



# SEIFSA ANNUAL REVIEW

Annual Review  
**2020**



SEIFSA

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



# SEIFSA

## VISION

To promote sustainable Metals and Engineering industries to ensure that they are strategically positioned for innovation and growth in the interests of a prospering Southern Africa.

## MISSION

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

To foster mutually beneficial relationships between employers and labour in the industries and to help members develop their human capital to realise their full potential.

## VALUES

### Integrity

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

### Diversity

We embrace, value and leverage Diversity.

### Excellence

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

### Stewardship

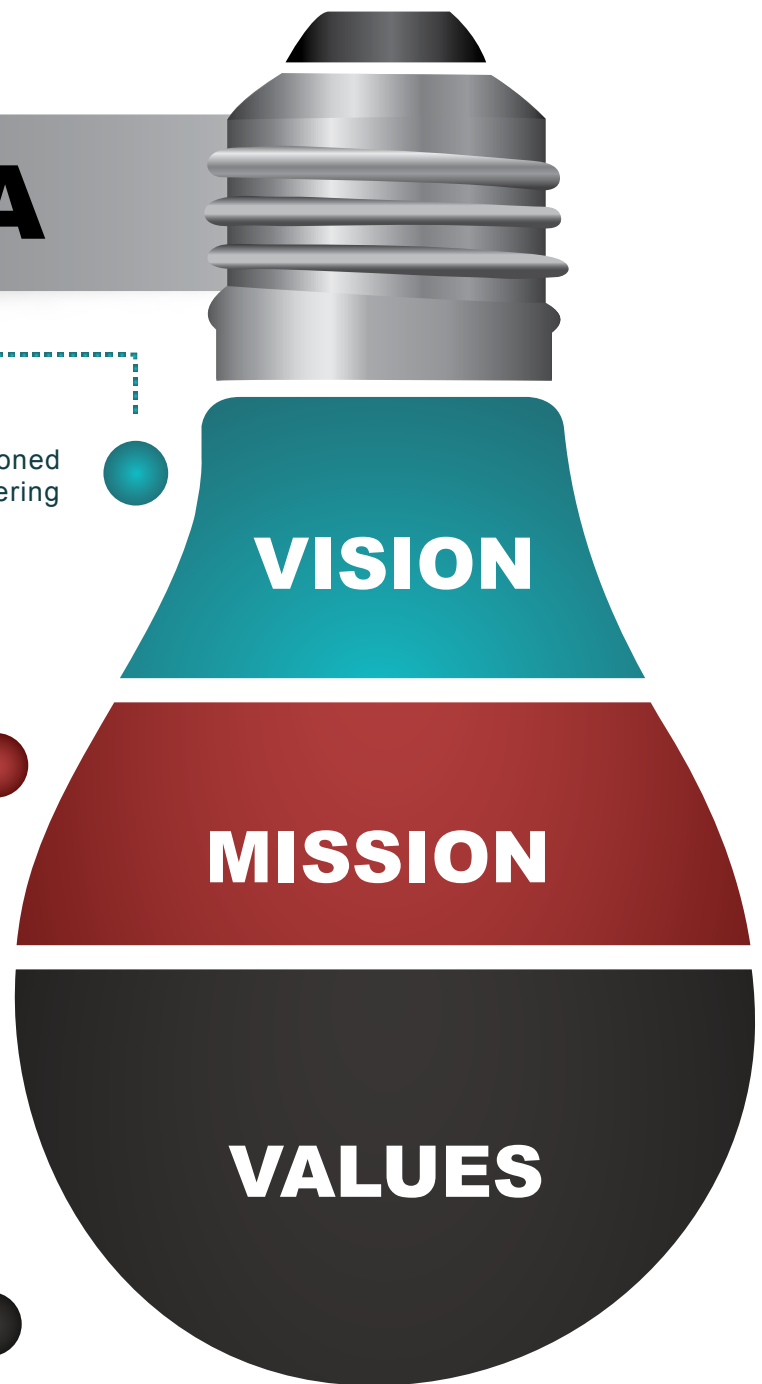
We take Responsibility for our actions and treat SEIFSA's assets with respect.

### Passion

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

### Innovation

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



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# CHAIRMAN'S REPORT

ANNUAL REVIEW

# 2020



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SEIFSA is increasingly being relied upon to assist the Government, labour and civil society in navigating the plethora of challenges facing our economy in the face of local and international shocks, including the Coronavirus-induced economic crisis

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

The Steel and Engineering Industries Federation of Southern Africa (SEIFSA), through its representation of over 20 employers' Associations in this sector, has advocated actively for these Associations and lobbied for policies aimed at improving the business conditions in which its member companies operate.

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

## **COVID-19 A TOTAL GAME CHANGER**

The M&E sector continued to find itself in the doldrums over the period under review as the economic environment remained depressed, underpinned by both poor business confidence and low expectations from business leaders. At the time of the Annual General Meeting last year, we were hoping the sector would rebound slowly during the year ahead. However, the reality turned out to be disappointing. Though unexpected at the time, the advent of the COVID-19 pandemic and the subsequent lockdown in March 2020 was a total game changer that turned out to be the proverbial last straw that broke the camel's back.

## In the past year

METAL SECTOR  
AVERAGE OUTPUT  
DECLINED BY  
**3%**

Net operating surplus a  
proxy for profit margins  
dropped by  
**1,3%**

Formal employment  
declined by roughly  
**21 000**

Sector's fixed  
investment cumulatively  
contracted by  
**19%**

Contributing to a sector  
trade deficit of  
**R23 billion**

Even before COVID-19 reached our shores, our economy was already in trouble. The economic contraction in the fourth quarter of 2019, as a result of Eskom's unprecedented level-6 load shedding in November, increased the likelihood of Moody's, the last agency still to have had our sovereign credit rating at investment grade, joining the ranks of Fitch and S&P in junking us. The inevitable happened just as the country started its total shutdown at the end of March 2020 to slow the COVID-19 pandemic, when Moody's downgraded the country from BA-1 to BAA3 and maintained a negative outlook. The shutdown gravely worsened the situation.

The instability in which a growing number of our State-owned companies (SOCs), which have repeatedly taken a begging bowl to the National Treasury, has not helped matters. We are very concerned that increasingly the country's SOCs have become major liabilities on the fiscus, instead of being drivers for economic growth. It is also deeply worrying that, where they and the different spheres of Government have had infrastructure projects with the potential to stimulate the economy, conveniently they have tended to forget about designation and imported goods which local manufacturers have the capacity to manufacture.

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

What does the future hold? What does life have in store for us after the COVID-19 pandemic? Answering these questions is not simple; it is better to look at the short and long term separately.

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

The protective measures already in place and those still in the pipeline for basic steel producers are likely to help, but they will not be enough. Primary steel producers are in such distress that short-term downscaling is unavoidable. For various reasons, South African production costs are higher than the lowest-cost quantile of producers in the world, who are simply overrunning our market. Protection seems to be a choice between losing the entire sector or trying to ride the short-term storm and adjust for the future.



Long-term recovery is a different story. The sector is intimately linked to the fortunes of the mining, construction and auto sectors which, as a group, contributed 15% (R466-billion) to GDP in 2019 (directly) and, depending on the indirect and induced multipliers, up to twice this number. On its own, the M&E sector contributed R110-billion to the GDP. These four sectors export and earn a huge proportion of the country's foreign exchange and employ directly about 1,5-million people.

Recovery in each of these three sectors and of export demand is crucial for the M&E sector over the longer term.

The Government has limited policy options. Economic growth has to improve, inflation has to be kept in check and the balance of payments dare not go into a bigger deficit. As COVID-19 continues to wreak havoc on our socio-economic landscape, the scope for fiscal stimulation is tighter than ever before due to lower tax revenue collection.

Crises often enhance decision making. The process embarked upon through the various industry forums has inadvertently been given huge impetus by this period of massive and painful structural, economic and social challenges. The excellent working relationship built between labour and SEIFSA, and then with the Government as well as various strategic initiatives and think-tanks as a result of the COVID-19 crisis, have

been enormously encouraging. We have to thank our social partners for joining hands with us during this time and putting the survival of the sector before any other objectives. We hope that we will be able to build on this sound foundation in future.

As the COVID-19 pandemic rages on and with the economy having sank deeper into recession in the first half of 2020, the foremost issue is what should be done to ensure that the sector remains competitive, attractive for investment and reflects prolonged profits underpinned by increased employment.

The sector's continued survival depends, as far as the domestic economy is concerned, heavily on the health and growth of the sectors to which it sells its output: namely, the construction sector (20.9%), the mining sector (9.3%) and the automotive industry (8.3%). Alternatively, the top industries from which the sector buys its inputs are mining (27.8%), petroleum and chemicals (11.2%) and construction (1.1%). Some of the intermediate products from the sector are sold back into it and are purchased to be used as inputs in subsequent stages of transformation in the value chain, accounting for 59.4% of the intra-sectoral purchases. This evidence aligns with the observation that, apart from the existing forward and backward linkages between the M&E sector and other industrial sectors, there is also a fair degree of within or lateral linkages.



## PRESIDENTIAL INFRASTRUCTURE PLAN TO THE RESCUE?

However, despite limited scope for policy manoeuvres, ongoing initiatives such as the implementation-oriented Infrastructure Investment Plan for South Africa and the Steel Master Plan, which are aimed at reigniting business activity via improved trade, domestic demand and competitiveness, hold huge potential for the M&E sector.

The Presidential Infrastructure Plan is an all-encompassing infrastructure agenda for the benefit of domestic communities. President Cyril Ramaphosa has explicitly directed that the infrastructure pipeline should be aimed at stimulating industrial activity and impactful investment for key sectors such as energy, water and sanitation, human settlements, agriculture and agro-processing, digital infrastructure and transport.

Although the prioritised six sectors do not include the M&E sector, the expectation is for companies in the sector to benefit directly or indirectly from impactful investments made due to the existence of high levels of inter-linkages or inter-sectoral trade. The development of the Infrastructure Plan is good news for the industry. If managed properly, the initiative will trigger massive growth opportunities for beleaguered businesses.

We support the Infrastructure Plan and note that the strong pipeline of infrastructure projects warrants rapid and well-managed execution of the delineated projects in order to ensure quick and sustainable impact on demand and overall confidence in the economy. Given our view that the Plan will only work if there is enhanced co-operation from captains of industry and stakeholders, we commit to ensuring that our members are positioned to tap into emerging opportunities.

There continues to be a great need to enforce designation among SOCs, in addition to attracting investment. These domestic interventions will help cushion the effects of negative external supply-and-

demand shocks, emanating from key foreign trading partners.

## STEEL MASTER PLAN

Equally, the Steel Master Plan holds huge potential to trigger greenfield investment and demand for manufactured goods from the M&E sector. Investment in the industry has been stagnant for many years, partly because of the lack of a long-term vision or sustainability as profits dwindle, and partly due to lack of demand. Most companies in the industry have been unprofitable, hence they were unattractive to both current owners or stakeholders and future owners or investors.

The Steel Master Plan aims to reverse negative perceptions regarding the steel industry. It is our hope that the Steel Master Plan, which was still in development at the time of compiling this report, will

address constraints to demand arising from designation and local procurement, localisation, public and private sector projects, transformation and competitiveness.

However, initiatives to localise production do not imply that the local industry can produce at any price and expect preferential treatment. Instead, our industry must improve on local and international price competitiveness and boost quality, innovation and investment. Only then will it stand a good chance to grow sustainably.

These and other initiatives, as outlined in the much-

anticipated Steel Master Plan, will ensure that there is increased output and demand for our sector's intermediate or final products. We will progressively highlight key areas for growth and business opportunities to companies within our industry under the Steel Master Plan, as these become available.

The African Continental Free Trade Area Agreement (AfCFTA), whose launch was postponed to early 2021, holds prospects for increased trade and interdependence with the rest of Africa. We urge all member companies to gear themselves to take advantage of the opportunities which will open up to them on the continent.



We support the Infrastructure Plan and note that the strong pipeline of infrastructure projects warrants rapid and well-managed execution of the delineated projects in order to ensure quick and sustainable impact on demand and overall confidence in the economy





## 2020 NEGOTIATIONS ON WAGES AND CONDITIONS OF EMPLOYMENT

### OPPORTUNITIES CREATED BY THE METALS AND ENGINEERING INDABA

SEIFSA's annual Southern African Metals and Engineering Indaba offers a great platform for industry players to put their heads together, deliberate on matters of common interest and seek to influence Government policy. We continue to urge all industry players in the M&E sector, and not only companies in Associations affiliated to SEIFSA, to embrace the Indaba fully and to ensure that it grows to rival the annual Mining Indaba in future years. This is our very own conference – let us support it and see it grow phenomenally as it has done so far from year to year.

Regrettably, efforts to extend the 2017-2020 MEIBC Main Agreement to non-parties were not concluded during the year under review. That meant that those that were not party to the Agreement continued to enjoy an unfair advantage when it came to input costs, thanks to much filibustering on the MEIBC Management Committee when it came to extending the Agreement.

As the industry prepared itself for the 2020 negotiations, in February 2020 the SEIFSA Council elected a Main Agreement Negotiating Team in anticipation of a tough round of bargaining. However, the advent of COVID-19 put paid to any possibility of a normal round of bargaining. As a result, collective bargaining was put on hold.



## METAL AND ENGINEERING INDUSTRIES BARGAINING COUNCIL (MEIBC)

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

During his term, the Administrator appointed a Council Secretary with strong accounting and corporate governance skills, presented a rehabilitation plan and budget and oversaw the gazettal and extension of the Bargaining Council's Administration and Dispute Resolution Levy Agreements, which account for over 95% of the Council's income. The Administrator was also effective in reducing overheads and stabilising the Council's finances.

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

## BUSINESS SUSTAINABILITY

On the business front, challenges of different kinds remain. At the top of our list is our country's poor economic performance, followed by continuing significant imports of competitive products and skills and our manufacturing sector's continuing lack of international competitiveness.

These challenges, in addition to the effects of the COVID-19 pandemic, will continue to stare us in the face and maybe even worsen until such time that South Africa Incorporated – Government, business and labour – gets together to address them constructively, putting the country's interests above all else, and then implements the solutions agreed to.

To this end, the M&E cluster of industries needs more support from both the Government and captains of industry to trigger a turnaround in 2021. Increased

export volumes and export competitiveness are pivotal if companies in the cluster intend to gain from the AfCFTA agreement and to maximise benefits from preferential rates of goods originating from the continent.

SEIFSAs strategic role in influencing policy cannot be underestimated. The Federation's involvement with business, Government, institutions like the International Trade Administration Commission and Business Unity South Africa and labour is geared towards improving the business and regulatory framework for the sector.

Internally, we have to ensure that SEIFSA continues to be equal to the challenges that confront it, including on our approach to collective bargaining and the mandating process. The ongoing challenge facing the Federation is to demonstrate that it has the interests of all players, big and small, in the M&E sector and that, as much as possible, it represents or speaks for all of them. To that end, SEIFSA's Small Business Hub (SBH) is of critical importance. I encourage many companies – large, medium-sized and small – within and outside the broad SEIFSA membership to make use of the impressive suite of services offered by the SBH.



## ADVOCACY AND LOBBYING

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

Having worked closely with the CEO, I know for a fact that, during the year under review, SEIFSA has worked closely with the Department of Trade, Industry and Competition on the aforementioned Steel Master Plan and, through the Presidency, in securing a role for our sector in the Presidential Infrastructure Plan.

I am also pleased to report that, during the year under review, SEIFSA assumed responsibility for the coordination and leadership of the BRICS Business Council's Manufacturing Working Group (MWG), which is now chaired by the SEIFSA CEO. It is my hope that the crucial importance of that structure, which interfaces with Manufacturing Working Groups from the other BRICS nations (Brazil, Russia, India and China), is patently obvious to all our member companies, especially those involved in manufacturing.

I would like to encourage our members to take a keen interest in the work of the MWG and to participate in its activities, including its planned BRICS Manufacturing Conference.

## TRANSFORMATION

The slow pace of transformation in the country, including in the M&E sector, continues to be of great concern. The Employment Equity Act and the Skills Development Act provide the basis for addressing other indicators of inequality in the labour market. These two pieces of legislation complement each other in addressing inequalities and unfair discrimination in human capital development, thus helping this country to harness fully the potential of its diverse human capital. The manufacturing industry in general and the M&E sector in particular are very much in need of transformation. This is the case not only when it comes to general business ownership, but also with regards to occupation of senior leadership positions and the composition of Boards of Directors.

Employment and Labour Minister Thulas Nxesi has expressed concern at the slow pace of workplace transformation and has threatened that the Government will now be forced to resort to harsh measures to ensure transformation in the workplaces. Minister Nxesi said the amending of the Employment Equity (EE) Act, which was submitted for amendment during the last Parliament, will be fast-tracked.

Minister Nxesi was speaking at the official launch and hand-over of the 19th Commission for Employment Equity (CEE) Report in Pretoria, where CEE Chairperson, Tabea Kabinde, presented him with the report. Entitled Transformation Makes Business Sense, the 19th CEE report shows that at top management, 65.5% of the positions were occupied by whites, followed by Africans at 15.1%, Indians at 9.7%, coloureds at 5.3% and foreign nationals at 3.4%, as illustrated below.

- ▶ White people occupy 65.5% of top management jobs in SA

FIGURE 1: TOP MANAGEMENT BY POPULATION GROUP (ALL EMPLOYERS)

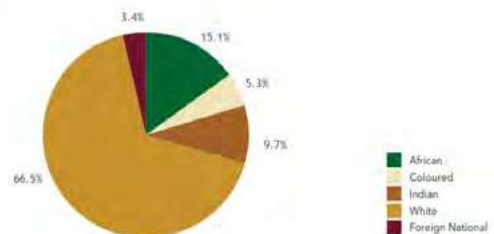
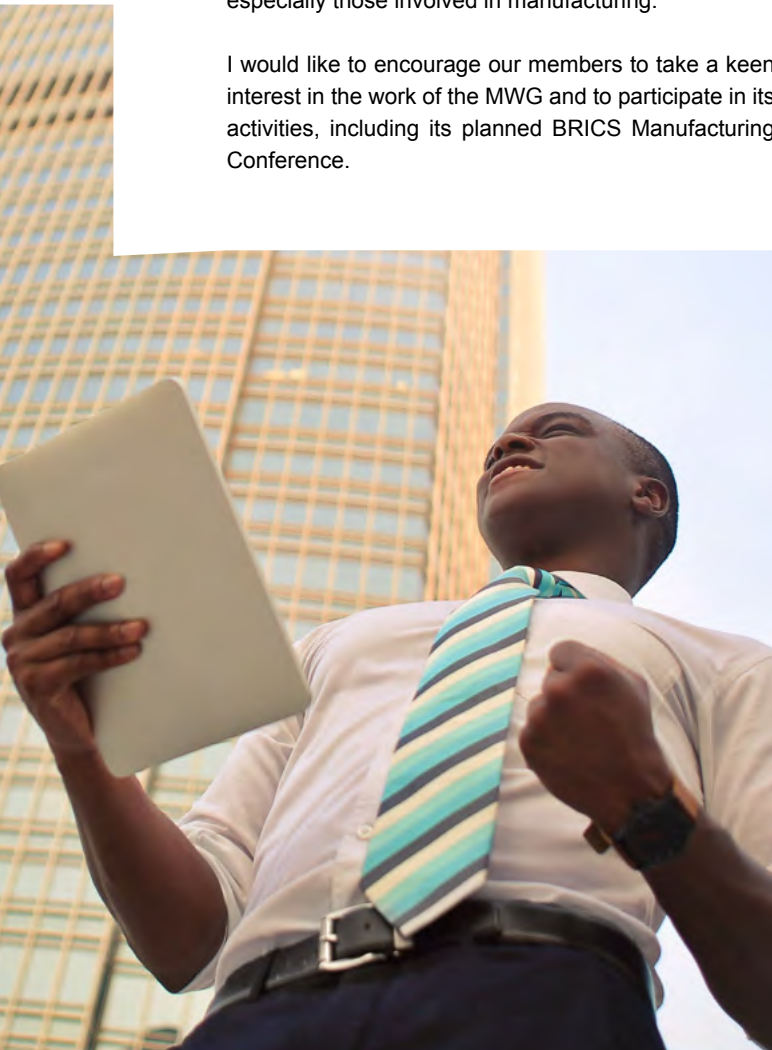


Figure 1 shows that the representation of the African Population Group at the Top management level constitutes 15%, whilst this group constitutes 79% of their EAP.



Over the past 20 years, there has been a 3.2% decline in white incumbents in senior management. The African population occupies 23.2% of senior management, while the Indian community sits at 11.1%, the coloured population sits at 8% and foreign nationals at 3.3%. As a sector, we need to stand up and embrace change and advocate transformation. Not only is it in South Africa's interest for that to happen, but it is also fundamentally in business's own long-term interest. It is of critical importance that a concerted effort is made by the sector to create meaningful opportunities for all South Africans to play a crucial role in taking our industry to new heights.

## STATE OF THE NATION

The year under review has been characterised by a series of hearings into State capture chaired by Deputy Chief Justice Raymond Zondo. It remains our hope that the hearings will be followed by the immediate prosecution of those alleged to have been involved in various acts of corruption, both in the public and the private sectors. In particular, the work that continues to be done by the State capture commission will be of vital importance in ensuring both that South Africans get to appreciate fully the extent to which their country was taken advantage of and that the country cleanses itself.

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

## APPRECIATION

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

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

My sincere thanks go to all SEIFSA Council Members for their support and active participation at our meetings. My thanks also go to fellow Directors on the SEIFSA Board and to the SEIFSA Executives.

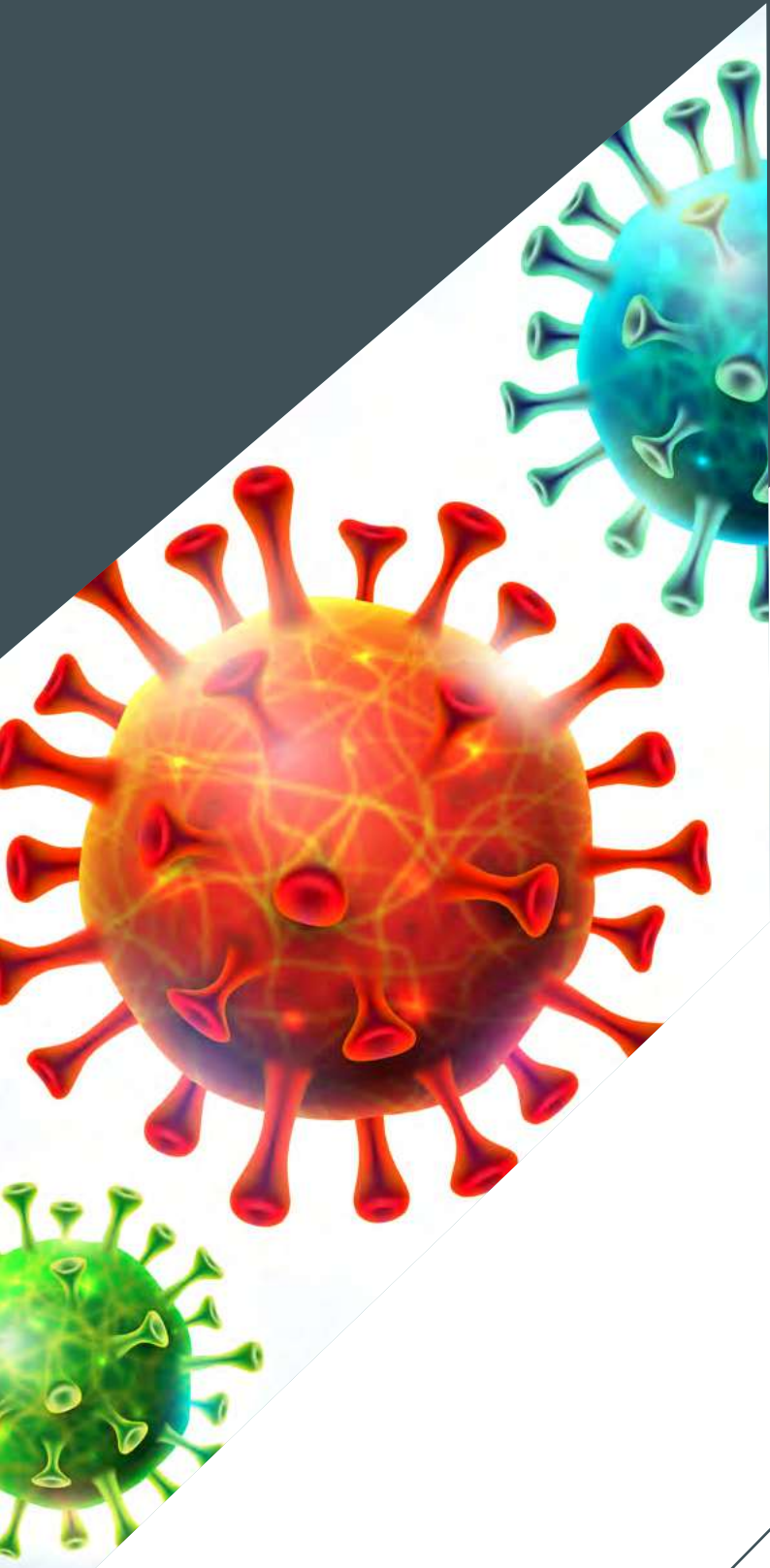
I am grateful to the entire SEIFSA team for its collective and individual energy, enthusiasm and passion for the Federation. Your contribution, professionalism and dedication are greatly appreciated.

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

*Elias Monage*  
*President and Board Chairman*



2019 Metals and Engineering Indaba



# CHIEF EXECUTIVE OFFICER'S REPORT

ANNUAL REVIEW

# 2020





## ***A Very Tough Year, Worsened by COVID-19***

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

“

It is no exaggeration to say that the economy has been under siege. In the M&E sector, as in other sectors of the economy, we have seen a growing number of companies embarking on employee retrenchments, being placed under business rescue or even being liquidated. Sadly, that is the kind of reality – euphemistically called “the new normal” – which is likely to remain with us over the next few months or years

As a Federation, we started FY2019/20 positively, with our financial performance looking positive for the first six months. At the beginning of the financial year, we had reason to believe that, following the May 2019 general elections which saw Cyril Ramaphosa rising to the country's Presidency in his own right and no longer finishing somebody else's term, our country would be much better governed and that the economy would stabilise and then improve considerably. After all, Ramaphosa had made the fight against corruption the plank of his election campaign and had promised “New Dawn”. It soon became clear, however, that the promised “New Dawn” would be stillborn.

Regrettably, South Africa experienced severe bouts of electricity load shedding in the last quarter of 2019, which reached the until-then-unprecedented stage 6 level, and that caused great damage to the economy. As a result, South Africa experienced a massive 1,4% contraction in Q4 2019, following a revised 0,8% contraction in Q3 of the same year. With the country starting 2020 in a recession, on 27 March 2020 Moody's joined the other international ratings agencies by downgrading the country's sovereign credit rating from Ba1 to junk level, Baa3, with a negative outlook. A month later, S&P Global followed suit by further downgrading our long-term foreign currency credit to BB-.

As if we were not in sufficient trouble, the global Coronavirus Disease 2019 (COVID-19) pandemic saw the Government imposing a full shutdown of the economy for about six weeks, as an important



## SA experienced a massive contraction of

precautionary step to slow down the virus's spread in the country as necessary plans were being put in place to prepare for the devastation which would follow in our health sector. Although it has since been relaxed, that lockdown stayed in place for the remainder of the financial year under review.

As a result, the country experienced a third term of negative growth in Q1 2020, this time of 2%. While the Q2 GDP figures were not available at the time of writing, there is no doubt that the degree of contraction during Q2 2020 – when the economy was under lockdown – will be far worse than the Q1 2020 figure. That means that all four quarters during the year under review will have experienced progressively worsening levels of economic contraction.

FY2019/20, then, has been nothing short of disastrous for South Africa Incorporated. It is thoroughly deserving of the annus horribilis tag.

It is no exaggeration to say that the economy has been under siege. In the M&E sector, as in other sectors of the economy, we have seen a growing number of companies embarking on employee retrenchments, being placed under business rescue or even being liquidated. Sadly, that is the kind of reality – euphemistically called “the

new normal” – which is likely to remain with us over the next few months or years.

Just as the rest of the economy felt the pain in

FY2019/20, so, too, did SEIFSA. It is common cause that when companies hurt, among the first areas where they make cuts are training and consulting, the very areas in which we offer competitively priced services for all interested parties, members and non-members alike. Consequently, we recorded our worst recent financial performance in FY2019/20. The details are contained in the Chief Financial Officer's report.

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

The biggest irony, of course, is that the economy has

worsened to this extent during President Ramaphosa's reign, when the exact opposite was expected, given his sparkling credentials as a successful business leader. That is not to say that our economy's terrible under-performance is entirely attributable to him. For instance, the COVID-19 crisis was very much a black-swan event that affected not only South Africa, but the whole world and, therefore, the global economy.

“

It is common cause that when companies hurt, among the first areas where they make cuts are training and consulting, the very areas in which we offer competitively-priced services for all interested parties, members and non-members alike

1,4% in Q4 2019

0,8% Revised contraction in Q3 2019



With a country starting a 2020 in a recession on 27 March 2020

However, there are still things that President Ramaphosa's Government could have done differently. Regrettably, one does not get the impression that they have had sufficient appreciation of the kind of damage that has been done to our economy – and our country's reputation abroad – by Eskom's frustrating power outages.

Although much has been said about how the power utility is receiving urgent Government attention, so far very little, if anything, has changed at Megawatt Park. At the time of writing, Eskom continues to be our economy's number one liability and it looks like it will continue to be so for some years to come. We cannot stress enough the need for the Government to move beyond making nice-sounding statements and promises to actually ensuring that these are translated into concrete action.

## ADVOCACY AND LOBBYING

As always, advocacy and lobbying constitute an important part of our work, in addition to stakeholder management and revenue generation. This work is done through participation in various fora involving a multiplicity of stakeholders, attendance of important stakeholder functions and events, and the arranging of one-on-one meetings for SEIFSA and/or some of its member Associations or companies. We also ensure that the Federation's voice is heard loudly on important matters with the potential to affect the economy and/or the Metals and Engineering sector.

Through regular public interviews, weekly issuing of press releases and the publishing of analyses and sundry opinion pieces in various media SEIFSA

generated publicity worth more than R80 million (called the Advertising Value Equivalent) during the year under review, according to media monitoring agencies Newsclip and Meltwater (we switched from Newsclip to Meltwater in the course of the year).

Our various Divisional Executives continued to be active within Business Unity South Africa and National Economic Development and Labour Council structures. I was again part of the second Presidential Investment Summit in Sandton, Johannesburg in November 2019.

During the year under review, we were also active participants in deliberations on the proposed Steel Master Plan, which Trade, Industry and Competition Minister Ebrahim Patel's office is drafting. At the time of preparing this report, the Steel Master Plan was not yet released for public discussion and inputs.

Given my election as Chairman of the BRICS Manufacturing Working Group (MWG) last year, SEIFSA was very active within BRICS structures and hosted meetings of the MWG on a bi-monthly basis. Economist Marique Kruger, who provided a secretarial service to the MWG, and I also attended the BRICS Summit in Brasilia, Brazil in November 2019. Members of the MWG and the Southern African Chapter of the BRICS Business Council were generally very complimentary about SEIFSA's positive role in the MWG.

An inaugural BRICS Manufacturing Conference, which was scheduled to take place in Johannesburg in May 2020, ended up being postponed to (November 2020), again because of the restrictive conditions related to the COVID-19 lockdown.

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

## CORPORATE EVENTS AGAIN A SUCCESS



Buti Manamela, Deputy Minister of Higher Education, Science and Technology

Our annual industry conference, the ***Southern African Metals and Engineering Indaba***, was a great success. Among the key speakers at the Indaba were Trade, Industry and Competition Minister Ebrahim Patel, Deputy Public Enterprises Minister Phumulo Massuale, Deputy Higher Education, Science and Technology Minister Buti Manamela, CSIR Chief Executive Officer Dr Thulani Dlamini and academics like Khaya Sithole and Professor Patrick Bond.

As always, the Southern African Metals and Engineering Indaba was preceded by the ever-popular ***SEIFSA Golf Day*** on our calendar. The 2019 SEIFSA Golf Day was again over-subscribed, with nearly all holes sponsored. We are grateful to the Houghton Golf Club for hosting our golf day for the second year in a row.



The ***SEIFSA Awards for Excellence***, which were scheduled to take place in May 2020 in Boksburg, could not take place because of Government restrictions occasioned by the COVID-19 pandemic. They have now been scheduled to take place in November this year.

The Indaba, which normally takes place in September each year, will now take place in March 2021 because of the COVID-19 lockdown restrictions on the number of people attending public events.

## STABILITY AT INDUSTRY INSTITUTIONS

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

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

## THE YEAR AHEAD



While it is not possible to state, with a degree of certainty, how the next financial year is likely to be, it is probably safe to say that the 2020/21 financial year is likely to be much better than the year under review. A lot hinges on the trajectory that will be taken by the COVID-19 pandemic in the country in the months to come.

At the time of writing this report, infections appeared to have plateaued and South Africa was in level 2 of the lockdown related to the pandemic. Should the feared possible resurgence of COVID-19 not take place, there would be reason to be optimistic that the economy should recover tentatively in the second half of 2020 and do even better in the first half of 2021. Should that prognosis hold, we should have a decent FY2020/21.

We also hope that the Government will finally deliver on both the Steel Master Plan and the promised infrastructure plan that is intended to stimulate the economy. Our sector – and the economy as a whole

– can't wait for an effective roll-out of a corruption-free infrastructure plan.

Since the 2020 negotiations with labour on wages and conditions of employment could not take place as scheduled, during the year under review (again thanks to the COVID-19) pandemic, these are now scheduled to take place next year. While we do not know what shape the economy will be in then, it seems reasonable to expect that that particular round of negotiations is likely to be quite tough in light of the fact that the special dispensation agreed upon with labour this year saw no increases given to employees.

As always, the SEIFSA Negotiating Team, led by Operations Director Lucio Trentini, will continue to work closely with member Associations and to get mandates from them.

## MY THANKS

The team with which I have the pleasure of working at SEIFSA is richly deserving of my gratitude and appreciation. Collectively, we have continued to work hard to ensure the Federation's success. I tip my hat to all staff members, from Executive Committee Members to the most junior employee.

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

Finally, my thanks and appreciation go to out-going SEIFSA President and Board Chairman Elias Monage for his support and guidance, and to the Board of Directors for its support and stewardship of the Federation. Their collective wisdom and commitment to Good Corporate Governance remain greatly appreciated.

*Kaizer M. Nyatumba*  
Chief Executive Officer



# CHIEF FINANCIAL OFFICER'S REPORT

ANNUAL REVIEW

# 2020



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SEIFSA will continue to deliver on its primary mandate and focus, which is undertaking collective bargaining, lobbying and advocacy. In order to achieve these goals at a minimal cost to its membership, the Federation will simultaneously generate revenue from the rendering of services that are paramount to its members' and customers' businesses and deliver products that will add value to all its customers

## OVERVIEW OF OPERATIONS

*For the year under review, SEIFSA continued to operate with a primary focus on collective bargaining, lobbying and advocacy, whilst simultaneously having a secondary focus on generating revenue from consultancy, training and the sale of publications such as the SEIFSA Price and Index Pages, Industrial Relations Advisors and The State of the Metals and Engineering Sector Report.*

The primary source of revenue was generated from fees levied to Associations, with the other revenue streams being generated from the sale of products, services and publications offered by the following Divisions:

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

The Safety, Health, Environment and Quality service offerings were outsourced from the beginning of the financial year. SEIFSA has also continued to offer accounting, administration and management services to 16 of its affiliated Associations. The SEIFSA Training Centre (STC) continued to focus on developing high-calibre artisans to meet the needs of employers and address the skills shortage in artisan development that faces the country. Over the years, SEIFSA has steadily increased the revenue generated by the Divisions in order to maintain the competitive pricing of its membership fees and the price of its products and services. Continuous product innovation and the implementation of world-class marketing tools have assisted in increasing traffic to the Federation's website.



## Income generated from membership fees decreased by

This financial year will go down in the Federation's 77-year history as one of the most challenging ever. The COVID-19 pandemic which emerged in Wuhan, China during December 2019 continued to spread throughout the world, and has wreaked unprecedented mayhem and devastation both to the population of the globe, and the economies of the world.

The economic climate has been deteriorating steadily during the past three years. The country is in a deep recession, with high levels of unemployment. Key economic data released month after month throughout the year have given no comfort or relief to our country's bleeding economy. Compounding the situation is the impact of the COVID-19 pandemic. The country being placed under six-week hard lockdown in March and April brought many industries and companies to their knees, with many digging deep into their reserves to keep afloat and support their operations. The compulsory costly implementation of protective gear, equipment and sanitization essentials such as disinfectants, face masks, hand sanitisers, deep cleaning, temperature-monitoring devices and, in some instances, payment for COVID-19 testing exacerbated the situation.

Government expenditure on infrastructure has been negligible, hence the lack of tenders in the marketplace. The ailing economy – which has seen expansion, tenders and contracts drying up – also impacted negatively on companies' cash reserves. This has had an extremely negative impact on subscriptions for PIPS, which is our flagship offering. The high level of unemployment has also significantly reduced the collection of membership fees.

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A continuous effort to optimise costs has been maintained without compromising service delivery

With effect from January 2020, many companies reduced travel and face-to-face interactions with various service providers. People became afraid of attending meetings or seminars where a large number of others were present as the COVID-19 virus started to spread. This impacted adversely on the uptake of our training offerings and in-house training sessions. The placing of students at the STC was similarly affected. This year we earned a zero-profit share from the STC, for the first time in its 18-year history.

SEIFSA has not been immune to these unprecedented challenges facing all institutions, companies and people across the globe. The year under review has not been an

easy one and is not the norm for financial performance. The black-swan COVID-19 in 2020 aggravated this precarious state.

A new business normal had to be embraced. Like everybody else, SEIFSA had to switch to holding meetings and having contact with clients and stakeholders via Zoom from May. A revised marketing and sales strategy has been implemented to embrace the new way in which training and consulting is delivered. Executives and Managers responsible for training and consulting had to migrate their offerings to a digital platform in order to embrace the new method of service delivery and the manner in which we attract clients.

Since these offerings are in their infancy, significant traction in the market was achieved during the year under review, but we will continue to drive this strategy. A continuous effort to optimise costs was maintained,



# Total expenses for the current year decreased by

**4.74%** from FY2018/19

**3%**

when compared  
to FY2018/19

without compromising service delivery. SEIFSA operated at full operational capacity for the majority of the year.

## OVERVIEW OF FINANCIAL RESULTS

The approved budget for the year was a surplus, based on the positive trends in performance over the preceding three years. Having met the budget in the previous financial years, every effort was made to meet the budget for FY2019/20. The year started off well, with performance closing ahead of budget for the first half of the year. The second half of the year ended with the final performance falling behind budget.

As indicated in the overview, the overall performance can be described as a once-off “black-swan” event. The investment made in marketing efforts during the year increased visitor traffic to the SEIFSA’s seven websites. It is envisaged that, as a vaccine for the pandemic emerges and the rate of infection drops, an increase in the take-up of the various products and service offering will materialise.

Income generated from membership fees decreased by 4.72% from FY2018/19. This decrease was due to the large number of consolidations, mergers and high levels of retrenchments in the sector. There was no income generated by the STC, for the very first time in its 18-year history. The revenue generated from the sale of products and services decreased by 16.84% when compared to FY2018/19. This decline has been illustrated in the overview of operations.

Total expenses for the year decreased by 3% when compared to FY2018/19. Continuous cost optimisation was implemented throughout the year.

The year closed with a deficit after recording a surplus in the preceding three years.

## INTERNAL CONTROL

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

## RISK STRATEGY

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

## FRAUD AND CORRUPTION



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

## DISCONTINUED ACTIVITIES/ ACTIVITIES TO BE DISCONTINUED

SEIFSA has no discontinued activities or activities to be discontinued in the next 12 months.

## NEW OR PROPOSED ACTIVITIES

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

## GIFTS AND DONATIONS FROM NON-RELATED PARTIES

No gifts and donations were received in kind from non-related parties. Employees are limited to receiving gifts totalling R500 per annum and are obliged to complete the Gift Register, which is tabled at the Executive Committee meeting every quarter.

## EVENTS AFTER REPORTING DATE

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

## FUTURE PLANS

SEIFSA will continue to deliver on its primary mandate and focus, which is undertaking collective bargaining, lobbying and advocacy. In order to achieve these goals at a minimal cost to its membership, the Federation will simultaneously generate revenue from the rendering

of services that are paramount to its members' and customers' businesses and deliver products that will add value to all its customers. Financial performance will be closely monitored to ensure that the Federation remains financially viable. Where action is required to rectify performance, immediate corrective action will be implemented.

The year ahead remains a challenging one, with the sector facing a tough economic environment. It is expected that an economic recovery from the first half of 2021 will take place. As President Cyril Ramaphosa makes inroads into fighting corruption and the looting of the fiscus, it is also expected that much-needed investments will flow into the country. Accordingly, SEIFSA will position itself to harvest opportunities that arise whilst simultaneously striving for impeccable service delivery at optimal cost.

## KEY FINANCIAL RATIOS

Revenue: Membership ↓ 4.72%

SEIFSA Training Centre Profit ↓ 100%

Revenue: Products & Services ↓ 16.84%

Expenses ↓ 3.00%

Net result ↓ 13 times last year's performance

*Rajendra Rajcoomar*  
Chief Financial Officer



  
**SUNNYSIDE PARK HOTEL**  
NATIONAL MONUMENT 1895

  
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2019 Annual SEIFSA Awards for Excellence



# METAL INDUSTRIES BENEFIT FUNDS ADMINISTRATORS REPORT

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

## BACKGROUND

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

The main aims of the Pension Funds Act are to:

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

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

The Board of Trustees has appointed as its agent the Metal Industries Benefit Funds Administrators (MIBFA) to administer the funds of Employers and Employees in the M&E Industry. The Board is nevertheless accountable and ultimately responsible to the Registrar and the Financial Sector Conduct Authority. MIBFA provides administration services for the following Funds:

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

## A BRIEF HISTORY OF THE FUNDS THAT ARE ADMINISTERED BY MIBFA

### ENGINEERING INDUSTRIES PENSION FUND

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

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

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

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

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

### THE METAL INDUSTRIES PROVIDENT FUND

The Metal Industries Provident Fund, a Defined Contribution Fund, was established on 1 May 1991. In this Fund, only the contributions are defined and benefits that are payable in terms of the Rules are payable as a lump sum. There is no monthly income on retirement. The member, therefore, carries the risk and is responsible for ensuring that s/he invests the lump sum wisely.

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

### THE METAL AND ENGINEERING INDUSTRIES PERMANENT DISABILITY SCHEME

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

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

### METAL AND ENGINEERING INDUSTRIES BARGAINING SICK PAY FUND

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

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

## REPRESENTATION ON THE BOARD OF TRUSTEES

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

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

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

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

## INVESTMENTS

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

The financial markets both locally and globally have performed poorly over the past few years, with no real improvements being noted during the last year. The COVID-19 pandemic has had a huge negative impact on markets from January 2020, but some recovery was noted in April 2020. Due to the poor returns, no interest has been declared at year end. The asset management expenses of approximately 30 basis points are the lowest in the industry. Approximately 35% of the total assets are managed by the MIBFA Internal Managers.

Surplus apportionments have exceeded R26bn (R25bn prior year) to date, with 7.2% being added monthly for the employees' benefit from the Contribution Increase Programme Reserve Account (CIPRA), with no cost to the employer or employee.

In addition to the members' investment (contributions by members and employers, plus investment returns), an exit bonus of 13%-18% (varies with the actuarial valuations) becomes payable to a member when the member exits the Fund. With effect from 1 April 2019, a sliding scale of exit bonuses has been approved by the Trustees.

During the year under, the Funds Living Annuity has been rolled out to the members. The South African Revenue Services has approved legislation to allow the transfer from a provident fund to a pension fund on retirement. This will enable pensioners to gain maximum pension for a longer period of time.

## SECTION 13 OF THE PENSION FUNDS ACT

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

from 28 February 2014. If convicted, a fine of up to R10 million and/or imprisonment of up to 10 years may be imposed on the responsible party.

In addition to criminalising the non-payment of contributions, the person at the employer responsible for not paying the contributions over to the Fund is also held personally liable for the non-compliance. Every director of a company or every member of a close corporation who is regularly involved in the management of the company's or close corporation's overall financial affairs, or all the persons comprising 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 R745m (prior year R422m) in acknowledgment of debts (AOD) being secured by the Attorney. Payments totalling R453m (prior year R256m) of the signed AODs were been received, which equates to a 61% (prior year 61%) collection success rate.

## STAKEHOLDER RELATIONSHIPS

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

*Rajendra Rajcoomar*  
Chief Financial Officer



# METAL AND ENGINEERING INDUSTRIES BARGAINING COUNCIL REPORT

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Over the last few years, the MEIBC has faced several challenges, including the extension of its collective agreements to non-parties to the Council, as well as the discharge of its dispute resolution functions under the LRA, which edged the Council to potentially being wound up under the LRA

*The Metal and Engineering Industries Bargaining Council (MEIBC) is registered in terms of Section 29(15)(a) of the Labour Relations Act (LRA), 1995.*

*The MEIBC is a statutory body created under the LRA to provide for the co-regulation of stable and productive employment relations in the M&E industry.*

The Council is an industry-based forum of organised business and labour that regulates employment conditions and labour relations in the M&E industry. It provides the necessary administrative infrastructure and technical expertise to ensure effective collective bargaining, industry compliance, dispute resolution and social protection services.

During the period under review, the Council represented 10,606 firms and 468,874 blue and white collar employees in the industry.

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

The trade unions party to the council represent 153,873 (49.8%) out of 308,605 of the employees employed by all the employer organisations registered with the bargaining council.

# METAL AND ENGINEERING INDUSTRIES BARGAINING COUNCIL REPORT

There is a total of 308,605 (65.8%) out of 468 874 employees who are employed by the employers' organisations party to the Council falling within the registered scope of the Council.

There is a total of 4,296 (40.5%) out of 10,606 employers who are members of the employers' organisations party to the Council in the registered scope of the Council.

SEIFSA-affiliated employer organisations registered with the bargaining council employ 173,306 employees (56.1%) of all employees employed by all the employer organisations registered with the Council.

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

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

The MEIBC employs 97 staff, who are spread nationally across the national office, six regional offices and various Centre for Dispute Resolution Offices providing dispute facilitation and resolution throughout the country.

Over the last few years, the MEIBC has faced several challenges, including the extension of its collective agreements to non-parties to the Council, as well as the discharge of its dispute resolution functions under the LRA, which edged the Council to potentially being wound up under the LRA.

In order to arrest the disarray the Council found itself in, the majority of the parties, supported by the Department of Employment and Labour, agreed to approach the Labour Court with a request to place the Council under Administration.

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

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

During his term, the Administrator appointed a Council Secretary with strong accountancy and corporate governance skills, presented a rehabilitation plan and budget and oversaw the gazettal and extension of the Bargaining Council's Administration and Dispute Resolution Levy Agreements, which account for over 95% of the Council's income. The Administrator was also effective in reducing overheads and stabilising the Council's finances.

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

*Lucio Trentini*  
*Operations Director*

78 = 74 MARSHAL



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# ABOUT SEIFSA

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*SEIFSA is a national employer federation representing the M&E industry. SEIFSA has, for the past 77 years, provided active support for its members and lobbied for policies that have improved the business environment in which its members operate.*



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

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

SEIFSA has a dual purpose: to operate at national level as the recognised voice of the M&E 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 (MEIBC), MEIBC Sick Pay Fund, 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; and
- ▶ Regular Association meetings.

SEIFSA is the umbrella body for the following 21 Independent employer Associations representing all the diverse sectors which constitute the metals and engineering industry:

- ▶ Association of Electric Cable Manufacturers of South Africa (AECMSA);
- ▶ Association of Metal Service Centres of South Africa (AMSC);
- ▶ Cape Engineers and Founders' Association (CEFA)
- ▶ Constructional Engineering Association (South Africa) (CEA);
- ▶ Eastern Cape Engineering and Allied Industries Association (ECEAIA);
- ▶ Electrical Engineering and Allied Industries Association (EEAIA);
- ▶ Electrical Manufacturers' Association of South Africa (EMASA);
- ▶ Gate and Fence Association;
- ▶ Hand Tool Manufacturers' Association (HATMA);
- ▶ Hot Dip Galvanizers Association Southern Africa (HDGASA);
- ▶ Iron and Steel Producers' Association of South Africa (ISPA);
- ▶ KwaZulu-Natal Engineering Industries Association (KZNEIA);
- ▶ Lift Engineering Association of South Africa (LEA)
- ▶ Light Engineering Industries Association of South Africa (LEIA);
- ▶ Non-Ferrous Metal Industries Association of South Africa (NFMIA);
- ▶ Refrigeration and Air-Conditioning Manufacturers' and Suppliers' Association (RAMSA);
- ▶ SA Electro-Plating Industries Association (SAEPIA);
- ▶ SA Reinforced Concrete Engineers' Association (SARCEA);
- ▶ SA Valve and Actuators Manufacturers' Association (SAVAMA);
- ▶ South African Pump Manufacturers' Association (SAPMA); and
- ▶ South African Refrigeration and Air-Conditioning Contractors' Association (SARACCA).

Three of these Associations are regionally based and are located in Cape Town, KwaZulu-Natal and the Eastern Cape.

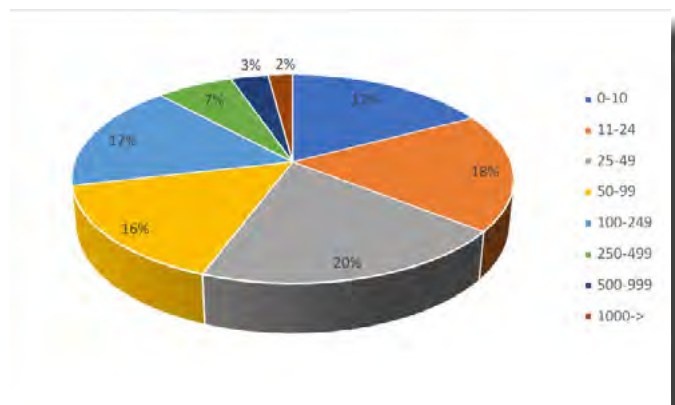
SEIFSA is a non-profit body. Its main source of income derives from annual per capita levies on member companies. The balance derives from income from services rendered and products sold to companies in the industry. SEIFSA's range of services and products includes consultancy (covering labour legislation,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

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

In the 2019/2020 financial year, the Associations had a combined membership of 1,231 companies employing a total of 166,301 employees. The SEIFSA membership employs almost 68% of the total industry's workforce represented by the employer organisations party to the MEIBC. This makes SEIFSA one of the largest and most influential employer Federations in South Africa. Of the member companies, 56% employ fewer than 50 employees and 73% are located in Gauteng.

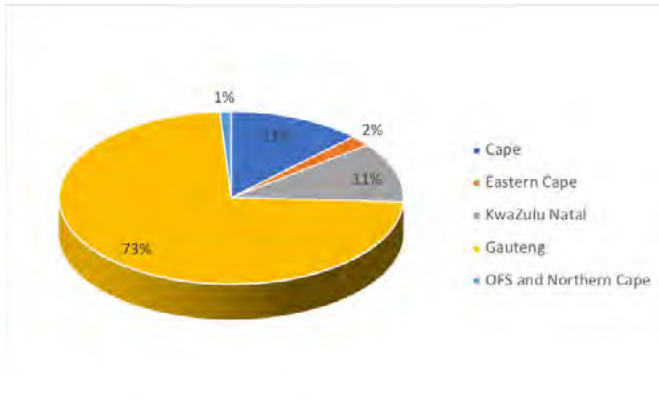
The composition of the SEIFSA membership of the Associations federated to SEIFSA according to number of employees employed is illustrated in the following graphs:

**SEIFSA Associations' Membership: June 2020**



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

### SEIFSA Associations' Membership by Regional Location: June 2020



## MEETINGS

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

The SEIFSA Council is the mandating body of the Federation on all matters requiring a mandate from member Associations. It comprises elected representatives from the various Associations and co-opted senior industrialists. The SEIFSA Council met on five occasions, which included the Annual General Meeting and, as a result of COVID-19, one meeting was held virtually and two virtual Special Meetings were held during the year under review.

*Theresa Crowley*  
*Associations Manager*





# ADMINISTRATION SERVICES REPORT

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Lay-offs, retrenchments, short-time and even the closure or liquidation of companies continue to place our industry in a continued survival mode.

However, many of our Associations, supported by SEIFSA, offered those companies that were struggling some temporary financial relief

## ASSOCIATIONS

The FY2019/20 was a difficult one for many member Associations as economic conditions saw a decline in membership.

There is no doubt that the extremely harsh economic conditions South Africa faced prior to COVID19, detrimentally affected the M&E industry and then with COVID-19, the lockdown implementation and subsequent plethora of legislative directives and regulations further exasperated the economy threefold. Lay-offs, retrenchments, short-time and even the closure or liquidation of companies continue to place our industry in a continued survival mode.

However, many of the Associations, supported by SEIFSA, offered those companies that were struggling some temporary financial relief.

On a positive note, one Association celebrates their centenary in 2020, namely the Cape Engineers and Founders' Association (CEFA). One of the pioneers of the steel and engineering industry, Harry Gearing, who for many years owned Gearings Foundry, was the first chairman of the Association and also became one of the prime players in the formation of SEIFSA and became its first president when the federation was formed in 1943. We congratulate CEFA and look forward to another 100 years.

## ADMINISTRATION AND FINANCIAL SERVICES

### SECRETARIAL AND ACCOUNTING SERVICES

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

- ▶ Accounting;
- ▶ Administrative and Secretarial;
- ▶ Communication and Liaison;
- ▶ Compliance; and
- ▶ Marketing (which includes membership retention and recruitment).

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

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

For the 2019/20 financial year, the number of companies in the above loyalty structure were as follows:

**2** Platinum member companies

**46** Gold member companies

**234** Silver member companies

**474** Bronze member companies

**471** Standard member companies

*Theresa Crowley*  
*Associations Manager*



**SEIFSA  
AWARDS for  
EXCELLENCE**

**LET YOUR COMPANY'S  
INNOVATION BE  
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# MARKETING REPORT

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# 2020



*The SEIFSA Marketing Department is in the business of creating platforms. Platforms for our members to enhance the health and sustainability of their businesses and Associations.*

Facebook vice-president of Platform and Marketplace Deb Liu was quoted in *Forbes Magazine* as saying: “Platforms are ecosystems. They enable developers to build new experiences that activate a value exchange between businesses and people. They are built to allow multiple groups to create and sustain long-term relationships and jointly serve people together.”



SEIFSA’s digital infrastructure has progressed from being a series of websites into an ecosystem. This ecosystem continues to improve and soon will become an indispensable tool for information for the M&E industry. From the data we see, users are interested in matters that affect the industry and their businesses

The SEIFSA website is an engine that expands SEIFSA’s contact database. The number of people SEIFSA communicates with continues to expand daily. The SEIFSA website has become a fully fledged e-commerce site, making it possible for SEIFSA to sell its products online and making purchasing from SEIFSA much easier.

SEIFSA’s digital infrastructure has progressed from being a series of websites into an ecosystem. This ecosystem continues to improve and soon will become an indispensable tool for information for the Metals and Engineering industry. From the data we see, users are interested in matters that affect the industry and their businesses. Once on the site, users create their own individual accounts to gain access to more detailed information and resources.

Over the past 11 months, SEIFSA tracked on average 4,952 users each month or an average of 225 users a day. There were three periods of increased traffic with over 1,000 users a day, i.e. in April and May due to the COVID-19 outbreak. Each user viewed 2.39 pages on average, resulting in 198,970 page views in total for this period.

The biggest driver of traffic is organic (i.e. finding SEIFSA through Google-ranked content) with 56.75% of all traffic, followed by direct with 21.67% and e-mail, with 19.02% of the traffic. This tells us that the biggest traffic generator for SEIFSA is organic traffic, with more than half of all traffic coming from this channel.

## TOP SEVEN VISITS TO THE SEIFSA WEBSITES:

- ▶ SEIFSA main website – [www.seifsa.co.za](http://www.seifsa.co.za)
- ▶ SEIFSA PIPS – <https://pips.seifsa.co.za/>
- ▶ The Main Agreement – <https://mainagreement.seifsa.co.za/>
- ▶ The Metals & Engineering Indaba – <https://meindaba.seifsa.co.za/>
- ▶ The SEIFSA Awards for Excellence – <https://awards.seifsa.co.za/>
- ▶ The SEIFSA Training Centre – <https://training.seifsa.co.za/>
- ▶ The Small Business Hub – <https://smallbusinesshub.seifsa.co.za/>



## INDUSTRY EVENTS

### SEIFSA AWARDS FOR EXCELLENCE 2020

Due to the COVID-19 pandemic, the SEIFSA Awards for Excellence Awards ceremony has been postponed to November 2020.

The call for entries have been completed and the judging process will take place in October 2020 in preparation for the ceremony.



SEIFSA  
AWARDS for  
EXCELLENCE  
2020

## METALS & ENGINEERING INDABA 2019 – A CALL FOR ACTION

**“It would be irresponsible of us, as business and labour leaders, to stick our necks in the sand and pretend that everything is hunky-dory. In my view, we all have a duty, individually and collectively, not only to face our current reality squarely in the face, but also to do something about it. We are not as helpless as we may sometimes believe ourselves to be.” –**

**Mr Kaizer Nyatumba,  
SEIFSA CEO**



The fifth Metals and Engineering Indaba was a direct call for action to all stakeholders to contribute to the future of not only the industry, but South Africa as a whole. As a reminder to the more than 250 delegates, the previous year's resolutions were read out at the start of proceedings:

# RESOLUTIONS

It is disappointing that some cabinet ministers failed to attend important sessions of the conference to which they were invited

The Government should enforce the designation of local content more rigorously in production processes across all value chains. It is disappointing that state-owned enterprises award tenders to foreign companies when there is capacity for local businesses to manufacture the same products

Government must include the local manufacturing industry in decision-making regarding foreign and domestic investments to promote beneficiation and job creation



**FAILURE**



**PRODUCTION  
PROCESS**



**DECISION-MAKING  
INCLUSION**



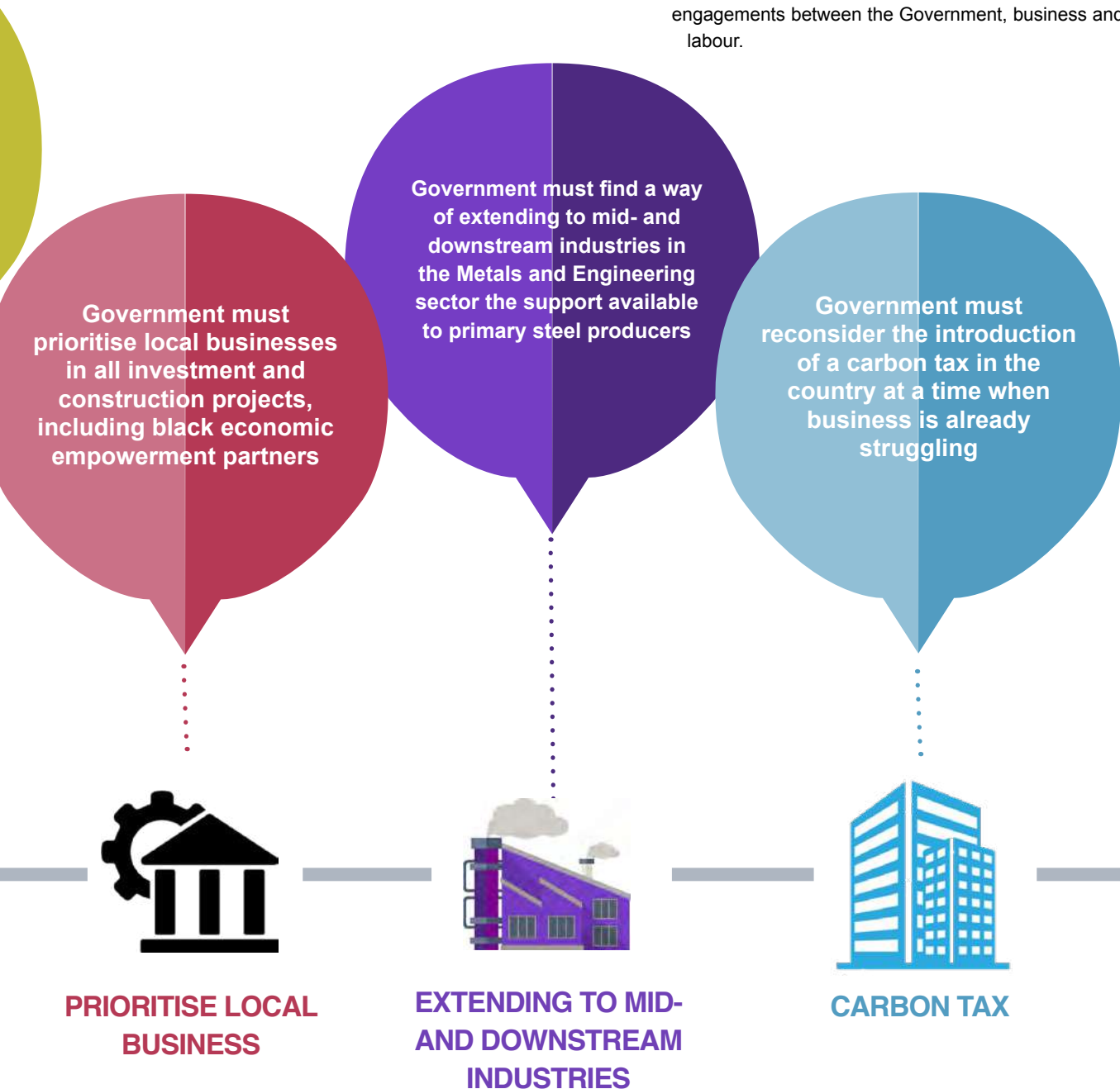
The highlight of the Indaba was the address by Minister of Trade, Industry and Competition Ebrahim Patel, who spoke publicly for the first time on the development of master plans, including the Steel Masterplan.

Industrialisation, Minister Patel said, would be at the centre of economic recovery and there was a need to refocus on the industrial strategy. Minister Patel said: "We are working on the Masterplan for the sector, we have met with Metals and Engineering sector stakeholders in an effort to ensure that they contribute to the formulation of the plan. Subsequent to the meeting, we have received more than 40 submissions from industry players. I will be appointing a facilitator

so we can further engage the contributors and finalise the plan. The final Masterplan will be a concise, action-oriented and implementable plan."

Minister Patel said enormous opportunities would also be presented by the African Continental Free Trade Agreement. Africa was the new growth frontier and had had an infrastructure gap of about \$100-billion that would require at least five times the amount of steel that South Africa currently consumed. Opportunities were enormous but proper planning would be required to ensure the M&E sector benefited.

In response to Minister Patel's remarks, SEIFSA President Elias Munge stressed the need for regular engagements between the Government, business and labour.





## THE 69TH ANNUAL SEIFSA GOLF DAY

The SEIFSA Golf Day made its way back to the Houghton Golf Club in 2019. Once again, the uptake and the opportunity to play golf with others in the Metals and Engineering sector was a popular decision.

The goal, as always, was to provide the perfect opportunity for participants to network and strengthen relationships in a relaxed and informal environment.

SEIFSA expresses its appreciation to the following companies for their sponsorship of the event:

- Sanlam;
- RMA;
- Macsteel;
- Lixil;
- Gijima;
- Harsco Metals and Minerals;
- IPS;
- Shanahan Engineering;
- Usizo;
- Constructional Engineering Association of South Africa;
- BES;
- Danchi Projects;
- Network IT; and
- Cargo Carriers.



## SEIFSA PRESIDENTIAL BREAKFAST

Held on 11 October 2019, the keynote address of the 2019-2020 Presidential Breakfast was given by Deloitte Emerging Markets & Africa Managing Director Dr Martyn Davies, who highlighted the Transformative Nature of Manufacturing.

Dr Davies said South Africa needed to implement structural reforms to address the challenges of low economic growth and inequality, stressing that “political rhetoric will not change South Africa’s economics and time is not on our side. We need to take drastic action now.”

Dr Davies stated that the manufacturing sector remained vital in lowering the country’s inequality rate. He emphasised that “Countries with high manufacturing value add have low levels of inequality because manufacturing creates structural employment and create a need for services sector, which in turn contribute towards economic growth.”

Dr Davies highlighted that more capital should be invested in productive sectors of the economy, again emphasising that a significant amount of capital investment was being plugged into non-productive sectors such as finance and real estate. “More investment needs to be spent in productive sectors to create employment and lower inequality,” Dr Davies concluded.

The prestigious event was attended by employers in the M&E industry, as well as high-profile business leaders from other sectors of the economy.

*Mark Lotter*  
*Marketing Manager*



# COMMUNICATIONS REPORT

ANNUAL REVIEW

# 2020



During the year under review, more than 200 press releases were issued and more than 50 interviews were conducted with journalists from print, radio, TV and digital platforms

*The strategic objective of SEIFSA’s Communications Department is to position the organisation as the primary representative and voice of businesses in the M&E industry and overall manufacturing, both large and small.*

*This is done through regular writing and distribution of press releases, thought leadership articles and positioning SEIFSA’s Executive Team for media interviews on a regular basis.*

The Communications Department is also responsible for developing, implementing, monitoring and maintaining effective channels of communication between SEIFSA and its various stakeholders, including member companies. This valued communication is conducted weekly, keeping stakeholders abreast of any developments impacting on 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.



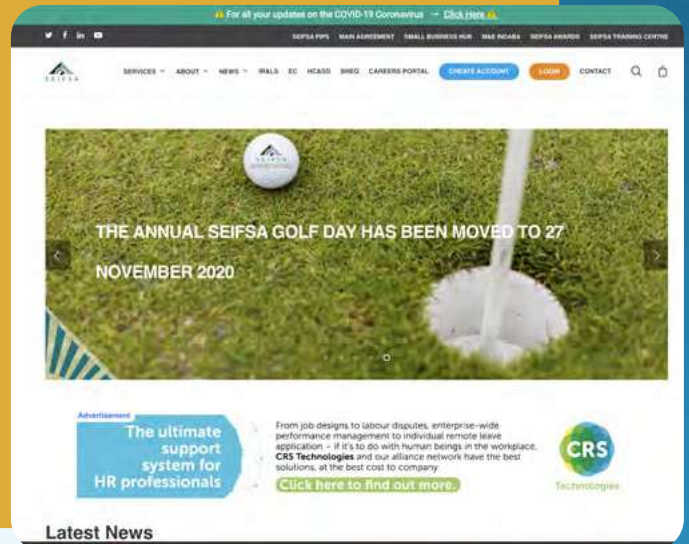
## SEIFSA NEWS

SEIFSA News is the Federation's official publication and a member benefit. Published bi-monthly, this publication affords member companies easy access to the latest industry news and practical advice. In line with SEIFSA's digitisation strategy, physical copies of SEIFSA News are no longer delivered to member companies, but are sent electronically and made available online on the SEIFSA website.

## WEBSITE

SEIFSA's website performs an important communication function for the membership. Many industry-relevant articles, updating members on the latest developments and news in the industry, have been posted on the SEIFSA website. The website is an important source of information for our members and the general public. Content uploaded on the website included:

- ▶ Latest developments and updates on COVID-19 and its impact on SEIFSA member companies;
- ▶ 2020 Wage negotiation updates;
- ▶ Important announcements impacting on member companies;
- ▶ Press releases; and
- ▶ Issues of SEIFSA News



## WEBSITE UPDATES

During the year under review, we continued to update the SEIFSA Price and Index Pages (PIPS) and the Southern African Metals and Engineering Indaba websites. The Communications Department reviewed and approved the content for these websites.

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

- ▶ Improved user experience with higher conversion rates;
- ▶ E-commerce functionality;
- ▶ User tracking; and
- ▶ A ticketing system.



## FIFTH SOUTHERN AFRICAN METALS AND ENGINEERING INDABA

The fifth Southern African Metals and Engineering Indaba was held on 12-13 September 2019 at the IDC Conference Centre and featured an exciting list of speakers who included:

- ▶ Minister of Trade, Industry and Competition, Ebrahim Patel;
- ▶ Deputy Minister of Higher Education, Science and Technology, Buti Manamela;
- ▶ Deputy Minister of Public Enterprises, Phumulo Masualle;
- ▶ Deloitte Africa and Emerging Markets Managing Director, Dr Martyn Davies;
- ▶ Business Unity South Africa Vice-President, Martin Kingston;
- ▶ Manufacturing Circle Chairperson Ayanda Mngadi;
- ▶ COO: Operational Services at the Federation of Unions of South Africa, Shadrack Motloung;
- ▶ General Secretary of Solidarity, Gideon du Plessis;
- ▶ Wits School of Governance Professor of Political Economy, Patrick Bond; and
- ▶ University of Johannesburg Associate Professor of Economics, Nicholas Ngepah.

Topics that came under the spotlight at the Indaba were, among others:

- ▶ A Growing Chinese Presence in South Africa: How Should Local Business Respond?
- ▶ The Fourth Industrial Revolution and Manufacturing: Is South Africa Ready – Or Will It Be Left Behind?
- ▶ Re-Imagining Industrial Strategy and the National Development Plan: A Progress Report on Their Implementation
- ▶ Africa is Open for Business: Is Local Manufacturing Ready to Leverage Opportunities Presented by the African Continental Free Trade Area?
- ▶ Infrastructure Investment, Improving Logistics Costs and Enhancing Manufacturing's Global Competitiveness
- ▶ "The New Dawn" and South Africa's Sovereign Credit Rating
- ▶ The Economy, Labour Stability and the 2020 MEIBC Negotiations on Wages and Conditions of Employment

The Communications Department provided media support before, during and after the conference. As



a result, the Indaba generated considerable publicity, with high-calibre business, economic and political journalists attending the event. These included, among others, representatives from the SABC TV, CNBC Africa, ENCA, Moneyweb, *Engineering News* and SABC Radio.

## PUBLICITY

During the year under review, more than 200 press releases were issued and more than 50 interviews were conducted with journalists from print, radio, TV and digital platforms. Some of the publicity highlights were Chief Economist Dr Michael Ade's interviews on the Global China Television Network and the SABC, as well as Economist Marique Kruger's interviews on CNBC Africa and Business Day TV, among many others. In addition to press releases and interviews, about 10 thought leadership articles were published in South Africa's premium business publications, including *Business Day* and *Business Report*.

UK, highlighting the increase of SEIFSA's prominence not only as a credible voice, but also as a first port of call on matters related to the M&E sector.

In terms of publicity during the period under review, the Federation's total Advertising Value Equivalent (AVE) for 1 July 2019 – 30 June 2020 was R99,038,66.70, up from the previous year's R41,6-million.

## MEDIA RELATIONS AND PARTNERSHIPS

In addition to driving publicity for the Federation, the Communications Department also strives to continuously build new and enhance existing relationships with members of the press. As part of this effort, Communications met with representatives of SAFM, *City Press*, Classic FM, Moneyweb, Bloomberg, s and eNCA among many others.

The Communications Department also continued to solicit media partnerships for the M&E Indaba. Media partners who came on board and helped market the M&E Indaba during the year under review were Independent Newspapers' *The Star*, *Pretoria News*, *Saturday Star*, *Business Report*, Creamer Media's *Engineering News* as well as Classic FM's *Classic Business Show*, SAFM, and Moneyweb.

*Mpho Lukoto*  
Communications Manager



Content created by SEIFSA continued to be carried in publications outside South Africa, including publications in Kenya, Nigeria, Madagascar, Namibia, Zimbabwe, Japan, China, Sri Lanka, the US and the



# ECONOMIC AND COMMERCIAL DIVISION REPORT

ANNUAL REVIEW

# 2020



The continued survival of the M&E sector depends, as far as the domestic economy is concerned, crucially on the health and growth of the sectors to which the sector sells its output such as the construction sector, the mining sector and the automotive industry

*The Economic and Commercial (EC) Division's mission is to elevate the profile of SEIFSA on the national platform on economic, industrial and trade policies, with the ultimate objective of improving conditions for companies within the M&E industry, in particular, and the broader manufacturing sector, in general.*

To achieve this, the Division offers the following services:

- ▶ Continuous annual, sector-oriented economic research and statistical analysis comprising descriptive, inferential and statistical modelling, including an overview of the domestic and international macro-economic environment, which offers industry market intelligence to Associations, member companies, the Government, captains of industry and the general public.
- ▶ Maintaining, updating and expanding the Price and Index Pages (PIPS), as the pre-eminent cost and price tracking product for the M&E cluster of industries, with the latest relevant indices.
- ▶ Providing Contract Price Adjustments (CPAs) or service provision agreement workshops and technical webinars or online training, where delegates are guided through the process of using the SEIFSA PIPS to substantiate costs and price adjustments to existing agreements and how to use model formulae for computation of applicable adjustments.
- ▶ Relevant consulting services to companies within the sector aimed at boosting margins and profits, ensuring growth and improving business savvy and sustainability.



On aggregate, the sector seems to have regressed on:

## ECONOMIC CONDITIONS

The fortunes of companies in the M&E sector did not improve in the financial year ending in June 2020. The Coronavirus outbreak across South Africa and the rest of the world slashed production and sales forecasts as well as the overall economic outlook, posing a significant threat to the sector, which was already under considerable duress in 2018 and 2019 due to subdued domestic demand, increasing levels of deindustrialisation, and persistent trade wars between the US and several of its main trading partners.

Given the context, all indications are that the road to an economic reboot for the M&E sector post the COVID-19 economic crisis will take time. Targeted policy interventions are needed to support the production processes of the various sub-components within the diverse M&E sector in order to ensure their survival. In addition to this, efforts should be made to address broad concerns spanning low domestic demand, erratic electricity supply, rising administered prices, capacity underutilisation and import penetration, with high propensity to further dampen margins and net operating surpluses.

The worrisome level of import saturation is partly due to increasing levels of deindustrialisation and partly the

openness of the South African economy as measured by the trade-to-gross domestic product or GDP ratio (that is, exports plus imports equal to 59.20% of GDP) and our current account deficit, requiring foreign capital inflows. The poor performance of the domestic economy is worrisome, especially given its importance to companies in the M&E cluster, where the domestic economy increasingly accounts for about 65% of its demand profile.

The M&E sector share of manufacturing still stood at 28.99%, but its contribution to GDP slightly decreased to 3.34% at the end of the financial year. On aggregate, the sector seems to have regressed on a discouraging growth of -2,7% recorded in the first quarter of 2019, by posting a dismal growth of -7,2% by the end of the first quarter of 2020, further highlighting a difficult economic environment. The pandemic-induced economic crisis further provides insights to the challenges ahead for the sector during the rest of 2020. All indications are that there will be a further dip in production in line with domestic growth, and growth in the sector currently seems to be very volatile and still trending below its 20-year average spanning 2000-2019.

Real production of companies in the sector dropped to R331-billion (decelerating by R8.1-billion from the previous year), while real value added to the domestic economy correspondingly dipping to an estimated R84-billion (decreasing by R737-million from the

**-2,7%**

**Discouraging growth**  
recorded in the first quarter of 2019

**-7,2%**

**Dismal growth**  
by end of first quarter of 2020

**R331 - billion**

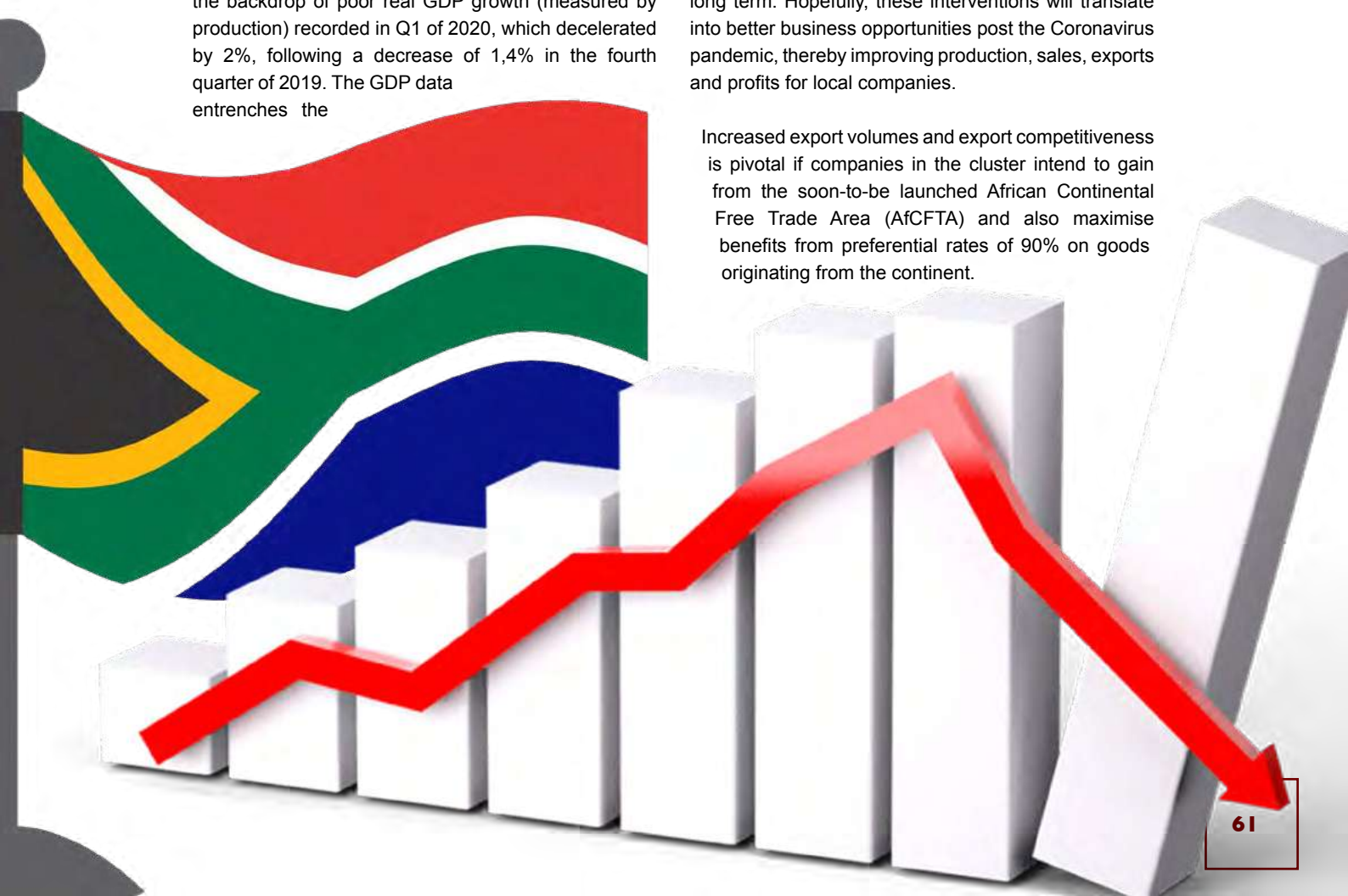
**Real production of companies**  
dropped, (decelerating by R81 -billion from previous year

previous year). From 2017, real output dropped by a massive R197-billion, highlighting the devastating impact of the twin technical recessions (in 2018 and 2019) on the sector. The sector recorded a decrease in employment in the full year of 2019 relative to 2018, losing 712 jobs (formal) (or -0.21% decrease) and a cumulative decrease of 4,610 (formal and informal) jobs (or -1.14% decrease).

The current economic crisis from the lockdown spanning Q2 2020 is cause for concern and does not provide much solace to businesses. This is against the backdrop of poor real GDP growth (measured by production) recorded in Q1 of 2020, which decelerated by 2%, following a decrease of 1,4% in the fourth quarter of 2019. The GDP data entrenches the

economy further into recessionary territory, also providing little impetus for any signs of growth or green shoots for the rest of 2020. As policy makers tinker with both health and economic policies, we hope that they will be able to expeditiously find a balance that will ensure continual improvement for businesses from the current disconcerting socio-economic environment. Moreover, ongoing restructuring of State-owned enterprises, proposals from the reconstituted Steel Committee, and the development of a Steel Master Plan with specific focus on demand and infrastructure revitalisation, will also provide more impetus for growth in the medium to long term. Hopefully, these interventions will translate into better business opportunities post the Coronavirus pandemic, thereby improving production, sales, exports and profits for local companies.

Increased export volumes and export competitiveness is pivotal if companies in the cluster intend to gain from the soon-to-be launched African Continental Free Trade Area (AfCFTA) and also maximise benefits from preferential rates of 90% on goods originating from the continent.



# ECONOMIC AND COMMERCIAL REPORT

## WHAT DOES THE FUTURE HOLD? IS THERE A FUTURE?

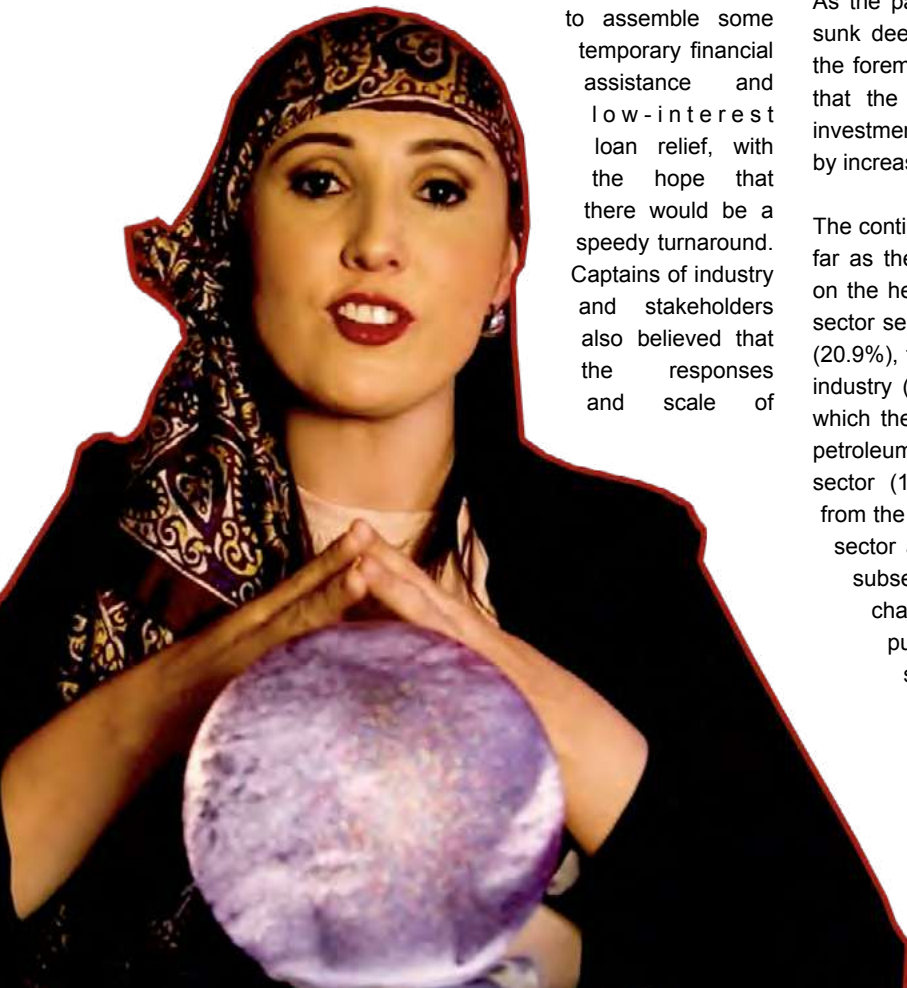
The advent of the coronavirus pandemic at the end of Q4 2019 and the resultant lockdown in South Africa at the end of Q1 2020 threw a spanner in the works. As the country first battled the pandemic with the national lockdown earlier this year, the Government and civil society scrambled to assemble some temporary financial assistance and low-interest loan relief, with the hope that there would be a speedy turnaround. Captains of industry and stakeholders also believed that the responses and scale of

support made available would help mitigate losses and cushion the impact from the pandemic. However, the Coronavirus contagion has worryingly remained persistent, collapsing local output and sales, distorting supply chains and constricting cashflows of businesses. Now that the Government is easing the lockdown, it is hard to find tentative signs of green shoots or economic recovery in the short to medium term despite supportive measures, including the Reserves Bank's recent expansionary monetary policy stance aimed at reigniting growth.

As the pandemic rages on and the economy having sunk deeper into recession in the first half of 2020, the foremost issue is what should be done to ensure that the sector remains competitive, attractive for investment and reflects prolonged profits underpinned by increased employment.

The continued survival of the M&E sector depends, as far as the domestic economy is concerned, crucially on the health and growth of the sectors to which the sector sells its output such as the construction sector (20.9%), the mining sector (9.3%) and the automotive industry (8.3%). Alternatively, the top industries from which the sector buys its inputs are mining (27.8%), petroleum and chemicals (11.2%) and construction sector (1.1%). Some of the intermediate products from the M&E sector are invariably sold back into the sector and are purchased to be used as inputs in subsequent stages of transformation in the value chain, accounting for 59.4% of the intra-sectoral purchases. This evidence aligns with the widely shared view that, apart from the existing forward and backward linkages between the M&E Sector and other industrial sectors, there is also a fair degree of within or lateral linkages.

Additionally, the need to fast-track the reconfiguration of State-owned enterprises to comply with





designations for State procurement, to attract investment, to continually grow market share in regional markets and also mitigate exposure to potential risks from the pandemic or a weak economy is also important. These domestic interventions will help cushion the effects of negative external supply and demand shocks, emanating from key foreign trading partners.

The recent postponement of the launch of the AfCFTA agreement to early 2021 still holds prospects for increased trade and interdependence with the rest of Africa. Importantly, a “cluster approach” to the dynamics of each sub-industry is still needed to maximise benefits, as each sub-industry within the sector has its own unique exposure to national and international markets, its own capital or labour intensities and its own productive capacity constraints and production cost challenges.

## **ECONOMIC RESEARCH AND INSIGHTS**

SEIFSA’s EC Division published a seventh further enhanced version of the *State of the Metals and Engineering Sector Report* in January 2020 under the theme “Desperately Seeking Growth – Expanding Fundamental Turnaround Strategies for Reindustrialisation.” The Report – which entails research triangulation and robust statistical analyses (including descriptive, inferential and statistical modelling) – takes an annual look at the cluster’s sub-sectors, expounding on the drivers and underlying dynamics of observed trends in production, demand,

employment, intermediate input costs, profit trends, export competitiveness, investment and capacity utilisation.

## **THE STATE OF THE METALS AND ENGINEERING SECTOR REPORT**

The main goal of the report is to track whether the sector is expanding or declining and several longitudinal data and trends (which are often very volatile) are monitored accordingly. The study makes use of a wide-ranging method in its analyses and entails comparing the most current data point to the one immediately preceding it. It also makes use of monthly and annual analyses, including several year-to-date versus previous year comparisons. The approach helps in contextualising the growth trend in the industry, in generally highlighting the various drivers of growth (or lack thereof) and in predicting output trends in the sector with a high confidence interval.

The second objective of the study is to provide an intrinsic understanding of the dynamics of observed trends. The analysis in this regard is evidence-based, robust and compelling, further igniting several engagements with stakeholders in various platforms. The third objective is for the report to ignite interest and provide evidence-based impetus for collaboration, advocacy and lobbying aimed at reducing specific constraints as identified in various internal fora within SEIFSA.



# Unleash the Power of more than 220 Indices

## THE PRICE AND INDEX PAGES (PIPS)

The SEIFSA PIPS, which are regularly audited, assist companies to calculate future changes in costs (and prices) of labour, steel, transport and other inputs affecting the final cost of manufacturing in order to adjust prices up to date of delivery. The SEIFSA PIPS publication is in its 57th year of successful publication and has grown to be the most trusted and widely used tool for contract price adjustment. The publication helps both selling and buying businesses in due diligence and mitigating input costs, thereby improving the margins. Innovative initiatives aimed at enhancing the publication over the years have been successful, significantly improving the product's value and positioning it as a pre-eminent, cost-improvement tool in the real economy.

The SEIFSA PIPS publication allows companies supplying products to account for and claim costs that are not within their control, while at the same time allowing buying companies to contain costs and mitigate the risk of unnecessary cost overruns. Indeed, the need to mitigate price changes also partly contributes to explaining the noteworthy attention the SEIFSA PIPS publication has enjoyed over the period 2019/20. The PIPS publication tracks over 240 independent market- or product-specific indices that are valuable in drafting contracts with significant lead periods.

[pips.seifsa.co.za](http://pips.seifsa.co.za)



## CONTRACT PRICE ADJUSTMENT WORKSHOPS AND THE NEWLY LAUNCHED CPA WEBINARS

There has been a continuous increase in the number and quality of delegates attending the SEIFSA CPA workshops in the form of project managers, procurement managers, supply chain managers, finance directors, business owners and individuals tasked with managing the cost and inflation profile of a company. The frequent and increasing number of delegates attending our CPA workshops exemplifies the importance that companies are placing on the potential risk that price changes and input costs volatility pose to the bottom line.

Also, as nations scramble for a cure or a vaccine for COVID-19, businesses are compelled to adapt to a “new normal”, involving a new way of living, working and interacting with other people. Accordingly, SEIFSA has successfully offered a series of technical CPA webinars to complement brick-and-mortar CPA training, which can still occur while maintaining social distancing and adhering to relevant health protocols. The CPA webinars effectively complement the online CPA training, as necessitated by the proliferation of the tools of the fourth industrial revolution.

Generally, the web-based training platforms provide a safe means for prospective delegates to train comfortably without needing to worry about ongoing health challenges. Moreover, the CPA training generally provides an opportunity for delegates to obtain continuing professional development (CPD) points towards their career development.

*Dr Michael Ade*  
*Chief Economist*



“

The frequent and increasing number of delegates attending our CPA workshops exemplifies the importance that companies are placing on the potential risk that price changes and input costs volatility poses to the bottom line



# INDUSTRIAL RELATIONS AND LEGAL SERVICES DIVISION REPORT

ANNUAL REVIEW

# 2020



The Division recorded the highest number of litigation instruction in the year under review. This is a clear indication that member companies are realising the expertise that lies within the Division and have confidence in the Division's Services

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

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

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

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

## **INDUSTRY JOB GRADING**

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

## **CHAIRING DISCIPLINARY INQUIRIES**

The Federation provides qualified and experienced persons to chair, manage and conduct in-company disciplinary inquiries and disciplinary appeal proceedings.

# INDUSTRIAL RELATIONS AND LEGAL SERVICES DIVISION

## BARGAINING COUNCIL ASSISTANCE

SEIFSA provides advice and assistance to member companies on the:

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

## GENERAL INDUSTRIAL RELATIONS SERVICES

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

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

## INDUSTRIAL RELATIONS AND LEGAL PUBLICATIONS

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

- ▶ *A Practical Guide to Implementing Retrenchment Law at the Workplace;*
- ▶ *The Main Agreement Handbook for the Metal Industry;*
- ▶ 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;*
- ▶ *Basic Conditions of Employment Act;*
- ▶ *Model Grievance Procedure;*
- ▶ *Dealing with Sick Leave and Sick Leave Abuse in the Workplace; and*
- ▶ *Dealing with Theft, Unauthorised Possession and Searching Employees.*

## MAIN AGREEMENT PUBLICATIONS

Following the successful



conclusion of the 2020 wage negotiations, SEIFSA published the 2019/20 *Main Agreement Handbook* for the Metals and Engineering Industry. This annual publication is an easy-to-read summary of the industry's Main Agreement.

The Handbook is intended to assist management in the practical application of the terms and conditions of employment of the industry.

As an added benefit to members, the *Main Agreement Handbook* was launched as an online subscription service, namely the on-

line Main Agreement portal, on the SEIFSA website. This online service contains the following key features:

- ▶ The *Main Agreement Handbook* in electronic format, including the Technical Schedules;
- ▶ A quick and easy search facility;
- ▶ Downloads of pro-forma letters and employment contracts;
- ▶ Live updates of changes to the wording and content of the Main Agreement; and
- ▶ Access to SEIFSA's IR and LS Division, which includes consultants and job grading experts.

## IR AND LS TRAINING

SEIFSA presents a comprehensive range of practical industrial relations and legal training courses, seminars and workshops for employees and different levels of

management. These courses and workshops include:

- ▶ Effective IR on the Shop Floor;
- ▶ The A to Z of the Main Agreement;
- ▶ The Main Agreement vs the Basic Conditions of Employment Act;
- ▶ Managing Sick Leave and Sick Leave Abuse in the Workplace;
- ▶ Key Aspects of the Labour Relations Act;
- ▶ Key Aspects of the Basic Conditions of Employment Act;
- ▶ Water-tight Dismissals – Including Chairing Disciplinary Hearings;
- ▶ Retrenchments, lay-offs and short-time – Get It Right;
- ▶ Employment Contracts – Cross your T's and dot your I's;
- ▶ Flexible Working Time Arrangements in the Industry;
- ▶ Updates on Labour Law Developments;
- ▶ The Law of Evidence;
- ▶ Understanding the Impact of the Protection of Personal Information Act for your business; and
- ▶ Business Contracts and Service Level Agreements.

The IR and LS Executive and the Managers lobby, on behalf of the membership, including the following:

- ▶ Representing members and the interests of the metals and engineering sector in various interactions with the leadership of the unions in the M&E industry;
- ▶ 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 Metal and Engineering Industries Bargaining Council, Metals Industries Benefit Funds Administrators, Business Unity South Africa and the National Economic Development and Labour Council ;
- ▶ Providing a professional advisory, feedback and reporting service on matters of relevance to the various Associations; and
- ▶ Attending various Association meetings (and Annual General Meetings).

*Louwressè Specht*  
Acting Industrial Relations and Legal  
Services Executive



# SAFETY, HEALTH, ENVIRONMENT AND QUALITY DIVISION

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SEIFSA now offers members and interested parties, through its alliance partners, considerably enhanced SHEQ services than was previously the case, including the full spectrum of COVID-19 workshops, products and services, including a wide range of COVID-19 and occupational health and safety-aligned wall charts

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

## **SHEQ COMPLIANCE SERVICES**

SEIFSA's SHEQ offerings assist member companies in meeting the requirements of the Occupational Health and Safety Act, the Compensation for Occupational Injuries and Diseases Act and other safety, health, environment and quality legislation. Through existing and new alliance partners, SEIFSA's SHEQ experts provide guidance and assistance to companies in addressing safety, health, environment and quality issues at the workplace and, thereby, protect management from vicarious liability and criminal prosecution.

SEIFSA's new alliance partners have considerably supplemented SEIFSA'S SHEQ Division's offerings throughout the industry and across the country, offering:

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



## **SHEQ LEGAL ADVISORY SERVICE**

The introduction of the two new alliance partners has seen SEIFSA introduce more comprehensive SHEQ services. These include:

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

## **SHEQ TRAINING**

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

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

SEIFSA now offers members and interested parties, through its alliance partners, considerably enhanced SHEQ services than was previously the case, including the full spectrum of COVID-19 workshops, products and services, including a wide range of COVID-19 and occupational health and safety-aligned wall charts.

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





2019 SEIFSA M&E Indaba



# HUMAN CAPITAL AND SKILLS DEVELOPMENT DIVISION

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

*SEIFSA, acting through direct representation on the Business Unity South Africa (Busa) Standing Committee on Education and Training, 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 Human Capital and Skills Development (HC and SD) Division is represented on and engages in the following platforms:

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

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

The appropriate policy framework for our long-term interventions is the National Development Plan (NDP), a largely agreed upon definer of where South Africa should be heading. This plan is a tool towards the formation of a transformed and equitable society through a coherent, co-ordinated, holistic, long-term perspective and vision.

These important tenets must direct the looks of a post-COVID-19 recovery. Admittedly, when the country adopted the NDP in 2012, its originators did not envision that its greatest hindrances would be a global pandemic and persistent weaknesses in the economy.

Unforeseen challenges call for a need to use the NDP as our lodestar that guides us out of the prevailing conditions and impact of Covid-19.

A review of the NDP in the context of the pandemic must lead us to a post-COVID-19 development model that encompasses the three phases of recovery, reprioritisation and reconstruction.

This approach to our present COVID-19-induced dilemma must not be in isolation from existing government policies and strategies. Instead, it must be an integration process that ensures coherence and effectiveness. The recovery phase will be the initial stages of the post-COVID-19 economy.

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

Within the manufacturing sector, there are myriad challenges associated with the development of relevant skills, such as a legacy of poor educational opportunities, a complex tertiary education and training landscape and a poor basic education system have resulted in many employees having little or low levels of skills.

The national shortage of skills in most economic sectors exacerbates the challenges associated with the retention of staff and increases the demands for training and development in the sector. The skills development environment is also complex, with many policies, regulatory and legislative requirements. Traversing these requirements and challenges can be resource intensive and challenging for many companies in the

industry.

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

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



A review of the NDP in the context of the pandemic must lead us to a post-COVID-19 development model that encompasses the three phases of recovery, reprioritisation and reconstruction



## EDUCATION AND TRAINING ADVISORY COMMITTEE (ETAC)

Membership of SEIFSA's Education and Training Advisory Committee continued to increase. The committee met regularly during the year to discuss skills development and training policy matters, including those relating to the DHET, merSeta, NAMB, Busa, SAQA, QCTO and NSDP.

## HC AND SD TRAINING PUBLIC WORKSHOPS

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

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

## IN-HOUSE WORKSHOPS

The following workshops were conducted in-house 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;
- ▶ Employment equity committee – roles and responsibilities; and
- ▶ employment equity awareness covering staff elements e.g. disability sensitisation, sexual harassment, diversity and understanding discrimination.

## CONSULTANCY

SEIFSA offers a comprehensive and professional consultancy service on a range of HC and SD issues, including:

- ▶ Introduction to skills development;
- ▶ Maximising PIVOTAL grants;
- ▶ Preparing workplace skills plans and annual training reports to claim mandatory grants;
- ▶ Technical advice on skills development matters;
- ▶ Linking skills development initiatives to a company's strategic plan;
- ▶ Registering apprentices and learners;
- ▶ Identifying available industry learning interventions;
- ▶ Assistance with employment equity constitutions and submissions;
- ▶ Employment equity audits;

- ▶ SARS assistance with Section 12H of income Tax Act and Employee Tax Incentive; and
- ▶ Leveraging B-BBEE.

## HUMAN CAPITAL

The skills and competencies of our people determine our success in executing the activities that form part of our critical enablers. Human capital is the biggest cost to our business. SEIFSA is a Level-4 contributor as a qualifying small enterprise for broad-based black empowerment. Accordingly, we are reformulating plans to address the priority elements of the Broad-based Black Economic Empowerment (BBBEE) scorecard to achieve our transformation targets.

SEIFSA thrives on happy, motivated employees. We incentivise and reward competitively for exceptional performance, strongly encouraging the achievement of personal goals. We use every opportunity to celebrate team or personal achievements and reinforce the spirit of performance.

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



**EMPLOYEE  
OF THE MONTH**

- ▶ July 2019: Penny Seitz;
- ▶ August 2019: Eleen Snyman;
- ▶ September 2019: Mariaan de Jager;
- ▶ October 2019: Kelisha Moodley;
- ▶ November 2019: Neo Zulu;
- ▶ December 2019 and January 2020: Eleen Snyman;
- ▶ February 2020: Matshidiso Mokoena;
- ▶ March 2020: Due to Lockdown, no nomination took place;
- ▶ April 2020: Mark Lotter;
- ▶ May 2020: Nuraan Ali; and
- ▶ June 2020: Kristen Botha.

SEIFSA complies with all relevant South African labour legislation. There have been significant changes to South African employment legislation during the past year. Wellness initiatives provide employees with access to services that promote individual health and wellbeing. Key initiatives include an annual wellness day where employees are encouraged throughout and monitored.

## HUMAN RESOURCE OVERSIGHT STATISTICS

### OUR WORKFORCE

Our staff complement was 29 (with two positions filled contractually) on 30 June 2020, with three vacancies. The recruitment processes focused extensively on job culture fit to ensure retention in line with our recruitment and selection policy.

### TRAINING COSTS

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

### EMPLOYMENT AND VACANCIES

During the year under review, SEIFSA has had four resignations. One of the positions was filled as per the succession planning process, with an acting person for development. Two positions have been filled by external candidates. One position is vacant and recruitment is in process.

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





2019 HC and SD BBEE breakfast seminar



# SMALL BUSINESS HUB REPORT

ANNUAL REVIEW

# 2020





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

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

## **ENTERPRISE AND SUPPLIER DEVELOPMENT**

The SBH continues to explore prospects in the supplier and enterprise development space. The hub offers turn-key solutions to large enterprises seeking to enhance their broad-based black economic empowerment score through supplier and enterprise development.

## **PARTNERSHIPS**

In 2018 SEIFSA officially partnered with Aurik Enterprise Development to help SMEs in the M&E sector to grow and thrive. Aurik is headed by Pavlo Phitidis and specialises in developing and implementing supplier and enterprise development programmes.

SEIFSA is confident that Aurik has the necessary expertise and capacity to support SMEs through SEIFSA's SBH.

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

The SBH was launched in 2015 in a deliberate effort to ensure that the interests of SMEs in the sector are properly catered for. A central theme at the time was to provide products and services available in the SEIFSA basket of offerings at discounted rates, with the emphasis being on accessibility and cost-effective small business support.

At the time, an SMME basket of seven products and services was identified for marketing to small businesses, namely:

-  Accounting and advisory services;
-  Statutory compliance;
-  Information technology solutions for SMEs;
-  Procurement of funding and enterprise and supplier development facilitation;
-  BBBEE services;
-  Access to SEIFSA's various products, consulting and advisory services; and
-  Access to SEIFSA's portfolio of workshops, seminars and conferences

The SBH continues to market these offerings, while at the same time offering auxiliary services with the aim of impacting positively on SMEs operating within and outside the M&E industry.

*Lucio Trentini*  
*Operations Director*

# WE CAN MANAGE YOUR ORGANISATION'S ENTERPRISE AND SUPPLIER DEVELOPMENT PROGRAMME



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

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

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

## PROVEN TRACK RECORD IN ADDING VALUE

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

- Endorsed from a multi-national company for which we have successfully implemented a Supplier Enterprise Development Programme.
- Our focus goes beyond enhancing the B-BBEE score card for our clients.
- We produce growth-inducing tangible results among your suppliers and selected enterprises.
- If significant gaps identified within the SMMEs fall outside the scope of your investment, we perform due diligence to link them to other relevant funded programmes

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

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**0 8 6 1 SEIFSA**





# ADVOCACY AND LOBBYING REPORT

*Advocacy and lobbying are an important part of SEIFSA's work, in addition to stakeholder management and revenue generation.*

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

## ECONOMICS AND COMMERCIAL DIVISION



Characteristically, the EC Division had a very busy year. Its lobbying efforts included the following engagements:

- ▶ **Participating in important initiatives driven by the National Economic Development and Labour Council (Nedlac) Trade and Industry Chamber (TIC) and the Technical Sectoral Liaison Committee (TESELICO)**

The EC Division was very actively involved in both the Nedlac and TESELICO standing committees. The Division contributed and made recommendations to several initiatives affecting the Metals and Engineering M&E industry, in particular, and the broader South African economy in general, with the aim of influencing relevant policy documents. Among the issues discussed were trade negotiations, existing trade agreements, the need to lobby the World Trade Organisation, trading within the SADC and the African Continental Free Trade Area (AfCFTA).

Business suggested that all outstanding work on rules of origin (RoO) on the AfCFTA be finalised by the end of March 2020 to enable the finalisation of tariff offers and submission of this work to the African Union Extraordinary Summit in May 2020. A discussion was also held on the possible postponement of the launch of the AfCFTA Agreement, given the spike in Coronavirus infections on the continent.

During the deliberations, members also wanted to know the process unfolding around keeping regional value chains open at a time of COVID-19 restrictions. It was agreed that with varied levels of economic lockdown in Southern African Development (SADC) member countries, keeping regional value chains open was not possible.

Regarding how the M&E cluster can directly benefit from the AfCFTA, Government representatives reiterated the need for business to lobby continuously and create awareness of the challenges faced in trading on the continent. The industry undertook to always engage the Government in order to timeously communicate available opportunities that can benefit the cluster and other local industrial sectors.

In conclusion, concerns were raised on the continued existence of the Southern African Customs Union/ SA-USA African Growth and opportunity Act (Agoa), and Government representatives indicated that there are still impending discussions on the way forward, as the COVID-19 pandemic halted discussions. They nevertheless encouraged labour and business to continuously identify and submit key issues that the Government would like to engage with on matters relating to Agoa.

► **SEIFSA's comments on Eskom's 2018/19 Regulatory Clearing Account (RCA) application**

The EC division submitted comments on Eskom's application to the National Energy Regulator of South Africa (Nersa). The application before Nersa by Eskom is regarding a R27.24-billion deficit in income for various reasons which Eskom wishes to recoup in the period April 2023 through end April 2025 (the "2019 RCA Submission").

The application by Eskom is cause for concern as there is clear potential for the compounded tariff increases to negatively affect industrial production, with implications for the M&E cluster of industries in the short to medium term. Moreover, Eskom's extraordinary debt level, which is currently estimated at R450-billion – excluding outstanding contractor debt claims to the tune of R250-billion – adds to the negative perception of the organisation's sustainability.

SEIFSA opposed Eskom's submission in the strongest terms and stated its opposition to this and future RCA applications by Eskom. The concern is that it will result in unmanageable electricity cost increases for local businesses beyond those already granted by Nersa for the MYPD4 period. Further increases are detrimental and will constrict the production potential of local industries, including the output capacity of the electricity intensive companies of the M&E cluster of industries. SEIFSA's concerns are also based on recent data which highlights the challenges that the industry is facing, as further expounded in the *State of the Metals and Engineering Sector Report 2020/21*.

Despite SEIFSA vehemently opposing the application made by Eskom and also making presentations on the challenges faced by the M&E cluster to a panel of regulators, alongside other energy-intensive users in South Africa, Nersa proceeded to grant an RCA balance of R13.2-billion in Eskom's favour, with the Regulator further stating that the RCA balance will be recoverable from the standard tariff customers, local Special Pricing Arrangement (SPA) customers and international customers.

Although the amount granted was less than what Eskom required, SEIFSA expressed its disappointment with the decision due to prevailing challenges faced by local businesses underpinned by increasing energy costs and the fact that electricity is an important input for all sub-components of industries. A cap on tariff increases would have contributed directly to reduced intermediate input costs for beleaguered businesses, also ensuring their sustainability.



► **Inputs to the Steel Master Plan Document**

Regarding the Steel Master Plan document, there were further engagements from Dr Bernie Fanaroff, the lead co-ordinator for the Master Plan, with SEIFSA President Mr Elias Monage and SEIFSA CEO Mr Kaizer Nyatumba. Mr Nyatumba in turn extended an invitation to SEIFSA Chief Economist Dr Michael Ade, who also attended the meeting. The engagement was part of ongoing expansive consultations in compiling the framework for the Master Plan. Dr Fanaroff convened the small brainstorming group with leading stakeholders of the steel industry to discuss some key issues for the Master Plan, including the following:

- The primary steel industry in South Africa – the way forward.
- Intervening early in the Sustainable Development Project pipeline from the Presidency to lock in local production.
- Developing mega-project proposals for the National Infrastructure Plan 2045 which can be led by the private sector.
- Critical factors to increase competitiveness across the value chain and moving the industry up the value chain.
- Preparing for low-cost imports when the global economy opens up.
- Working together as SA Inc to build up exports and import replacement.

The discussions were robust, spanning seven core areas as outlined above, including the need to enforce and monitor designation, address the ongoing loopholes to the Preferential Pricing System for scrap metals, fast-track the process of granting export duties and deal with the contentious issue of transformation in the industry.

In closing, Dr Fanaroff thanked all those who took part in the virtual meeting and stated that he had noted the salient points raised, while also promising to circulate a draft version of the Master Plan Report to all stakeholders within the next two months.

► **SEIFSA's inputs on Department of Trade, Industry and Competition's (DTIC's) request on scrap metal exports**

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

Based on the feedback received from the majority of our membership, the EC Division, in consultation with Mr. Nyatumba, generally expressed its support for the principle of non-export of scrap metal based on the challenges in the metals Industry, scrap metal price increases for domestic producers, drastic increase in global demand for scrap, scarcity of raw scrap materials and scrap metal theft. Also, the Division's support for the imposition of a scrap metal exports duty was underpinned by the benefits that would be derived from the exports tax by the industry, spanning the protection of the infant industry, lower prices of inputs and availability of scrap locally. Specifically, the EC Division supported the recommendation earlier made by the International Trade Administration Commission of South Africa (Itac) on the proposed export taxes on scrap metal, with the various proposed rates.

**Proposed scrap metal category rates**

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

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

## MAIN AGREEMENT NEGOTIATIONS

Regrettably, efforts to extend the 2017-2020 Metals and Engineering Industries Bargaining Council (MEIBC) Main Agreement to non-parties were not concluded during the year under review. That meant that those that were not party to the Agreement continued to enjoy an unfair advantage when it came to input costs, thanks to much filibustering on the MEIBC Management Committee when it came to extending the Agreement.

As industry prepared itself for the 2020 negotiations, the SEIFSA Council in February 2020 duly elected a Main Agreement Negotiating Team and work commenced in earnest in anticipation of a tough round of bargaining, notwithstanding the state that the South African economy currently finds itself in – a mostly negative economic and business environment characterised by a stagnant economy and job losses being experienced in the M&E and other economic sectors.

However, the advent of COVID-19 unsurprisingly put a halt to any possibility of continuing to prepare for a normal round of bargaining. The COVID-19 pandemic has affected all spheres of economic activity and unsurprisingly collective bargaining for the first time in the history of this industry was put on hold.



## MEIBC

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

During his term, the administrator appointed a Council Secretary with strong accountancy and corporate governance skills, presented a rehabilitation plan, and budget and oversaw the gazettal and extension of the Bargaining Council's Administration and Dispute Resolution Levy Agreements, which account for over 95% of the Council's income. The Administrator was also effective in reducing overheads and stabilising the Council's finances.

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

## SAFETY, HEALTH, ENVIRONMENT AND QUALITY (SHEQ) SERVICES

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

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

## HUMAN CAPITAL AND SKILLS DEVELOPMENT (HC AND SD) DIVISION



Within the manufacturing sector, there are myriad challenges associated with the development of relevant skills. Among others, a legacy of poor educational opportunities, a complex tertiary education and training landscape and a poor basic education system have resulted in many employees having little or low levels of skills.

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



## INDUSTRY 4.0 AND ITS CHALLENGES

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

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

The TVET college landscape has also started to shift dramatically, with industry demand being the arbiter of the curricula and the knowledge level of student/ labour output. With these developments, fresh financial instruments will also have to be established or created to enable small, specialised companies in the manufacturing sector to enter the mainstream economy. Through the involvement of the Manufacturing, Engineering and Related Services SETA (merSETA), researching the impact of modernisation of skills that will be needed for our sector in the future has become a proactive alignment goal to ensure that the skills pipeline is adequately prepared and skilled for the modern manufacturing world of work.

## MERSETA

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

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

## TRAINING OF ARTISANS

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

- ▶ Transitional arrangements for trade testing of artisans;
- ▶ Draft regulations on a national register for artisans;
- ▶ A report on the Recognition of Prior Learning for Artisans project;
- ▶ A policy for generic grants for artisan learners;
- ▶ A national administration system; and
- ▶ A strategy to improve the trade-test pass rate.

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

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

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

SEIFSA is the official Occupational Trades (OT) Convener for nine priority trades awarded by DHET for the next four years. These are Boilermaker, Bricklayer, Carpenter and Joinery, Electrician, Fitter and Turner, Millwright, Mechanical Fitter, Pipe Fitter and Rigger.

## PROPOSED SETA LANDSCAPE AND NATIONAL SKILLS DEVELOPMENT PLAN

The National Skills Development Programme (NSDP) was launched in March 2019 and came into effect on 1 April 2020. The NSDP is key in enabling business, labour and Government to contribute towards economic

growth, employment creation and social development. The entire post-school system has been the focus of a significant and radical improvement in the quality of education and training.

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

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

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

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



# SOCIAL RESPONSIBILITY REPORT

ANNUAL REVIEW

# 2020



SEIFSA keeps a watchful eye on scarce skills and aligns its funding to contribute to a consistent flow of a skills pipeline for the future

*SEIFSA prides itself on being responsive to the needs of not only its stakeholders, but communities in need of assistance. The Federation understands that it does not exist in a vacuum and, therefore, strives to be a corporate citizen that contributes to a healthy socio-economic environment.*

As such, SEIFSA believes that social responsibility is not only a moral imperative, but an integral part of its business model. SEIFSA uses the following blended approach to ensure that it is socially accountable and builds towards an enhanced future for our industry.

### APPRENTICESHIPS

SEIFSA keeps a watchful eye on scarce skills and aligns its funding to contribute to a consistent flow of a skills pipeline for the future.

In the year under review, SEIFSA awarded three scholarships to apprentices in the millwright trade. Through the scholarships, the apprentices will, after four years of apprenticeship, achieve a National Occupational Curricula Certificate, through the SEIFSA Training Centre.

A millwright is a high-precision craftsman or skilled tradesperson. Millwrights, by nature of their profession, have to be well versed in many aspects of construction/demobilisation.

Once millwrights qualify, they have the opportunity to work as technicians, engineers, planners, foremen and in many other trades requiring mainly electrical and mechanical expertise.

# SOCIAL RESPONSIBILITY REPORT



## SEIFSA BURSARY

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

Through the scheme, SEIFSA promotes balance and diversity in the student body by encouraging previously disadvantaged individuals to seek assistance.

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

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

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

## INTERNSHIP PROGRAMME

SEIFSA annually hosts learners from Ekurhuleni East Technical and Vocational College to enable them to complete the practical work-based learning element needed for them to qualify. Nine learners were enrolled on the internship development programme at the college. The learners, together with one graduate intern from the Tshwane University of Technology, were placed in SEIFSA's various operational areas, where they receive focused development in line with their qualification outcome requirements.

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

On rare occasions, we have in the past absorbed some interns where suitable positions became available. The current cohort of interns arrived in April 2018. Their contracts were extended in October 2019, giving them the opportunity to reinforce what they have learnt on the job.



and bathrooms. To help create a happy environment, SEIFSA employees also drew and painted cartoon characters onto the ground across the school. In addition, we also installed burglar doors in some of the classrooms. Our initiative was well-received by the school's staff and the learners were particularly delighted about the cartoon characters.

We also supported the school by once again donating towards its annual awards ceremony, helping to instil a sense of pride and excellence in the learners, both traits that will serve them well throughout their schooling and beyond.

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

## PHUMULA GARDENS PRIMARY SCHOOL

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

SEIFSA believes learners need a clean, safe and happy environment in which to learn and thrive, and we were pleased to be able to contribute to creating such an environment at Phumula Gardens Primary School. During the period under review, SEIFSA staff members marked Mandela Day by painting the classroom





# COMPANY SECRETARIAT REPORT

ANNUAL REVIEW

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There were no noteworthy governance issues which confronted the Board during the course of the year

During the Federation’s 76th Annual General Meeting held on 11 October 2019, following the outcome of a secret ballot audited by Moore Stephens FRRS Incorporated, the following Non-Executive Directors were elected to the SEIFSA Board:

- A Moz
- E Veldhoven
- M Moodley
- R Bester

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

- **SEIFSA President**
  - E Monage
- **SEIFSA Vice-Presidents**
  - A Ngapo
  - N Ngwenya
  - N Penson

**Board Meetings**

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

- 5 August 2019
- 27 September 2019\*
- 4 November 2019
- 3 February 2020
- 4 May 2020\*\*

**\*Special Board meeting.**

\*\*Held via virtual platform, Zoom.

The attendance of the Directors at the Board meetings was as follows:

# COMPANY SECRETARIAT REPORT

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

Director	5 August 2019	4 November 2019	3 February 2020	4 May 2020	No. of meetings attended
Elias Monage	Present	Absent	Present	Present	3
Alph Ngapo	Present	Absent	Present	Present	3
Andrea Moz	Present	Present	Present	Present	4
Ellen Veldhoven	Absent	Present	Present	Absent	2
Mayleen Kyster	Absent	N/A	N/A	N/A	0
Neil Penson	Present	Absent	Absent	Present	2
Nonhlanhla Ngwenya	Present	Present	Present	Present	4
Patrick Metswi	Present	Resigned	Resigned	Resigned	1
Tumi Tsehlo	Present	Present	Present	Absent	3
Seneca Lutchmana	Absent	Present	Present	Present	3
Kaizer Nyatsumba	Present	Present	Present	Present	4
Lucio Trentini	Present	Present	Present	Present	4
Mervin Moodley	N/A	Present	Absent	Present	2
Roger Bester	N/A	Present	Present	Present	3

The attendance register of the Directors at the special Board meeting were as follows:

Director	September 2019	No. of meetings attended
Elias Monage	Present	1
Alph Ngapo	Present	1
Andrea Moz	Present	1
Ellen Veldhoven	Present	1
Mayleen Kyster	Absent	0
Neil Penson	Absent	0
Nonhlanhla Ngwenya	Present	1
Patrick Metswi	Absent	0
Tumi Tsehlo	Absent	0
Seneca Lutchmana	Present	1
Anthony Boy	Present	1
Kaizer Nyatsumba	Present	1
Lucio Trentini	Present	1

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

Director	August 2019	September 2019***	No. of meetings attended
Alph Ngapo	Present	Present	2
Tumi Tsehlo	Present	Present	2
Kaizer Nyatumba	Present	Present	2
Ellen Veldhoven	Absent	Absent	2
Elias Monage	Absent	Present	1
Patrick Metswi	Absent	Present	1

**\*\*\*Special Remuneration Committee meeting**

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

Director	September 2019	No. of Meetings Attended
Neil Penson	Present	
Nonhlanhla Ngwenya	Present	
Seneca Lutchmana	Present	

The attendance register of the Directors at the Social and Ethics Committee meeting was as follows:

Director	September 2019	No. of Meetings Attended
Andrea Moz	Present	1
Neil Penson	Present	1
Seneca Lutchmana	Present	1
Nonhlanhla Ngwenya	Absent	0

There were no noteworthy governance issues which confronted the Board during the course of the year.

*Louwressè Specht*  
Acting Company Secretary



# SEIFSA REPRESENTATION ON OTHER BODIES

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SEIFSA, through its membership of these bodies, is able to influence business and policy makers at the highest level and to represent the interests of members

SEIFSA IS REPRESENTED ON THE FOLLOWING EXTERNAL BODIES:

- ▶ Business Unity South Africa (Busa)
- ▶ The Commission for Conciliation, Mediation and Arbitration (CCMA)
- ▶ Energy Task Team of Busa
- ▶ Eskom, SEIFSA and Structural Forum for the Overseeing of Development in the Eskom Build Programme
- ▶ SEIFSA Training Centre Governing Body
- ▶ Manufacturing, Engineering and Related Services Seta (merSETA)
- ▶ Metal and Engineering Industries Bargaining Council (MEIBC)
- ▶ Metal Industries Benefit Funds Administrators (MIBFA)
- ▶ National Economic, Development and Labour Council (Nedlac)
- ▶ South African Society for Co-operative Education (SASCE)
- ▶ South African Institute of Iron and Steel Downstream Development Committee.
- ▶ Price Monitoring Committee.
- ▶ Technical Sectoral Liaison Committee on Trade Agreements of Nedlac.
- ▶ BRICS Manufacturing Working Group

SEIFSA, through its membership of these bodies, is able to influence business and policy makers at the highest level and to represent the interests of members. This is aligned to the Federation's vision: to represent and promote the interests of business in Southern Africa, in particular the Metals and Engineering Industry, through lobbying and capacity building, provision of related services, and building of good relations with key stakeholders.

## BUSA

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

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

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

## STANDING COMMITTEE ON ECONOMIC POLICY

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

## SUB-COMMITTEE ON EDUCATION AND TRAINING

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

## STANDING COMMITTEE ON SOCIAL AND TRANSFORMATION POLICY

Mr Lucio Trentini, SEIFSA's Operations Director, and Ms Norris serve as members of this committee.

## CCMA

Mr Trentini serves on the Board of the CCMA and on the Accreditation Sub-Committee of the CCMA.

## MERSETA GOVERNING BOARD

SEIFSA was represented on the Governing Board by Ms Melanie Mulholland.

## METAL CHAMBER

SEIFSA is represented in the Metal Chamber by Ms Norris.

## MEIBC

The MEIBC is the forum created by employers and industry trade unions to facilitate the industry wage and employment condition negotiations and to administer and enforce the various collective agreements arising from this process.

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

## THE MANAGEMENT COMMITTEE

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

## THE NATIONAL FINANCE AND ADMINISTRATION COMMITTEE

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

## THE NATIONAL STANDING COMMITTEE

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

## THE REGIONAL COUNCILS

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

under the scope of jurisdiction of the Bargaining Council.

## MIBFA

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

- ▶ Engineering Industries Pension Fund
- ▶ Metal Industries Provident Fund
- ▶ Metal and Engineering Industries Permanent Disability Scheme
- ▶ MEIBC Sick Pay Fund

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

## NEDLAC

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

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

## NATIONAL DEMARCATION COMMITTEE

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

## LABOUR MARKET CHAMBER

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

labour market policy.

## TRADE AND INDUSTRY CHAMBER

Dr Ade is a business representative on the Trade and Industry Chamber of Nedlac. The chamber debated various industrial policy options and alternatives during the year under review.

## RAND MUTUAL ASSURANCE (RMA)

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

## BRICS BUSINESS COUNCIL MANUFACTURING WORKING GROUP

SEIFSA's CEO, Mr Kaizer Nyatsumba, is a member – and Chairman – of the Manufacturing Working Group of the South African Chapter of the BRICS Business Council.

# TEAM SEIFSA

# BOARD OF



**Elias Monage**  
*President and  
Chairman*



**Alph Ngapo**  
*Vice-President*



**Neil Penson**  
*Vice-President*



**Nonhlanhla Ngwenya**  
*Vice-President*



**Seneca Lutchmana**  
*Non-Executive Director*



**Ellen Veldhoven**  
*Non-Executive Director*

## EXECUTIVE TEAM



**Kaizer M. Nyatumba**  
*Chief Executive Officer*



**Lucio Trentini**  
*Operations Director*



**Rajendra  
Rajcoomar**  
*Chief Financial  
Officer*



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



**Michael Ade**  
*Chief Economist*



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



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

## MANAGEMENT TEAM



**Mariaan de Jager**  
*Finance Manager*



**Mpho Lukoto**  
*Communications  
Manager*



**Mark Lotter**  
*Marketing Manager*



**Palesa Molise**  
*Economist*



**Theresa Crowley**  
*Associations  
Manager*



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



**Michael Lavender**  
*Industrial Relations  
Manager*



# DIRECTORS



**Roger Bester**  
*Non-Executive Director*



**Mervin Moodley**  
*Non-Executive Director*



**Andrea Moz**  
*Non-Executive Director*



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



**Kaizer M. Nyatumba**  
*Chief Executive Officer*



**Lucio Trentini**  
*Operations Director*



**Louwressè Specht**  
*Acting Company Secretary*

# STAFF MEMBERS



**Tshidi Mokoena**  
*Receptionist*



**Denelle Chetty**  
*Credit Controller*



**Lerato Lebeko**  
*Executive PA to the Chief Executive Officer*



**Khumo Kodisang**  
*Associations Administrator*



**Thabiso Lebea**  
*Events and Facilities Co-ordinator*



**Neo Mkhwanazi**  
*Credit Controller*



**Penny Seitz**  
*Credit Controller*



**Monica Pillay**  
*Executive PA to the Operations Director*



**July Malakoana**  
*Invoicing Clerk*



**Lindiwe Modise**  
*Office Assistant*



**Eleen Snyman**  
*Economics and Commercial Statistics Officer*



**Jeanette Dlamini**  
*Industrial Relations Officer*



**Kristen Botha**  
*Marketing and Sales Assistant*



**Tsakani Baloyi**  
*Sales Officer*



**Thabang Matlala**  
*Sales Officer*



**Zandile Ngubeni**  
*Creative Designer*



**Tshimangadzo Netshituni**  
*Junior Credit Controller*



**SAVE  
THE  
DATE**

**8-9 March  
2021**

[meindaba.seifsa.co.za/](http://meindaba.seifsa.co.za/)

**STEERING THE WAY**

**FOR CHANGE**

The Steel and Engineering Industries Federation of Southern Africa (SEIFSA) is a national employer Federation representing the Metals and Engineering Industry.

For 77 years, SEIFSA has provided active support for employer Associations and lobbied for policies that have improved the business environment in which its members operate.



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

**INTEGRITY**

**DIVERSITY**

**EXCELLENCE**

**STEWARDSHIP**

**PASSION**

**INNOVATION**



**S E I F S A**

Steel and Engineering Industries Federation of Southern Africa

**OUR PASSION, YOUR SUCCESS**

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