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Author: Helmo
Preuss

SAIC: Reliable infrastructure is mission critical component for economic growth

HELMO PREUSS

PANELLISTS at a breakaway session at the Fifth South African Investment Conference in Sandton said yesterday that good efficient and reliable infrastructure was a mission critical component for economic growth.

Part of the attraction of South Africa as a gateway to the rest of Africa was that it had a world class communication and logistics network.

Sadly the impact of Covid-19 and the associated lockdowns meant there was an increase in the theft of copper cable and metal from electricity pylons so that State-owned utilities Transnet and Eskom are no longer the reliable

providers of rail and power, respectively.

The theme of the conference is "Accelerating economic growth by building partnerships", and the panellists were at pains to emphasise that the current challenges facing South Africa could only be solved by fostering partnerships between civil society, the government and business.

In that respect Public Works and Infrastructure Minister Sihle Zikalala said that six land ports of entry would be modernised to One Stop Border Post standards so that trade and tourism between South Africa and its neighbours could be encouraged.

Transnet CEO Portia Derby said Transnet was investing in expanding

infrastructure at some of its ports. For instance Durban port was aiming at handling one million vehicles per year in terms of both imports and exports.

The High Level Roundtable between Botswana and South Africa held in Gaborone, Botswana in August 2022 reaffirmed the strong trade and investment links between the two countries. Both presidents and trade ministers attended and both presidents said a rail link between Botswana and Lephalale was a priority project.

At the time Derby said Transnet had cut the budget to provide a single line 126km railway rather than the heavy gauge railway that had been discussed previously.

At yesterday's conference she said providing money for the project remained a problem, but both governments remained committed to the project.

The importance of the national highway system was highlighted by the fact that although they constitute only 3% of South Africa's road network, this small percentage carried 40% of the traffic and 60% of the freight.

Transnet's cable theft problems meant that rail transport payload declined by 12.0% in 2022 after a 6.9% fall in 2021 and a 11.1% drop in 2020, while road transport surged by 25.0% after growing by 10.4% and a 11.9% decline.

This meant that the percentage transported by rail fell to 15.6% in 2022 from 20.6% in 2021 and 23.5% in 2020. Transnet's strategic plan was to have a 30% share of land transport.

In January 2023, rail payload had fallen by 5.5% year-on-year (y/y), while road payload had risen by 24.8% y/y and this relative improvement is expected to continue for the rest of this year.

Reginald Demana, the CEO of Sanral, said its budget for road infrastructure had risen from R22 billion in the past financial year to R59bn in the current financial year as it aimed to make sure that the National highways such as the N1, N2, N3, and N4 were well main-

tained and expanded to ease congestion.

Sanral also said that in line with transformation, at least 30% of the contract value of each tender will be subcontracted to small, medium and micro enterprises (SMMEs).

"This effectively ensures that nearly R18bn minimum, will go to SMMEs located in the various communities in which the projects will be implemented," it said.

Mohale Rakgate, the chief investment officer; SA Infrastructure Fund of the Development Bank of Southern Africa, said the savings of stokvels should be mobilised so that ordinary South Africans could enjoy a real stake in the economy.