

Government to spend R903bn on infrastructure development over next 3 years

Delivering the 2023 Budget Speech on Wednesday, 22 February, finance minister Enoch Godongwana said government spending on infrastructure is expected to reach some R903bn over the next three years with state-owned companies contributing the lion's share to this investment.



Source: Gallo/Getty

“Overall, the public sector is projected to spend R903bn on infrastructure over the medium term. The largest portion of this, around R448bn, will be spent by state-owned companies, public entities and through public-private partnerships,” he said.

Godongwana said spending will mainly be focused on strategic projects in transport and logistics at some R351.1bn and water and sanitation coming in at R132.5bn.

Projects already in the pipeline include:

- The 488 bed Limpopo Central Hospital which is expected to begin construction in March.
- Phase 2 of the Welisizwe Rural Bridges Programme will break ground in April.
- The repair of aspects of the Riverton Water Supply Scheme.
- Construction of enabling bulk infrastructure such as roads and water components for the Lufhereng Mixed-use Development in Gauteng begins in June 2023.

The minister added that, simultaneously, government is “looking at initiatives to leverage private sector resources in public infrastructure delivery” in order to “strengthen state capacity to expand infrastructure delivery and to catalyse private finance”.



These initiatives include:

- Funding the development of a continuous, investible and transparent pipeline of projects and programmes.
- Fast-tracking the implementation of the public-private partnerships (PPP) regulatory review framework recommendations.
- Piloting the implementation of conditional grant pledging enabled during the MTBPS. Its aim is to ensure the rollout of infrastructure is not constrained by the availability of funds in a particular year, if there is capacity to deliver more.

“The interventions ... need to be complemented by a policy environment that promotes the performance of productive sectors in an integrated way. This will require difficult but necessary trade-offs to ensure that the appropriate support is properly targeted at the correct products and value chains,” Godongwana said.

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