

## **Speech for debate on first reading of the Infrastructure Development Bill, 13 November 2013. Ebrahim Patel, Minister of Economic Development.**

It is my pleasure today to introduce the debate on the First Reading of the Infrastructure Development Bill.

The Bill is intended to strengthen the capacity of government to implement the rollout of infrastructure and is thus at the heart of our efforts to improve the lives of citizens.

Infrastructure is critical and has been pivotal to economic development and growth strategies across the world. In South Africa, infrastructure development is one key means to reverse the spatial patterns of apartheid and to address the legacies of privilege and under-development that is our painful history.

The importance of infrastructure development is recognised in government policy frameworks.

The National Development Plan says that "to achieve sustainable and inclusive growth by 2030, South Africa needs to invest in a strong network of economic infrastructure designed to support the country's medium and long term objectives."

Government's New Growth Path identifies infrastructure as the trigger jobs driver that is vital to unlock the potential of agriculture and agro-processing, mining and beneficiation, manufacturing, tourism, the green economy and African regional development and to improve the lives of citizens.

We have taken steps to implement the commitment to improved infrastructure planning and implementation during this administration, building on almost 20 years of reconstruction and development.

In 2011, Cabinet approved the establishment of the Presidential Infrastructure Coordinating Commission or PICC, chaired by the President. It looked carefully at the lessons learnt from previous built programmes, including the 2010 World Cup stadia, the airport upgrades, road construction and Gautrain projects, as part of creating the capable state needed in the infrastructure space.

It developed a forward looking national Infrastructure plan that is being implemented.

It has begun to unblock obstacles that hampered infrastructure spending and used it in the midst of continuing slow global growth to maintain high levels of public investment, an extraordinary feat.

We have a number of infrastructure successes, in the past 20 years and in the almost five years of this administration.

Let me share with this august house the story of electricity as an illustration of the progress we have made.

Honourable Members may be interested to know that the first municipal electricity in South Africa was provided in 1890. Between 1890 and the onset of democracy, 5.2 million households were connected to the electricity grid.

Since 1996, a further more than 7 million households were connected to the grid.

In other words, in less than 20 years of the democracy, more people were able to access electricity than in the previous 104 years of colonialism and apartheid. That is an extraordinary achievement, one which we can all be proud of.

At the start of this administration, solar water heaters were a rare installation, only in the homes of a few, green-conscious, higher income households. Today, across the country in many townships and villages, hundreds of thousands of people are able to access running hot water using the power of the sun.

I can point to progress made both in building social capital – clinics, schools, university buildings – and in expanding economic infrastructure such as roads, rail, electricity generation and bulk water supply.

Spending levels are rising, as we improve the capacity of the state to implement. Public investment now accounts for 7,6% of the GDP, up from 6,8% in late 2010. Moreover, procurement contracts ensure the purchase of major equipment from local producers, including buses, trains and inputs for electricity generation. That has improved the impact on economic growth and industrialisation.

Government is acting decisively to tackle collusion, cartels and corruption in the construction industry, using the competition authorities to uncover evidence of price-fixing and have slapped fines of R1,4 billion on companies concerned and the authorities are investigating criminal charges.

Today our public infrastructure programme employs more than 180 000 people, many of them young people. Kusile power station will be the world's fourth-largest coal-fired power station - being built here in South Africa - and it alone employs more than 7000 youth on its construction site in Mpumalanga. This demonstrates our commitment to bringing young people into jobs.

This Bill before parliament is intended to build on these successes but it recognises that there are still many weaknesses and challenges we face in implementation and it provides the legal tools to overcome them, so that we can do more to achieve our national goals.

Let me now outline key provisions of the Bill.

First, the Bill establishes in law the **coordination structures** of the PICC. It provides for the President to nominate members of Cabinet, and includes the Premiers of provinces and representatives drawn from local government. This is done to ensure that all three spheres of government are part of the Commission and that all the main executive authorities across the public sector are mandated to meet on a regular basis to drive implementation of infrastructure.

Second, the bill provides for a **planning framework** for infrastructure, with a long-range plan that moves beyond the work of a single administration, in line with the NDP. This ensures that we move beyond the stop-start pattern of infrastructure, it allows universities and FET colleges to tool up to produce the skills that will be needed for the next 20 to 30 years, it gives investors the certainty that they need to commit to long term investment in the domestic economy.

Third, the Bill provides for the designation of **Strategic Integrated Projects** (SIPs) through the National Infrastructure Plan. To date, the PICC has identified 18 SIPs which bring together 100s of separate construction projects, which include improving schools across the country, opening the northern mining belt or developing the south eastern coastal regions. These SIPs allow for better integration of connected projects and improved monitoring of implementation. These SIPs will be chaired and coordinated by different Cabinet Ministers, providing high-level political leadership and encouraging alignment.

Fourth, the Bill sets **timeframes** for the approval of regulatory decisions affecting the implementation of infrastructure projects. Instead of sequential approval processes, it provides for processes to run concurrently wherever possible. This ensures that the state works to a common deadline. This timeframe provides for extensive public consultation periods.

Fifth, it sets out **processes of coordination** that require regulators and relevant departments to work closely together through steering committees for each SIP that will coordinate efforts to speed up the implementation of infrastructure construction and completion. These in turn will be monitored on a quarterly basis through an integrated dashboard that we have developed in the PICC.

Sixth, because many infrastructure projects require land, it provides for the PICC to **expropriate land** required but makes such power subject to the constitution and any Act of parliament specifically dealing with expropriation, passed by parliament after the Bill becomes law.

Seventh, it contains clear mechanisms to avoid **conflicts of interest** between decision makers and the underlying projects, as part of government's anti-corruption drive. It provides for tough penalties for corruption, including imprisonment for up to five years.

Eighth, it sets out the mechanism through which **developmental targets** can be set for each major infrastructure project, covering areas such as local industrialisation, job creation, youth employment, greening the economy, skills development, rural development and broad-based empowerment.

I have been encouraged by the widespread support for the bill across party political lines during the Portfolio Committee briefing earlier this week.

Passing the Bill will ensure that the successes with our infrastructure rollout are sustained and indeed strengthened in the coming years, that jobs are created, that inclusive growth is promoted, that public and private investment levels are lifted, that we strike a blow against poverty, inequality and unemployment.

I thank you

**Ebrahim Patel**

**Minister of Economic Development**