AND ENGINEERING INDUSTRIES BARGAINING COUNCIL

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

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

The Management Committee

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

The National Finance and Administration Committee

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

The National Standing Committee

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

The Regional Councils

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

METAL INDUSTRIES BENEFIT FUNDS ADMINISTRATORS (MIBFA)

SEIFSA is represented on MIBFA's Board of Directors and on the Boards of Management of the four industry benefit funds, namely:

- Engineering Industries Pension Fund (EIPF)
- Metal Industries Provident Fund (MIPF)
- Metal and Engineering Industries Permanent Disability Scheme (PDS)
- Metal and Engineering Industries Bargaining Council Sick Pay Fund (SPF)

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

NATIONAL ECONOMIC, DEVELOPMENT AND LABOUR COUNCIL (NEDLAC)

Nedlac provides a forum for government together with organised business, labour and community groups to meet at national level to engage on issues of social and economic policy. Nedlac's aim is to make economic decision-making more inclusive and to promote the goals of economic growth and social equity. Organised business is represented by Business Unity South Africa (Busa) of which SEIFSA is a member.

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



REPRESENTATION

NATIONAL DEMARCATION COMMITTEE

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

Labour Market Chamber

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

Trade and Industry Chamber

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

National Skills Authority (NSA)

SEIFSA's outgoing Human Capital and Skills Development Executive, represented business on the National Skills Authority, which is the strategic policy body on skills development matters in South Africa.

The Southern African Metals and Engineering Indaba held in 2016 in Johannesburg



EXECUTIVE TEAM



Kaizer Nyatumba
Chief Executive Officer



Lucio Trentini
Operations Director



Malanie Mulholland
Human Capital and
Skills Development
Executive



Henk Langenhoven
Chief Economist



Bridgette Mokoetle
Industrial Relations and
Legal Services Executive



Rajendra Rajcoomar
Chief Financial Officer



Nonhlalo Mphofu
Safety, Health,
Environment and Quality
Executive

MANAGEMENT TEAM



Israel Mlambo
Communications
Manager



Mariaan de Jager
Finance Manager



Menzi Vilakazi
Industrial Relations
and Legal Services
Manager



Janet Leamy
Marketing Manager



**Tafadzwa
Chibanguza**
Economist



Theresa Crowley
Associations
Manager



Khanya Vilakazi
Human Capital and
Skills Development
Manager



Nuraan Alli
Sales Manager



Michael Lavender
Industrial Relations
Manager

TEAM SEIFSA

STAFF MEMBERS



Elize Lottering
Receptionist



Denelle Chetty
Credit Controller



Mpho Ramatsa
Creative Designer



Chany van Ryan
Senior Credit Controller



Khumo Kodisang
Associations
Administrator



Thabiso Lebea
Events and Facilities
Coordinator



Neo Zulu
Credit Controller



Penny
Credit Controller



Lerato Lebeko
Executive PA to the
Chief Executive Officer



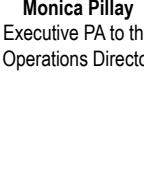
July Malakoana
Invoicing Clerk



Zandile Ngubeni
Creative Designer



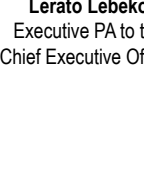
Lindiwe Modise
Office Assistant



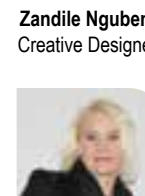
Monica Pillay
Executive PA to the
Operations Director



Eleen van Rooyen
Economics and
Commercial Statistics
Clerk



Kristen Botha
Marketing Assistant



Natalie Fourie
Sales Officer

THE STEEL AND ENGINEERING INDUSTRIES FEDERATION OF SOUTHERN AFRICA

SEIFSA is a national federation representing 26 independent employer associations in the metals and engineering industries, with a combined membership of over 2 000 companies employing over 200 000 employees. The Federation was formed in 1943 and its member companies range from giant steel-making corporations to micro-enterprises employing fewer than 50 people.



The SEIFSA Learning Academy houses all training, workshops and seminar initiatives offered by SEIFSA's divisional experts. This includes legal, industrial relations, human capital and skills development, economics and commercial as well as safety, health, environment and quality.

The SEIFSA Research Institute aims to undertake socio-economic research that is of interest to the metals and engineering sector and to the overall economy.

SEIFSA International is aimed at spreading the SEIFSA wings to the rest of the Southern African Development Community (SADC) region through the provision of products and services to steel and engineering companies operating within SADC.

Through the SEIFSA Commercial Unit, SEIFSA offers training and consulting on public procurement and tendering and services on drafting of business plans, submission of applications for funding to relevant financiers, and liaising with financiers, among others.

The SEIFSA Small Business Hub was specifically created to provide affordable and tailor-made services to small and micro-enterprises operating in the metals and engineering sector and beyond.

ECONOMIC AND COMMERCIAL

SEIFSA's Economic and Commercial Division promotes the interests of members in various national forums, i.e. BUSA, Nedlac

Provides information, advice and training on:

- Broad-Based Black Economic Empowerment (B-BBEE)
- Contract Price Adjustment (CPA)
- Tender conditions and international trade issues
- Publishes updated SEIFSA Price and Index Pages (PIPS) tables monthly
- Conducts Economic Impact Assessments

Contact: Henk Langenhoven - henk@seifsa.co.za
Taffie Chibanguza - taffie@seifsa.co.za
Eleen van Rooyen - eleen@seifsa.co.za



HUMAN CAPITAL & SKILLS DEVELOPMENT

The Human Capital and Skills Development Division provide expert services in:

- Skills auditing and training needs analysis
- Talent and succession management
- Performance management

Other interventions include:

- Customised training
- Consultancy services on a range of skills development initiatives including merSETA grant matters

Contact: Melanie Mulholland - melanie@seifsa.co.za



SAFETY, HEALTH, ENVIRONMENT & QUALITY

SEIFSA's Safety, Health, Environment & Quality Division offers professional training and expertise in Health, Safety, Environment and Quality matters

Services include:

- Consultation service covering all health, safety and quality matters
- Environment Impact Assessments
- Quality and Environment Awareness training

Contact: Nonhlalo Mphofu - noni@seifsa.co.za



INDUSTRIAL RELATIONS AND LEGAL SERVICES

SEIFSA IR Services' qualified and experienced staff offer legal service to companies that encompasses consultancy on all industrial relations and labour legislation issues, including

- The resolution of company-level disputes over allegations of unfair dismissals
- Unfair retrenchments and unfair labour practices
- Industrial relations training and consultation

Contact: Michael Lavendar - michael@seifsa.co.za

SEIFSA Legal's objective is to resolve legal problems as quickly and as cost effectively as possible, minimising legal risks and achieving practical outcomes which make the best financial and commercial sense for the client.

SEIFSA Legal Services include:

- Labour Law
- Commercial Law
- Environmental Law
- Policy drafting and review

Contact: Bridgette Mokoetle - bridgette@seifsa.co.za
Menzi Vilakazi - menzi@seifsa.co.za



SEIFSA TRAINING CENTRE

The SEIFSA Training Centre is a state-of-the-art training centre that has both the resources of industry experts and equipment to offer specialised skills training. Trainees are prepared to meet the demands of industry. Aspects of productivity, problem solving and safety are included in the training.

The training offered encompasses training and development for the following training interventions:

- Apprenticeships
- Learnerships
- Skills programmes
- Short courses
- Recognition of Prior Learning (RPL)
- Trade proficiency assessment services
- Trade testing
- Continuous upskilling of artisans

Contact: Desmond Uithaler - desmond@seifsa.co.za



As a member of an Association federated to SEIFSA, you will enjoy the following benefits:



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

EXPERT ADVICE AND ASSISTANCE OVER THE PHONE ON

- ▶ Industrial relations issues
- ▶ Legal issues
- ▶ Bargaining Council Agreements and MIBFA queries
- ▶ Safety, Health, Environment & Quality issues
- ▶ Economics and Commercial issues
- ▶ Human Capital & Skills Development matters, including grant claims from the merSETA

REPRESENTATION ON NATIONAL AND INDUSTRY FORUMS

- ▶ Business Unity South Africa (BUSA)
- ▶ Manufacturing, Engineering and Related Services Education and Training Authority (merSETA)
- ▶ Metal and Engineering Industries Bargaining Council (MEIBC)
- ▶ Metal Industries Benefit Funds Administrators (MIBFA)
- ▶ National Economic, Development and Labour Council (NEDLAC)
- ▶ National Skills Authority (NSA)
- ▶ Human Resource Development Council (HRDC)

MANDATE

- ▶ As a member, you are able to give SEIFSA a mandate for legislative changes and for wage negotiations, through your respective Associations, so that your voice is heard at the highest level

BENEFIT FUNDS

- ▶ Representation of members' interests on the following industry benefit funds:
 - ▶ Engineering Industries Pension Fund
 - ▶ Metal Industries Provident Fund
 - ▶ Sick Pay Fund
 - ▶ Metal and Engineering Industries Permanent Disability Scheme

NEGOTIATIONS

- ▶ Expert negotiators conduct national negotiations on behalf of members at the level of the MEIBC (e.g. Main Agreement)
- ▶ SEIFSA represents sectors in the negotiation of sectoral agreements (e.g. Lift Industry Agreement)
- ▶ SEIFSA experts represent members in a range of plant-level negotiations

SEIFSA AND INDUSTRY NEWS

- ▶ Copy of *SEIFSA NEWS*, a print and electronic newsletter covering the latest industry news
- ▶ Unlimited access to the SEIFSA website, including updates on the latest Industry developments

CONTACT DETAILS

Tel: 011 298 9400 Fax: 011 298 9500

Janet Leamy, Marketing Manager - Tel: 011 298 9456 or (janetl@seifsa.co.za)

Nuraan Alli, Sales Manager - Tel: 011 298 9436 or (nuraan@seifsa.co.za)

E-mail: info@seifsa.co.za Web: www.seifsa.co.za 6th Floor, Metal Industries House

42 Anderson Street, Johannesburg, 2001 PO Box 1338, Johannesburg, 2000



CONTACT DETAILS

SEIFSA Head Office

Tel: 011 298 9400 / 0861 SEIFSA

Fax: 011 298 9500

info@seifsa.co.za

www.seifsa.co.za

6th Floor, Metal Industries House
42 Anderson Street, Johannesburg, 2001
PO Box 1338, Johannesburg, 2000