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Title: REASON FOR OPTIMISM AS SA INFRASTRUCTURE LAYS THE FOUNDATION FOR FUTURE GROWTH

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QUARRYING INDUSTRY



Understanding the critical role of infrastructure as an engine for fuelling economic growth, infrastructure investment has formed a central pillar of China's economic strategy for decades. Between 2002 and 2016, the Chinese government tripled its infrastructure investment as a share of GDP from 8% to almost 24% - during which time the country experienced an average annual real GDP growth of 9,6%.

By contrast, the Infrastructure Consortium of Africa (ICA) estimates that poor and ageing road, rail and harbour infrastructure in African countries generally may currently be adding as much as 30-40% to the cost of goods traded across the continent. This is placing an undue burden on consumers and businesses, and strangling growth.

So, by continuing its diligent efforts to lift the various logistics constraints facing the country, as well as to roll out world-class national infrastructure to support the needs of South Africa's expanding population, government can achieve the 5% growth target needed to stimulate job creation and eliminate poverty and unemployment.

As a result, South Africans should be comforted that government has allocated R8,47b to Public Works and Infrastructure in the 2023/24 year as evidence of its commitment, as outlined in the Medium-Term Budget Policy Statement (MTBPS). Furthermore, an additional R1,18b was allocated this year for reconstructing and rehabilitating municipal infrastructure damaged by disastrous floods in KwaZulu-Natal, Eastern Cape, Limpopo and Mpumalanga.

The role of the private sector

Critically, however, infrastructure development and the task of reaching the 5% growth target cannot and should not be the responsibility of government alone. There is no denying that South Africa has suffered a difficult few year, as the aftereffects of the pandemic, geopolitical shocks, and what the International Monetary Fund has described as a "limping" world economy have weighed heavily upon our own economy and the fiscus.

So, as government faces the enormous challenge of balancing the many urgent demands on its limited budget, the private sector must engage to seek where it can be of service in investing in vital infrastructure projects. Quality infrastructure acts to boost investment confidence in countries, which in turn attracts further investment in areas such as infrastructure. So, by leading the way in supporting infrastructure projects in South Africa, local investors can spark a virtuous economic cycle that benefits all.

Developers, too, have a role to play in nation-building by ensuring that infrastructure is delivered at a high standard, on time, and within budget. In many cases in the past, private companies have played a role in causing wastage and cost overruns in major projects. In response, the entire industry must make every effort to improve governance, transparency, and accountability in public infrastructure projects.

As the Gap Infrastructure Corporation (GIC), for example, we are proud to be leading the way through finalising a fully digital cutting-edge project management programme that will provide real-time dashboards for monitoring projects' progress. This will not only provide internal teams with greater insights and a holistic view of ongoing work but will also benefit government partners and other clients and stakeholders.

By embracing this type of innovative solution, GIC hopes to bolster confidence, attract infrastructure investment, improve living and working conditions for local communities, and support the public sector in positively changing lives.

Many governments across Africa have increased their infrastructure spending, and the Africa Finance Corporation has even described Africa as on the precipice of a 30-year infrastructure boom. As the continent's most industrialised nation, it is encouraging to see South Africa's public sector and private developers at the forefront of this shift, working in tandem to address the formidable infrastructure and service delivery challenges in our path and unlock economic growth to enhance the welfare of our communities. ●



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Much like building a skyscraper requires a sturdy foundation, infrastructure is often described as the backbone needed to build prosperous economies. With this in mind, there is reason for optimism looking ahead to 2024 and beyond as, much like China's example has demonstrated, government's focus on infrastructure development could serve as the catalyst needed to reignite economic growth. However, to be successful, the private sector must urgently step up to play its part. **By Roelof van Berg, CEO of Gap Infrastructure Corporation (GIC).**



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Quality infrastructure is the driver of trade and commerce, facilitating the smooth transportation of goods, services, and people across regions both within and past a country's borders. It's likewise responsible for providing the energy needed to

fuel industrial and manufacturing activities, and the modern communication networks required by digital economies. Furthermore, infrastructure underpins human and socio-economic development, improving access to educational and healthcare facilities, and economic opportunities.



By Roelof van Berg, CEO of Gap Infrastructure Corporation (GIC).

