

**Media release
For immediate release**

Digital infrastructure: Hopes, dreams or time for a wake-up call?

Johannesburg, 13 March 2026 - South Africa's fiscal architects are finally reimagining what counts as critical national infrastructure. In his recent Budget Speech, Finance Minister Enoch Godongwana declared that data infrastructure should be treated as seriously as electricity, ports, and transport networks.

Msizi Gwala, Lead for Public Sector Thought Leadership at the South African Institute of Chartered Accountants (SAICA), explains that this shift is both visionary and confronting. It is visionary because it recognises the inescapable reality of a digital economy, but it is confronting because those very sectors have historically suffered from our most significant governance and infrastructure failures. Before we wire up a digital future, we must face this track record honestly.

The hard truth is that a digital economy cannot exist in a vacuum; it sits squarely on top of our existing physical constraints. Gwala argues that South Africa's success depends on how we manage the intersection of these new ambitions and our existing resources. Around the world, data centres and digital networks drive growth and new jobs, but they also place an immense strain on water and electricity - trade-offs South Africa cannot ignore. He explains more in this thought leadership piece.

What government has promised

Infrastructure in general remains a key focus to rebuild the economy. The 2026 Budget (and SONA), however, represent the most concentrated government commitment to digital infrastructure in recent memory, with key commitments including:

- recognition that data infrastructure is now “critical infrastructure”, alongside energy and logistics.
- an emerging role for South Africa as Africa's data centre hub, with around 55 data centres already built, with more than R50 billion in additional investment expected in the next three years.
- support for the expansion of data centres and related digital infrastructure, including through regulatory and fiscal measures.

These commitments build on earlier initiatives that include:

- the SA Connect programme, aimed at extending broadband, particularly to schools, clinics and rural communities, with several hundred million rand allocated over the medium term.
- funding for NEMISA¹ to support digital skills development, recognising that infrastructure without people who can use and manage it will not deliver results.

¹ NEMISA: National Electronic Media Institute of South Africa



- a growing portfolio of public sector infrastructure projects in which digital components feature more prominently.

The ambition is real. South Africa rose sharply on the UN e-Government Index between 2022 and 2024, reaching the highest ranking on the African continent. More than a hundred government services are reportedly accessible online. Internet penetration has also risen steadily, with most South Africans now having some form of internet access. Mobile broadband coverage is widespread, and the vast majority of mobile connections are now broadband-enabled.

2026 Budget promises

- The 2026 Budget now lists digital infrastructure alongside energy, transport and water, confirming it as core national infrastructure.
- About R1.3 billion is set aside over the MTEF² for SKA³-related data-hosting, treating it as a strategic digital asset, not just a science project.
- SA Connect plans include roughly 1 180km of fibre, Wi-Fi for about 5.6 million households, and upgraded connectivity at over 6 000 government sites.
- Government cloud and shared data centres are intended to serve tens of thousands of facilities, moving away from fragmented, department-by-department IT.
- Despite this, the digital department's budget faces downward pressure, raising concerns about sustaining and maintaining these investments over time.

The shadow of past infrastructure failures

South Africa has starred in this movie before, and it did not end well. The very systems now used as comparators for digital infrastructure (electricity, transport and logistics) have suffered some of the country's most damaging failures. We therefore cannot look at digital infrastructure in isolation.

Eskom's decline has hit households, businesses and public services, driven largely by governance failures, state capture, weak boards, poor maintenance, sabotage and political interference, not just technical issues. PRASA⁴, once central to affordable public transport, was hollowed out by poor governance, irregular procurement and neglect, with current "come-back" efforts still fragile. Transnet's problems have choked key logistics and export corridors, costing jobs and growth. Municipal infrastructure, especially in water and sanitation, has deteriorated badly in many areas due to under-investment, weak asset management, lack of skills and poor leadership.

² MTEF: Medium-Term Expenditure Framework

³ SKA: Square Kilometre Array

⁴ PRASA: Passenger Rail Agency of South Africa

The South African Institution of Civil Engineering (SAICE) rated South Africa's infrastructure a "D" in 2022, its lowest overall rating yet, warning that poor planning, inadequate funding, weak management systems, poor data and insufficient skills are central causes. In other words, governance failure is at the heart of the problem.

These warnings are often nothing new, but they are only taken seriously once assets have already failed and the cost of recovery has escalated sharply. If we approach digital infrastructure with the same mindset (building but not maintaining; announcing, not governing; spending but not accounting) we could expect exactly the same results.

Specific risks in digital infrastructure

Digital infrastructure is not like roads, rail or water pipes – it comes with its own risks.

- It ages much faster: Hardware, software and networks can be obsolete within a few years. So if government does not plan and budget for continuous upgrades, today's investment becomes tomorrow's problem.
- It is also tightly linked to national security and citizen rights. Weakly secured systems and data centres can lead to theft of personal data, disruption of key public services, and cyber-attacks on financial and health systems.
- There is also a serious risk of widening the digital divide. Mobile broadband is widespread, but fixed broadband speeds and coverage remain poor in many townships and rural areas. If new investment mainly benefits already connected, higher-income areas, inequality will deepen.

SA Connect shows both promise and risk: Launched to deliver affordable broadband nationwide more than a decade ago, progress has been slow, and universal coverage is still out of reach. The core lesson is that good policy is not enough; strong execution capacity and governance are essential.

Failing forward: Lessons that must not be ignored

There is a clear picture of what must be done differently. It is not a lack of money, intent or policy that has hindered significant progress, but a failure of governance architecture. Key lessons include:

- Plan for the full asset life cycle. Digital infrastructure (hardware, software, network nodes, data centres) depreciates rapidly. Without a rigorous, ring fenced maintenance and upgrade cycle, today's investment becomes tomorrow's liability.
- Strengthen independent oversight. There is a need for regulators and oversight bodies with real teeth. Regulatory capture and externally influenced procurement or decision making will simply not cut it in a fast moving, high risk digital environment.
- Insist on transparency and accountability. There should be clear transparency and public accountability for every rand of public money invested in digital infrastructure. Taxpayers will not accept a new black hole for public funds.
- Match assets with skills. Skills must accompany the assets. Digital infrastructure governance requires deep specialisation at every level, from board and audit committee to engineers and technicians.

- Integrate energy and water realities. South Africa must design, invest in and govern digital infrastructure so that it is energy efficient, water aware and rigorously maintained, ensuring that new data centres do not worsen existing electricity shortages and water stress.

A clear warning and a call to action

Digital infrastructure is now explicitly in the core infrastructure pipeline, with concrete allocations (SKA, SA Connect fibre and Wi-Fi, government cloud) – fiscal consolidation and once-off funding patterns still pose risks to long-term, maintainable digital infrastructure.

South Africa is right to treat digital infrastructure as essential. These are fast becoming as important as roads and power lines, supporting growth, new industries, better public services and jobs. But global experience shows that these benefits come with trade-offs around energy, water, equity and governance.

Government must build a governance model that treats digital infrastructure as a long-term public asset, co-created with the private sector and firmly protected in the public interest, while the accountancy profession applies financial discipline, risk management, assurance and ethical leadership so every rand invested delivers durable, inclusive returns.

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About SAICA

The South African Institute of Chartered Accountants (SAICA), South Africa's pre-eminent accountancy body, is recognised as the world's leading accounting institute and is home to the leading CA designation in the world. The Institute provides a wide range of support services to more than 60 000 members and associates who are chartered accountants (CAs[SA]), as well as associate general accountants (AGAs[SA]) and accounting technicians (ATs[SA]), who hold positions as CEOs, MDs, board directors, business owners, chief financial officers, auditors and leaders in every sphere of commerce and industry, and who play a significant role in the nation's highly dynamic business sector and economic development.

SAICA is a member of Chartered Accountants Worldwide (CAW), a global family that connects over 1,8 million fellow Chartered Accountants and students in more than 190 countries. Together, we support, develop, and promote the role of Chartered Accountants as trusted business leaders, difference makers, and advisers.

SAICA media contact

Kgauhelo Dioka, kgauhelod@saica.co.za or 068 087 1867

Manager: Corporate Communications and Stakeholder Engagement

SAICA Strategic Affairs division