

NEWS FROM THE
June 2020

PIPELINE

FROM THE CEO'S DESK

Dear SAPPMA / IFPA members and readers,

The last time we sent out our SAPPMA e-Newsletter was at the beginning of March 2020. In the few short weeks that have passed since then, the world has changed dramatically. Who could ever have imagined how the COVID-19 outbreak and resulting lockdown regulations would have impacted our businesses and daily existence?

The plastic pipe industry has unfortunately not escaped the ravaging effects of the sudden and immediate order to close down almost all operations for a 5 week period, as our Government and leaders tried to flatten the curve and prevent the spreading of the disease.

During this time, you might have noticed that SAPPMA was not silent as we continued our lobbying. We made urgent appeals to Government to invest in quality water infrastructure as fears of disease and drought continued to increase amid the virus outbreak, and also fought for the right of pipe manufacturers to re-open their doors as soon as possible in the interest of public health and maintaining the country's infrastructure.

This month's newsletter is therefore largely dedicated to looking at the impact of the Coronavirus on our members' companies, our industry and our country. Fortunately, it is not all doom and gloom and we are pleased to also share some positive and uplifting developments with you. We trust your operations will soon return to normal and that our next newsletter will be filled with your success stories!

Jan Venter

Disclaimer: The opinions expressed by individuals in this newsletter are strictly the view of such persons and do not necessarily represent those held by SAPPMA



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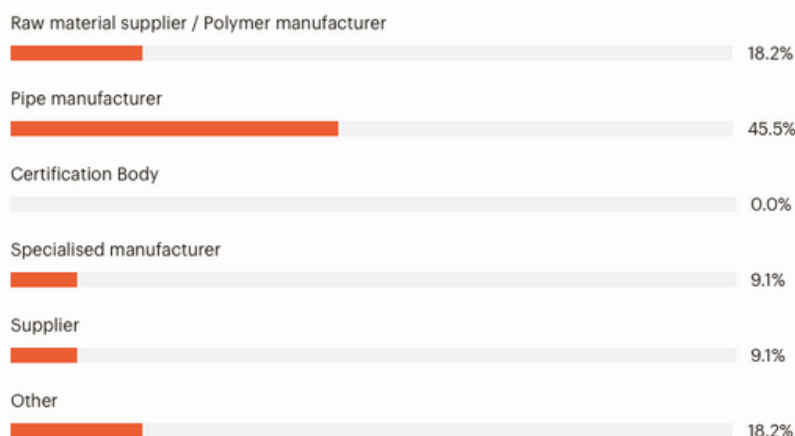
COVID-19 LOCKDOWN REGULATIONS: PLASTIC PIPE INDUSTRY OPENS UP ABOUT HOW THEIR BUSINESSES HAVE BEEN IMPACTED



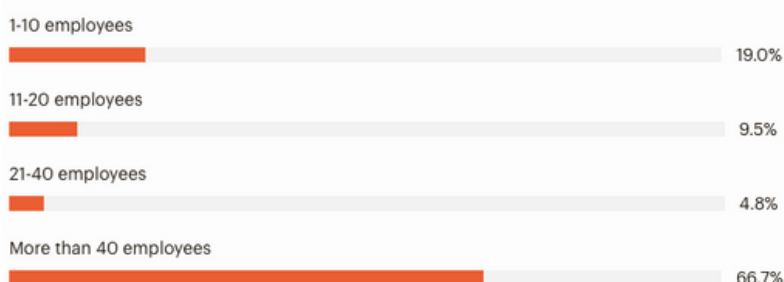
SAPPMA recently conducted a survey into how the forced closure of businesses as a result of the COVID-19 lockdown ordered by the Government, impacted on our members. The survey was sent out to more than 300 respondents and responses were received from members and non-members alike.

The highlights of the survey are presented below

Nature of your business:



Size of your company:



The majority of the respondents were pipe manufacturers, followed by raw material suppliers. The latter were fortunate enough to be classified as an "essential service" during Level 5 of the lockdown, allowing these companies to continue their operations during this time - albeit at also greatly reduced levels.

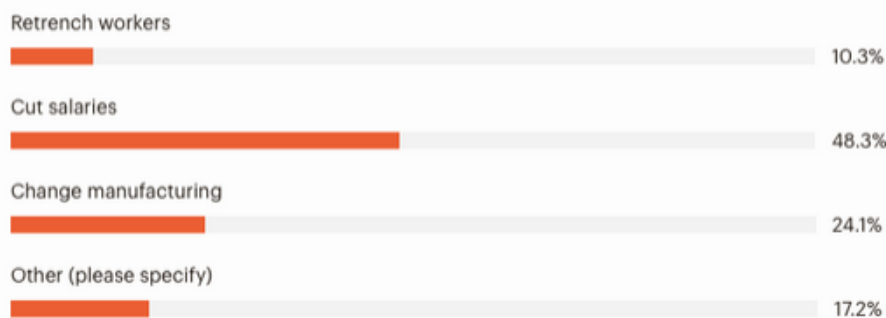
More than 66 % of the companies that participated in the survey were medium to large companies, employing more than 40 employees.

68 % of the respondents were forced to close their operations during the COVID-19 lockdown period. Manufacturers and suppliers who remained open, reported that only certain sections of their companies remained operational.

Was your business closed as a result of the COVID-19 lockdown?



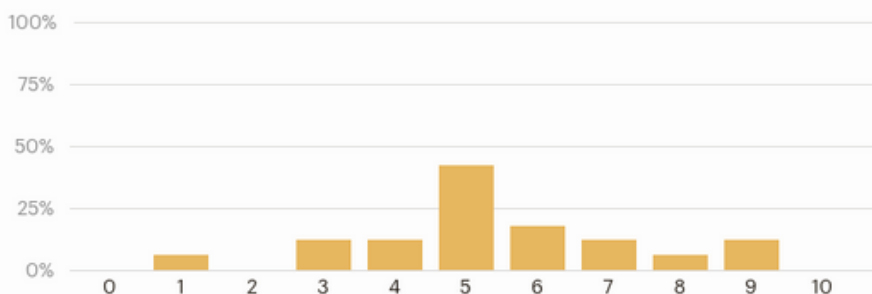
What drastic measures were you forced to take as a result of the lockdown?



On a scale of 1 to 10, how has the lockdown impacted your business?



How confident are you that your business will return to its pre-lockdown condition?



The people have spoken!

The respondents were very vocal in their observations about how the lockdown has affected their business and what they thought is needed to get the industry and the country back on track. There was great concern in particular for the plight of the poor and marginalised sections of the South African society who are facing hunger, job losses and poverty as a direct result of the weakening economy. Business leaders appealed to the Government to ensure that common sense prevailed and to support companies with aid and support packages irrespective of race.

Impact on operations

Border restrictions prevented orders to neighbouring countries from being delivered and hence negatively impacted the production plans. As a result, almost half of the respondents were forced to cut their own and workers' salaries, 24 % had to change their manufacturing and 10 % had to retrench some of their workforce.

Major challenges faced

Some of the biggest challenges that respondents had to face included having to pay workers' salaries, honour payments to suppliers and rental agreements, while their own debtors were overdue. Cash flows constraints were major concerns as a result of markets that have dried up and revenues that were lost.

Hope for the future?

The responses made it clear that the COVID-19 lockdown regulations severely impacted local businesses, with the majority of the companies only being reasonably optimistic and confident that they will be able to return their operations to pre-lockdown conditions.

PENNY WISE, POUND FOOLISH?

SAPPMA QUESTIONS RECENT STRATEGIC DECISIONS MADE BY DEPARTMENT OF WATER AFFAIRS AND SANITATION



SAPPMA has recently added its voice to the mounting criticism being levelled against the Minister of Human Settlements, Water and Sanitation, Lindiwe Sisulu, for failing to address water shortages in communities all over the country. SAPPMA has also questioned the Minister's recent decision to procure 17 000 plastic water tanks at a cost of more than R300 million, presumably to supply vulnerable communities with clean water to allow for regular hand washing as a means to prevent the spreading of the Coronavirus.

"Speaking on behalf of the South African plastic pipe industry, we see this as wasteful expenditure. Apart from the fact that many of the water tanks that were delivered were broken, leaking water and stood empty only a few days after they were installed, water tanks are only an interim, short-term solution. We are deeply concerned about the many vulnerable, rural communities that are in desperate need of a consistent, reliable supply of clean water for drinking, cooking and daily hygiene.

"This R300 million could have been used to procure roughly 12 000 kilometers of high quality, plastic water pipes for a pipeline guaranteed to last a minimum of 50 years (in most cases 100 years) before it would need to be replaced," said SAPPMA Chief Executive Officer, Jan Venter.

"This R300 million could have been used to procure roughly 12 000 kilometers of high quality, plastic water pipes for a pipeline guaranteed to last a minimum of 50 years"

He added that the pipe quality body has made several failed attempts during the past few months to engage with the Minister and her department.

"We are very keen to meet with the Minister to discuss possible ways in which local pipe manufacturers and installers can assist with the supply of pipelines to these communities. We also feel it is of vital importance to educate her, her department and the decision-makers within municipalities about the importance of specifying HDPE and PVC pipes that bear the SAPPMA mark of quality, and ensuring that pipe installations are only done by a company that is a member of IFPA.

Failing to do this, would undoubtedly result in cheap pipes of inferior quality being procured and installed. At the end of the day, it will end up costing the tax payer double the amount of money and cause costly delays and frustration as water supplies are disrupted due to ongoing repair and replacements that are required," Venter warned.



NO SHORTCUTS TO QUALITY

SAPPMA is urging pipe makers and pipeline installers to avoid giving into the temptation of compromising on quality or sidestepping certain processes and procedures for the sake of saving a few Rands.

South Africa, like the rest of the world, is facing a stark new reality of “life after lockdown” as the outbreak of the Coronavirus recently forced companies to shut down their operations for five weeks. As pipe manufacturers have now been allowed to resume their operations, many of them have to do so with a reduced workforce and a negatively impacted cash flow.

Piping systems is one of the key elements of a country’s infrastructure. Communities are relying on the fact that the pipes we provide for their water, sewage, telecommunication and gas supply, will last for fifty to a hundred years before they need replacing. Similarly, a wide spectrum of industries, such as mining, agriculture, telecommunication, building and construction also need pipelines they can trust as the cost of failure in terms of disruption and repairs is prohibitive,” says Jan Venter, Chief Officer of SAPPMA.

However, Venter warns past experience has shown that manufacturers quickly look for ways to save money or take shortcuts when the economy takes a downward turn.

“Without continuous intervention, product quality and standards inevitably deteriorate. We then end up seeing things like pipes that are underweight or shorter in length entering the market, companies using substandard procedures, skipping certain quality tests or including recycled materials,” he says.

For this reason, SAPPMA members undergo regular announced and unannounced factory visits during which every step of the production process is inspected and pipe samples are randomly picked and sent away for testing by an independent body. Only once the compliance officer is satisfied that every standard has been met, are members allowed to display the SAPPMA logo on their pipes as guarantee of quality, reliability and dependability.

“It is important to understand that seeing the South African Bureau of Standards (SABS), South African Technical Auditing Service (SATAS) or SANS logo displayed on a pipe does not mean that the pipe automatically meets SAPPMA standards or that it was produced by a SAPPMA member. The first two are certification bodies who work closely with us to test and certify pipe samples. The South African National Standards (SANS) on the other hand, is part of the SABS and is the custodian of the national standards according to which all locally produced pipes are manufactured,” Venter says. He explains that SAPPMA is not in competition with these entities, but plays a crucial coordinating role between all the stakeholders in this industry.

“Because our sole focus is on a relatively small, but crucially important sector of industry, we are in the ideal position to detect problems much earlier than any other organisation. To this end, we closely monitor our members to ensure product quality and full adherence to all relevant national standards. This is what clearly differentiates our member from non-SAPPMA members and why municipalities are increasingly insisting on membership to SAPPMA or our sister organisation, the Installation and Fabrication Plastics Pipe Association (IFPA), when they prepare tender and specification documents for new infrastructure installations or upgrades,” he says.

There is no shortcut to success.

Skipping certain important steps, avoiding tests or using sub-standard materials ultimately and undoubtedly undermine the integrity of the final product and runs the risk of causing irrevocable damage to the industry.





GETTING THE LOWDOWN ON SEWER SYSTEMS

SAPPMA'S NEXT QUALITY WORKSHOP TO FOCUS ON ASPECTS RELATED TO SEWER SYSTEMS

SAPPMA is excited to announce that it will be resuming with its very popular series of Quality Workshops in July this year.

According to Ian Venter, SAPPMA's Technical Manager, these Quality Workshops have proven to be very popular and were very well attended by members and non-members alike.

"Building on the success of our first three workshops, the fourth workshop will once again be a free-to-attend session from 09:00 to 13:30. As a result of the limit on public gathering still in place, however, we will most likely change the format to that of a webinar hosted on the Zoom platform," Venter said. He added that the use of online technology holds various benefits, such as allowing participants from around Africa to attend the workshop, the recording of the presentations and presentations by international speakers.

Topics that will be covered during the workshop include:

- Sewer design standards
- *Vollie Brink*
- Sewer pipe and fitting manufacture
- *Albert Vaartjes*
- Sewer Pipe design principles
- *Alaster Goyns*
- Sewer rehabilitation and CCTV and inspections
- *Johan Wessels*

More details about the event will be released shortly. Please check the SAPPMA Facebook and LinkedIn pages for updates. Participants will be limited to the first 100 to book and confirm their attendance via email at Admin@sappma.co.za.



EDUCATIONAL WEBINAR

Date: Wednesday, June 24, 2020

Time: Time: 10:30 a.m. - 11:30 a.m. Central Standard Time

PDHs: 1.0

Price: \$99.00

Webinar: Installation of PVC Water and Sewer Piping Systems

Ideal for Water and Sewer Utility Engineers, Inspectors, Engineering Consultants, Developers, and Contractors

In this webinar PVC Pipe Association (PVCPA) staff will discuss installation considerations for PVC pressure and sewer pipe projects. It is important for any pipe material to be specified, designed and installed properly to ensure best performance and maximum design life. This presentation will provide the most up-to-date information available on installation practices for gasketed PVC pipe and fittings as well as answer frequently asked questions. All webinar registrants will be mailed a free copy of the Contractor's Guide, which is the most concise, authoritative and up-to-date publication available for the installation of PVC gasketed-joint water and sewer pipes and fittings. Written and sponsored by the PVC Pipe Association, it comes complete with practical tables and figures that will help users to be more effective and efficient at installing PVC piping systems.

To register, visit: www.uni-bell.org/Events/Webinar-Enrollment?WebinarId=29

RARE PLASTICS AWARDED SANS ISO CERTIFICATION FOR THE MANUFACTURE OF HDPE GAS PIPE

SAPPMA congratulates Rare Plastics on being awarded the SANS ISO 4437.2 certification for the manufacture of HDPE Gas pipe. Rare is currently the only SAPPMA member in the country to hold this accreditation.

Like water pipelines, gas pipelines are a long-term investment in infrastructure and the pipes and fittings used are therefore required to last in excess of 100 years.

HDPE pipes offer numerous benefits for gas pipe installations, such as being lightweight and easy to handle, easy to join, available in a range of sizes and pressure ratings and have low frictional resistance, with hydraulic properties that remain virtually unchanged over its useful life, resulting in lower energy use and pumping costs. Pipes ranging between 20mm to 630mm (as per SANS 4437) are generally used in gas pipelines.

With the abundant availability of natural gas in neighbouring countries, such as Mozambique and Namibia, and the discovery of offshore gas reserves in South Africa, the gas industry in South Africa is set to undergo rapid expansion. In view of these developments, it is important that local plastic pipe manufacturers ensure that the pipes used in gas pipelines, have been manufactured according to stringent specifications and adhere to global standards.

Pipes made from High Density Polyethylene (HDPE) are widely used for the distribution of natural gas as they have a well-documented inertness to both the external soil environment and to natural gas. Extensive testing has taken place over the last 45 years, confirming time and again that the long-term strength of plastic pipes are unaffected by natural gas and its common constituents – making them the ideal material to use in gas pipelines.

Inkulu further improves health and safety standards



KZN-based Inkulu Plastic Pipes has improved its health and safety and ISO standards compliance following an intensive programme that lasted for most of last year.

Staff members had to undergo training, which will undoubtedly result in a reduction in lost production time due to accidents or injuries at the workplace. Improved awareness amongst personnel will also lead to improved production efficiencies and better margins.

Inkulu CEO, Gabriel Reddy, has close to 40 years' experience in the industry and says he has always had the vision to ensure his plant is a safe place for all staff to work. As a result, he engaged the services of Safepro OHS to achieve this goal.

Inkulu can now proudly display their ISO 45001 OHS, SAFEPRO 3-Star Award and ISO 14001 Environmental certifications along with their ISO 9001 certification awarded for their quality system. Congratulations!

BT INDUSTRIAL RECEIVES CEO CIRCLE ENTREPRENEURS AWARD



BT Industrial was recently one of seven recipients of the prestigious CEO Circle Entrepreneurs Award for 2019. The adjudication panel consisted of Discovery CEO Adrian Gore (who acted as chairman), Investec CEO Zani Titi, Vodacom CEO Shameel Joosub and Sasol CEO Bongani Ngqababa.

BT Industrial was selected as one of seven medium sized, black-owned and managed companies (from an initial tally of 140) to be transformed into national champions over the next five years. The seven businesses selected all currently have revenues between R50 million and R100 million, and will be nurtured to achieve a value in excess of R500 million. The businesses were chosen following a "rigorous" selection process conducted by Endeavor ScaleUp, under the aegis of the SME Fund, another CEO Circle initiative that supports small business development.

Titi said he had been impressed by the calibre of the nominees and the award recipients: "These entrepreneurs have, through sheer hard work and perseverance, already built solid companies. With the CEO Circle as a catalyst, these businesses are poised to become significant players."

While some of the entrepreneurs listed access to capital as key to their future growth, the majority said that access to markets and mentorship would be considerably more beneficial.

"Entrepreneurship is incredibly daunting. You have to overcome many challenges. One of the biggest is self-doubt, because not everything you do works, and it takes a long time before your vision is actually realised. I think that, for me, winning this award and having our business evaluated by these esteemed CEOs... is testament to the fact that I am on the right course and that what I am doing, delivers real value" said Kgomotso Lekola, MD of BT Industrial.



Above: Kgomotso Lekola, MD of BT Industrial on the stage with the panel of judges receiving the CEO Circle Entrepreneurs Award.