

Agbiz makes submissions on Water Infrastructure Agency Bill and National Infrastructure Plan, phase 2

National Water Infrastructure Agency Bill

Agbiz recently made written submissions on draft legislation on a proposed Water Infrastructure Agency as well as phase two of the National Infrastructure Plan.

The Water Infrastructure Agency Bill envisages the creation of a state owned and state-controlled entity to administer, fund, finance, provide, operate, maintain, and provide advisory services in respect of national water resources infrastructure. Although the creation of new bulk water infrastructure and the maintenance of existing infrastructure is absolutely critical, Agbiz does question whether a new state-owned and state-controlled entity will be able to deliver such infrastructure speedily and effectively without private sector support. There are potential advantages to establishing such an agency, such as the fact that the Trans Caledon Tunnel Authority (TCTA), which has been quite successful, will be absorbed into the new entity. Hopefully, the Water Agency will be able to streamline procurement and recruitment processes using the processes already implemented successfully by the Trans Caledon Tunnel Authority. Agbiz poses the question in its submission as to what the financial implications are of closing down the TCTA and starting the new Agency and where the additional funding streams will come from. In terms of the Bill, the Agency will be funded from amongst other sources through monies appropriated by Parliament; revenue from water use charges due to the Agency, income derived by it in the performance of its functions and contributions of water users towards water resource infrastructure. These are the same sources and potential sources of funding that are currently available for water infrastructure development and maintenance. Agbiz points out that An Agency such as the one that is being proposed will only be able to fulfil its functions if it receives or can source sufficient funding, if it can appoint the necessary technical experts and if it is free to enter into partnerships with the private sector.

National Infrastructure Plan 2050 – Phase 2

Phase 1 of the National Infrastructure Plan (NIP) was published in September 2021. Phase 1 dealt with energy, freight transport and water infrastructure. Agbiz also commented on phase 1. Phase 2 deals with, amongst other things, municipal infrastructure such as electricity, water and sanitation and road infrastructure.

In its comments on Phase 2, Agbiz focussed on municipal services and road infrastructure. Agbiz pointed out that many of our big agribusinesses are located in rural towns where challenges of access to reliable electricity and clean water are looming large. Outside of the metros there are only a handful of local municipalities that are effective in service delivery and maintaining infrastructure. Where these services are not delivered effectively, it has an enormous impact on business conditions. When large businesses close down or move away, the rural economy loses its anchor and there will inevitably be a ripple effect on employment figures and local businesses that supply these businesses. Whilst Agbiz acknowledges and appreciates the frank assessment of the status quo in the problem statement regarding municipal services, and supports the principles of the interventions proposed, we do not believe that the NIP's proposed actions are bold enough to address the magnitude of the challenges. Agbiz points out that public-private partnerships may provide valuable opportunities. These could, for example, help improve the management, expansion, maintenance, and operation of select revenue-generating components of service delivery. Private sector entities however do not have the security of a

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fiscal guarantee and hence cannot absorb the same level of risk associated to revenue collection as the public sector.

With regards to road infrastructure, The NIP acknowledges the problems with rural areas and the negative impact which that has on rural communities and the economy. It also pinpoints the reasons for the deterioration in rural roads accurately. Agbiz makes the point that although we need to shift from road to rail for bulk goods transportation, but this will never negate the importance played by road infrastructure. Agbiz supports the stated goal in the NIP of a road network that will support the movement of people and goods in an efficient, affordable, safe, and environmentally sustainable manner and the aspiration to be less reliant on roads and have a better balance for freight between rail and road. Agbiz also supports the conclusion that most of the provincial roads are not adequately maintained due to inappropriate spending, lack of competence and capacity, corruption and a lack of oversight. The consequence management for underspending by provinces and municipalities should be strengthened. We also believe that serious consideration should be given to transferring key provincial roads to the administration of SANRAL. Agbiz supports private sector participation in service level agreements for the constructions and maintenance as well as building capacity. Public-private partnerships are important but the modalities of this should be unpacked.