

State owned enterprises show improved infrastructure spend

By Liesl Frankson on June 2, 2015

Spending performance by state-owned entities on infrastructure projects has improved despite tight fiscal conditions.

This is according to the Financial and Fiscal Commission (FFC) which tabled its Annual Submission for the Division of Revenue in Parliament, on Monday.

Bongani Khumalo, the Commission's deputy chairperson, said while the investment in infrastructure has been revised downwards for the next three years, spending performance has improved notably since 2010.

He said this as government aims to grow the economy by a rate of five percent by 2019, with infrastructure investment being at the apex of the National Development Plan, the country's policy framework to kick-start the economy to prosperity by the year 2030.

"For example, state-owned enterprises (who are responsible for the bulk of infrastructure delivery) improved infrastructure spending markedly, from 60.1% in 2010/11 to 98% in 2013/14.

"Similarly, provincial spending on infrastructure increased from 84.7% in 2010/11 to 92.9% in 2013/14. While local government spending on infrastructure increased from 78.5% in 2011/12 to 90.6% in 2013/14.

[Public infrastructure investment to contribute to a robust economy](#)

"If this spending trend continues and is well-managed, public infrastructure investment can contribute to a robust economy," he said.

When the National Treasury tabled the 2014 budget, R847 billion was allocated towards public infrastructure investment, a bulk of which was earmarked for the transport and electricity sectors. Since that budget, economic growth grew at a lower-than-anticipated rate and this led to government announcing wide-ranging austerity measures to contain expenditure.

This, Khumalo said, led to infrastructure allocations being revised downwards by R34.2 billion.

Over the next three years, the total infrastructure investment is projected at R813.1 billion, of which two thirds, or 77%, will go to the transport, energy and water and sanitation sectors.

With the Commission having made its annual submission on the division of revenue in Parliament, he said the submission looks at how the intergovernmental fiscal relations can be leveraged to create better conditions for the efficient delivery of public infrastructure through redesigning grants, accountability systems and optimising investment in human capital.