

Address by Minister of Public Works Ms Stella Sigcau MP during the launch of the Masakh'isizwe Project in Cape Town on 13 February 2006

Mr. Programme Director

Premier of the Western Cape Mr. Ebrahim Rasool

MEC for Public Works, Roads and Transport Mr. Marius Fransman

I would first of all like to thank the MEC of Public Works in the Western Cape Mr. Fransman and the provincial Cabinet under the leadership of Premier Rasool for providing the platform for me to address you this evening.

I am even more thrilled because I have been asked to speak during an occasion for the granting of bursaries to deserving students of the Western Cape. This in particular makes me happy because having worked as a teacher myself and coming from the rural area of the Eastern Cape, I attach particular significance to empowerment through education.

In his ***State of the Nation*** address on the 3rd February this year President Thabo Mbeki envisaged a new era for South Africa – an Age of Hope. The Age of Hope is today able to dawn because of the years of hard work that the government, together with the people of South Africa, has put in over the years.

It is pleasing, as President Mbeki notes that this optimism is not only shared by members of Cabinet, but it is increasingly shared by the private sector and ordinary members of our

society. Various opinion surveys affirm the fact that the people of South Africa are “convinced that we have created the necessary conditions to achieve more rapid progress towards the realisation of their dreams.”

One of government’s most visible programmes, the Expanded Public Works Programme(EPWP) which aims at addressing the challenges of job creation and the eradication of poverty, is anchored on that dream. This dream is shared by the recipients of tonight’s bursaries. This dream - of a life which is better tomorrow, than it was yesterday - is shared by the masses of our people wherever they may be in this country of ours.

You will have already noticed that tonight I am going to be using the following words quite a few times: “Shared” and “Hope”. I will speak of the hope of Antoine De Saint-Exupery who has this to add to our understanding of the human condition:

“If you want to build a ship, don’t herd people together to collect wood and don’t assign tasks and work, rather teach them to long for the endless immensity of the sea”.

In the words of Nobel Prize winner Arundhati Roy, “Not only is another world possible, she is on her way. On a quiet day, I can hear her breathing”.

Greek philosopher Aristotle’s understanding of sharing, as it relates to the business of government is appropriate in this regard:

“If liberty and equality, as is thought by some, are chiefly to be found in democracy, they will be best attained when all persons alike share in government to the utmost”.

Over the next eight years the hopes and aspirations of our people may rest on the success of the Accelerated Shared Growth Initiative of South Africa (AsgiSA) under the leadership of Deputy President Phumzile Mlambo-Ngcuka. I will explain why this burden may be placed on this programme.

While the country has experienced an economic boom which is unprecedented in the country's recent history, this average 4% growth is still limited to a few. In other words it is not shared. For growth to be shared it must continue to rise on average every year. We think as government the magic number is 4.5% up to 2010 and 6% thereafter. All things being equal, we are on course to achieve this, a long term goal which will help us halve current unemployment rates by 50% in 2014.

But there are several impediments on the way, which AsgiSA has identified for isolation and removal. In seeking to do this, AsgiSA will rally all sectors of South Africa in a way that has never been done before in order to pull in one direction for the betterment of the lives of all.

The binding constraints are the following:

- The volatility of the currency which is affecting our ability to take advantage of the import and export market.
- The cost, efficiency and capacity of the national logistics system and the way it escalates the cost of moving goods, the price of goods and foreign direct investment.
- Skills, plus the geographical location of labour in relation to capital, a legacy of apartheid which we are addressing through our social policy.

-Deficiencies in state organization, capacity and leadership.

We cannot do much in the short term about the volatility of the rand. We can however do something about the cost of logistics in our economy. We can also positively affect our capacity at public and private sector level by improving the skills base. These, among others are the constraints which stand in the way of sustained economic growth, and therefore have the potential to inhibit our dream of a shared growth going forward. These are some of the issues we will have to address in order to deal decisively with the gap between the First and Second Economy. This is why AsgiSA will seize our imagination in the years to come.

President Mbeki has warned of the persistence of chronic poverty in the midst of wealth and economic growth. As measured by the Gini Coefficient, South Africa has one of the most skewed distributions of wealth in the world. This is worse than Nigeria, Brazil and India. In South Africa the top 10% of income earners receive 65% of the total income while the bottom 10% receives only 3% of the total income. Back in 2003, in the **10 year Review**, President Mbeki drew attention to the existence of 'two economies':

Under AsgiSA, the EPWP, a transversal and successful programme of government has demonstrated how we can deal with some of the above challenges. In the end several issues of inter sphere co-ordination and targeted skills development are being addressed. This in turn through the adoption of best practices, impacts positively on the capacity of government to deliver projects on a cost effective basis.

The EPWP was implemented in 2004 to refocus government expenditure on goods and services towards job creation and skills development. To date the EPWP has been surpassing all employment creation targets with more than 220 000 work opportunities created in the first year and an additional 60 000 in the first quarter of the second year.

With 31 provincial departments and municipalities signing Memoranda of Understanding (MOU) with the DPW and CETA, the Vuk'uphile Learnership Programme has grown rapidly from the initial target of 500 learnerships to 1971 learnerships. We are planning 3000 learnerships over the next 4 to 5 years.

Learners will execute R3 billion worth of provincial and municipal EPWP infrastructure projects as their training projects thus creating approximately 150 000 work opportunities. We have estimated that provincial and municipal expenditure on labour-intensive projects could sustain over 3000 specialist labour-intensive contactors over the long-term.

Because of the ability of the road construction and road maintenance sector of our infrastructure delivery programme to absorb and spend their budget, the South African government has identified these sectors to lead on up scaled EPWP in an effort to massify its impact.

Consequently the Cabinet endorsed at the last two Lekgotlas (July 2005 & January 2006) that the scale and impact of the EPWP be increased, meaning that job opportunities be created on a greater scale.

We will do this in two ways. The first is by increasing the number of more labour intensive programmes and seeking ways for more funding. We have already been granted R4.5 billion for this purpose. We will use this additional funding on labour intensive road construction, rehabilitation and maintenance under the EPWP over the METF from 2006-2007.

I am pleased to say that this amount will result in 145 000-160 000 additional work opportunities over the period. This will also result in the construction of 3000 km new low volume roads. This will result in the maintenance of approximately 50 000 km of existing roads, thus improving the quality of the overall road network. At a social impact level the roads will improve access to clinics, economic opportunities, schools, clinics and other government services and local economic development.

Provinces will have to submit projects on which these funds will be spent. The submissions will be assessed by a joint committee consisting of Department of Transport, EPWP Unit in Department of Public Works and National Treasury. One of the requirements for allocation will be that the projects are larger than R30 million to increase the scale and impact.

Let me illustrate why this is so. An expenditure of R100 million through 50 separate projects with an average value of R2 million requires far more government management capacity than expenditure of R100 million through a single project. It requires 50 separate tender processes, processing of 50 separate invoices on a monthly basis etc. I have

concluded that the predominance of small projects thus further compounds the shortage of capacity in government to manage increasing infrastructure budgets.

In addition bigger projects act as incentive to attract the investment of the private sector as many companies perceive them to be more profitable. The benefits for this public private partnerships are immense, including skills transfer, black economic empowerment, small enterprise development and nation-building.

This specific intervention by the DPW is part of the broader AsgiSA and is but one programme that seeks to aid the push towards a Shared Growth in this country. You will know that in other parts of the economy the government has committed R372 billion to accelerated infrastructure investment in underdeveloped and rural areas of our country. This includes the provision of: roads and rail; water; energy; housing, schools and clinics; business premises and business support centres; sports facilities; and, multi-purpose government service centres, including police stations and courts.

On the broader skills levels we recognize the crisis in our sector as germane to the challenges we face in the built environment. For example, the total number of registered engineers declined from 15530 in 1998 to 14900 in 2004. The resultant ratio of citizens per engineer is 2923 as compared to 184 in Australia and 220 in the UK. In South Africa there are 3.9 registered quantity surveyors per 100 000 population compared to 35 per 100 000 in the UK.

As cause and effect of this, in Local Government there are between 400 and 500 vacancies for built environment

professionals. A survey being conducted at present is pointing to some 800 vacancies for built environment professionals at all levels within national and provincial government.

According to the Engineering Council of South Africa, some 500 – 800 engineers will be retiring annually from 2009 onwards. This exceeds the numbers who are currently graduating and to make matters worse, a very large percentage of current graduates are emigrating. In 2001 more than 90% of graduates emigrated.

I therefore commend the Provincial Government of the Western Cape for setting up a Cabinet Scarce Skills committee. I want to especially congratulate the Department of Transport and Local Government for dramatically upscaling the number of bursaries being offered for the built environment fields – from 10 per annum to a targeted 250 per annum. I understand that you're offering bursaries to 130 learners this year!

To you young people who have been awarded bursaries for this year, I want to say that you have been given a wonderful opportunity to contribute to growing our economy. Make South Africa a country for all those who live in it where no-one will go hungry.

I am pleased to see so many parents here tonight. Parents, you can be justly proud of your children, who have been chosen from over 800 applicants. Each and every one of you has an important role to play in supporting your child during her/his studies. I am pleased that the Department, in recognition of the important role of parents and guardians

has invited you to the bursary award ceremony which is also the launch of the ***Masakh'iSizwe*** project.

This project has truly wonderful vision, namely, to develop a cadre of “nation builders” who are committed to building a non-racial, democratic and just society. The bursary opportunity is therefore far more than a study and job opportunity. Seize it with both hands and see it as an opportunity to make a major contribution to the “Age of Hope” that our President spoke of in his State of the Nation address. It is time to play your part.

I wish you well in your studies and the future. To end may I say the following: Life does not consist of the wrong cards that ones has been handed, it consists of one's ability to hope that in there could be born a better tomorrow.

This will happen when the have-nots of the past are lifted enough by the prospects of a better future, to believe in the present. I have no doubt that this will happen because those who are yet to benefit qualitatively from our 1994 political settlement know that their turn is around the corner. Welcome to the Age of Hope.

Thank You