

PRESIDENT'S REPORT

2018 / 2019 Financial Year



56TH ANNUAL GENERAL MEETING & CONFERENCE

Good morning and welcome to all our members. It is my pleasure to open the 56th Annual General Meeting of the Clay Brick Association of Southern Africa.

It is a great honour to be elected President of this prestigious association – it is a responsibility that I take very seriously and I will endeavour to protect our long heritage while also preparing us for the future.

I would like to extend a warm welcome to our presenters as well as our guest speakers.

- Mr Claudius Dittrich: Brick Showcase to reduce carbon footprint
- Dr Garth Taylor: The 80:20 rule applied to sustainable brick making
- Ms Fundiswa Ndaba: Mining Charter and small mines
- Ms Lisa Reynolds: The carrot and stick approach to emission management
- Paul Oxtan: Founder of Wild Heart Wildlife Foundation
- Henk Sa and Lodewijk Nell: Switch Africa Green Project

Thank you for joining us and we look forward to hearing the insights you will share with us.

I would like to extend a special welcome to our sponsors:

- Bell Equipment
- Beralmar Tecnologic
- Bernini Impianti
- BMMS
- Bongioanni Macchine
- Busch Vacuum Pumps and Systems South Africa
- Cermalab Materials Testing Laboratory
- Dezzo Equipment & Manitou
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- Tecnofilere
- Teide Refractory Solutions

Your generosity is greatly appreciated.

“TODAY’S FOOTPRINT... TOMORROW’S LEGACY”

Every CBA AGM has a theme – a theme that is relevant to current topics, challenges and experiences.

Our 2019 CBA AGM & Conference is all about the impact our businesses have on the environment. Throughout the conference you will see animals that used to be prolific across the African continent. These iconic species - the evolutionary winners for tens of thousands of years – have dwindled to such small populations, they are now close to extinction.

Thirty years ago, we all thought that governments and the crazy people in at Greenpeace would protect the animals - the whales, the rhinos, the pandas. We assumed municipalities had set aside land for parks and gardens. We assumed someone, somewhere, was busy protecting our legacy. But they weren't.

You will see that the biggest underlying factor for shrinking populations is loss of habitat. Humans like to think we're different. We're smart. We can **create** habitats. We can **grow** food. We can move out the cities to housing estates far from the garbage and polluted air. We can always drive our SUVs to a cleaner river or ocean to fish. Unfortunately the number of places where the air and water remain healthy for humans are shrinking. Pollution and air quality crosses oceans and continents. Poisons and pesticides thrive in our food chain, and are already in the meals you eat with your family.

The decisions that businesses like ours make NOW in 2019, will affect our families and communities and your grandkids in the years ahead.

TODAY'S FOOTPRINT. It could be your carbon footprint specifically. But the bigger picture is the ENTIRE footprint you leave behind on the earth. If you look at Google Earth, is your business a scar on the landscape? Have you left open areas of sand and stone that can wash topsoil into the rivers? Have you planted trees to hold the soil or restore the bushveld? Are your roads damped down to stop dust, do you reuse your waste, do you dump machinery out back and leave it to rust? Are you making the best possible use of water and other resources that you take out the soil?

The footprint you leave on the earth today, is the legacy you leave for the future.

What we do TODAY, matters. We need to change our methods NOW. You need to rehabilitate your land THIS year. You need to rethink how you use or pollute your water NOW. And specifically you need to look at how you fire your bricks, and bring that carbon footprint right down. It will not only save you in fuel costs, it will save the planet and ensure that YOUR legacy is one you can be proud of.

SWITCH AFRICA GREEN SUSTAINABILITY PROJECT

With the commencement of the Switch Africa Green Project, co-funded by the European Union, brick manufacturers and their sales teams will soon have authoritative information when talking about sustainability issues. Together with our partners Switch Africa Green, EcoMetrix and Partners in Innovation, we look forward to implementing further industry initiatives that promote inclusive, sustainable practices in the South Africa Clay brick sector.

We appreciate the effort and paperwork that results from participating in this project. Many CBA members have wholeheartedly contributed and to those of you I say **Thank You**. To those who have not yet taken part I plead with you to do so. Simply put, the more factories that participate, the more data we have to establish benchmarks and the better placed we are to make decisions for our industry for the future. Our responsibility is to ensure that we only put quality products on the market, and produce them in a way that safeguards our environment for future generations.

INDUSTRY OVERVIEW

The value of buildings reported as completed (at current prices) increased by 0,3% (R210 million) in 2018 compared with 2017. Increases were recorded for residential buildings (14,5% or R5 636 million) and additions and alterations (6,1% or R713,2 million). Non-residential buildings fell by 26,8% (-R6 139 million).

The value of recorded building plans passed (at current prices) decreased by 1,6% (-R1 802 million) in 2018 compared with 2017. Non-residential buildings fell by 13,8% (-R3 888 million). Increases were recorded for residential buildings (3,1% or R1 744 million) and additions and alterations (1,2% or R341 million).

Clearly the figures do not paint a rosy picture and we are all finding trading conditions extremely difficult.

During my tenure as CBA President, the country and our industry are facing tremendous challenges:

- Political instability and corruption in both Public and Private sectors
- A decline in our economy and a general reluctance to invest
- Land expropriation without compensation, and
- Challenging regulatory environment

Despite this, billions of rands are being invested in the clay brick industry. Brand new factories, new technology, highly energy efficient kilns and new ways of thinking. We are achieving real progress in terms of technology and productivity improvements. Even under conditions of weak growth and low infrastructure investment, we are building new factories, creating jobs, selling our products and surviving.

ADAPTING TO MARKET TRENDS

As brickmakers, it is critical that we acknowledge that our customers have fundamentally changed what they want their home to look like. To anticipate our future, we need to look outside our own industry for market trends – the tile industry for example. The rough-textured, terracotta tiles of the 80's and 90's are dead. Now we have shiny porcelain and polished wooden floors. Coarse, unplastered brick does not complement these popular materials. The market is looking for dark bricks, grey bricks and neutral bricks.

And it has been suggested that consumers are buying cement bricks NOT ONLY because of the PRICE. The neutral greys of cement brick gives them a real advantage in terms of current décor trends.

Congratulations to those companies who are making big investments to improve quality, sustainability and provide new and exciting products. Today's investment is the seed of tomorrow's growth.

ACTIVITIES OF THE ASSOCIATION

The CBA has various committees to monitor legislation, conduct research and promote clay brick.

The Marketing Committee, under the chairmanship of Johan Humphries, comprises sales managers from members all over the country and meets quarterly with the broad objective of ensuring that CLAY is the preferred building material. Thank you, Johan, for your time and the excellent work performed by your committee.

The Technical Committee, under Nico Mienie, does tremendous work - much of it behind the scenes on technical research, compliance, legislation, energy and sustainability. Nico spends an extraordinary amount of time on CBA business and we are indeed fortunate to have a man of his commitment and institutional knowledge.

The CBA has representation on the following boards and committees:

- Minerals Council Junior and Emerging Miners Leadership Forum
- SABS Building Regulatory Steering Committee
- Green Building Council
- Southern Africa Energy Efficiency Confederation

We are also founder members of a loose partnership with ASPASA (Aggregate Producers) and SADPO (Diamond Miners) to promote the interests of small surface miners.

CLAY BRICK ASSOCIATION BUILDING

At the 2018 AGM the Board was mandated to sell our building in Midrand for approximately R8 million. Regrettably we were unable to find a suitable buyer at this price, given the prevailing property market conditions. The building is leased to I-College until 2020.

FINANCIAL

Our Honorary Treasurer, Chris du Trevou, will present the Audited Financial Statements of the Association. Thank you, Chris, and your colleagues at Corobrik, for the administration of our finances and for performing this critical oversight role.

MEMBERSHIP

At the end of the previous financial year we took the decision to terminate membership of manufacturers not in good standing with the Association. These included companies who had defaulted or who were in arrears with subscriptions. This had the short term undesirable effect of losing several members. However it is our view that membership of the Association should be sought after, long term and prestigious and not freely available to those companies and individuals wishing to benefit without meeting their financial obligations.

The Board also believes that the CBA brand brings peace of mind to consumers and accountability to manufacturers. We want consumers, builders and developers to recognise that members of the CBA not only provide quality products, but are sustainable in the broad sense of the word – environmentally, financially and socially.

To illustrate the value and prestige of being a member, I recall the procedure I had to follow when I applied for membership of the Association in 1995. It was not simply a matter of filling in the form and sending a cheque. Two other brickmakers were appointed to visit my factory, assess what I was up to, test my products and only when they gave the go ahead was my membership approved. Nico Blake from Langkloof Stene and John Martin from EP Brick were my “auditors” and their clear message to me was that if I wanted to be a member I HAD to have a good product.

Nevertheless, we recognise the importance of broad based membership and we continue to strive to sign up new members and grow the Association.

REGIONAL MEETINGS

In all regions, bar the Free State, regional meetings were held on a regular basis. The Executive Director, Mariana Lamont, attended all meetings and I attended two meetings in each region.

I was heartened by the excellent turnout at these meetings, in particular, Gauteng, Mpumalanga and the Western Cape. We are working on improving participation by Eastern Cape members. Regrettably membership in the Free State and Northern Cape has declined and Mariana will be taking appropriate action to reverse this.

BOARD & EXECUTIVE COMMITTEE MEETINGS

We had three well attended Board Meetings and four Executive Committee meetings in the past financial year. The Switch Africa Green project held 12 Project Management meetings as well as two Advisory Board Meetings.

Our industry faces many challenges and the Board is deeply committed to finding just and equitable outcomes for members. Discussions were often frank and robust, but always in the best interests of members. The majority of the actions and issues have already been communicated to you by the Executive Director.

As President I want to thank the Board and Executive for their commitment as well as their time and financial support. There were many times when I phoned my fellow Board members for advice – fortunately most of them are ex-Presidents. Their dedication to the betterment of the industry for all of us, comes at a cost to their companies. Please give them a round of applause.

The office is well run by our Executive Director, Mariana Lamont, ably assisted by Marnie Bezuidenhout. Thank you Mariana and Marnie for your loyalty, commitment and enthusiasm. Together they did the vast majority of work to organise this AGM, and they have been ably assisted by Chantelle from Malelane Stene. Thank you **all** for a job very well done!

In closing I wish to thank all members for their respective contributions to the Association. There is absolutely no doubt that the old adage applies ***“The more you put in, the more you get out.”***

I wish you all and your partners a most enjoyable and memorable AGM.

Thank you.

COLIN MEYER

PRESIDENT

Clay Brick Association of Southern Africa

Email: president@claybrick.org