

MARCH 2009

TALK

CEO Corner

PIFSA to follow a new direction in training

**CMTC to cease practical training
TT Blocks to continue**

THE Printing Industries Federation (PIFSA) has been committed to training since its inception in 1916. This commitment has been demonstrated in a variety of ways, the chief of which has been financial support of the Cross Media Training Centre (CMTC) since the MAPPP SETA stopped any form of funding of the college. Since 1993 the CMTC (College) has provided practical and theoretical training to over 10 000 young people, the majority of whom were historically disadvantaged and unemployed.

When the College was established, the industry agreed to channel a portion of its training levies towards the College, partly because the cost of providing practical training on expensive equipment necessitated a full-time staff of lecturers. Until the Industry Training Board was replaced by MAPPP SETA this arrangement worked perfectly, and PIFSA's subsidy was negligible. After 2000, however, the advent of the SETA system, and the creation of MAPPP SETA in particular, led to a series of court cases by the CMTC to get the SETA to honour the letter and the spirit of what the printing and packaging industry employers had agreed with the old ITB. The courts decided in favour of CMTC but further funding from the SETA, of any nature, was blocked in various ways.

MAPPP SETA has failed to adequately administer apprenticeships, the exam system, the updating of course content, mandatory grants and virtually every other area of its statutory responsibilities to our industry. This is evidenced by the weekly appeals for assistance that PIFSA receives from members.

Last year, PIFSA made certain constructive proposals to the SETA regarding the future of training in the printing and packaging industries, and hoped to be seen as a strategic partner in assisting the SETA to address these serious deficiencies. Unfortunately nothing concrete has resulted.

In January, the numbers of trainees enrolled at the CMTC was fewer than half the number enrolled in previous years. This sudden shortfall led to increased cash demands on PIFSA.

The Federation has already invested some R18-million over the years in supporting the training for the printing and packaging industries, but simply does not have the resources to continue to subsidise training in this way. PIFSA was forced to notify the CMTC that financial assistance would not continue beyond the end of February.



Chris Sykes, CEO



As a consequence, the College made a business decision to cease practical training. Operations in their current form ceased with effect from the end of February, and staff were given notice of retrenchment. The effect on loyal, dedicated staff and on long-term training and development in the industry cannot be quantified.

TT Blocks to continue

For some time, PIFSA has been working on a new training dispensation to meet the needs of our industry. It has become clear that the current system of Block release doesn't suit everybody. In addition, the content of training has become outdated in several trades.

In order to accommodate those Apprentices still progressing through the current system, PIFSA has arranged that TT blocks will continue to be offered in Johannesburg, Cape Town and Durban until a new system is finalised. The Blocks will be co-ordinated by Chris Mason of the CMTC, and will be conducted by part-time lecturers who were formally employed by the CMTC.

A new training dispensation

To assist the industry, the Central Chamber has engaged consultants, whose task is to provide the Federation with several options regarding the most cost-effective way to deliver the necessary industry's skills. The target date for initial feedback from the consultants is April 24, 2009.

In consultation with the industry, PIFSA will drive a new training dispensation which includes updated and internationally-accredited material, delivered in a cost-effective way. Whatever new training model emerges, it will be endorsed and underwritten by PIFSA, and the qualifications will be recognised internationally.

Once the Federation's property in Honeydew has been sold, the introduction of the new training model will accelerate. However, the process of change has already commenced.

PIFSA is committed to the industry's ongoing development and the provision of appropriate training and development to ensure the availability of the highest quality of skills.

Carbon footprint and printing in South Africa

COMPANIES around the world are becoming increasingly aware of their carbon usage. Some are attempting to reduce their carbon footprint and, as they perform this exercise, are asking their suppliers the 'green' question: 'What is your carbon footprint?'

What is a carbon footprint?

The total set of CO₂ and other greenhouse gas emissions, caused directly and indirectly by an individual, organisation, event or product is called the carbon footprint. It is expressed in tons of CO₂ equivalent (tCO₂e).

In the printing sector there is no published ISO standard for measurement. Each country appears to be developing its own standards. The British Printing Industries Federation (BPIF) is working in conjunction with The Carbon Neutral Company to develop its own calculating tool using the principles of the British PAS 2050 to standardise carbon calculations, while the German Printing and Media Industries Federation (Bundesverband Druck & Medien) is also developing a model. Will the same criteria be used for both? Hopefully we will all be able to compare apples with apples once the models have been tested and fine tuned.

The amazing variety of printed products and processes used makes product carbon calculation almost impossible without the assistance of an industry specific calculator. Product and process variety is not the only factor that complicates the matter. Every type of available raw material needs to be factored in – substrates, inks, chemicals and adhesives are among the few that spring to mind. Without an indication of the carbon footprint

of the inputs it will be difficult for a printer to calculate the carbon footprint of his end product.

To calculate the footprint of an organisation or company requires the inclusion of a wide range of emission sources from the direct use of fuels to indirect usage such as employee travel, dependent on the level of control exercised by the company. A proper calculation has to be based on direct emissions that result from activities that the organisation controls; emissions from the use of electricity or power; and indirect emissions from products and services. At present in spite of emerging national standards, not all organisations or countries follow the same approach. Some footprints are based on time, while others are based on events or product purchased. Some are expressed on tCO₂ (inclusion of CO₂ only) while others are in tCO₂e.

PIFSA is in the process of developing 'green' guidelines to enable printers to develop more environmentally-friendly procedures, from raw material selection to operating methods. A common methodology for carbon footprinting is being investigated which must be closely tied with either an international standard or the most common in use internationally. Printers are, however, encouraged to reduce their own company carbon footprint where possible. As most of the energy available in South Africa is from fossil fuel, this can be quite challenging.

As calculators are developed and proved, printing companies will undoubtedly incorporate such systems into their operations and will be able to provide their customers with the required carbon footprint calculation.

Let's make it a better world!



Let's talk VAT

Fringe Benefits (1)

Definition: Any taxable benefit or advantage to an employee by an employer in return for their employment or of their holding office.

The cash equivalent of the value of the fringe benefit during the tax year must be included in the employee's gross income and form part of his taxable income.

Now, you may be wondering what fringe benefits have to do with VAT. Simple, fringe benefits are deemed to be taxable supplies! In the unfortunate event of the SARS auditors coming around for a visit, they invariably target fringe benefits first because few companies are aware of the VAT implication on fringe benefits. The good news is we have a five-point checklist!

The basic rule is that if, as a VAT vendor, you grant a benefit or an advantage to any employee, and this benefit or advantage consists of a supply of goods or services, a deemed supply has taken place, on which output tax has to be levied. The five exceptions to this rule are:

1. The goods or services are exempt goods or services, as listed in the exemptions section of the VAT Act (Section 12).
2. The goods or services fall into any of the categories of zero-rated supplies.
3. The supply is one of entertainment.
4. The goods or services are granted by the vendor in the course of making exempt supplies.
5. The benefit or advantage does not consist of goods or services, but of money (or payments).

Since this topic requires quite a bit of intellectual processing, Fringe Benefits subject to VAT will be covered in the next issue of PrinTALK.

(Extracts from the Practical VAT Handbook)

Is it height x width or width x height?

PIFSA's Louise Moralee talks about measurements

EVERY now and again an interesting query pops up at PIFSA. This particular question has recently resurfaced and it seems appropriate to include it in PrinTALK for the benefit of new people entering the industry. The information is based on personal experience and measurement methods presented in the book by Allan Roberts, Estimating for South African Printers.

Paper & Paperboard

- The second size in a paper/paperboard measurement indicates the grain direction – eg in a 640 x 890 sheet the grain runs with the 890 dimension. This can also be emphasised by the additional use of an arrow above or a line above or below the 890 measurement. Grain can also be shown by the addition of LG (long grain) or SG. (short grain) as in 640 x 890 LG or 890 x 640 SG.

Printed Products – Litho Sheetfed

- This is a direct quote from Chapter 14 regarding size: 'It is normal practice in South Africa to give the size of the length first and then the width, thus a size 700 x 500 indicates a portrait size and 500 x 700 a landscape size. It should be noted that there are companies which differ in giving of size and, on joining a new company, the estimator should acquaint himself with the company's style.' (Roberts, 1995: 162)

Envelopes & Pockets

- The sizes quoted by Allan Roberts for banker's, pocket, seed and wage pockets also indicate the height first as in the following:
- Bankers DL 110 x 220mm
- Post Office Pocket DLP 220 x 110mm
- Seed Pocket 95 x 54mm
- Greeting Card Envelopes 90 x 140mm; 140 x 214mm; 178 x 254mm.

Block Measurements

- The size of a blocking area is stated with the height of the area first. Therefore a 30 x 50mm blocking area is landscape format.

Folding Cartons & Carton Making

- In my early days working in internal sales at packaging companies, we measured cartons by height/depth x width x length (in other words (1) the measurement between the two flaps mid-crease to mid-crease; (2) the width of the panel next to the glue flap from glue flap crease to next crease; (3) the panel next to that)
- Allan Roberts, however, points out that the internationally-recognised method of giving the carton size is length, width and then depth. This translates into the first measurement being the width of the panel next to the glue flap, the width of the next panel, and lastly the depth being the measurement between the end flaps, from crease to crease. Once again it depends on each company and employees should abide by the house style.

BBBEE Update

Verification Agencies.

IN February, the first 11 verification agencies received SANAS accreditation.

1. BEE Empowered
2. BEE Matrix
3. BEE Verification Agency
4. DRGSiyaya
5. Emex Trust
6. Empowerdex
7. Empowerlogic
8. Honeycomb
9. National Empowerment Rating Agency (NERA) – Gauteng
10. NERA – KwaZulu-Natal (KZN)
11. NERA – Western Cape

What does all this mean for companies who do not have a scorecard and now require one? Even with the accreditation of these verification agencies, a self-assessed scorecard is still acceptable. However, many of your customers may want a verified scorecard.

- Don't apply for verification if you have not explored, implemented and understood the scorecard elements. The chances are that you will receive a poor rating if the spirit of the codes has not been applied.

- Identify those elements that will enable your company to receive a good score. Remember that certain elements such as socio-economic development, enterprise development and skills development are relatively uncomplicated and with the right planning and implementation can earn your company full marks. In fact you may find that your compliance levels are currently pretty good with only some fine tuning required.

- Gather the necessary documentation to calculate and prove your scores. Each element will require suitable documentary proof.

Get top management's details, copies of ID documents, company registration certificates, and individual agreements with the company. For skills development gather submissions to the Department of Labour and workplace skills plans. Contact suppliers and collect their scorecards for your procurement element. These are brief examples: the paper trail can be daunting but is vital to the outcome.

- Begin preparing your scorecard now. This will give you a good idea of how much work is needed to comply with the codes prior to verification. It will also be your base for improvement.

- Once you are happy with your self-assessed score, call in a verification agency. The onus is on you to provide the necessary documentation

and scorecard. You can do the work yourself or call in a BBBEE consulting specialist company. There are also many consulting agencies that will assist in the preparation of the scorecard, but be aware that a consulting agency cannot supply a verified scorecard.

- What does this mean to companies who already have a scorecard?

Your existing certificate is still valid. The accredited verification agencies are not the only companies who can produce a scorecard. They are however the only companies who can verify a scorecard. Self assessments and non-accredited certificates are perfectly acceptable providing there is sufficient documentary evidence to prove the scores.

The verification agency may not provide consultation services, but only verify your documentation and your score. Make sure that all your documentation is available should you wish to obtain a verified scorecard.

Even with the SANAS accreditation process there may be differences of interpretation among the verification agencies.

Remember that verification is not compulsory, (there may be some BEE consultants who may tell you otherwise) but it is advisable and is often a requirement of your clients.

To conclude: start the journey today and make sure your ducks are all in line before you spend your money on a verification process that may not put the turkey on the table.

OBITUARY

Andrea Penetti

IT IS with regret that the KZN Chamber learnt of the death of Andrea Penetti, a long-serving member of the KZN Chamber's Executive Committee. He served as president from 2000 to 2002, and continued to serve on the Executive until his death.

Andrea had a passion for training – he was instrumental in establishing the small practical training centre in Surprise Road in the 1990s, and was happy to see TT Blocks return to KZN in 2008.

Andrea was also instrumental in sustaining and fostering the growth of the South African Institute of Printing. He relocated the administration of the Institute to KZN in 2001, and through careful investment ensured that its finances grew over the years. He handed over the presidency of the Institute to Barry Lynch in 2008 and continued to serve as a director and member of Council.

Andrea treasured the founding principles of the Institute – to promote the art and science of printing. He will be sorely missed by all who knew him.

Geoff Warren: Director, KZN Chamber Printing Industries Federation of South Africa





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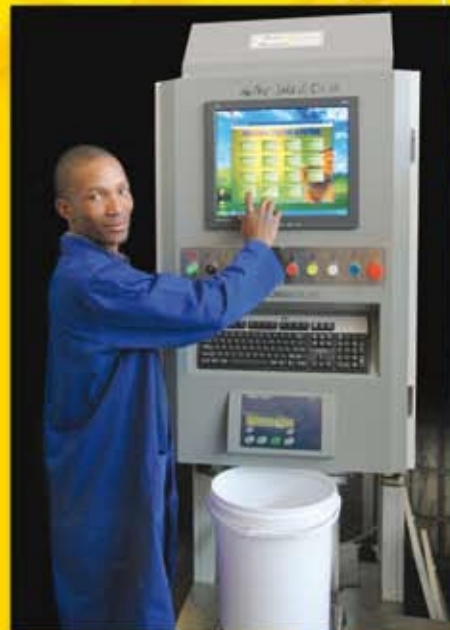
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