



AUGUST 2008

TALK



Chris Sykes
Chief Executive
Officer of PIFSA

CEO Corner

Flexible packaging demarcation

SINCE the time of hand-cut rubber stereotypes, the flexible packaging industry has been a part of the printing and packaging industries. This was because skills such as flexography, rotogravure printing, laminating and bag making all emanated from our industry.

As flexible packaging involved printing on paper, foil and various forms of plastic – some of which were extruded on blown film lines within packaging operations – it was distinctly demarcated within the National Industrial Council for the Printing Industry. This demarcation was carried through to the Industry Training Board gazetted demarcation, and then to the Statutory Council gazetted demarcation, so there has been a consistent demarcation of the industry within the printing and packaging industry since the 1960s.

Recently, efforts have been made by the Metal & Engineering Industries Bargaining Council (MEIBC) to extend its reach to include the flexible packaging industry. On various occasions, MEIBC agents 'persuaded' companies that they fell within its scope and were liable to pay the negotiated minimum wage and agency shop fees to that Council. Many have now woken up to the fact that this was not necessarily true.

In August, the Independent Packaging Employers Association (IPEA), PIFSA and the South African Typographical Union are going to the CCMA (and possibly thereafter to the Courts) to enforce the rights of our members and halt the MEIBC's ongoing 'extension by stealth'. We don't believe that the substrate that a company prints or converts should define the industry into which it falls. If this was the case, would flexible packaging companies fall into the metal industry when they print on foil or the paper industry when they print on paper or cellulose? The entire skills-set of the industry are printing and packaging skills – not metal or engineering skills. Blown film extrusion is an incidental part of their operations, not the core.

We intend vigorously to defend the interests of our members.

Statutory Council offers training

In September, the General Secretary of the Statutory Council for the Printing, Newspaper & Packaging Industries offers one-day training programmes in Johannesburg, Cape Town and Durban. This training is a subsidised service offered by the Council to employer and employee parties and includes *inter alia* dispute resolution procedures of the Council and the CCMA, unfair dismissal law and the impact of the Sidumo judgement.

In the first six months of 2008, 258 disputes were referred to the Council, 215 of which were allegations of unfair dismissal. Where representatives of the Printing Employers Association and the IPEA handled matters on behalf of their members, the vast majority were decided in favour of those members. Of interest is the fact that CEPPWAWU members referred 46 disputes, SATU members 39, and individuals 173.

Dispute resolution by the Statutory Council has proven to be quicker and more consistent than the CCMA.



Central Chamber News

Management Development Programme

THE Antalis Management Development Programme for the Printing & Allied Industries took place at the Gordon Institute of Business Science during July.

Now in its eighth year, this programme was developed by the Central Chamber of PIFSA in 2001, as a replacement for the three-day conferences which had traditionally taken place every second year at Sun City.

Approached for financial sponsorship, the Antalis top management immediately saw the advantages of having their customers' management teams exposed to superior training and education. Not only did Antalis South Africa agree to the financial endorsement of the programme, but the company has participated in all subsequent meetings of the sub-committee, to ensure the course content remains applicable to customers' needs. Without this financial endorsement and sponsorship from Antalis, the programme would not be offered or would be offered at an extremely high cost to members. The Chamber's Executive Committee records heartfelt thanks, on behalf of the industry, to the management of Antalis for this ongoing sponsorship.

On the first evening, after a full-day of lectures on the topic 'Finance for the Non-Financial Manager', the employers of the 34 delegates were invited to attend a one-hour presentation by Dr Roelof Botha. He discussed the state of the South African economy, given the difficulties which have unfolded during 2008, both nationally and internationally.

This presentation was followed by a cocktail party, during which delegates had an opportunity to mingle with the programme manager, the University's academic staff and sponsoring employers.

Then followed a further two days of intensive lectures and discussion groups. Topics included:

- Innovation and Entrepreneurship
- Leadership and People Management
- Customer Relations Management

At the conclusion of the course, all delegates received a certificate of attendance, presented by Gerry Pypers, MD of Antalis Print. Delegates are required to complete an



34 delegates attended this year's Antalis Management Development Programme staged by PIFSA's Central Chamber, held at the Gordon Institute of Business Science.



Dr Roelof Botha, senior lecturer and economist, provided a glimpse of the Southern African economy beyond 2010.

assignment within two months, to be assessed and moderated by the lecturing staff. Those who are successful will receive an appropriate certificate which will comply with the requirements of the Skills Development component within the BBBEE Scorecard, entitling their employers to claim the full cost as a credit towards their overall score.

The 34 delegates were drawn mainly from Johannesburg, but also came from Durban, Pietermaritzburg, Cape Town and Bloemfontein. Some were from even further afield, such as Nigeria and Botswana.

The Central Chamber has already received an inquiry regarding the 2009 programme, originating from a Cape Town company whose Johannesburg office had sent delegates on the course and had expressed extremely positive feelings on the benefits derived.

KZN Chamber News

2010: business opportunities for print and packaging

THE months really fly by when you make a commitment to prepare a monthly contribution to a magazine such as PACKAGING & PRINT MEDIA, comments KZN Chamber director, Geoff Warren. 'No sooner is one article sent off, than a reminder arrives with the deadline for the next. Now I begin to understand the life of a reporter!' he says.

Recently, Geoff reports, some KZN Chamber members were fortunate enough to hear Gary Bailey, formerly of Manchester United and England fame, speak at a Xerox breakfast presentation. He spoke of the optimism surrounding the 2010 World Cup and the business opportunities that will arise.

Reflecting on the World Cup in Germany in 2006, he aired some interesting statistics. Here are a few:

Some 800 000 visitors were expected; around two million actually arrived. Visitors spent \$4-billion. Fan parks set up in cities outside of the stadiums were well supported. A total of 3,5-million sausages were consumed in the fan parks along with 2,4-million litres of beer! A total of 500 000 fans came to fan parks for the Germany vs Poland game alone.

So what can we expect in South Africa in 2010?

According to Gary Bailey, we can expect 220 000 visitors from outside the continent and 180 000 visitors from Africa – totalling some 400 000 fans. Should an African team make the quarter finals, a further 100 000 fans can be expected to flood into the country.

It goes without saying that transport and hospitality facilities will be stretched to the limit.

Good news for printing, packaging

However, all of this is good news for the printing and packaging industry.

We should expect a significant peak in demand for print as well as packaging.

Durban is hosting seven matches between June 13 and July 17. Preliminary round matches will see games spread three days apart culminating in the second semi-final on

July 17. Fans will need to be kept busy during the intervening days and will be on the lookout for entertainment and, of course, they have to eat.

Advertising will be at an all time high and packaging, particularly food packaging, will be in high demand.

A successful world cup will have tremendous benefits for the country with an up-swing in tourism. This too is good for business.

It's expected that South Africa's GDP will rise by R51-billion; and government infrastructure spend will be in the order of R485-billion. FIFA will have issued tenders to the tune of around R25-billion; and visitors will have spent R15,6-billion on food and travel.

Make sure advertising complies with regs

Advertising needs to be carefully examined so as not to fall foul of marketing regulations – in particular those related to branding. Many companies have already been charged with infringements related to advertising.

Further details related to branding will be sent to PIFSA members.

Ads are best in colour

Recent research has shown that when a document is printed in colour, People are 80% more willing to read it

- There is a 75% improvement in message retention
- There's a 70% improvement in purchase decisions
- People prefer to read documents/ media in colour!

Make it legal

2010 and FIFA trade marks: don't fall foul of the law

PIFSA MEMBERS should advise their customers that FIFA registered words, marks, logos or emblems may not be used together with another brand, company name, corporate identity, or other business endeavour, unless the customer is a FIFA partner, sponsor, national supporter, or is one of the elite brand licensees. Furthermore no normal licensee may associate his own brand with the registered words, logos, etc.

The FIFA guide mentioned below allows for a match schedule to be printed bearing the registered words as long as it is not associated with the name or brand of any non affiliated company or business endeavour.

PIFSA suggests that every printer downloads the following:

- **Gazette 30595** dated 14 December 2007 which lists the relevant words and gives pictorial representation of the emblems (www.gov.za)
- **The FIFA Public Information Sheet**, a guide to FIFA's Official Marks (www.fifa.com)

Categories of FIFA partnership

FIFA is dependent on economic partnerships with commercial affiliates to stage an event on the scale of a FIFA World Cup. These affiliates, along with the official suppliers, licensees and official broadcasters, are the only commercial entities permitted to claim any direct association with the tournament.

The FIFA Sponsorship Programme covers the period from 2007 to 2014 with the following marketing groups: FIFA Partner, FIFA World Cup Sponsor and National Supporter.

Licensing – Event, Brand

Licensing is not the same as sponsorship. A licensee is not permitted to associate its own corporate brand with the FIFA licensed product it produces.

- The **Event Licensing** Programme is handled by FIFA's exclusive licensing representative, Global Brands Group.

- The FIFA **Brand Licensing** Programme allows the use of the FIFA brand marks for products manufactured by an elite group of companies.

Legislation for protection of intellectual property

FIFA covers its obligations to partners and protects its intellectual property via the **Merchandise Marks Act 171941 and related Notices** and the **Special Measures Act 11/2006 GG 29128 dated 7 September 2006**.

Economic opportunities

Government believes that bigger businesses should have no difficulty in taking advantage of 2010 opportunities and that the only government intervention required is to facilitate ways in which established businesses can support the development of smaller businesses.

- **Government procurement** related to the 2010 event will be undertaken within existing policies and practices that further the aims of BBBEE Act and help to develop SMMEs.
- The dti negotiated that 30% of **Local Organising Committee procurement** should be directed toward SMMEs. According to the SA2010 website (www.sa2010.gov.za), 70% of the procurement allocated to BEE companies and small businesses must be allocated to smaller black enterprises, especially co-operatives with a large number of female members, and small businesses of which women are key stakeholders.
- The sectors identified to receive the highest benefits include construction; tourism, hospitality and catering services; transport; security; manufacturing – retail and wholesale; health and tourism.

Expanded versions of the above points, and many additional points, are included in a more comprehensive article on the PIFSA website (www.pifsa.org).

FINANCIAL FITNESS

VAT on exports

SHOULD you be charging VAT when exporting? Do you need to keep any additional documents? These are just some of the questions that haunt us!

As with all things pertaining to tax, the onus is on the taxpayer to ensure that everything is done by the book.

Step one is to assess the rate of VAT to levy on exports by determining what type of export it is. A **direct export** is when the seller (South African vendor) delivers or arranges (and pays for) the delivery of the goods to the customer – VAT is levied at 0%. An **indirect export** is when the foreign buyer collects the goods from South Africa or arranges and pays for the delivery of the goods to his chosen address – VAT is levied at the standard rate of 14%.

The ghost in the closet lies with the direct export because you have to keep a pile of

documents to satisfy SARS of the zero rating. Here's your checklist of documents to keep:

- The order or contract of sale between you and your foreign client (bear in mind that foreign means a non-resident of the Republic of South Africa)
- Your copy of the zero-rated tax invoice
- Copy of a VAT262 or VAT266 form with the original Customs & Excise stamp on it
- Customs export documentation
- A copy of the Customs export or removal document (DA74)
- Proof that your foreign customer received the goods, eg a signed delivery note
- Proof of payment

But it does not end there! If you appoint a transport company to affect delivery to the purchaser, you must also satisfy additional documentary requirements. However, these requirements will be covered in the next issue. (Extracts from the Practical VAT Handbook)



Why does the IBA exist?

By Ross Bartholomew

FOR some the question above might have an obvious answer; for others it might not.

For the many students who have enrolled in the IBA Program, it has meant a new life. Before, they were in the continual cycle of hopeless interviews and odd jobs; now they are integral parts of printing companies in Cape Town and Johannesburg.

The typical IBA student is young (just completed matric or out of school only a couple of years) and very inexperienced in the ways of the working world, particularly the administrative working world.

The IBA Program gives students five weeks of intensive training, with a heavy emphasis on Estimating, and forward-looking companies, who sponsor their training, then take them on in a training capacity for 12 months at a

nominal cost of R1 500/month.

This means that printing companies can start building a staff complement for the future without the usual risks of hiring staff.

Don't wait for a crisis to happen in your company. People can and do resign. What succession planning do you have in place?

Visit the IBA website (www.ibaprogram.com) and look at the Frequently Asked Questions (FAQ) for further details.

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