

Keynote Address by Deputy Minister of Public Works, Mr
Ntopile Kganyago, on the occasion of the 2nd Annual
Conference of the National Society of Black Engineers

“Beyond 2010 – South Africa’s Growth Opportunities”

Venue: Glenburn Lodge, Muldersdrift, Johannesburg

Date: 04 December 2008

Programme Director

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Members of Board of the NSBE

Members of the Profession

Ladies and Gentlemen

It is a great honour for me to be invited to this prestigious gathering of engineers. When I look at these learned engineers, I get excited by the knowledge that the future of our country is assured. Engineering as a discipline is critical to the survival of our country as it forms the basis on which all construction happens.

Indeed, it is great to be invited by an organization that is specifically and unashamedly dedicated to the ideals that our government is pursuing: driving transformation in the engineering industry. Now, I see here that you have asked me to speak on South Africa's growth opportunities beyond 2010. Of course we can speak very much about how great and glorious the future will be beyond 2010 for the built environment generally and the engineering profession in particular. But the hard truth is that all the dreams could be smashed on the rocks of reality if we do not attend to the pressing issues facing this profession. Ladies and

gentlemen, the reality is that the engineering field in our country is facing serious structural problems.

These problems relate to the acute shortage of skilled engineers, the huge bottlenecks in the supply chain of young engineers, especially young black engineers and a highly suspect environment in which these youngsters are expected to operate in. These challenges need urgent attention as the deadlines are very tight as well. Even as the government accelerates the infrastructure development in our country, the demographic profile of registered engineers is a long way from reflecting the demographics of the country. As the economy continues to pump, there are heavy demands for professional services, and the pool of skills represented in this industry should be increasing accordingly. However, current trends indicate that this important skills base is in decline, with very few new entrants compared to the large numbers who are leaving the

profession. Due to the interdependence of infrastructure and the economy, this issue poses a major challenge to the sector to replenish the skills base rapidly; failing which projected economic growth may not be achieved.

We probably are all aware of the critical factors fuelling this critical shortage of high-level professionals in this sector.

The primary factors include

- the retirement of senior professionals,
- emigration of professionals,
- a legal loophole in the registration of professionals in requiring only those persons who are liable for the work of a professional to register,
- the declining student enrolments at tertiary institutions (due in part to the low number of school-leavers with higher grade mathematics);
- unattractive working conditions (particularly in civil engineering);

- comparatively low levels of remuneration;
- poor career and promotion prospects; and
- a lack of a vigorous marketing campaign of professions in this sector.

In view of these challenges, it has greatly disturbed us in the Department of Public Works, for our efforts at transforming this industry to be met with bitter opposition from some organizations in your sector. We have been surprised by the vitriol and the doomsday scenarios that have been painted by your fellow professionals. You all know what the Built Environment Professions Bill has elicited in some of your colleagues. We have been told that if the Bill is passed, our country will be expelled from international agreements on professional recognition. In fact, ECSA categorically stated that one of the results of changes that BEP Bill is proposing, will be that south African engineering qualifications will no

longer be recognized in the rest of the world. But really now!!

What we have realized with all the wild allegations that are being made is that we have touched a raw nerve. There are people who are so opposed to transformation, they are prepared to badmouth our country, to drag its name in the mud just to keep the status quo. The sweet taste of privilege is just too strong for them to let go. But the key question that we need to ask is, where have you guys been during all the debates and controversies? If you support the transformation agenda of government, why have you been silent when our country is being rubbished? Why have you not defended government on such a crucial matter?

The built environment sector is a national asset in the strategy to achieve economic growth and improve the quality of life of the majority of South Africans. Therefore, our role

as government is equally clear - and over the past few years we have worked relentlessly to facilitate an enabling framework for industry growth and transformation.

Eight years after the setting up of the Built Environment Councils, we have had to take stock and check whether any progress is being made with regards to the national imperatives. We have learnt from our experiences over the years. We have had to grapple with issues of access to the professions, the shortcomings in the present regulatory model, as well as the need for the organized professions to serve the imperatives of development, equity and access. The wild allegations and innuendos in the media, coming from certain individuals and councils have made us to wonder about their accuracy, honesty and intentions. I believe that some of these have been aimed at stampeding the councils into a state of morbid fear for their survival.

I would like to state this here and say to everyone: the Built Professions Bill that has been produced by the Department of Public Works, aims to remove blockages in the system for the supply of built environment professionals. As the Minister, Mr Geoff Doidge has said, this piece of legislation is too vital for our country to be abandoned. It certainly will come back after the fine-tuning that is necessary through the NEDLAC process as well as further consultations. But it will be back. This industry must be transformed as soon as yesterday.

I would now like to touch on the issue that I have been given. The scope for growth beyond 2010 is immense. The inherited backlog of uneven development coincides with the need for new levels of infrastructure investment to deliver South Africa's Accelerated and Shared Growth Initiative (ASGISA). ASGISA aims to achieve an economic growth rate of 6% and to halve poverty and unemployment by 2014

in line with our commitment to the UN Millennium Development Goals.

With growth in GDP at between 4.5 and 5%, we believe we are on track to achieving these goals and are acutely aware that infrastructure investment is leading economic growth. Our government is determined to increase public sector capital budgets at an unprecedented rate of 10 – 15% per annum and to raise Gross Domestic Fixed Investment (GDFI) from 15% to 25% of Gross Domestic Product (GDP).

This growth path creates immense opportunity for employment, skills development and for empowerment. It also presents all stakeholders with challenges that require new responses and intensified effort to grow our capacity.

Our built environment industry emerges from nearly three decades of declining infrastructure investment, under the ailing apartheid economy, into a period of immense

growth. Despite the loss of capacity and skills during the period of decline, the construction economy has doubled over the last 5 years from about R60 billion in 2002.

Ladies and gentlemen,

I want to assure you (and this view is confirmed by economists, who tend to be conservative in their outlook) that this trend is set to continue way beyond 2010. In fact the 2010 stadiums and associated infrastructure represent less than 5% of the R430 billion public sector spending, earmarked between 2007 and 2030.

At the same time, private sector infrastructure investment is also growing and much of the planned investment consists of major projects requiring a high degree of expertise.

As far as government spending is concerned, key infrastructure development opportunities over the next three years are in the following areas:

- Electricity power generation and reticulation with over R70 billion investment earmarked
- Roads, with over R60 billion planned
- Rail and ports, with over R60 billion planned
- Water, dams, pipelines and sanitation with nearly R40 billion planned
- Building including residential and non residential of more than R70 billion planned.

This investment trajectory means that there is ample opportunity for our young people to immerse themselves in this industry because there is a future for them here. We welcome new capacity, particularly by our companies that are committed to a long term development of the industry. Equally, there are opportunities for the industry to expand its role in infrastructure investment. Indeed our country is in a grip of a great skills shortage and need. Our country is in the throes of a massive infrastructure development and

improvement programme. The growth rate in construction spend is around 10% per annum and this is the highest that it has been in the last 30 years. In fact construction spend is growing at a higher rate than the Gross Domestic Product. However, there are many challenges that need to be tackled in a range of public and private sector partnerships to further unlock infrastructure bottlenecks and to create capacity and skills.

It is therefore quite imperative that we intensify our efforts at creating a cadre of built environment professionals and catch the raw talent at an early an age as is possible. The government is investing significant amounts in the construction of socio economic infrastructure to support a better life in our country. These investments have already turned the whole country into a massive construction site.

The development of high calibre skills to drive the construction, operation and maintenance of these projects is the responsibility of all South Africans. Well trained and motivated employees make for successful companies. Your organization should really put its shoulders to the wheel by intensifying your own skills training programmes, mentorship programmes, promoting the profession to black students and learners and bridging the skills gap. Private sector participation in youth training in the built environment would go a long way in demonstrating your commitment to human capital development which is a precursor to creating a motivated workforce that will deliver quality infrastructure for the country.

I see that this is only your second Annual Congress even though you were formed in 1995 and reconstituted in 1998. I think you should be meeting more regularly in order to push more vigorously the objectives that your organization has been set up for.

I wish you all the best in your deliberations at this
Conference.

I thank you.