

**Minister of Public Works  
Ms S Sigcau  
26 February 2003**

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**Address to the NCOP on infrastructure as sustainable development tool  
Parliament  
Cape Town**

**Infrastructure investment**

The National Infrastructure Investment Report indicated that South Africa currently faces a backlog in infrastructure of at least R170 billion.

Public infrastructure needs include both domestic and industrial infrastructure. Infrastructure includes everything that is called the built environment such as buildings of all types, bridges, roads, dams, railway lines, airports, stations, monuments, telecommunication and electricity infrastructure; agricultural water supplies, sanitation, waste water and storm water - It also includes urban housing related infrastructure, rural development, hospitals, clinics, and educational facilities, courts, police stations, prisons - the list is endless.

I am mentioning all of these different types so that when we talk of the backlog in infrastructure we all appreciate the enormity of the task ahead of us and the backlog which runs into many billions.

Investment, development and progress in all these areas add to the quality of life in communities, while simultaneously building productive economic capacity. The provision of basic household infrastructure, in particular, is a relatively low cost and effective form of public intervention in favour of the poor and consistent with the reduction of income inequalities.

Initiatives have been taken to align public social infrastructure investment. Nationally, housing subsidies, land development grants, local transport upgrading and community water supply and sanitation schemes are being aligned with the municipal infrastructure programme. Including provincial governments, through which funds are allocated, criteria for priority spending are being defined.

Social infrastructure creation is incorporated in the Spatial Development Initiative, where economic infrastructure is upgraded to ensure private sector investment

Investment in social infrastructure might start with what appears to be small like a crèche or a clinic to structures like some of the huge Correctional Services maximum security prisons to courts, university and technicon facilities, airports and harbours. What is important is the impact that these have on the lives of our people and the creation of the right environment for investors. What serious investor would want to invest in an area with no electricity, a poor system of communication, no roads or no sure water supply?

An argument has sometimes been raised as to why, together with Correctional Services, we are building the type of prisons that we do.

The truth of the matter is that you cannot talk rehabilitation in squalor, cognisance must also be taken of the fact that such a prisoner will one day rejoin the community and the chances of his reverting to kind will be minimised if skills are taught while still in prison in order to equip that prisoner with knowledge to make him a better member of the community.

Electrification is proceeding at a high rate of household connections per annum as well as in areas earmarked for growth and development. The community water supply and sanitation programme is also underway, together with an expansion of spending on several major water resource development projects.

The billions spent on national and provincial roads in our country annually also include some private sector funding. As in other areas of public investment, increasing use is made of small and medium-size contractors and more labour-intensive construction methods, facilitating both enterprise development and job creation.

To ensure that we use infrastructure, the creation as well the maintenance thereof, as a tool for sustainable development in reconstructing our country and society as well as in continued service delivery, we have to deal with challenges such as:

- Widespread poverty

We know that many millions of people are surviving below the Minimum Living Level in South Africa. Of these several millions live in rural areas.

Typically, the first priority of rural communities is improved water supply and sanitation. Although we have committed numerous projects and have progressed with the supply of potable water to millions of people falling short of adequate access, basic living conditions impede poverty relief. The problem escalates when housing, education and health care facilities, transport and other factors are considered.

Nevertheless, the government is committed to basic levels of infrastructure development, for instance in water availability, sanitation, access to schools and clinics, road development and energy provision. All of these will reduce the burden of poverty in rural areas, and allow rural people to use their time more productively and so contribute to national growth. And as the President has said, "the tide has turned".

- Low levels of education

Because of the evidence of education consistently showing up in comparative studies as a key determinant of long-run economic performance and income redistribution, we have taken a holistic and comprehensive approach to the Human Resource Development Strategy. Again, amongst the reform initiatives underway, are the building and refurbishment of classrooms, or the infrastructure development.

- Unemployment

Accelerated economic growth associated with stronger employment creation is the key to continued progress towards an equitable distribution of income and improved standards of living for all. Employment creation provides a powerful vehicle for redistribution, as it is embodied in government programmes such as public works, housing, water supply and sanitation, health, education, welfare and social security services.

Provision of social infrastructure has important externalities which impact on economic growth. Direct poverty alleviation and distribution effects contribute to a stable social and political environment required for rapid economic growth while appropriate health infrastructure leads to savings in health care expenditure and freeing of resources for other uses. At the same time, appropriately improved social infrastructure can be an important factor in improved scholastic performance, which should lead to significantly improved labour productivity in the long term.

As Government our task is to mobilise all our people, to create more and more opportunities, to ensure that the citizen's potential is given the fullest expression. We have to do this and more, sensitive to the feelings and expectations of the majority and minorities, those who already benefit from existing infrastructure and services, and those still deprived of such socio-economic stimulants.

Mere physical asset creation through infrastructure delivery will not solve the problem. Innovative integrated approaches, spanning socio-economic existence, are required to fully democratise our vigorous country. We believe that growth does not precede development, but that the way in which development is done, by actively involving people in addressing their own needs, not only benefits them through direct remuneration, but contributes to building long term productive capacity and human resource development. Herein also lies the sustainability aspect of the benefits from infrastructure development. Infrastructure and service delivery provides a link in integrating reconstruction, development, redistribution and growth.

That is where the expanded Public Works Programme will be making a contribution.

The overall objective of this Government-wide programme is to facilitate and create employment opportunities for the poor, vulnerable and alienated groups through integrated and co-ordinated labour-intensive approaches to government infrastructure delivery and services provision.

As a stepping stone, the 1995 Framework Agreement between business, labour and government on conditions of Employment and Skills Development provided a foundation for an expanded Public Works Programme. This Agreement took recognition of the fact that infrastructure development is a key driver to economic growth and social development with outcomes that lead to job creation, poverty eradication and income generation through an approach of labour-intensive methods of construction, development and maintenance. This has further been supported by government's procurement reform as a way that broadens

access to economic opportunities that prevail in government business.

The **focus** of the expanded Public Works Programme will be to re-align current governmental infrastructure and maintenance investments targeting initiatives such as:

- National, Provincial and local government infrastructure investment and service delivery
- State-owned Enterprises infrastructure, community and poverty alleviation programmes

By focusing on the use of labour-intensive technologies as well as community involvement, the overall work opportunities will be increased.

### **Outcomes**

At its best, the expanded Public Works Programme shall, in a coordinated and consolidated fashion:

- Align current infrastructure programmes of government and state-owned enterprises to maximise work opportunities for the unemployed
- Ensure that all participants receive on the job training related to the construction industry and service delivery in general
- Provide specific opportunities for women, youth and the disabled by targeting these vulnerable groups
- Create useful public assets which will provide social improvements as well as facilitate participation by micro enterprises, especially emerging contractors.

### **Key Performance Indicators (KPI's)**

will include:

- Percentage of project budget set aside for work opportunities for the unemployed
- Number of unemployed provided with work opportunities
- Total person days of work provided for the unemployed
- Average duration of employment created
- Percentage of unemployed women, youth and disabled provided with work opportunities
- Type and duration of skills training provided.

### **Alignment of Existing Infrastructure Programmes**

All public sector departments and State-owned enterprises are expected to formally respond to the expanded Public Works Programme to indicate which of the overall targets they will contribute to.

The objective of providing work opportunities to the unemployed should not only be applied to infrastructure construction, but as importantly, it should be extended to also apply to the maintenance of existing and newly created infrastructure as well as service providing projects.

The alignment and co-ordination of programmes within the ISRDP and the URP is of the utmost importance. Projects such as Zivuseni in Gauteng (directly productive, social cohesion and services) and Gundu Lashe rural road project in Limpopo and Working for Water are concrete examples of labour-intensive programmes that should be at the core of the expanded Public Works Programme. Programmes like Land Rehabilitation could also be suitable for labour-intensive methods. The private sector must also play a part in ensuring that through their own initiatives such a programme is sustained.

### **Position**

With our experience in piloting procurement reform in the construction industry, as well as the policy development and practical implementation on Community Based Public Works Programme and within the construction industry, Public Works is ideally positioned to not only share experiences with other departments but also to roll-out and record results on the expanded Public Works Programme.

The success of such projects, and the programme in its entirety will depend on sound programme and project

management, where many lessons can be learnt from the existing Community Based Public Works Programme and the Emerging Contractor Development Programme. The latter in particular, is one of the components driving the promotion of the growth, development and transformation of the construction industry.

This implies adjusting interaction and mechanisms between all tiers of Government, national, provincial and local, and the various structures of civil society, including the private sector, to ensure that the most needy citizens will be empowered to become economically active and independent.

Our challenge lies in an increased ratio of delivery of infrastructure and services with a strong emphasis on job creation, promotion of small, medium and micro enterprises, human resource development, capacity building, community participation and institutional development.

I trust that your active support will further these objectives.

To demonstrate the potential of the proposed extended Public Works Programme, I want to draw your attention to some achievements of the existing programmes in my Department in terms of job creation and training since 1999:

- A total of 80 000 temporary jobs have been created
- A total of 33 970 women have been employed
- A total of 32 977 youth have been employed
- A total of 2 011 disabled people have been employed
- The Community Based Public Works Programme (CBPWP) has created 2 182 community assets

In 2002 alone:

- 29 400 Cyclical jobs have been created through construction projects
- 6 853 women have been employed to date
- 6 711 youth have been employed to date
- A total of 340 people with disabilities have been employed to date
- A total of 260 sustainable jobs have been created
- A total of 560 CBPWP projects have been implemented in the 2002/2003 financial year to date, employing 13 982 local workers
- Currently over R100 million of construction projects are undertaken by women-owned enterprises
- With each big construction project, workers could receive up to a 45 day intensive training in specific areas such as carpentry, electrical supply or plumbing
- About 150 project managers from the 27 district municipalities with whom we work have been trained on the Management Monitoring Information System as part of capacity building. Others have attended accredited institutional building training with emphasis on ownership, operation, management and maintenance of fixed assets.
- As part of human resource development in the construction industry, about 100 contractors were assessed and accredited through the Recognition of Prior Learning project, while 90 contractors were trained in contracting and business management skills.

Given all of this, it is clear that the expanded Public Works Programme has the potential to offer much more impressive employment and human resource development figures.

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