



REPORT OF THE CHIEF EXECUTIVE OFFICER 2009

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INTRODUCTION

The Steel and Engineering Industries Federation of South Africa (SEIFSA) is a national employer federation representing the metal and engineering industry. SEIFSA has, for the past 66 years, provided active support for its members and lobbied for policies that have improved the business environment in which its members operate.

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

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

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

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

- *SEIFSA News*;
- SEIFSA's website (www.seifsa.co.za);
- Regular electronic mails;
- Regular Association meetings;
- SEIFSA's Annual Conference; and
- The annual SEIFSA Roadshow.

SEIFSA is the umbrella body for the following 35 independent employer associations representing all the diverse sectors which constitute the metal and engineering industry:

- Association of Electric Cable Manufacturers of South Africa
- Association of Metal Service Centres of South Africa
- Border Industrial Employers Association
- Bright Bar Association
- Cape Engineers and Founders Association
- Constructional Engineering Association (South Africa)
- Covered Conductor Manufacturers Association
- Electrical Engineering and Allied Industries Association
- Electrical Manufacturers Association of South Africa
- Electronics and Telecommunications Industries Association

- Ferro Alloy Producers Association
- Gate and Fence Association
- Hand Tool Manufacturers Association
- Hot-Dip Galvanizers Association Southern Africa
- Iron and Steel Producers Association of South Africa
- KwaZulu Natal Engineering Industries Association
- Lift Engineering Association of South Africa
- Light Engineering Industries Association of South Africa
- Machine Engravers Association
- Non-Ferrous Metal Industries Association of South Africa
- Plumbers and Engineers Brassware Manufacturers Association
- Port Elizabeth Engineers Association
- Pressure Vessel Manufacturers Association of South Africa
- Radio, Appliance and Television Association of South Africa
- Refrigeration and Air Conditioning Manufacturers and Suppliers Association
- SA Fabric Reinforcement Association
- Sheet Metal Industries Association of South Africa
- South African Electro-Plating Industries Association
- South African Engineers and Founders Association
- South African Fasteners Manufacturers Association
- South African Post Tensioning Association
- South African Pump Manufacturers Association
- South African Refrigeration and Air Conditioning Contractors Association
- South African Reinforced Concrete Engineers Association
- South African Valve and Actuator Manufacturers Association

Four of these associations are regionally based and are located in Cape Town, Durban, Port Elizabeth and East London.

The associations currently have a combined membership of 2,440 companies employing 193,218 hourly-paid workers – almost 60% of the industry's workforce. This makes SEIFSA one of the largest and most influential employer federations in South Africa. Member companies range from giant corporations to micro-enterprises. More than 40 percent of our member companies employ fewer than 25 employees.

SEIFSA is a non-profit-making body. Its main source of income derives from annual per capita levies on member companies and a collective bargaining levy on non-member companies in the industry. 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, health and safety, broad-based black economic empowerment, contract price adjustment and skills development), publications, training courses, seminars and conferences.

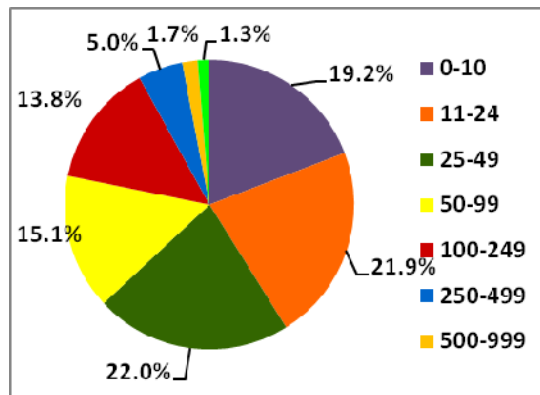
SEIFSA has, since its formation in 1943, helped promote a business environment in which its members can successfully run their operations. The past year has been no exception and SEIFSA has demonstrated that it plays a vital role in promoting and protecting the interests of employers in the industry.

Membership

At the end of SEIFSA's financial year on 30 June this year, the federation's membership was 2,440 individual companies located throughout South Africa. Of these member companies, 65% employ fewer than 50 employees and 73% are located in Gauteng.

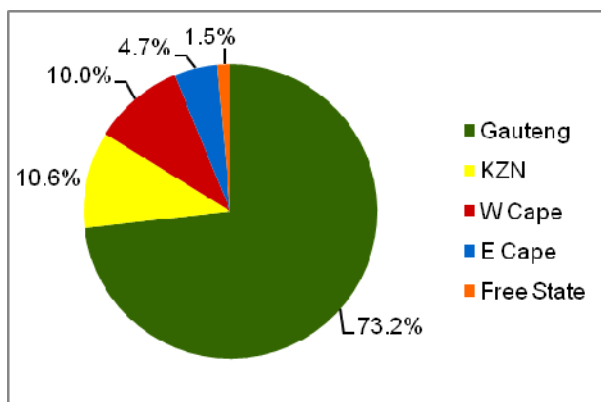
The composition of the SEIFSA membership according to number of employees employed is illustrated below.

SEIFSA Membership by Size of Employment: 2008 / 2009



The regional location of the SEIFSA membership is illustrated below:

SEIFSA Membership By Regional Location: 2009



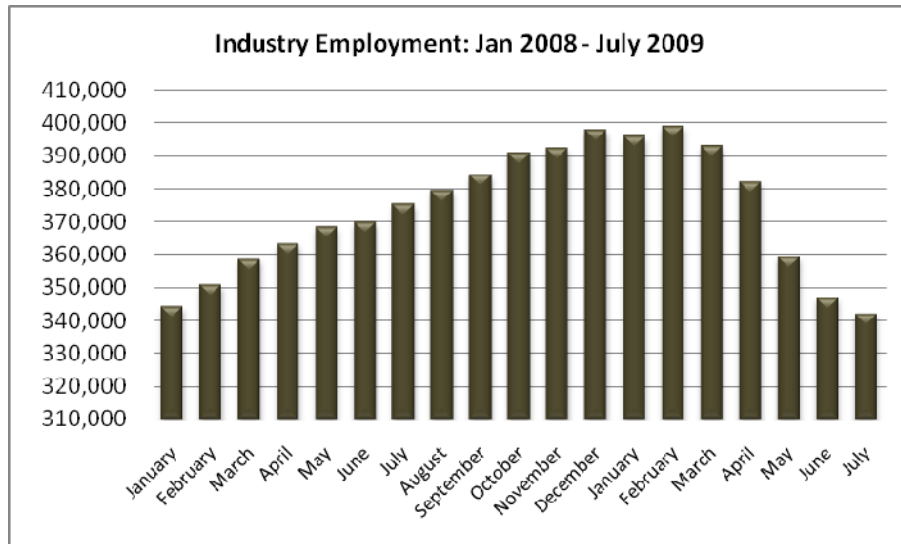
Meetings

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

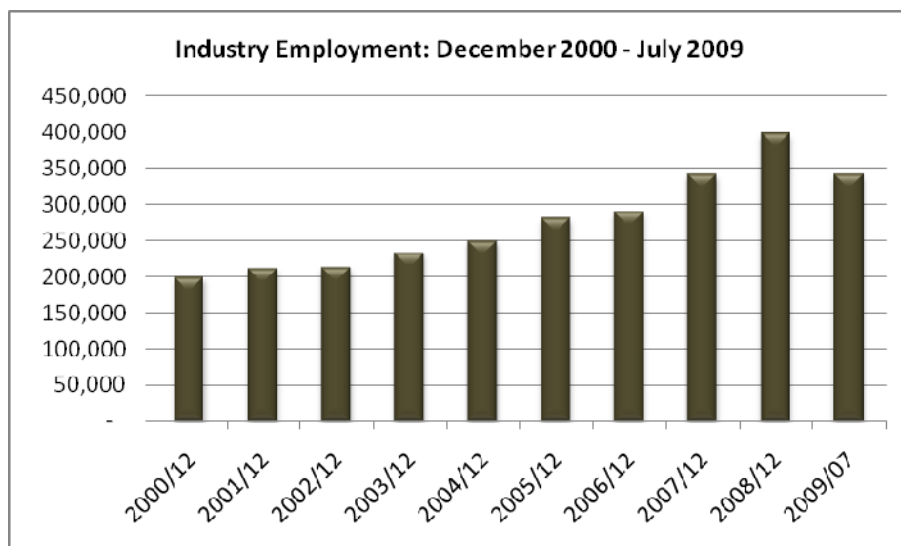
The SEIFSA Council is the policy-making body of the federation. It comprises elected representatives from the various associations and co-opted senior industrialists. The SEIFSA Council met on ten occasions during the year under review.

Industry Employment

The following chart illustrates the movement in employment in the metal industry since January 2008 and reflects a strong growth until February this year, followed by a substantial decline in jobs as the recession came to bear on the industry.



The following chart illustrates the movement in employment over the period from December 2000 to July 2008.



Retirement of the Executive Director

The executive director, Brian Angus, who served the federation with distinction for the past 21 years, retired at the end of last year and was replaced by David Carson, the former operations director.

SEIFSA would like to thank Brian Angus for the important leadership role he played in the affairs of the federation over many years and wishes him well in his retirement.

ADMINISTRATION AND FINANCIAL SERVICES

Secretarial and Accounting Services

SEIFSA provides a secretarial and accounting service to most of the constituent employer associations and also administers the accounting function of the federation.

In the latter half of 2008, one of SEIFSA's constituent employer associations, the Plastics Convertors Association, announced their decision to terminate their membership of SEIFSA in order to pursue the creation of a plastics chamber within the Metal and Engineering Industries' Bargaining Council and to seek a special wage dispensation from the trade unions. These ongoing negotiations have not delivered any results to date.

Certain of the larger associations sponsored their members' attendance at the federation's workshops and training sessions on various issues affecting the workplace. This has been of particular benefit to the smaller member companies of these associations which do not have the necessary financial resources to attend such training sessions and workshops.

The South African Engineers and Founders' Association (SAEFA), which now has incorporated a number of former Plastic Convertors Association member companies, remains the largest association within the federation - with approximately 614 members employing over 47,589 employees.

INDUSTRIAL RELATIONS SERVICES

Extension of the Main Agreement and Wage Increases

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

As a consequence of the largely unexpected sharp rise in inflation last year and an associated appeal from the trade unions, SEIFSA in 2008 agreed to supplement the previously agreed fixed level of wage increases. The trade unions, in return, agreed to extend the duration of the Main Agreement by a further year (to now end on 30 June 2011). This was a significant gain for the industry and effectively introduced a four-year wage agreement into the industry – a historical first for the federation.

In terms of this extended wage agreement, an agreed wage model was implemented to determine the level of wage increases this year (effective from 1 July 2009) without having to negotiate with the trade unions and with all other employment conditions remaining unchanged. The increase of 8.8% for all scheduled employees compared very favourably with other wage settlements at the time and was based on the April 2009 year-on-year CPI OER (excluding owners' equivalent rental). This new inflation index replaces the former CPIX measure which is no longer in existence.

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

The current wage agreement remains in operation until 30 June 2010, after which time the wage model will again be applied to determine the level of wage increases for the 2010 / 2011 year.

The extended Main Agreement and associated wage model holds the following important benefits for the SEIFSA membership:

- There will be no wage and conditions of employment negotiations next year;
- The wage increases for July 2010 will be calculated in accordance with the wage model and the April 2010 CPI OER;
- There will be no further change to employment conditions until after 30 June 2011; and
- Industrial stability and legal protection against any form of strike action related to improvements in wages and conditions of employment is guaranteed until 30 June 2011. This is particularly significant in view of the convergence of the 2010 FIFA World Cup and many sectoral wage negotiation processes – with probable negative implications for industrial stability and inappropriately high wage settlements.

Labour Brokers and Atypical Employment Practices

A crucial issue which arose for SEIFSA this year was the Minister of Labour's media announcements, in the run up to the national elections and immediately thereafter, of his intention to seek to ban labour brokers and to curtail the use by employers of fixed term and temporary employment contracts, and the subsequent developments related to this goal.

The background is that the Minister, late in 2004, submitted a range of proposed legislative amendments to Nedlac in an attempt to restrict the right of employers to use various non-traditional forms of employment, including fixed-term contracts of employment, limited duration contracts and labour broker services. The subsequent negotiations between government, business and organised labour at Nedlac commenced early in 2005 and almost immediately ran into difficulty and eventually stalled. Various attempts to revive this process occurred over the intervening period without any degree of success.

In the latest development, the Minister of Labour, in keeping with his public announcements, commissioned a prominent labour lawyer to formulate proposals to amend the law to further regulate non-standard employment practices. The report and recommendations were prepared and presented to Nedlac in July this year. The Minister has announced that draft amendment Bills are being formulated by the Department of Labour for referral to Cabinet and Parliament and that it is his intention to finalise draft legislation for promulgation by September next year.

For SEIFSA and the other Busa constituents, the Minister's report to Nedlac is largely negative in nature. It examines various alleged abuses associated with labour broking, the use of fixed term contracts, sub-contracting and outsourcing. These include allegations of employer strategies designed to disguise employment; attempts at concealment of the true identity of the employer; mechanisms aimed at depriving employees of their legal protections, and many other unsubstantiated negative accusations levelled against employers and labour brokers alike. In particular, the report makes a number of crucially important recommendations for legislative change, including the following:

- The Minister of Labour should have the power to prohibit labour broking in specific (as yet undefined) sectors.
- An employee of a labour broker should be able to institute proceedings against both the broker and the client company at the CCMA, Labour Court and in any other similar forums such as at the bargaining council.
- Labour broker employees should be able to argue that the client company is jointly and severally liable for compliance with the employer's obligations (i.e. those of the broker) under labour law if the client company exercises a significant degree of control over them.
- Labour broker employees placed with a client for work of an indefinite duration should have protection against unfair dismissal by the client.
- All contracts of employment with employees earning below an earnings threshold should be presumed to be of an indefinite duration unless the employer can show that the contract was concluded for a fixed term and that it had operational reasons for doing so.
- The anti-discrimination provisions of the Employment Equity Act should be amended to provide an effective remedy for any unjustified discrimination in wages and working conditions between contract and permanent employees - including any discrimination between workers placed by a labour broker and the client's direct employees, as well as discrimination by employing non-

standard employees on less favourable terms and conditions than full-time employees.

The Nedlac negotiations between business, labour and government commenced at a meeting of an appointed task team (on which SEIFSA is directly represented by the Director and K Cowley of the Constructional Engineering Association) on 14 August 2009. As was probably to be expected, this initial engagement was quite acrimonious in nature and set the tone for a difficult and arduous process.

The process is now in motion and SEIFSA, working with the other appointed business representatives, will continue to do everything possible to ensure that the current legal employment practices and processes are protected as far as is practically possible.

Proposed Social Security and Retirement Reform

The Minister of Finance released a position paper in 2007 announcing a series of proposed fundamental reforms to social security and retirement arrangements in the country. The proposed reforms encompass the introduction of a multi-pillar system comprising improvements to social assistance grants, unemployment insurance and death and disability benefits. They also include compulsory participation by all employees in a national social security fund; additional mandatory participation in private occupational or individual retirement funds by employees earning in excess of an earnings threshold to a prescribed level (yet to be determined), and the introduction of a wage subsidy to alleviate the impact of the proposed new social security tax on lower paid employees.

The release of the position paper was followed by further releases by the National Treasury and the Department of Social Development of separate and conceptually different papers aimed at clarifying the proposed new retirement regime. The government has announced that a single unified approach is being formulated, but this has not yet emerged.

A Busa task team (on which SEIFSA is directly represented by the SEIFSA CEO and C Murray) was appointed and developed a comprehensive business position on the principles proposed in the respective National Treasury and Department of Social Development papers. A number of key principles have been agreed to guide the business approach in engaging with government and organised labour on the envisaged reforms, which will be announced in due course.

The reform process will have major implications for individual company benefit funds and for the industry funds managed by the Metal Industries Benefit Funds Administrators (Mibfa). SEIFSA will continue to represent the industry's interests in this important process.

Medical Aid Cover for Industry Workers

In accordance with the commitment of the employer and trade union parties to the 2007 Industry Settlement Agreement, further research into the possible introduction of medical aid cover for industry workers continued at the Metal and Engineering Industries Bargaining Council this year. A number of key issues have already been highlighted by an appointed task team and an independent actuary has been

commissioned to undertake detailed research into appropriate benefits and contributions for such a scheme for further consideration by the parties.

This investigation will continue during the coming year and will have to take the government's planned National Health Insurance scheme into account.

New Job Grading System

The investigation into the proposed introduction of a new job grading system for the industry, including the unions' proposal that Rates G and H be collapsed into Rate F, continued during the year. This investigation arose as a consequence of the employer and trade union parties' commitment to undertake this investigation in accordance with the terms of the industry's Settlement Agreement of 2007.

The parties have, to date, dealt with the matter in a constructive manner and are attempting to reach consensus on a number of important issues. They have recognised and acknowledged that there are many challenges in implementing a new industry grading system and it has been agreed that a number of critical issues require further investigation, including the likely impact on employment levels, skills development, and the important question of affordability.

Further detailed engagement between the parties serving on the appointed bargaining council sub-committee will continue during the year and into 2010.

Lift Engineering Agreement

There were no wage negotiations in the lift engineering sector this year. The final year of the current three-year wage and conditions of employment agreement of the sector was implemented on 1 July 2009, incorporating a uniform wage increase of 9.3% for all employees covered by this collective agreement.

This wage increase was calculated on the basis of the April 2009 year-on-year CPI *OER* (excluding owners' equivalent rental) of 8.8% plus an additional 0.5% cost of living adjustment. The April CPI *OER* index replaces the former CPIX measure contained in the lift engineering wage model.

Industrial Relations Services

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

- **Arbitration Representation Service**

The SEIFSA arbitration representation service continues to provide a professional and cost-effective benefit to member companies throughout the industry.

This service includes evaluating and preparing management's case prior to arbitration, interviewing and preparing witnesses for the arbitration hearing, presenting management's case, cross-examining witnesses and preparing the opening and closing statements for presentation at the formal arbitration hearing at the industry's Centre for Dispute Resolution and at the CCMA. A similar service is also available for Labour Court appearances.

- **Industry Job Grading**
SEIFSA provides a Main Agreement job grading service which provides valuable assistance to member companies in addressing pressure from employees and their representatives to have their jobs graded in accordance with the Main Agreement provisions.
- **Chairing Disciplinary Enquiries**
SEIFSA continues to provide qualified and experienced persons to chair, manage and conduct in-company disciplinary enquiries and disciplinary appeal proceedings.
- **Dispute Conciliation Services**
SEIFSA represents and assists companies in dispute conciliation proceedings at the bargaining council's Centre for Dispute Resolution and at the CCMA. This includes presenting management's case in the dispute conciliation processes and negotiating dispute settlement agreements, wherever appropriate.
- **Bargaining Council Assistance**
SEIFSA provides advice and assistance to member companies on the:
 - Interpretation, application and implementation of the bargaining council's collective agreements;
 - Formulation of all types of exemption applications; and
 - Presentation and motivation of exemption applications at the relevant bargaining council committees.
- **General Industrial Relations Services**
SEIFSA provides advice and assistance to member companies on all industrial relations issues, including the following:
 - Dispute resolution processes;
 - Application of employment conditions;
 - Job grading queries and disputes;
 - Formulation of employment equity plans and reports;
 - Dealing with strike action and overtime bans;
 - Advising on the legitimacy of medical certificates; and
 - The interpretation and application of labour legislation.

Industrial Relations Publications

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

- A Practical Guide to Implementing the New Retrenchment Law at the Workplace
- HIV and Aids in the Metal and Engineering Industry
- Main Agreement Handbook for the Metal Industry 2009
- Main Agreement Wall Chart
- Managing Absenteeism in the Workplace
- Disciplinary Policy and Code
- Dealing with E-mail and Internet Abuse at the Workplace
- Contracting with Permanent and Temporary Employees and Persons Provided by Labour Brokers
- Dealing with Sick Leave and Sick Leave Abuse at the Workplace
- Dealing with Theft, Unauthorised Possession and Searching Employees

Main Agreement Publications

SEIFSA published the *Main Agreement Handbook for the Metal Industry 2009* in July. This annual publication is an easy-to-read summary of the industry's Main Agreement. The latest edition incorporates the wage increases that came into effect on 1 July 2009 together with a number of enhancements intended to assist management in the practical application of the terms and conditions of employment of the industry.

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

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

The 2009 edition of the SEIFSA Main Agreement wall chart was also published in July. It summarises the key sections of the Main Agreement in a poster format.

Industrial Relations Training

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

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

HEALTH AND SAFETY SERVICES

Health and Safety Legal Compliance Programme

SEIFSA's Legal Compliance Programme was introduced as a service to member companies to assist them in meeting the requirements of the Occupational Health and Safety Act, the Compensation for Occupational Injuries and Diseases Act and other health and safety legislation. SEIFSA, through this programme, attempts to guide companies in addressing the health and safety issues at the workplace and protecting management from vicarious liability and criminal prosecution.

The basis of the twelve-month compliance programme includes:

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

Health and Safety Consultancy Service

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

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

Health and Safety Training

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

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

HIV/Aids Management Programme

SEIFSA, in conjunction with a private sector alliance partner, offers member companies a comprehensive HIV/Aids Management and Wellness Programme. The purpose of the programme is to:

- Empower employees to make better life decisions;
- Reduce the stigma and discrimination surrounding HIV and Aids and to focus on the person with the disease;
- Provide workers with an opportunity to find out their HIV status through onsite voluntary counselling and testing;
- Develop a partnership and relationship between employers, workers and unions in the fight against the pandemic; and
- Empower companies to manage Aids on a more effective basis.

SEIFSA, through this programme, continues to assist companies in developing and revising their HIV/Aids workplace policies and programmes to ensure full support for employees who are infected or affected by the disease and to minimise the impact of the disease on the company's productivity and profitability.

New Health and Safety Legislation

Following South Africa's endorsement of the International Labour Organisation Convention 155, a draft health and safety policy was developed by government aimed at integrating all existing health and safety legislation into a single Act to be called the National Occupational Health and Safety Act.

The most significant change in this proposed new approach involves the establishment of a National Occupational Health and Safety Council which will be responsible for implementing, administering and ensuring compliance with the Act.

SEIFSA will continue to represent the industry's interests in this important development and encourages management to ensure that they are fully aware of their new obligations before the Act is brought into legal effect in the later part of 2009.

National Health and Safety Blitz

Recent ILO reports estimate that approximately two million occupational fatalities occur across the world annually. In South Africa, hundreds of lives are lost each year in all sectors due to non-compliance with legislation and complacency and negligence.

The highest rates of occupational accidents in South Africa occur in the agricultural, forestry, mining, construction and iron and steel industries. In November 2007 the Department of Labour launched a national inspection of the metal and engineering industry and the outcome of this investigation was negative in nature – with only 679 of the 2,199 workplaces visited being found to be compliant.

The Department of Labour conducted a follow-up national health and safety inspection in the industry over the week 23 to 27 March 2009 examining companies' level of compliance with the occupational health and safety and other relevant legislation. The preliminary results of the national inspection appear to

indicate the continuation of a significant gap between acceptable and non-acceptable health and safety standards being practiced in the industry.

Health and Safety Services

SEIFSA provides a comprehensive and professional health and safety consultancy service to member companies - offering practical advice, guidance and training on all issues, including workmen's compensation claims as well as the implementation of related legislation.

In addition to consulting companies on general health and safety issues, SEIFSA also assists companies in developing and implementing effective health and safety management systems to ensure legal compliance with the relevant Acts and their regulations, such as the Occupational Health and Safety Act and the Compensation for Occupational Injuries and Diseases Act. Well-structured compliance reports identify areas of non-compliance and provide recommendations to management on how to rectify and address these issues.

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

SEIFSA Representation on the Institute of Safety Management

SEIFSA is a member of the Institute of Safety Management. The institute's primary objective is to ensure that all occupational health and safety practitioners in South Africa are trained to the highest level of professionalism and that they maintain high levels in all aspects of their work at all times. Members of the institute meet regularly to discuss the latest developments in the field of health and safety.

SKILLS DEVELOPMENT SERVICES

SEIFSA, acting through direct representation on the National Skills Authority and the Business Unity South Africa 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.

Skills Conference

SEIFSA's annual conference: *Survival of the Fittest*, held over the period 14 to 15 May 2009, focused (on the second day) on skills development. The topics covered in this important session of the conference included:

- The current economic crisis and its impact on economic growth and skills development imperatives.
- Key challenges on the road ahead for skills development and workplace learning.
- Drivers, issues and recommendations arising from the Seta reclassification process.
- The critical role of SAQA's new Quality Council for Trades and Occupations (QCTO) in terms of its role in workplace learning and developing occupational qualifications that meet the needs of the industry.
- The implications for employers of the Skills Development Amendment Act.
- A case study in best practice derived from the Accelerated Artisan Training Programme (AATP) at ArcelorMittal.

Changes to Legislation

The following key bills became Acts during the year:

- National Qualifications Framework Bill, 2008.
- Skill Development Act Amendment Bill, 2008.

In a significant development, the new government, on 1 November this year, transferred all the skills development functions, responsibilities and activities (including the Setas) from the Department of Labour to the newly formed Department of Higher Education and Training. The full implications for business of this transfer will only become apparent next year.

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 new National Skills Development Strategy, the Seta re-establishment process, skills shortages, apprentice training, technician training and higher education matters.

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

SEIFSA Initiative to Address Artisan Skills Shortages

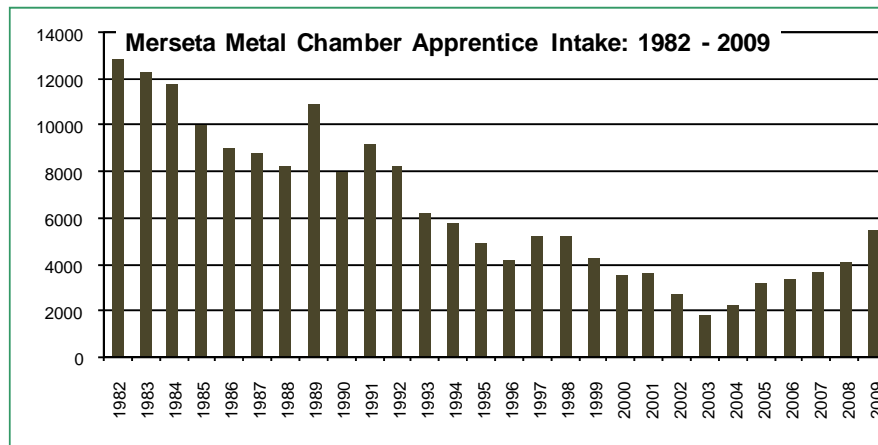
- **Accelerated Artisan Training Programme (AATP)**

Concerns around apprentice intake gathered momentum as a result of increasing shortages of skilled artisans and the ageing workforce. The total intake at the end of June 2007 for the metal chamber was 3,514 apprentices. Skills shortages arising from the demand for skilled artisans from a number of major projects continued to pose a threat to the success of many initiatives.

In response to these concerns, SEIFSA developed and piloted a skilled worker project to accelerate the training and acquisition of engineering skills at intermediate levels for the metal and engineering industry. The Merseta subsequently adopted and expanded this accelerated artisan training project.

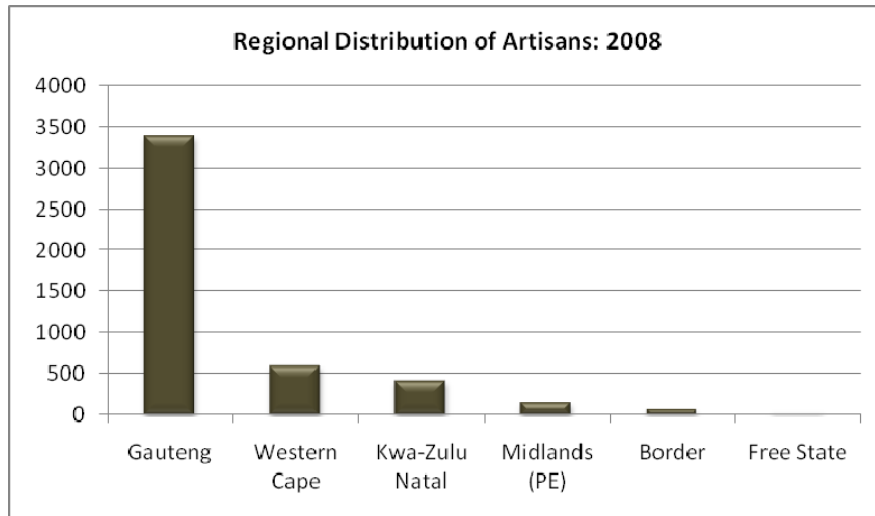
This initiative has not only resulting in a significant increase in apprentice numbers but has also enabled major employers to showcase world class standards of best practice in apprentice training. Intake on the AATP currently stands at 1,545 apprentices.

Total apprentice intake in the Metal Chamber in August 2009 reached 5 730 – the highest figure since 1999. The following chart records SEIFSA data reflecting the apprenticeship intake over the 17 year period from 1982 to date.



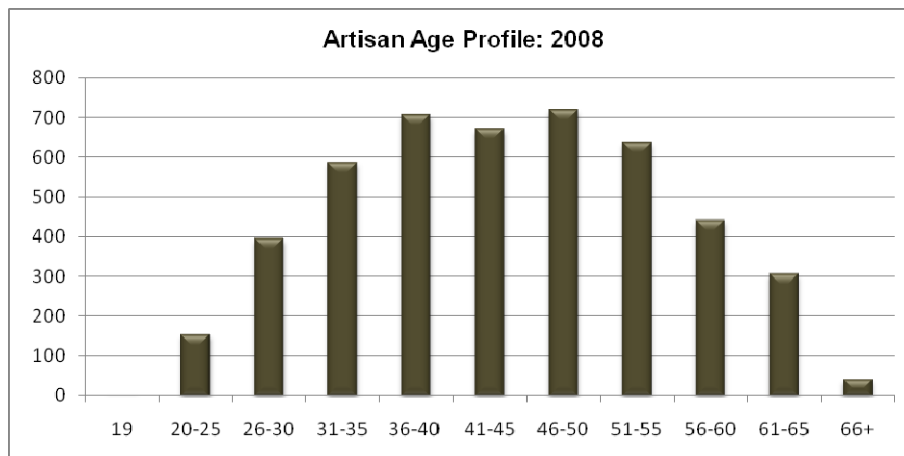
Regional Distribution of Metal Industry Artisans

Late last year, SEIFSA conducted a survey to determine the geographic spread of the industry's artisan workforce. The survey was based on data sourced through MIBFA and showed that the Gauteng employers are, by far, the biggest users of artisan skills (73% of the total employed), followed by Western Cape (12.8%) and Kwa-Zulu Natal (9%), respectively. This regional distribution is illustrated in the following chart:



Artisan Age Profile: 2008

SEIFSA undertook a survey, late last year, to determine the age profile of the industry's artisan workforce. The relative age groups of the 4,656 artisans surveyed are reflected in the following chart:



These age profiles are important, particularly in view of the frequently quoted (and unsubstantiated) contention that in 2006 the average age of an artisan employed in the metal and engineering industry was 55 years.

The survey showed that the average age of artisans across the six regions surveyed is only 44½ years of age – a considerable difference to the figure often quoted for the industry. Equally important, just on 70% of the industry's artisans are younger than 50. Of concern, however, is the relatively small group of younger artisans – with only 24% of the skilled workforce being younger than 35 years of age.

Skills Development Training

• Public workshops

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

- Introduction to skills development;
- Discretionary grants;
- Skills Development Update;
- Organising Framework for Occupations (OFO) - How to complete the new Merseta mandatory grant application;
- Skills Development Facilitator Training (qualification programme); and
- Assessor Training (qualification programme).

• In-house workshops

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

- An overview of skills development for training committees; and
- Organising Framework for Occupations – How to complete the new Merseta mandatory grant application.

Consultancy

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

- Introduction to skills development;
- Maximising discretionary 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;
- Accessing the Merseta SME voucher project; and
- Identifying relevant training to access funding available in terms of the Merseta Retrenchment Assistance Plan (RAP).

The Manufacturing, Engineering and Related Services Seta (MERSETA)

- **SEIFSA's Role**

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

In the light of the critical importance of effective skills development for the sector and current skills shortages, particularly at artisan level as well as national targets set by JIPSA for artisan training, it has become increasingly important for the federation to play an active role in supporting, promoting and protecting the employer interests at all levels of the Merseta.

- **Levies and Grant Payments**

The national training levy introduced in terms of the Skills Development Levies Act stands at one percent of payroll. The Merseta is in a sound financial position and income continues to grow despite the current economic challenges faced by the industry.

Slow progress in some areas of grant disbursement and project expenditure are currently being addressed.

- **Management and Key Developments**

The Merseta Accelerated Artisan Training Programme entered its third year of operation and secured R136 million in funding from the National Skills Fund.

The Governing Board of the Merseta has developed a strategic plan and all stakeholders have agreed on a number of important focus areas, including improving the organisation's research function and a greater focus on identifying and monitoring scarce and critical skills - particularly artisan training. A strategy has also been developed to enhance the Merseta's level of customer service.

In general, the Merseta made good progress in achieving its National Skills Development Strategy targets and in meeting the requirements of the Department of Labour's scorecard. It also received an unqualified audit once again.

- **Merseta SME Voucher System**

The Merseta expanded the new web-based voucher system to fund the training of workers in small companies. This project is for all SMEs (employing fewer than 150 permanent employees) in the manufacturing, engineering and related services sector. Funding is available for courses ranging from ABET to technical / industry specific courses.

The take-up of the SME voucher system has been relatively slow by those companies falling under the scope of the Merseta's Metal Chamber.

Scholarships and Bursaries

- **Technician Training**

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

- **Undergraduate Study**

The federation awarded nine scholarships to students registered for approved undergraduate engineering courses at South African universities. The value of the undergraduate scholarship for the academic year was R28 000.

Career Guidance - Technical Careers

SEIFSA continued to offer a career guidance service to scholars and students interested in engineering careers at various levels.

Fundi Training Centre

The SEIFSA training centre in Benoni was outsourced to GijimaAst in 2003 and was renamed the Fundi Training Centre. The centre is managed by a governing committee comprising SEIFSA and GijimaAst representatives. It had an intake of 178 apprentices during the year and operated at full capacity from January to June.

SEIFSA, as a consequence of increasing demand for training and the artisan shortage in the industry, funded a R7.3 million upgrade and expansion of the training centre facilities. This expansion project was completed in August last year and provides facilities for an intake of 250 trainees.

The training centre has attracted considerable favourable attention arising from a number of funded projects secured by SEIFSA. These included trainees funded by the Department of Labour (Gauteng South) and the Swiss-South African Co-operation Initiative as well as participation in the Merseta AATP. The centre regularly makes high calibre young trainees available to industry – all of whom have completed their institutional training, and who are then indentured as apprentices for the balance of their training up to trade test.

Atrami

The Artisan Training and Recognition Agreement for the Metal and Engineering Industry (Atrami) was introduced into the industry in 1982. The scheme provides for the training, testing and recognition of employees as artisans. It has, unfortunately however, failed to reach its full potential in producing skilled artisans for the industry.

Renewed attempts have been made to promote the scheme and to encourage employers to access the substantial grants available from the Merseta for training in terms of the scheme. The number of Atrami trainees by mid-year was 374.

ECONOMIC AND COMMERCIAL SERVICES

The Global Economic Crisis

The key feature for the country and the metal and engineering industry, in particular, has been the global economic recession and its significant impact on the national economy and on manufacturing in particular.

There can be no doubt that the SEIFSA membership remains faced with an unusually difficult, unpredictable and uncertain year ahead. The events of the past year have left the world a very different place from what it was this time last year, and economic forecasters are now warning that these events are so unprecedented that past business cycles provide few firm indications of what lies ahead of us in the next few years. Huge damage has been inflicted by the bank and credit market failures in the major economies.

It has become clear that earlier optimistic views that these dramatic events would have a very limited impact on conditions in South Africa were incorrect. Exports to the main trading partners - the United States, Europe and Asia, countries that were all seriously affected, declined dramatically. As a result, manufacturing in South Africa fell significantly. Export markets have dwindled considerably and the SEIFSA membership has been forced to implement massive short-time working arrangements and large-scale retrenchments in an attempt to remain financially viable in the face of extreme trading conditions. This can be seen from the fact that the industry, by July this year, had shed 55,845 jobs from the 10-year high in December 2008 - when 397,915 scheduled workers were employed in the industry.

There are, however, some early signs, especially in the United States, that the current economic crisis is showing signs of abating and the global consensus is that the world's economy may be on the path to recovery by end-2009, allowing South Africa to regain its growth momentum and move out of recession by mid-2010. While expectations for the improvement in economic conditions are still uncertain, it certainly appears that there has been a levelling off with no further indications of significant deterioration over the immediate past period.

The National Response to the Crisis

The social partners represented on the Presidential Economic Joint Working Group met in December last year at Nedlac to consider how South African could respond collectively to the impact of the global economic crisis and the South African recession, and in February this year, the Working Group published its Framework for South Africa's Response to the International Economic Crisis.

This framework document was intended to promote joint government, business and labour actions aimed at strengthening the capacity of the economy to grow and to protect jobs by addressing the constraints to growth and development; increasing public investment in economic infrastructure; joint stakeholder commitment to skills development; the introduction of effective industrial or sector strategies, the strengthening of existing strategies, and to ensure higher levels of private sector investment and entrepreneurship.

The following task teams were appointed, in terms of the framework document and overseen by the Office of the Presidency, to engage on and give effect to the respective action plans and strategies identified in the framework document:

- Leadership Team
- Investment and Financing Task Team
- Social Interventions Task Team
- Employment Task Team
- Distressed Sectors Task Team

SEIFSA is represented on the Social Intervention and the Distressed Sectors Task Teams by Michael McDonald, SEIFSA's economic and commercial executive, and on the Leadership and Employment Task Teams by David Carson, SEIFSA's CEO. Deliberations at these levels are continuing.

It is anticipated that the Leadership Team will shortly submit the aggregated and detailed proposals of the respective task teams to the President for approval and implementation by government and the social partners, including SEIFSA.

Electricity Price Increases

An area of considerable concern to SEIFSA has been the escalating cost of electricity. The price of electricity increased by 10.9% in June last year and then again by over 31% earlier this year. In addition, it is anticipated that further price increases in the supply of electricity by municipalities will be announced shortly.

SEIFSA, through its electricity consultant, G Harris, made formal representations to the National Energy Regulator of South Africa in respect of the Eskom and municipalities' price increase applications. The federation is also participating in a number of forums, including through Business Unity South Africa and Nedlac, in an endeavour to find ways of limiting these high increases.

Broad Based Black Economic Empowerment

Since 2003, SEIFSA has been directly represented in the negotiations, through the Trade and Industry Chamber of the National Economic Development and Labour Council on the issue of the Department of Trade and Industry's Broad Based Black Economic Empowerment (BBBEE) strategy, the proposed BBBEE scorecard and the codes of good practice for BBBEE. SEIFSA, whilst supporting the key objectives of the strategy, has expressed a concern that the strategy could have an unintended consequence of undermining job creation and local manufacturing.

Following the publication of the final codes of good practice in 2007, price preference in government contracts is generally still being awarded on the basis of black ownership. This is because the Preferential Procurement Policy Framework Act (PPPFA) only allows for price preference points to be allocated in relation to the degree of black ownership of tenderers. As a consequence, contracts are often awarded to BEE companies which import all or a significant portion of the products concerned.

SEIFSA has proposed to the DTI and National Treasury that every effort should be made to ensure that the PPPFA or amending legislation focuses on all seven elements of the BBBEE scorecard with regard to the determination of price preference points in government tendering processes.

For some time now National Treasury has been in the process of developing preferential procurement policy regulations and in August this year draft regulations were published for public comment. The new regulations propose the replacement of the awarding of bids on the basis of Historically Disadvantage Individual (HDI) status and the promotion of RDP goals with the BEE rating of the bidder. The draft regulations contain no reference to the BEE scorecard and only recognise the degree of black ownership. The regulations also make no provision for the awarding of preference points for local content. SEIFSA, through Busa, is engaging government on the content of the draft regulations.

SEIFSA will continue in its efforts to promote the interests of local manufacture and the support of local industry by ensuring that government departments and parastatals, wherever possible, favour local content in fulfilling their procurement requirements.

Export Tariff on Scrap Metals

After a number of years of engagement by SEIFSA with government on the question of the export of scrap metals from South Africa, the Minister of Trade and Industry recently announced that an agreement had been reached in principle between the Department of Trade and Industry and National Treasury to implement an export tariff on ferrous and non-ferrous scrap in order to ensure a sufficient supply of locally available scrap material.

Metal Sector Development Strategy

SEIFSA has been concerned by the slow pace of implementation of the Metals Sector Development Strategy. Notwithstanding the strategy having been signed off by labour, business and government in April last year, there has been slow progress in the appointment of an oversight committee and an implementation committee to oversee the implementation of the key action programmes outlined in the Sector Summit Agreement.

SEIFSA is continuing to attempt to expedite the appointment of these committees and to seek the implementation of the agreed strategies.

Surveys and Reports

The federation continues to conduct a range of industry surveys, including the following:

- **Actual Wages Survey**
This monthly survey of actual wage rates of scheduled employees in the industry is conducted among a wide cross-section of SEIFSA member companies and is used to produce labour cost indices for inclusion in the SEIFSA Price and Index Pages.
- **Ferrous Metal Survey**
This monthly survey collates data on the tonnages of South Africa's iron, steel, ferro-alloy and ferrous casting sectors.

- **SEIFSA Business Conditions Survey**

SEIFSA conducts a monthly survey of business conditions in all sectors of the metal and engineering industry which serves as an indicator of economic activity.

- **Other Surveys**

The federation also conducts regular surveys of aluminium ingot production, electrical steel and foundry scrap prices.

Contract Price Adjustment

In addition to publishing the monthly SEIFSA Price and Index Pages (which monitors changes in the cost of labour, materials and services used in the industry), SEIFSA assists member companies in all aspects of contract price adjustment. The federation also provides an auditing service for contract price adjustment claims and makes regular presentations to companies on CPA provisions.

Regular workshops and training sessions on contract price adjustment provisions are provided for the membership and the subscribers to the SEIFSA Price and Index Pages. These are conducted on a regular basis throughout the country and are also available on an in-house basis to individual companies.

BBBEE Workshops

SEIFSA conducts regular workshops on all aspects of BBBEE, including the DTI's BBBEE strategy; the construction of balanced scorecards, and guidance in implementing SEIFSA's *BBBEE Scorecard Internet Portal* - located on the SEIFSA website and made available as a service to assist members in developing their scorecards online.

SEIFSA also conducts these workshops on an in-house basis for individual companies.

International Trade Administration Commission (ITAC)

SEIFSA is directly represented on the International Trade Administration Commission (ITAC) by Michael McDonald, SEIFSA's economic and commercial executive.

ITAC is responsible for the issuing of import and export permits, rebate of duty permits, adjustments to import tariffs as well as anti-dumping and countervailing duty investigations - aimed at protecting local industries from unfair international competition caused by dumping and export subsidies. In addition, ITAC also liaises with the DTI, SARS and other governmental bodies in order to monitor the administration of all aspects of current and future international trade agreements.

BUSA Standing Committee on Economic Policy

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

The issues discussed by the standing committee over the year included the following:

- Business input into the 2009/2010 national budget.
- The implementation of the initiatives arising from the Growth and Development Summit and Presidential Jobs Summit.
- Engagement around the DTI's BBBEE strategy, the scorecard, codes of good practice and the BBBEE Act.
- The business positions in respect of the Doha round of international trade negotiations in the World Trade Organisation (WTO) - especially in respect of Non-Agricultural Market Access (NAMA), which is expected to affect the level of industrial tariffs.
- Business positions in the proposed USA/SACU Trade Development, Investment and Co-operation Agreement, and other proposed bilateral trade agreements with Mercosur, EFTA, China and India.
- The Expanded Public Works Programme and National Logistics Programme.
- Initiatives on consumer credit and consumer protection.

The Trade and Industry Chamber of NEDLAC

The federation is represented, together with other appointed business representatives, on the Trade and Industry Chamber of Nedlac. The government, business and organised labour representatives on the chamber engaged on a number of industrial policy issues during the year, including the following:

- A trade, investment, development and co-operation agreement with the USA.
- Proposed trade agreements with China and India.
- A review of the Trade, Development and Co-operation Agreement with the European Union.
- The DTI's sector development strategies.
- SMME development incentives.
- The Motor Industries Development Programme (MIDP).
- The National Logistics Programme.
- Local procurement promotion.
- Development of an export tariff for ferrous and non-ferrous scrap.
- The Proudly South African Campaign.

COMMUNICATION SERVICES

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

HIV/Aids Survey

SEIFSA, in March this year, conducted a membership survey to determine the extent of membership attention to the HIV/Aids pandemic at company level. Of the member responses received, 34% of the respondents indicated that their companies had an HIV/Aids programme in place and 63% indicated that they were interested in implementing a wellness programme at their workplaces.

The federation subsequently addressed this need by forming an alliance with Redpeg - an organisation which offers members employing fewer than 250 workers an opportunity to participate, at no cost, in the Redpeg Strategic HIV/Aids Workplace Programme which has been running nationally since the beginning of 2008.

Global Economic Crisis Survey

SEIFSA conducted a membership survey during June this year to ascertain and measure the nature and effect of the current economic recession on individual member companies. The survey results showed that the sector had been hard hit by the recession and that:

- 20% of the respondents could only last out between three to six months should the current economic situation not improve;
- 44% of the respondents revealed that they were experiencing high levels of distress, whereas 56% stated that they were experiencing medium to low levels of distress; and
- although 51% of the respondents were currently working short-time, over 70% of the respondents had not yet retrenched any of their employees.

Electronic Communication

• Electronic Newsletters

SEIFSA sent out 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 on-line

SEIFSA News, the federation's official publication, went live on the website in February this year and is accessible by members only. This on-line version affords member companies easy access to the latest industry news.

- **Website**

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

- The wage increase arrangements
- Merseta mandatory and discretionary grant application processes
- Employment equity requirements
- Busa related announcements
- Developments regarding SEIFSA's stance on the Eskom and municipalities' application to Nersa for electricity price increases.

As an added benefit to the membership, the Main Agreement Handbook was launched as an on-line subscriber service on the SEIFSA website.

- **Association Websites**

Various association websites were developed during the year. These provide a brief overview on the activities of the associations, their chairpersons, contact details and a list of upcoming meetings and events. A link has also been provided to SEIFSA's Products and Services' Guide (previously known as the Buyers' Guide) to enable visitors to view companies belonging to the association and their products or service offerings.

Publications

- **About SEIFSA**

The publication *About SEIFSA* is a new annual publication which provides a comprehensive overview of SEIFSA and the products and services offered to the members.

- **SEIFSA News**

SEIFSA News, the federation's monthly publication is now in its twenty-seventh year of publication. It remains the authoritative voice of the industry and contains topical information on such matters as industrial relations, skills development, BBBEE, trade, and health and safety issues.

- **Products and Services' Guide**

The SEIFSA *Products and Services' Guide* was reintroduced last year and, in addition, an on-line version was launched this year, which enables companies to update their information daily through the internet.

The publication lists the names and contact details of all SEIFSA member companies together with their main products and services. One of the primary objectives of the guide is to give exposure to the range of products and services of the federation's membership. The second edition will be published in January next year.

Events

The following SEIFSA events were held during the course of the year:

- **SEIFSA Presidential Breakfast**

SEIFSA's annual Presidential Breakfast was held in October last year. The guest speaker was Ferial Haffajee, the then editor-in-chief of the Mail & Guardian. She addressed the SEIFSA guests on South Africa's new political dispensation and its likely effects on business.

- **Golf Day**

SEIFSA's annual Golf Day was held at Randpark Golf Club in May this year. The event was well supported.

- **Annual Conference**

The SEIFSA Annual Conference took place on 14 and 15 May 2009 with the key objective being to enhance management's insight into key economic, political and investment issues; update management on key industrial relations themes and on key changes emerging from the changes to the skills development legislation. Professor Raymond Parsons, Deputy CEO of BUSA, was the keynote speaker.

- **National Annual Roadshow**

The SEIFSA annual Roadshow was well attended in various major centres late in November last year. The theme of the session was: *What's on the cards for 2009?*

SEIFSA REPRESENTATION ON OTHER BODIES

Representation

SEIFSA is represented on the following external bodies:

- Business Unity South Africa (Busa).
- Commission for Conciliation, Mediation and Arbitration.
- Council of European Employers of the Metal, Engineering and Technology-Based Industries (CEEMET).
- Customs and VAT Enforcement Caucus.
- Electricity Intensive Users Forum.
- Eskom Task Group on Electricity.
- Eskom, SEIFSA and Structural Forum for the Overseeing of Development in the Eskom Build Programme.
- Fund for Research into Industrial Development, Growth and Equity Committee of Nedlac.
- Fundi Training Centre Governing Body.
- Institute of Safety Management.
- International Trade Administration Commission.
- Manufacturing, Engineering and Related Services Seta (Merseta).
- Metal and Engineering Industries Bargaining Council (MEIBC).
- Metal Industries Benefit Funds Administrators (Mibfa).
- National Economic, Development and Labour Council (Nedlac).
- National Skills Authority (NSA).
- South African Institute of Iron and Steel Downstream Development Committee.
- Technical Sectoral Liaison Committee on Trade Agreements of Nedlac.

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 add value to our members as the recognised voice of the metal and engineering industry.*

Business Unity South Africa (BUSA)

Business Unity South Africa (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 and is involved in the current processes to review the institution.

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

SEIFSA plays an active role in most of Busa's activities and initiatives, including the following:

- **Standing Committee on Economic Policy**

SEIFSA is represented on the Busa Standing Committee on Economic Policy by Michael McDonald, SEIFSA's economic and commercial executive. 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 Janet Lopes, SEIFSA's 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 Policy**

David Carson, SEIFSA's CEO, and Lucio Trentini, SEIFSA's industrial relations executive, serve as members of this committee.

Commission for Conciliation, Mediation and Arbitration (CCMA)

David Carson, SEIFSA's CEO, serves on the Governing Body of the CCMA.

International Trade Administration Commission (ITAC)

SEIFSA's economic and commercial executive, Michael McDonald, serves as chairperson and commissioner on the International Trade Administration Commission.

Manufacturing, Engineering and Related Services Seta (MERSETA)

- **Governing Board**

SEIFSA is represented on the Governing Board by Janet Lopes, Guy Harris and William Nsele.

- **Executive Committee**

Janet Lopes and Guy Harris represent SEIFSA on the Merseta Executive Committee.

- **Audit Committee**

Chris Murray serves on the Merseta Audit Committee.

Metal and Engineering Industries Bargaining Council (MEIBC)

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

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

- **The Management Committee**

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

- **The National Finance and Administration Committee**

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

- **The National Standing Committee**

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

- **The Regional Councils**

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

Metal Industries Benefit Funds Administrators (MIBFA)

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

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

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

National Economic, Development and Labour Council (NEDLAC)

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

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

- **National Demarcation Committee**

David Carson, SEIFSA's CEO, 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**

David Carson, SEIFSA's CEO, 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**

Michael McDonald, SEIFSA's economic and commercial executive, is a business representative on the Trade and Industry Chamber of Nedlac. The chamber debated various industrial policy options and alternatives during the year under review.

National Skills Authority (NSA)

Janet Lopes, SEIFSA's skills development executive, represents business on the National Skills Authority, which is the strategic policy body on skills development matters in South Africa.

THANKS

SEIFSA would like to thank the numerous senior executives of member companies who contribute to its work by representing the federation on various forums and bodies. In particular, the office would like to thank the SEIFSA president, Mr Johan Fourie and the other members of SEIFSA's Executive Committee for their contributions to the work of the federation over the past year.