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A crisis of confidence

There is significant appetite for infrastructure investment, but the risk issues must be addressed

● SA's infrastructure is under growing pressure, with the demand for services outstripping supply.

Public infrastructure is at particular risk of failure, is not coping with normal demand, and is poorly maintained, according to the South African Institution of Civil Engineering's (SAICE) 2022 Infrastructure Report Card.

The report notes that South Africans will be subjected to severe inconvenience and even danger without prompt action.

The country's economic infrastructure – with the exception of energy generation – remains in a satisfactory condition, says the report. But social infrastructure, which includes water, sanitation, hospitals, schools and public transport, has degraded significantly since the publication of the last report.

Commenting on this deterioration, the report says: "Crime and nonpayment for services as well as weak institutions lacking appropriate skills and accurate data have contributed towards a further decline in the overall condition of infrastructure since the last SAICE Infrastructure Report Card published in 2017."

Capital investment in public infrastructure continues its downward trajectory. Though the National Development Plan has set a target of 30% of GDP to be invested in infrastructure, in 2020 this figure

was only 13.7%, two-thirds of which was from the private sector. The National Treasury has previously said the public sector needs to increase its investment to 10% of GDP.

The state's budget allocation to infrastructure, however, is constrained by weak economic growth.

"The dilemma facing the government is the affordability of new infrastructure projects in an economy that is not growing vs the challenge of fixing existing infrastructure," says Chris Campbell, CEO of Consulting Engineers South Africa (Cesa).

Persistent underspending of infrastructure budgets at a municipal and provincial level deepens the problem. "Ironically, infrastructure allocations frequently go unspent, with the result that the allocation is returned to the Treasury," says Campbell.

He attributes this underspending to the scarcity of skilled public sector engineering practitioners and insufficient leveraging of private sector capacity, likely borne out of the trust deficit between public and private sectors.

Public sector expertise, says Campbell, can be commissioned to serve as "owner engineers" where there are capacity constraints to get project business cases in place and assist with the technical input required for the bid processes for the appointment of "implementing engineers", defined as the design engineering teams required for the design and site supervision of appointed construction companies.

"Each of these parties

should act independently of the other," says Campbell, adding that any evidence of corruption in these processes would have to be swiftly and harshly addressed so as not to destroy the professional trust that needs to accompany this process.

Campbell says while there has been some acknowledgment at national government level that the public sector is facing severe capacity constraints, there is less



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Chris Campbell, CEO of Consulting Engineers South Africa

acknowledgment at some provincial and municipal levels, which still wrongfully assume that there's sufficient experienced capacity within their respective entities.

There are exceptions, however, he says, including the City of Cape Town, the Free

State department of public works & infrastructure and the Northern Cape department of public works & transport, to name a few.

At local government level there is a pilot project to pool expertise through what is known as the district development model. Campbell says the model is a good strategy to address the continued skills shortages, particularly in rural municipalities.

The public sector's lack of capacity to even appoint service providers is having a knock-on effect on service delivery. Overly onerous and highly bureaucratic procurement processes tend to lose sight of the strategic objectives of the entire process, says Campbell.

"If we could fast-track these procurement processes, without ignoring the governance element, we could be making stronger inroads into developing the infrastructure required for economic growth and alleviating high unemployment."

Campbell has long argued that a failure to appropriately maintain critical infrastructure is one of the biggest problems in the infrastructure space. He is not alone in this assessment: SAICE says maintenance neglect is the most persistent problem encountered in all four of its infrastructure report cards to date.

Eskom's high levels of load-shedding are frequently blamed on the country's ageing fleet of coal-fired power stations. However, as Campbell points out, a failure to conduct regular maintenance over a long period is more to blame than just the age of the