

SA needs billions for infrastructure investment

Infrastructure investment needed in South Africa far exceeds the available fiscal resources, says deputy minister of cooperative governance and traditional affairs Andries Nel.



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“To get infrastructure to suitable standards, our South African Financial and Fiscal Commission (FFC) estimated that an additional R4bn per sector would be required yearly for five years in the case of water and sanitation, and for just under seven years in the case of electricity,” Nel said.

He was addressing the BRICS Friendship Cities, Local Government Cooperation and Urbanisation Forum on Thursday, 28 June, in East London.

Rehabilitating existing assets

“Typically, just the energy, waste, water and sanitation networks are responsible for nearly 50% of city budgets in South Africa.

“Research shows that whilst capital requirements for water services (and water resources) will decrease with water demand management, approximately R97bn is still required to rehabilitate existing assets,” the deputy minister said.

He said infrastructure development is integral to overcoming poverty and inequality, as well as building environmental sustainability and urban resilience, particularly in the light of rapidly rising urbanisation rates.

Physical infrastructure is a critical enabler of faster, inclusive and sustainable economic growth.

Investment drive

President Cyril Ramaphosa has embarked on a drive targeting \$100bn in investment over the next five years. South Africa will host an investment conference in September to further advance this goal.

“Just this week Mercedes Benz announced the expansion of its manufacturing plant right here in East London, with an investment of €600m,” said the deputy minister.

He added that the forum takes place ahead of the 10th BRICS Summit, which South Africa is hosting in July in Johannesburg.

The BRICS Development Bank’s Strategy for 2017-2021 focuses on financing sustainable development and infrastructure projects in BRICS and other economically more developed countries.

Executive mayor of Buffalo City Metro Municipality councillor Xola Pakati said the challenges of urbanisation that are confronting cities can be better managed if there is a sustained collaboration between cities, government, business and labour.

“The urban problem and fragmented spatial reality which is a residual effect of our colonial past is for all of us to manage,” Pakati said.

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