

Infrastructure expenditure still a priority

While the Covid-19 pandemic is likely to derail government expenditure on infrastructure projects, finance minister Tito Mboweni told parliament, delivering the Supplementary Budget on Wednesday, 24 June, that the state would have to resume these post-lockdown.



Image source: Gallo/Getty

Mboweni said post the pandemic, government will be required to build high-quality physical bridges, roads, railways, ports and other infrastructures. Infrastructure, he said, will be the “fly wheel” by which the country’s economy will grow.

“Just as we have toiled together to manage the pandemic, let us harness this same unity of purpose and build the infrastructure our nation needs,” he said.

He said efforts to reduce consumption expenditure will also change the composition of spending in the direction of investment.



#SupplementaryBudget: Prioritisation of infrastructure development, public-private partnerships key

Dr Andrew Golding 25 Jun 2020



Infrastructure a catalyst of growth

Treasury director-general Dondo Mogajane emphasised that infrastructure expenditure will have to be availed in future budgets. “This is to make sure that infrastructure remains the catalyst of growth that we want it to be. We have to reposition infrastructure, which will lead to a productive sector economy flourish in the way we want,” he said.

On Tuesday, the Presidency hosted the Sustainable Infrastructure Development Symposium, drawing in sector specialists, technical and financial structuring experts and policy departments that have considered 177 infrastructure projects across public and private sectors.

R100bn committed

“In light of these and other important initiatives, government has already committed R100bn over 10 years toward the Infrastructure Fund. Together with the Development Bank of Southern Africa, we have identified projects that will be funded through the Budget Facility for Infrastructure,” the Mboweni said.

Government, in close cooperation with the private sector, recently released a paper on sustainable finance in an effort to green the country's economy. However, the minister conceded, the country's enormous investment needs cannot be delivered by government alone.

“The private sector accounts for most of the investment spending in the economy. We must reduce long-term interest rates to allow business and households to drive faster economic growth,” he said.

Speaking at this week's symposium, President Cyril Ramaphosa said the damage caused by the pandemic in infrastructure development has not deterred government's ambitious and sustainable infrastructure development programme drive.

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