



**Publication:** TheCitizenKZN - Business  
**Title:** Backlog gets attention  
**Publish date:** 22 Nov 2022  
**Page:** 19

**Reach:** 44390  
**AVE:** R 78301.92  
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# Backlog gets attention

**INFRASTRUCTURE:** R193.4BN PROJECTS ARE UNDER CONSTRUCTION IN SA

➔ **There are plans worth R87.4bn in procurement stage.**

Ciaran Ryan

Moneyweb

**S**outh Africa's infrastructure backlog appears to be getting some of the attention it needs. About 48 strategic infrastructure projects worth R193.4 billion are currently under construction, and projects worth R87.4 billion are in the procurement phase.

This is according to Infrastructure SA (ISA), established by Cabinet in May 2020, to accelerate infrastructure development. These projects are expected to create more than 421 000 jobs, according to ISA, which operates under the department of public works and infrastructure.

There are 328 projects in the ISA pipeline, most of which relate to energy, human settlements, transport, social infrastructure, and water. While this is a drop in the ocean compared with the R6.58 trillion envisaged in terms of the National Development Plan 2030, there are promising signs of gathering momentum.

One of the projects being piloted by government is putting its massive property portfolio to better use. "The government is looking at refurbishing and leasing out old buildings, and putting government buildings back into the private space," said Alvin Wildschutt-Prins, manager for Infrastructure Pipeline Management, speaking at the Asset Own-



**PRODUCING POWER.** The Infrastructure Investments Review Committee has reportedly approved about 16 projects in the energy space to address South Africa's critical energy shortage. Picture: Bloomberg

ers Forum SA's (Aofsa) first anniversary gathering last week.

Government owns 4.7 million hectares or 4.5% of SA's land area, and has about 90 000 facilities with a net asset value of R134.5 billion, or 33.9 million square metres that could be put to use. However, nearly two-thirds of that property portfolio is rated as being in fair to very poor condition.

So-called catalytic projects, worth more than R300 billion, have been identified.

These include the production of green hydrogen by Sasol for use in sustainable aviation fuel and the greening of industry, and the Hydrogen Valley Project, led by Anglo Platinum, aimed at creating a green hydrogen corridor with several hydrogen-related industrial, construction and transport projects.

Investment spending in SA fell from an average of almost 30% of

GDP in the early 1980s to about 16% by the early 2000s.

"In effect, SA has missed a generation of capital investment in roads, rail, ports, electricity, water, sanitation, public transport and housing. To grow faster and in a more inclusive manner, the country needs a higher level of capital spending," says the NDP 2030.

The NDP 2030 calls for gross fixed capital formation to return to about 30% by 2030, with public sector investment accounting for 10% of GDP.

The lack of reliable energy is one of the key bottlenecks to be addressed.

The Infrastructure Investments Review Committee has approved some 16 projects in the energy space to address SA's critical energy shortage, which should encourage broader investment in other areas of the economy.

Wildschutt-Prins said the Infrastructure Fund, set up by President Cyril Ramaphosa in 2018 and run by the Development Bank of Southern Africa, has R5.9 billion in projects at an advanced stage, including the building of 320 000 social housing units, and the upgrade and refurbishment of water supply at Olifantspoort and Ebenezer in Limpopo.

"Since its establishment, Aofsa members have collectively committed R5.7 billion to infrastructure over the past 24 months.

"This has comfortably exceeded the R860 million target that we set out to achieve and is an indication of our members' commitment to the objectives of the forum," said Musa Mabesa, Aofsa chair and principal executive officer of the Government Employees Pension Fund.

Aofsa comprises 13 of SA's largest pension funds.