



South African Furniture Initiative

South African Furniture Initiative Digital Newsletter December 2022

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MESSAGE FROM THE MANAGING DIRECTOR

Dear Members,

As the year draws to a close, I would like to express my sincere gratitude for your continued support of SAFI, as well as with your shared vision on how cohesion in the industry is important in our quest to be better by working together.

I am proud of our role as connector in this industry made up of many small and medium-sized enterprises. We worked hard to continue making a difference in the furniture industry and the summary of 2022 in this newsletter is proof of that.

We are ready to continue to work together with industry stakeholders to create market access opportunities to grow the industry, align relevant policies, drive competitive manufacturing and support sustainable raw material supply.

Since SAFI was established six years ago, relationships with trade exhibitions, large corporates, trade unions, as well as manufacturing and retail businesses were established and over time deepened extensively. Again, showcasing that with cohesion, we CAN be better together.

I wish to thank our board members, the executive, operational team and all our members for their continued perseverance, hard work and commitment during 2022. To our various partners from government, labour, bargaining councils, the private sector and the media, I thank you for your continued support. A special thank you to our funders, without you we would not exist!

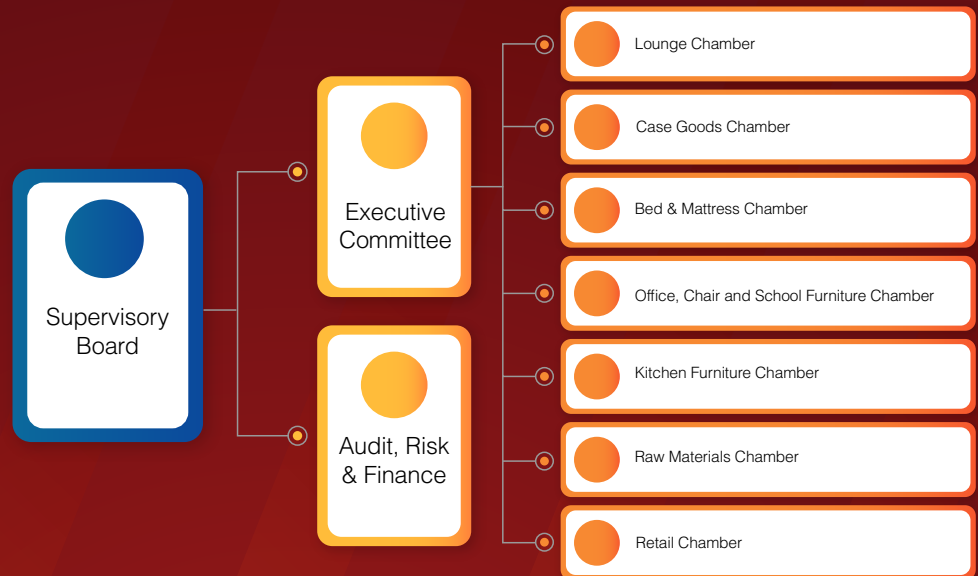
May each of you have a great Festive Season, keep safe and take care.

Managing Director
Bernadette Isaacs

Bernadette Isaacs

SAFI 2022 PROJECT UPDATE

To successfully execute projects and make a meaningful impact, SAFI launched its re-imagined strategy where the execution platform for SAFI initiatives was introduced as seven subsector Chambers that would better address the needs of the industry in a more focused manner, as depicted below.



We are pleased to advise that all the manufacturing chambers have convened, and the Chairpersons appointed are:



Lounge
Greg Boule



Case Goods
Mohammed Hansa



Bed and Mattress
Michael Borchers



Office, Chair and School
Max Frehse



Kitchen
Stephanie Forbes

The SAFI board appointed the Raw Material and Retail Chairpersons and they are:



Raw Material
Justin Berry



Retail chambers
Stephan Nieuwoudt

THE KEY PROJECTS THAT THE CHAMBERS FOCUSED ON IN 2022 ARE:

- 1 The Lounge Chamber has completed and launched a Furniture training module for SARS Customs Officials for certain products under seating HS Code 9401.61 "Seats, Upholstered, With Wooden Frames, Others" code, with the main aim to provide product knowledge for Customs Officials to be able to identify inconsistencies in document inspection that can trigger physical inspection to curb illegal imports in the forms of under-invoicing, misclassification, under declarations, etc. Another key project under the Lounge Chamber is the development of an Occupational Certificate: Upholsterer qualification [SAQA Qualification ID: 103199](#), funded by the FP&M SETA. The Qualification has been registered with SAQA and the Trade Test piloted through the National Artisan Moderation Body. We are now in the final learning material development stage, and we call on interested individuals and organizations to contact SAFI should they be interested in registering as a Trade Test Centre or Assessment Centre for this updated Qualification in the new year.
- 2 The Case Goods Chamber has also embarked on drafting training material under HS 9403 for SARS Customs officials, aligned with the objectives as indicated above. Industry members are working closely to finalize this and launch the additional furniture module in the new year. Skills Development is once again a key focus for this Chamber in the form of the development of Furniture Maker, Crafted Furniture Machinist, and Crafted Furniture Assembler qualifications. The qualification curricula and assessment specifications were finalized, and have been reviewed by the QCTO, and submitted to SAQA for registration as accredited qualifications. Once these qualifications have been registered, we will move swiftly to the Trade test pilot and learning material development phases. We, therefore, call on Industry experts to assist through their technical knowledge with developing the learning material for the updated qualifications. Please contact the SAFI Offices for more information to form part of this Community of Expert Practitioners.





- 3 The Bed and Mattress Chamber focused on skills development through their active participation in the industry skills task team. They highlighted that in the furniture industry both large and small manufacturers see a shortage of skills, especially technical and machine-specific skills, which pose a major constraint to production. This has also led to firms poaching skilled workers in the industry as well as making it difficult for employers to replace staff with appropriately skilled workers. Furthermore, in an attempt for the furniture industry to produce high-quality furniture instead of low-price, low-value furniture, an initiative to upgrade skills in the furniture industry is urgently needed and therefore their focus. They have indicated their high priority scarce and critical skills within the Bed Manufacturing space as Tape Edgers, Half Cappers, Multi quilt operators, Spring Machine Operators, and Ruffler Machine Operators. The low-priority scarce and critical skills identified are Base Upholsters and Mattress Makers.
- 4 The Office, Chair and School Chamber made key input to the state procurement instruction notice for locally designated products and focused on updating quality standards through a SABS Technical committee concentrating on SANS 1528-2 Furniture Part 2: Desks, tables and computer stands and SANS 1528-3 Furniture Part 3: Storage units to ensure that South African products are comparable with world-class quality.
- 5 The Kitchen Chamber has been in investigation mode through various engagements with SARS seeking to simplify the process of accessing duty rebates and drawbacks for SMMEs. To assist with alleviating the administration burden on SMME, one of the members is participating in the SARS SMME Authorised Economic Operator (AEO) Programme. The Programme is aimed at introducing different levels of accreditation with benefits assigned to each accreditation level to provide specific benefits to Accredited clients trading in the regional market (SACU) as well as the international market. All accreditation levels must comply with the SAFE Framework of Standards. Additionally, the Kitchen Chamber has actively participated in the Industry Skills Task team led by the FP&M SETA highlighting short-term training required to fill skills gaps like, technical drawing, being able to read a plan and elevations and understanding and taking measurements, Saw operators, CNC Operators, Edge Banders, Welding, Deco spray painters and soft skills, for example, personal finance, hygiene, communication, appearance, timekeeping, attire, etc. A critical need for a Kitchen Designer qualification has also been highlighted.
- 6 The Raw Material Chamber has focused on matching supply and demand with a focus on board products, through consultation with companies. This is critical to maintaining local production and keeping supply channels open.
- 7 The Retail Chamber has displayed support for the industry through collaboration and sponsorship of key events like the SAFI 4th Annual Furniture Sector Forum. The event was deemed so successful, we devoted a complete newsletter to it! For a visual experience of our event, we include a lot of pictures of the day, and to read more on how the views of the speakers supported the theme of **Cohesion: Together is Better** click here <http://furnitureza.org.za/newsletter/202211.pdf>.

Through sharing the progress we have made within our Chambers, we are still acutely aware that successful implementation of the above model will require that we attract committed and knowledgeable representatives from the industry to invest time and resources to drive the execution of key projects within specified segments/sub-sectors. We, therefore, are continuously seeking industry members to serve on the chambers as members who would fulfil the role of advisors on industry projects/initiatives aligned to their specific segment/sub-sector needs. We aim to have a fair representation of all segments/sub-sectors across geographical locations in South Africa as well as large, small, medium and micro enterprises. *We therefore welcome nominations for Chambers members who meet the minimum requirements, please contact SAFI offices for more information.*

We have also included a cross Chamber matrix approach to Industry-wide matters through Task Teams. All Chambers have welcomed and participated in the Skills and Exports Task Team. The members look for innovative ways to work together to meet the industry's needs. Further, projects that SAFI is leading that runs across all the Chambers are the development of a Furniture Designer qualification that was registered with SAQA and is now in the final Learning Material development stage. We are engaging with Private and Public Higher Education Institutions to partner with SAFI to pilot the qualifications. We are keen to include stakeholders who would like to be included in this project through Learning material development and placement for future furniture designer students. We focused on the importance of this qualification and design in our Furniture Sector Forum in 2020, read more here <http://furnitureza.org.za/events2020.php>.

We also actively partner with the government and industry in the SARS Furniture Forum that was formed in 2019. This year we focused on monitoring SARS statistics to highlight areas that require further concentration like more detailed tariff classification to minimize the use of vague HS codes like "Other" when importing, which hinder the industry and SARS' ability to recognize and address illegal imports such as under-invoicing, misclassification, under declarations, etc.

In support of the Township economy with a long-term view to onboard them into the formal economy, SAFI was pleased to partner with the City of Cape Town on a pilot 12-month Furniture Light Manufacturing Support Programme. The core of the project is to create a light manufacturing support programme suited to township needs in the form of technical training, business and mentorship support. The overall objectives of the programme were of creation and sustainability to reduce unemployment and in turn positively affect poverty, developing SMMEs from existing talent, to upskill and support them to provide quality products at competitive prices relevant to the township community market budget and prepare these businesses to onboard them into the formal economy to access broader financial and non-financial opportunities in the public and private sector. Key partners that provided the technical training, business support and mentorship were SLF, the City of Cape Town Business Support Hub, Northlink College Belhar, SEDA Western Cape, SARS Taxpayer Engagement Education Department, the dtic - Consumer and Corporate Regulation Branch, Regulatory Policy & Legislation, CIPC, the Furniture Bargaining Council Western Cape and Furntech. We started off with 101 respondents received via sms and WhatsApp and ended up with 16 very dedicated SMMEs, who went the extra mile to grow their skills and businesses.

The key successes of this project for 2022 are five of the beneficiaries successfully completed their trade test and we are awaiting approval from the CETA for five more SMMEs to do the trade test in early March 2023. Three beneficiaries will complete their training in January and February 2023 to do the trade test in early March 2023 and the final three beneficiaries will not be doing the trade test as they have employees with the technical skills required for their business. With regards to business support, we have piloted a temporary Showroom in Paarden Eiland for the SMMEs and are finalizing electronic portfolios including photoshoots of products to be completed early in the new year. This dynamic group of SMMEs presented their experience to the key stakeholder on 8th December 2022 and are keenly looking forward to phase 2 of the programme. Watch this space for more!



THE YEAR IN A NUTSHELL

Twenty-twenty-two will be remembered for the time when business tried to restore some sort of normality after two years of a pandemic and various stages of lockdowns. Despite poor electricity supply, SAFI and its members were still able to reach some important milestones. Herewith the past year in a nutshell:

- Industry stakeholders took part in the Raw Material webinar as part of a series focusing on all raw material matters highlighted by industry in the raw material survey sent out in October the previous year.
- Partner organisation, the Kitchen Specialist Association, released its digital consumer guide for 2022.
- Forty-Nine Gauteng-based small and informal businesses affected by the civil unrest that took place last year, shared in more than R5 million donated by the Seriti Institute.
- The PSA Buy Local Summit & Expo took place in March where valuable insights from industry leaders on the importance of localisation, as well as locally made products were available.
- Chairperson of SAFI, Penwell Lunga, opened the prize-giving ceremony for the annual dtic Furniture Design Competition.
- The Jobs Fund held a training webinar, covering the Activity-Based Costing Project Implementation Monitoring Plan, Grant Management System Application Form as well as the Grant Agreement Standard Clauses, Contracting Process and Due Diligence.
- SAFI was the endorsement partner of the 15th Skills Development Summit presented by the FP&M SETA in March. Bernadette Isaacs, SAFI's MD, took part in the panel discussion on Learnerships and Work Integrated Learning.
- Bernadette also took part in the annual KZN Kwande Festival – a creative economy, innovation and business week initiative – where she spoke about expanding the competitiveness of the local design sector amidst global trends.
- Trade Forward Southern Africa's (TFSA) made its wide range of "Free-to-Access and Use" – export tools available on the TFSA Trade and Information Hub.
- SAFI industry stakeholder and member, Pascal Interior Design and Carpentry Services opened a new showroom near Kempton Park.
- The 4th annual Design Joburg took place in May where it included industry walk-arounds, trend talks and networking events.
- The Hotel & Hospitality show took place at the Sandton Convention Centre where key themes included designing spaces for tomorrow's guests, township hospitality and how technology can drive recovery.
- SAFI member PG Bison announced various new offerings in its boarding range.
- Decorex Cape Town, which took place in June, brought a reimagined theme to a hybrid market and next-generation platform.
- The 9th Manufacturing Indaba took place in June, bringing the latest innovations and industry trends to its attendees.
- The Foschini Group announced it will build ten new manufacturing business units while committing more than R600 million towards opening more than 350 new stores.
- Decorex Joburg took place in July, creating an opportunity where products could be showcased, brands be promoted and the latest trends and ideas could be explored.
- The Foschini Group continued to shake-up the local market with a R2.43 billion merger with Tapestry Home, thereby acquiring Coricraft, Dial-a-Bed, Volpes and The Bed Store.
- FASA, together with Proudly South African, presented a Supply Chain Workshop in August, where it focused on driving transformation through the enterprises and suppliers that provide goods and services to the franchising sector.
- Endorsement partnerships with key stakeholders gave SAFI members and supporters access to pre-eminent furniture manufacturing and interior design events, thereby providing benefits to strengthen important relationships.
- The dtic announced in August how inroads were made in supporting women in business by injecting R1.1 billion over the last three years, thereby funding 139 women-owned enterprises operating in manufacturing, retail and services industries.
- Michael Borchers, who serves on the SAFI Board of Directors, was appointed as the CEO of Restonic.
- Cohesion: Together is Better, was explored during the 4th annual Furniture Sector Forum which took place on 5 October.
- The prestigious 1.618 Education Initiative, presented by PG Bison, did not award a first prize as the judging panel felt that no single entry fully met the requirements of the competition brief this year. However, joint runners-up Daniel November and Yolanda Mpanza did receive awards.
- Bravo Brands celebrated achieving Level 2 B-BBEE Certification.
- SAFI played a pivotal part in the implementation of the Pilot Furniture Light Manufacturing Support Programme, funded by the City of Cape Town. The program is suited to township needs with the future view to onboard them into the formal economy and sector.
- The IDC announced its Furniture Industry Challenge Fund to assist qualifying furniture manufacturers to improve their competitiveness, increase localisation of production within the value chain and to maintain and increase current employment.
- Productivity SA, in partnership with the IDC, announced a Competitiveness Improvement Services (CIS) Business Unit, which focuses on creating an enabling environment conducive to entrepreneurship and sustainable enterprises that are capable of creating productive employment and decent work.
- The SAFI AGM took place on 5 October, and a new Board of Directors was elected.



EVENTS TO DIARISE

1. The SAFI offices will close on 24 December 2022 and will reopen on Monday, 9 January 2023.
2. Proudly South African buy local summit: 28-29 March 2023
3. Hotel & Hospitality Show: 18-20 May 2023
4. Decorex Cape Town: 22-25 June 2023
5. Decorex Joburg: 3-6 August 2023
6. Manufacturing Indaba: 24-26 October 2023



SEASON'S GREETINGS

The SAFI Team wishes to thank our board members, the executive, operational team and all our members for their continued perseverance, hard work and commitment during 2022. To our various partners from government, labour, bargaining councils, the private sector and the media, we thank you for your support during these uncertain times. A special thank you to our funders, without you we would not exist!

May you all have a wonderful festive season!

NB: Please note that we will be closed from 24th December 2022 and will be back in the office on 9th January 2023.





SAFI | South African
Furniture Initiative



www.furniture.org.za

Our mailing address is:

Postal: P O Box 1529, Sanlamhof 7532, Cape Town, 7532