

ECONOMY & BUSINESS

'Don't expect a cure-all'

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How much money does the programme entail, and how does the funding break down?

A total of R19,6-billion over five years. Of this, R15-billion will go to construction, R4-billion to the environment and R600-million to the social sector, for such projects as home-based care for people with HIV/Aids and cultural activities.

The government struggles to attract skilled senior staff. How confident are you of filling the 15 senior posts you have advertised to drive the programme?

We're confident of filling most, if not all, of these posts. The programme has so far been run with private sector consultancy support, led by Maikel Lieuw Kie Song. If we don't fill the posts by June, the partnership will continue.

In the past, unions have complained that public works programmes pay low wages and violate basic conditions of employment.

The programme departs from the premise that it is a temporary package offering training.

It's guided by a code of good practice and a ministerial determination agreed to at the National Economic Development and Labour Council [Nedlac], which includes unions.

Another thing to remember is that we are not trying to draw people away from more permanent forms of employment.

The ministerial determination allows public works to pay below-minimum wages, guided by the going rate in the area where they are carried out.

It also pays according to unit of work produced, rather than just time worked.

The programme does, for example, allow leave, including maternity leave.

It does not allow for contributions to the Unemployment Insurance Fund, since UIF is designed for people in longer-term or permanent employment.

Of the money spent on projects, how much accrues to workers and how much goes to contractors?

Here it is important to distinguish between the building industry and civil construction.

The building industry is already labour intensive, and there is little scope to improve that. Where we are trying to intervene is in civil construction, which over the past few decades has become mechanised.

We're saying, where it is technically feasible, like for earth excavation, use physical labour. Where it is not, for example in compacting a road, use machinery.

In conventional civil contracts, labour gets about 5% of total costs. In our programme, we expect it to be about 30%.

Economist Anna McCord argues that the programme "barely scratches the surface of the unemployment problem" and that "we are likely to end up with experienced unemployed people".

We agree, but see the programme as part of a whole range of initiatives. Just because it doesn't affect 80% of the unemployed doesn't mean it shouldn't be undertaken.

We're not putting this forward as the solution to unemployment —along with improving the social safety net, it is a short-term measure.

The medium-term intervention is to improve the enabling environment through things like regulation.

The long-term solution is to achieve economic growth that keeps pace with the growth of the economically active population and to improve our education system.

McCord also raises the issue of “opportunity cost”, arguing that the programme displaces spending that could be used for grants to the poor.

I disagree with [McCord] on that.

Government could decide to have a basic income grant and still have this programme.

The funds allocated to this programme already exist in the Division of Revenue Act, we are merely re-orientating them towards being more labour-intensive.

She also points to the international experience, which suggests public works have little capacity for labour absorption

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International studies in developing countries show that there is scope for public works programmes in areas where there is a shortage of capital and foreign direct investment, and an abundance of unskilled labour.

R45-billion has been earmarked for provinces and municipalities. Aren't local authorities a weak link?

The government has programmes in place to support municipalities, especially the newer ones.

How will you ensure that roads are not built to create jobs, rather than because they are needed, and that they don't end up being unused?

This programme is different from the Reconstruction and Development Programme Fund, which made special poverty relief allocations where departments had to bid for funds for specific projects.

That is how you ended up with clinics that had no funds to pay doctors and became white elephants.

In our programme, planning will be done within the integrated strategic planning framework to identify needs.

At that point we come in, to ensure that the needs are met through labour-intensive methods.

You say the targets are for the next five years, suggesting there may be a review and a continuation of the programme. How long will it have to remain in place? Will a man have to send his son to maintain a road he built 20 years ago?

I don't know — that depends on how long we take to put in place the long-term intervention measures of economic growth and addressing our education system. When those are put right, we'll no longer need a public works programme.