

Will 2018 present a challenge or opportunity for the construction industry?

By [Geoffrey Jäck](#)

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Well, 2018 has arrived and the Western Cape construction industry is, arguably, entering one of its toughest years in a century, led by the drought. The challenges of 2018 probably outweigh most challenges of the past, but may lead to opportunities.



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The biggest challenge facing the industry is the drought, with taps set to run dry in April 2018. On top of this, the country's economic woes may continue, as we battle to avoid further downgrades from international ratings agencies on the back of interest rate fluctuations pressurising our economy. The focus on compliancy in the industry will also receive more attention in 2018 with the Building Industry Bargaining Council (BIBC) aiming to enforce contractors to toe the line.

All this places the burden squarely on our government, with the spotlight on the new leadership in the African National Congress (ANC) to steer us through to a more secure socio-economic and political future.

Impact on employment

While all efforts are being made in the industry to access water for use on sites, the fact remains that if the expected rains do not break the drought, the industry will face serious challenges. Our main concern, of course, is the impact the drought will have on employment. Should production be halted on projects that require the use of water, the immediate and unfortunate result will be loss of employment until the drought breaks.

The coming year, and indeed the foreseeable future, is set to lead to a more innovative approach to doing business and indeed, construction. How and where we use water will be top of mind. Some companies have embraced the opportunity to provide harvested water on sites and this has already proven to be marginally successful.

Indawo geared up more than a year ago in anticipation of the drought. We installed rainwater harvesting tanks at our head office to supply required water to sites across the city. Not only does this allow us to continue with operations, but goes a long way to keeping our site workers employed.

South Africa's economic and political environment is in the midst of change. With the nomination of new leadership in the ANC in December 2017, the market reacted positively. The impact of this, however, will only be evident in later months in 2018. We still have to negotiate potential interest rate fluctuations, investment status announcements and the volatility of our political environment.

Spotlight in compliance

The spotlight will also fall on compliance in the construction industry. The law is clear; toe the line and comply with the BIBC or face the consequences. The regulations, as stipulated by the BIBC, indicate that both the contractor and client may be liable for penalties or even face prosecution should the contractor not be compliant.

The protection of our workers is critical, something on which we, and any compliant contractor, will not compromise. Should the drought bite hard this year, employees working for compliant contractors will at least be protected in the form of unemployment benefits. Non-compliance may be to the detriment of employees, and clients should be requesting proof of compliance for all contracts.

So, while 2018 is greeting South Africa with some challenges, the opportunities arising out of these will prove to be the silver lining. Innovation in times of adversity drives industry to improve efficiencies including the supply chain. The question is, will 2018 prove to be the year that South Africa, as a nation and global player, reinvents itself as tough decisions and circumstances face us. Indawo believes that 2018 will certainly be a year of positive socio-economic and political change.

ABOUT THE AUTHOR

Geoffrey Jäck, managing director, Indawo

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