

PRESS RELEASE

## **SAPPMA'S PIPE SURVEY SHOWS DECLINE IN INFRASTRUCTURE INVESTMENT SA PIPE MARKET SHRINKS BY 15 %**

**Johannesburg, 17 November 2020.** The Southern African Plastic Pipe Manufacturers Association ([SAPPMA](#)) has released the findings of a qualitative and quantitative survey into the plastic pipe market that was conducted earlier this year by LHA Management Consultants.

This was the third quantitative survey they conducted for the plastic pipes standards body, following on previous studies in 2009, 2012 and 2017 to assess the size of the plastic pipes market vis-à-vis pipes made from alternative materials such as concrete or galvanised steel.

### **Highlights of Quantitative Survey Results**

According to Jan Venter, CEO of SAPPMA, it was important for them to gauge how the SAPPMA brand is perceived in the market place, as well as whether decision makers are aware of SAPPMA mission and activities. In order to do this, LHA conducted interviews with municipalities, contractors, consultants and other decision makers around South Africa.

"We wanted to hear from the industry if our training, communication and efforts to maintain standards are making an impact on the ground. We were also eager to find out from them if there any gaps exist and what we could do to offer more technical support or information to the decision-makers," Venter said.

80% of the respondents indicated that they were very familiar with SAPPMA and its role in the plastic pipe industry, with 20 % stating they were only vaguely familiar. SAPPMA scored high for delivering technical support (84 %), professionalism (82 %), neutrality (80 %) and Quality Assurance (80 %). 54 % of the respondents indicated that they give preference to (or only use) suppliers that are accredited members of SAPPMA, and/or carry the SAPPMA logo, albeit with some exceptions. 33 % said confirmed that they use SAPPMA members exclusively.

### **Highlights of Qualitative Survey Results**

Based on the latest available data, PVC pipes continue to enjoy the biggest share of the local market, with approximately 78,000 tons currently in use (72 % pressure and 28 % non-pressure). 48,000 tons of HDPE pipes are used in SA (84 % pressure, 4 % non-pressure and 12% telecoms), followed by 220,000 tons of concrete pipe (78 % stormwater and 22 % sewer).

What became clear from the research, was that significantly fewer funds have been invested in infrastructure and building projects over the past six years – causing the pipe market to shrink by an alarming 15% since 2014. Although South Africa recorded average GDP growth of 0.8 % per annum during the same period, the amount of money that was invested in building and construction projects as a percentage of GDP had declined sharply.

"Reliable infrastructure is desperately needed in our country to ensure the supply of clean drinking water, uninterrupted sewage services and the provision of electricity, telecommunication and gas services to communities around South Africa. We are very concerned that the pipe infrastructure provision is declining on a per capita basis. This is a clear indication that the taxpayer's money is not being spent where it is supposed to go - despite the promises made by politicians," Venter reported.

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### **Looking ahead**

Valuable and insightful feedback was received from the respondents, which SAPPMA will use to set its agenda and priorities for the next few years.

“It is clear that there is a need for ongoing training, communication and skills transfer in the industry. Our annual PIPES conferences, quality workshops and technical manual play an important role in this regard. We will continue educating engineers and other decision makers about pipe selection, pipes standards and pipeline design through these platforms, but will also be offering roadshows to the various provinces once the COVID-19 pandemic is over and life has returned to normal,” Venter said.

Recognising the importance of educating future engineers with practical and relevant information about plastic pipe materials, SAPPMA has begun engaging with the Department of Civil Engineering of the University of Pretoria to include basic technical info into the curriculum for the third-year students.

Unfortunately, Venter said he was not too optimistic about the possibility of a quick recovery for his industry. “We know from experience that implementation and roll-out take long. Even if the decisions are taken and approved today to invest in new infrastructure or to upgrade the existing pipe networks, it will still take several months before we start seeing the impact and results. What is more concerning to us, is that we have also not yet calculated the full impact of the COVID-19 pandemic on the country’s economy, infrastructure spend and therefore also on the pipe industry. Optimistic expectations are that South Africa's GDP will only recover to 2019 levels by 2023. Rapid recovery is therefore highly unlikely, and we are preparing ourselves for a bumpy ride,” he concluded.

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### **Note to the Editor:**

LHA specialises in innovative, integrated consulting, research and analysis services for the public and private sectors, international development finance and donor institutions in South Africa and wider across the African continent.