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# Working to accelerate infrastructure build

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## SASHA PLANTING

THERE were no surprises concerning infrastructure spending or glitzy announcements concerning big new railways or ports. In an environment of constrained revenue, the focus is on financing the projects that are already on the table and choosing future projects wisely.

Almost 60% of government expenditure focused on social services (R682.3bn out of R1.2trn budget), which does not leave much for infrastructure investment. As a result South Africans should get used to the idea that they will pay for the services they receive – such as roads.

Budgeted spending for public sector infrastructure totals R827bn over the next three years, compared with the estimated R642bn that government has spent over the past three years.

When combined with the projects under consideration, treasury estimates that the value of major infrastructure projects totals R3.6trn, and when combined with public private partnerships this rises to R4trn.

Slowly, government's capital spending programmes are gaining traction with more departments spending more of their allocated budgets on capital projects.

However, as a percentage of GDP, capital spending has not yet recovered to the level reached in 2008.

Weakness in government planning and capacity remains an impediment to the delivery of houses, schools, hospitals and other social infrastructure. This is an issue that is being addressed by the Presidential Infrastructure Coordinating Commission. Some progress is being made, for instance the Municipal Infrastructure Support Agency, established last year, is working with 29 water service authorities to eradicate supply and maintenance backlogs.

Of the infrastructure spend about half, R429bn, will be allocated to general infrastructure projects which support social needs. This will be funded from the fiscus.

The balance, R397bn, will be funded by state owned entities (SOE). Eskom and Transnet account for R329bn of this expenditure and will fund their projects via capital market borrowings and internal resources.

It is anticipated that they, and to a lesser extent Rand Water, Sanral and other smaller SOE's will raise about R160bn on capital markets over the next three years.