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Poor financial skills send state to private sector for build planning

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A decimation of the government's financial and technical capabilities in recent years has eroded the state's ability to fund its own public infrastructure projects, compelling it to look to the private sector for help, says Mameetse Masemola, deputy DG of Infrastructure SA.

This has left the government vulnerable to the private sector, which has little appetite to invest due to sector-specific constraints caused by weak economic growth and rising spending pressures.

The core problem in municipalities, government departments and state-owned enterprises (SOEs) is the lack of skills and technical expertise to "prepare, package and plan for massive infrastructure projects and programmes", which are needed to revive SA's ailing economy.

"Gone are the days where the government would conceive of a project ... to think that the National Treasury would be the funder of those because the Treasury itself is under severe pressure," Masemola said.

"We may think that SOEs have skill sets that match the private sector pound for pound or rand for rand but they don't.

"If we rebuild on the skills issues we can deal to the projects not [being] reliant on the fiscus" and make them private-public partnerships.

In February, the Treasury allocated R903bn over the next three years to infrastructure projects, with R263.6bn earmarked for 2023/24.

The department of public



SIHLE
ZIKALALA

works has determined that fixed investment — an important factor in boosting job creation — has been negatively affected by weaknesses in the planning, procurement, construction and operational management of public projects.

Other challenges include inflation of prices by service providers, illegal occupation and vandalism of some of the projects, and delays in the approval of projects by development finance institutions and the Treasury.

In addition, the department of public works & infrastructure has flagged the proliferation of vigilante groups, which demand that 30% of projects be handed over to them. "This has affected the project timelines and has contributed to increased scope and budget," public works & infrastructure minister Sihle Zikalala said at the same briefing.

The so-called construction mafias are costing the economy R68bn a year, according to Zikalala.

"There is a full commitment from the minister ... and the police and all of the affected provinces.

"The Eastern Cape has proposed that we bring in the army [to deal with the construction mafia] so I wouldn't say that there is lack of political will," he said.

"I think some of the kingpins have been arrested."

At least 682 cases related to extortion at construction sites have been opened with law enforcement agencies, leading to the arrest of more than 700 suspects, Zikalala revealed on Tuesday at a separate Big 5 Construct Southern Africa expo on in Johannesburg this week.

