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Title: PATEL KEEN FOR PRIVATE SECTOR TO FUND INFRASTRUCTURE PLANS

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- Minister says all-hands-on-deck approach needed

Patel keen for private sector to fund infrastructure plans

Michelle Gumede

Trade, industry and competition minister Ebrahim Patel says limited funding for infrastructure plans announced by the department of public works has plagued the quick rollout of infrastructure projects.

In response, the ministry will be looking to draw on capital resources of the private sector and global development agencies to enable faster progress.

Speaking on the sidelines of the ProudlySA Buy local summit, Patel acknowledged the cries of the despondent metals and engineering, steel and construction sectors, which have bemoaned the slow pace of infrastructure project rollouts and called for private sector inclusion to solve challenges.

Revealing a funding gap to execute plans, he said the cabinet had identified the value of partnerships with the private sector to mobilise resources faster than the government could do on its own.

"We've announced the infrastructure plan, the minister of public works and infrastructure has put that plan on the table and the big issue has been how do you fund the plan," Patel said.

"We don't have a shortage of projects, we've had a constraint on the funding side so we are opening that up more to the private sector to look for public-private partnerships in many of these infrastructure areas so you bring additional resources there."

Gazetted in March last year, the National Infrastructure Plan (NDP) 2050 identifies the most critical actions needed for sustained improvement in public infrastructure delivery.

The cost of delivering infrastructure to meet NDP development objectives is estimated to exceed R6-trillion between 2016 and 2040, with energy and transport accounting for more than 72% of this spend.

However, the public sector is projected to spend R903bn on infrastructure over the medium term.

Infrastructure-reliant sectors have expressed frustration over the slow pace at which projects are being introduced, saying the capacity and ability are there, but demand is a problem.

Patel said a multistakeholder approach was being developed while the department was also working with development finance agencies, such as the new development bank (Brics bank).

"So if we can draw on our own resources as government, the resources of the private sector and of global development agencies then we ought to be able to move much faster," the minister said.

JOINT EFFORT: Trade, industry and competition minister Ebrahim Patel says the cabinet has identified the value of partnerships with the private sector as a way of mobilising resources faster than the government can do on its own Picture: FREDDY MAVUNDA

The Steel and Engineering Industries Federation of Southern Africa (Seifsa), in its latest survey, noted that the energy crisis was also stalling investment in the sector, with a collective R2.64bn in investment and expansion plans scuppered by its members owing to the uncertainty presented by the electricity crisis.

Citing the three big challenges that needed to be addressed as energy, the pace of spending on infrastructure and disruptions that Covid-19 created in supply chains, Patel said increasing the supply of energy for manufacturers was a big factor.

Invest SA, which sits in the office of the department, has formed a specialist team to help investors who want to invest in renewable energy to navigate the regulatory landscape.

Patel said the team's main task was to help identify how things could be done faster while complying with regulatory standards.

"A smart regulation is one that achieves the same goal but with less bureaucracy, less red tape and fewer delays with fewer processes and that requires a greater integration in government and that's what the president has been emphasising."

The department is looking at ways to boost the manufacture of local components that go into the energy supply industry, such as solar panels.

Patel highlighted Saudi investor Acwapower as a foreign company using its own concentrated solar thermal power technological advancements to partner with local players.

The group is building a 100MW concentrated solar thermal power plant — in which it holds a 49% stake — that has 12 hours of full-load energy storage.

After completion in Q4 2023, it will be able to reliably deliver a stable electricity supply to more than 200,000 homes during peak demand periods. — *BusinessLIVE*