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South African Coal Ash

SARS Tax Exemption No: 930012713

A MESSAGE TO THE CONSTRUCTION INDUSTRY

17 August 2021

Dear all,









The construction industry continues to play a leading role in the economic recovery of South Africa. In the early stages of the COVID crisis, Government issued advice and guidance intended to encourage and enable collaborative solutions to be found to the contractual impacts of COVID-19 and minimize disputes.

The challenges we faced initially related to matters such as site closures, reductions in productivity and increased costs of compliance, and we asked all parties to use the guidance to find collaborative and sustainable ways to deal with these issues.



The industry can be proud of the way it has dealt with these issues to date; however, we recognize that there are more challenges ahead for us to navigate.

One such challenge relates to the availability and pricing volatility of labour and materials. The following factors all play a role in creating the escalating challenge for industry:

-  Rapidly rising costs, container availability and transportation challenges
-  A shortage of global raw materials
-  Transitioning the marking with insufficient product testing capacity
-  Using of illegal minerals
-  Allowing Mafia businesses
-  Corruption
-  Using unnecessary borrow-pits
-  Not buying from reliable suppliers

This volatility is likely to be something we must live with for a while to come and could have a significant impact on the timeframes and delivery costs of many projects.

Most forms of construction contract have standard provisions for managing volatility, without the need to make contract amendments.



We have been fortunate enough to operate in a stable environment for a long time. However, they are ideally suited to providing a means for managing the volatile period we are now entering and therefore again, **SACAA** strongly urge those responsible for developing, agreeing, and managing contracts, existing and new, to consider adopting provisions in their contracts and ensure that we have an

honest and trustworthy industry.

In addition, the contractual challenges created by lack of product availability and inability to access approved products are likely to mean design changes are necessary. Therefore, again, **SACAA** would encourage a collaborative approach to be taken to managing these risks.

We know that we perform better as an industry when a collaborative and team-based approach is adopted. We also know that our industry is strong and is growing right now. We would therefore encourage you to consider this message and find ways to work together so that this growth opportunity is maximized, and a sustainable industry supply chain is maintained.

Please therefore use legal and reliable suppliers who are **SACAA** members.

Yours sincerely,



Nico Pienaar
Administrator

