

# Load shedding hampering the construction sector's recovery, growth

Roelof van den Berg, CEO of Gap Infrastructure Corporation, has warned that the construction industry is paying a steep price due to persistently high load shedding which is severely limiting the industry's potential for economic growth and job creation.



Roelof van den Berg, CEO of Gap Infrastructure Corporation

Pointing to the urgency of the situation, South Africa had already experienced more than 1,393 hours or 58 days of rolling blackouts within the first two months of 2023 alone. Given that 2022 saw a total 3,776 hours or 157 days of national load shedding, this year is likely to set another record for blackouts, causing unprecedented and expensive delays to vital construction and infrastructure work.

“The ongoing energy crisis is significantly driving up costs while hampering the smooth roll-out of construction and infrastructure projects, preventing the industry from reaching its full potential as an economic contributor,” says Van den Berg.

“This said, by resolving the country’s power constraints, we could easily see the industry double in size and create hundreds or even thousands of new jobs. In fact, the industry could quickly employ more than one in every ten people in the country, especially given its capacity to employ low- and semi-skilled workers.”

Demonstrating the economic potential of the construction industry, Statistics South Africa figures reveal that at the end of 2019, prior to the onset of the Covid-19 pandemic, it was already contributing 4% to South Africa's gross domestic product (GDP). However, recent statistics reveal that at the end of September 2022, the industry represented just 2.4% of GDP.

"The pandemic took a heavy toll on construction companies by placing a number of projects on pause. But now that the economy is opening up again, load shedding has constrained the industry's recovery. To maximise the industry's performance and productivity, we urgently need to address the burden and expense of load shedding."



### How to recession-proof your construction company

Roelof van den Berg 14 Mar 2023



## Impact of load shedding on the industry

Van den Berg explains that the construction industry relies heavily on electricity to power machinery and lights. Load shedding has thus disrupted work schedules, caused delays, forced contractors to reschedule their projects, and damaged electrical equipment through power surges and voltage spikes.

Additionally, the rising cost of electricity has resulted in increased building costs, while the supply and upkeep of generators can also result in higher costs and increased pollution. Together, these factors mean significantly higher costs and a loss of productivity.

"Finally, the instability and unreliability of power caused by load shedding has decreased investor confidence and hindered businesses throughout value chains, including suppliers, sub-contractors, and manufacturers who all provide crucial inputs into the industry," he adds.

"By contrast, improved and ongoing construction projects have enormous potential to attract increased foreign investment, improve living standards, and boost the country's economy.

"A strong construction sector also impacts positively on related industries, such as manufacturing and engineering, further boosting the economy. So, by prioritising investment in the construction industry, South Africa can set itself up for long-term prosperity.

"Ultimately, it's critical that we find a solution to the energy crisis as soon as possible. We need to take action to ensure the stability of the industry and to protect the country's economic interests," he concludes.

For more, visit: <https://www.bizcommunity.com>