

Gauteng MEC for Economic Development, Environment, Infrastructure and Rural Development, Lebogang Maile's Address on the Occasion of the Inaugural Gauteng Infrastructure Investment Conference, Ghallager Estate Midrand, 16 July 2015.

Gauteng Premier Hon. David Makhura

Minister in the Presidency Hon. Jeff Radebe

Executive Mayors of Metros and District Municipalities

Esteemed Colleagues from the Gauteng Executive Council

CEO of the JSE Ms. Nicky Newton King

MD of the Banking Association of South Africa Mr Cas Coovodia

Esteemed delegates from the private sector, our State Owned Enterprises and Development Finance Institutions

Programme Director, Mr Victor Kgomoewana

The Economic Report on Africa for 2014 compiled by the UN Economic Commission on Africa makes the potent reflection that infrastructure investment will be one of the determining factors in Africa's quest for industrialisation and economic transformation.

This is potent observation for not only does it relate to the prevailing conditions regarding the state of infrastructure development in the continent, it also draws attention to what needs to be done to take our continent to the next gear. More importantly, this reflection compels us to ponder various ways through which we can change the status quo.

Over the past few years, infrastructure investment and development in our continent have assumed centre stage and solicited interest across a range of spaces. It is perhaps the most widely discussed issue pertaining to the

continent and the future of its economies.

It is also widely recognised that infrastructure investment in Africa still lags behind growth in demand. The African Development Bank paints a picture of the continent's infrastructure deficit with the following contours:

- Less than 40% of the continent's population has access to electricity
- About a third have access to road infrastructure
- While there are huge discrepancies between countries, it is estimated that only 34% of the continent's population have access to modern sanitation.
- The figure is higher and certainly more encouraging for access to clean water which currently stands at 65%
- While the continent has the fastest growing mobile penetration rates, internet density is still low with high costs associated with internet connectivity¹

It is also estimated that road freight costs four times more in the continent as compared to the rest of the world. Access to power remains a challenge and this is a reality that most of us here today are painfully familiar with.

Various studies indicate that Africa's infrastructure deficit would need annual spending \$93 billion until 2020 to address. It is also estimated that collectively, African countries invest only 4% of GDP toward infrastructure development as compared to 14% in China.

This infrastructure deficit comes at a huge cost to our economies, slashing as much as 2% from Africa's GDP on an annual basis.

It also undermines our economic competitiveness, trade and access to international markets and stands as a serious hurdle to intra-regional trade and regional economic integration.

With this view in mind, it is not difficult to make the assertion that coupled with better human development outcomes that infrastructure development promises, the spillover effects that could be generated by greater investments

¹ Infrastructure Deficit and Opportunities in Africa, African Development Bank, 2010.

in infrastructure could go a long way in supporting the continent's economic growth and poverty reduction efforts.

What bearing does this have on the South African economy and its leading provincial economy?

Distinguished guests, it is an established historical fact that as Africans had no hand in engineering this state of affairs. A significant part of our challenges today are not of our making but are directly related to a history that we are still battling to overcome.

But be that as it may, the current moment calls on us to find solutions to the plethora of challenges we face. It is within this understanding that we should locate our tasks in this conference.

We confront the pressures resulting from infrastructure backlogs against the backdrop of an increasingly limited domestic resource base, a reality that demands that we explore creative mechanisms to fund public infrastructure projects and to scale up of private sector investment in this space.

Therefore, enticing private sector infrastructure investment emerges as the primary task of this conference. We thus have the task to critically assess some of the infrastructure gaps and financing requirements to fill these particular gaps.

This task will certainly be made easier by the presence of delegates and representatives across the different sectors and industries of the economy as well as our state owned enterprises, which have been leading the charge on this front for years now.

Looking closer at home, there is little doubt that infrastructure investment is one of the defining features of government's approach to economic growth and development.

The National Infrastructure Plan, which has the complementary intentions to transform South Africa's economic landscape, create jobs, strengthen the delivery of social services to the people while supporting South Africa's

integration with economies in the region and the continent at large, embodies government's commitment to utilise infrastructure as a catalyst for radical structural transformation.

The sanctity of infrastructure investment become even more pronounced in a province like Gauteng which has seen nearly 35% population increase since 1996 and currently faces mounting demand for housing, bulk infrastructure health services, education and employment.

While it is accepted that Gauteng is a formidable economy that contributes 34.7% to the country's GDP and 11% to Africa's economy, with perhaps the highest concentration of modern infrastructure in the country and the SADC region, investment towards maintaining our existing infrastructure and new infrastructure projects is going to be critical if we are to realise the bold plans we have to re-industrialise the province and to change the structural composition of our economy by giving support to more labour intensive industries.

What is also clear is that we cannot simply rest on our laurels. This conference is extremely important in the context of our plans to strengthen Gauteng's position as a dynamic business destination that offers boundless opportunities to companies and firms operating here.

The changes we are experiencing and attendant pressures on urban infrastructure, energy, transportation, ICT and water supply require a coordinated response from government, state owned enterprises, private sector, development finance institutions and various other role players.

We believe that if anything, this conference should communicate a clear message about our commitment to use infrastructure development as an instrument for narrowing the economic gaps between our five development corridors.

In the same breath, this conference must give practical expression to our drive to promote synergies between the corridors and to utilise the network of economic activity within the province as a platform for competitiveness and economic growth.

The provincial government has already put in place various mechanisms to raise and coordinate alternative funding for strategic infrastructure projects. Chief amongst these mechanisms is the Gauteng Infrastructure Financing Agency (GIFA), which will play a big and active role in our priority economic sectors like manufacturing, real estate, transport and logistics, green economy and energy.

Ladies and gentlemen, these observations along with the assertions made about the centrality of infrastructure investment in our plans for industrialisation constitute the primary reasons why we will be locked in discussions over the next two days.

I hope that all these considerations will receive our undivided attention during this conference. Let me commend all of you here for taking this bold step to partner with us we ponder on the best ways of mobilising resources and capital to ensure that we enhance our development prospects through infrastructure development.

Thank you.