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## Public works and the ticking of SA's unemployment time bomb

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PUBLIC works is one of those low-key departments that most South Africans know very little about. Yet it has been given a vital task — creating 1-million jobs in five years under the expanded public works programme.

It's a controversial and largely misunderstood initiative, but I'll get to that later. What it needs to succeed is a motivated, dynamic political leader who can negotiate with provincial and local government as well as the private sector. That is why President Thabo Mbeki's plans to overhaul the public works department are so important. The overhaul actually started in May when Thoko Didiza was appointed public works minister, following the death of Stella Sigcau. The appointment was an encouraging sign. Didiza was not quite 30 years old when she took over the challenging role of agriculture minister. While much remains to be done in this portfolio, she managed to balance often competing ideological stances within the African National Congress (ANC) on how to manage land reform.

Under Sigcau, the public works portfolio had almost disappeared from the political and economic agenda, just as state-owned enterprises did when she presided over the public enterprises portfolio in the 1990s. Mbeki outlined his unhappiness with the department this weekend when he emerged from the cabinet *lekgotla* to announce that it would have to "drive" the expanded public works programme rather than just co-ordinate its activities.

This, presumably, is what it should have been doing all along. The programme was launched amid much fanfare in April 2004, government setting itself the target of spending R15bn over five years, creating about a million job opportunities through labour-intensive public works projects. It has been likened to Roosevelt's New Deal in the US in the 1930s, and is reminiscent of SA's first public works programmes of the 1920s and 1930s, which sought to deal with high unemployment levels among poor whites. The idea is to use largely unskilled, unemployed people to build roads, schools and clinics, collect waste and clean streets in order to give them short-term income, and some longer term skills.

One controversial aspect of the programme is that it was sold as part of the ANC's electioneering as a critical aspect of tackling unemployment, raising hopes and expectations. This it will not do, certainly not in any wide-ranging or sustainable manner. There have been big structural changes in SA's employment patterns over the past 40 years, with demand for unskilled labour falling as the economy has modernised. Even if it's fully implemented — in other words if 200 000 jobs are created each year — the programme will make an impact on between only 2% and 4% of the unemployed population. That's just a drop in the ocean.

Nevertheless, the initiative has a role to play if it is well structured and correctly targeted. The Development Bank's 2005 development report, which draws heavily on a study into public works conducted by the University of Cape Town's Anna McCord, found that public works projects could play a big role in dealing with poverty. It lowered the number of adults skipping meals, improved regular school attendance and, critically, reduced the shame of poverty. However, this only happened when projects were directed towards the very poor, where levels of school attendance and nutrition were lowest.

The report also argues that training and experience within a public works programme tends not to have a big impact, mainly because there are so few jobs available in the market. This can only be changed if the private sector, and government to a degree, come to the party. Government has already done so with its R400bn infrastructure investment programme — much of which will be pumped into SA's transport, electricity and telecommunications networks. The aim is to use this programme to help drive economic growth to 6% by 2010, which in turn will help alleviate the jobs squeeze.

But the private sector will have to play a bigger role if the public works programme is to have any more than a fleeting impact. Companies know the skills they need now, and what they'll need in coming years. Business can play a far larger role in opening up entry-level opportunities for people who come out of public works projects. Most will need additional training, but they will have already proven they are

willing and able to work.

The challenges facing the expanded public works programme are immense, not because it will be difficult to drive the initiative, but because it will have a lasting impact only if Didiza can persuade the private sector to be more responsive. Even so, it will only scratch the surface. Today, there are about 3-million people who have no formal income — they are too old to receive the child maintenance grant, too young to get a pension, and have insufficient education to get a job. Public works projects can absorb just a fraction of them. There's a ticking time bomb out there which government and the private sector need to address if it is to be defused.

Chalmers is deputy editor.

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