

Address by the Deputy Minister of Public Works, Mr Ntopile Kganyago, MP, on the occasion of the year-end function of ABSA brokers

The importance of insuring your assets

Venue: Polokwane

Date: 12 October 2007

Programme Director

Invited guests

Ladies and gentlemen

It is a great honour for me to be invited to this, your year-end function.

I have been given a very interesting topic: The importance of insuring your assets. But before I talk about this issue in the context of government perspective, I would like to know: why are you guys called brokers? It sounds like an oxymoron to me banking brokers that protect or enhance assets!! A broker to me sounds more like someone who breaks something rather than build something.

Talking about building, this leads me to the issue at hand. The Department of Public Works, is the property manager of all government properties. It is involved in leasing, managing, selling and acquiring land on behalf of the state. It also manages the building and construction industry in the country through organizations like the CBE and the CIDB. The value of the properties under management by the Department is over R10 billion.

That is a huge investment that needs to be insured against all sorts of dangers, not least of all its degradation and collapse. The government is taking an active interest now its property portfolio. We are becoming much more involved in its management and securing it for the future generations.

Even at a personal level, I believe that one needs to insure one's assets so that they can remain protected in the event of a sudden misfortune. Having an insured asset gives one a great sense of contentment in the knowledge that even if one were to die today, the surviving members of the family would not be left stranded because the assets are insured against any eventuality.

I want to believe that even when one prepares for the future, that person is insuring his assets. If you are well prepared for the future, you will never go wrong. Nothing will catch you unawares. A future anticipated is a future well insured. Likewise the government is in a crusade to insure its assets because it realizes that the future will be bleak without this insurance. This insurance that I am talking about are the programmes that have been launched to ensure that the state properties are looked after and made even more attractive.

We have realized that our property portfolio can deliver more than just accommodation for state departments. Our property portfolio is also being used as a training tool for the youth of our country. In April this year, we launched the National Youth Service in Botshabelo in the Free State. This initiative is meant to provide hands on training for the youth in all the relevant skills in the field of property, including building, maintenance and management.

Ladies and gentlemen, we believe that the NYS initiative is a first step on the long road to satisfying our country's great need for artisans as

well as providing our youth with an opportunity to get started as employed people as well as being entrepreneurs.

During the state of the Nation Address in Parliament earlier this year, President Mbeki indicated an urgent need for the Expanded Public Works to be stepped up a gear to provide greater leadership to job creation and skills development efforts of government. We have tried to carry out the marching orders. A lot of ground has been covered since that launch and we have since launched the programme in many other provinces.

Honoured guests, our government assets, particularly our buildings, give us a particular leverage to be used to create employment for the youth. We are aiming for a skills revolution and empowerment for our youth. The young people who are being recruited to this programme will also be enrolled with our further education colleges and those industry colleges as artisan trainees so that at the end of their national youth service they would have given their service to their country whilst gaining skills for themselves as well.

This programme and other like the Vukuphile Programme, which is helping budding contractors to gain training and skills and hence the opportunity to access building contracts, is all part of our insurance for the future. They provide a beacon of hope for the youth of our country. They are also a clarion call for them to pick themselves up and make use of all the opportunities that are being availed to them for self-improvement and that of their country.

Our Expanded Public Works Programme is just one component of Government's strategy to overcome unemployment and poverty. It is a national framework to be implemented by all public entities through their strategic objectives, revenue base and capital budgets. We are focusing on using public sector spending so as to achieve developmental outcomes in respect of reducing unemployment and poverty. If implemented effectively, the impact could be significant, as public sector spending constitutes 25% of Gross Domestic Product.

Service delivery, poverty alleviation and job creation are paramount objectives of government. The National Youth Service is one of our strategies to deliver on these objectives. The maintenance and

provision of infrastructure are some of the tactics. These areas of activity will create work opportunities for the youth that has been selected, but they will also help improve the skills base of the country.

Our focus on the construction sector and allied sectors takes full cognizance of the immense potential of the industry as a creator of job opportunities. Under the impact of growing investment and the EPWP, employment in the construction sector has risen greatly. With construction output set to double in the next ten years, the industry has the potential to generate thousands of jobs by 2014, contributing greatly to the goals of accelerated growth. Many of those who will be employed, will need to be skilled.

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. With growth rates in construction spend of around 10% per annum, the highest that it has been in the last 30 years, construction spend is in fact growing at a higher rate than 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.

The challenges in the built environment are huge and need urgent attention as the deadlines are so tight as well. Even as the

government accelerates the infrastructure development, the demographic profile of registered built environment professionals is a long way from reflecting the demographics of the country. As the economy begins to boom with upward trends predicted well beyond 2010, there are increasing demands for professional services, and the pool of skills represented by built environment professions should increase accordingly. However, current trends, with specific reference to the built professions, indicate that this important skills base is in decline, with very few new entrants compared to the large numbers who are leaving the profession. That is why it is vitally important to continuously and urgently replenish the human resources in the built environment with young, enthusiastic and determined young people. This is what I call the importance of insuring the future. We are going full steam ahead with our initiatives because we realize the importance of insuring our future and the following generations.

I wish you well in your future endeavours to broker and insure the future in your own ways and means.

I thank you.