

The High Road to Building a Nation

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We are living in South Africa's Age of Hope. A study* released last month (September, 2006) by prominent Harvard University economists has confirmed President Mbeki's assessment of the South African economy. Amongst other indicators, they point to: the GDP growth rate which reached 4.9% in 2005 – the highest level in over a quarter of a century – and last year real household consumption expenditure grew by the same amount, partially spurred on by a 35 year low in interest rates; the current business cycle upswing which is running at a record of 19 consecutive months; the budget deficit which in the 2005/2006 financial year was the lowest in 25 years.

The study goes on to praise South Africa as a model emerging economy. It points out that we have a well developed financial sector at the centre of which is the internationally credible Reserve Bank. We have world class corporations (represented by many of you gathered here today), low public sector debt levels and most importantly, we have had a successful political transition towards a democratic government which has been able to improve social policies.

However, there are causes for concern. Is our growth trajectory sustainable given the current account deficit of 6% earlier this year? And, as we all know, we have unacceptably high and persistent unemployment levels – between 26% and 38% depending on how you measure unemployment, with all the social ills attendant on this. President Mbeki uses the metaphor of a two economies existing side by side to describe our condition.

The first is an advanced, sophisticated economy, based on skilled labour, which is becoming more globally competitive. The second is a mainly informal, marginalised,

* Frankel, et al. South Africa: Macroeconomic Challenges after a Decade of Success

unskilled economy, populated by the unemployed and those unemployable in the formal sector.

To address the challenge of marginalisation and poverty confronting those trapped in the second economy, the government announced its AsgiSA set of strategies supported by the Joint Initiative for priority Skills Acquisition (JIPSA) earlier this year being driven by the Deputy President. But the same group of Harvard economists quoted earlier have questioned this strategy. Their main concern is that AsgiSA anticipates a significant increase in public investment – it is an infrastructure lead growth path. How will this be financed? If this is through public borrowing, what will its impact be on the interest rates? Will the infrastructural investment create productive opportunities or will it simply “pile up large white-elephant type projects?”

These are important questions. In particular, it is the responsibility of my Department and the Department of Local Government and Housing to ensure that provincial government infrastructure investment in the Western Cape does not become the feared “pile of white elephants”. Do we have the necessary skills to ensure that the funds are well spent?

The skills challenge is the challenge being addressed by our Masakh’ iSizwe (Let’s Build the Nation) Centre of Excellence. The Centre began as a programme to award bursaries. In February this year the programme was launched by Premier Rasool and the late Stella Sigcau. Dr Ramphela was present to hand over 127 bursaries in the engineering and built environment fields. Next year we aim to have 250 learners on our bursary programme. Since that launch the programme has evolved into a Centre with a unique programme within government – a ‘high road’ to addressing the priority engineering skills needs.

At this point in time we don’t know how many engineers, technologists, technicians and artisans the country is going to need in the future. A recent (2004) report by the HSRC points to a lack of technologists and technicians but claims that we have enough engineers in the country. However, Allyson Lawless, in her much acclaimed ‘Numbers and Needs’ study, shows that currently South Africa has a population engineer ratio of 3166 whereas other emerging economies such as Brazil and Malaysia have ratios of 227 and 543 respectively. Significantly to reach the increased demand for civil engineers implied by the estimated infrastructural growth, we will need in excess of 400

professionals entering the market per annum whilst at current capacity our universities will be able to supply at most 700 new graduates by 2009.

The anecdotal evidence that I have is that we are already in a crisis. Some of you gathered here this morning are experiencing this shortage first hand and are busy recruiting engineers from Zimbabwe and India. However the details of the crisis are not clear. Therefore together with the University of Cape Town, the Centre is currently undertaking research into the needs of the Western Cape and, importantly, the needs distribution across the disciplines and levels. This research will, amongst other things, give us information on the optimal distribution of bursaries.

I have already mentioned that the Centre is taking a High Road to the provision of professionals in the built environment fields. A more common Low Road is one that is normally followed.

The Low Road is to give bursaries to as many learners as possible, with the proviso that we get our Previously Disadvantaged Individual (PDI) statistics correct.

The problem with this strategy is that simply throwing money at the problem will not solve it. This strategy is undermined by considerable 'leakages'. This happens for at least three reasons.

Firstly, there is a very high dropout rate from our universities. As reported in the Mail & Guardian (Sept 22 -28), Naledi Pandor, Minister of Education, announced in Parliament that only 30% of undergraduates in our universities obtain their qualifications within five years. In the engineering field this figure is lower – largely compounded by the problem of those studying for a National Diploma not being able to find placements for their experiential training and therefore not completing their diplomas.

Secondly, it is becoming increasingly difficult to retain engineering graduates in the profession. Because of the excellent nature of the engineering programmes offered at our universities, graduates are able to migrate easily into higher paid professions, such as financial planning. These professions also offer a better quality of life.

Thirdly, many young white graduates seek and find jobs in other parts of the globe, largely due to their perception that they will be disqualified from securing jobs in government, particularly because of our affirmative action policy.

Last year, shortly after I came into this Department, I publicly suggested that government should consider a ‘sunset clause’ on affirmative action. I want to repeat the call now and go further by suggesting that we place an immediate moratorium on affirmative action in all priority skills areas. We need to go beyond the blunt instrument of affirmative action if we want to more effectively address the vicious cycle of poverty that characterises the second economy.

That affirmative action needs to be addressed is borne out by Lawless’ study. She says, and I quote:

“Unfortunately, instead of increasing the number of professionals [in all fields], South Africa is steadily reducing them to achieve required ratios for equity targets. The reduction is taking place at the expense of service delivery and poverty eradication”

This leads me to our strategy for the provision of scarce skills: the High Road.

It is a route which is underpinned by the recognition of two categories of beneficiaries: financially disadvantaged learners (FDLs) and resource poor communities.

With regard to the learners, the Centre seeks to promote excellence in three areas: Excellence in Learning, Excellence in Service and Excellence in Citizenship.

Excellence in Learning This has two aspects:

- a) Excellence in Academic Performance (‘knowing’) – In order to help students maintain an acceptable academic standard, we monitor the academic performance of our students and twice a year staff of the centre meet with the students to motivate them and discuss academic and other problems. This together with the excellent support mechanisms already in place in the engineering faculties at UCT and Stellenbosch, has so far, resulted in a very low proportion (less than 10%) of learners at risk of having to extend their study programme beyond the minimum time required. Results were unfortunately not satisfactory at CPUT. Mid-year results indicated that approximately 40% of our students at CPUT are at risk of

having to extend their period of study. However, I am pleased to announce that because of our very good relationship with CPUT, they immediately put into place extra mentor support for our learners. The impact of this effort will only be known at the end of this year.

- b) Excellence in Professional Development ('being'). It is the 'being' aspect of learning that is particularly neglected by formal education institutions. I am referring to the process of learning how to become a professional, how to behave like a professional, adopt professional attitudes and values and make right judgements in context. Privileged, middle class children tend to pick up some of this 'cultural capital' from their parents, homes and communities. Working class youth have no means of accessing this 'cultural capital' unless they are invited to participate as legitimate members of professional communities of practice. It is here that we will have to rely on partnerships with business. The Masakh' iSizwe project is hoping to develop professional partnerships with the companies represented here today. Ideally, we would like each of our bursary recipients, or at least all final year students, to be mentored by a practising or retired engineer (this would require approximately one hour per fortnight of their time). We would ask mentors to take a personal interest in their mentees' academic progress, their career development and, most importantly, their personal and professional development. This would include assisting them to find internships in engineering companies where they can experience the life and work of a professional engineer and discuss their responses and progress with their mentors. The project plans to supplement this aspect of professional development by requiring students to keep reflective journals throughout their period of study and work experience. It is a model that has been very successfully implemented by the Tertiary School in Business Administration (TSiBa) and which has inspired our thinking.

Excellence in Service. Through the experiential learning that is required by the academic programmes and by requiring students to engage in community service during their vacations, resource poor communities will also benefit from the programme. Students will in future participate in my Letsemas and other departmental engagements with these communities. A challenge that we do however face is to provide the learning oversight in

resource poor communities that meet the academic requirements of their programmes. To provide this oversight we are in the process of engaging retired engineers and are considering the possibility of bringing in engineers from India and Malaysia. Project Consolidate municipalities could be well served by students doing their vacation placements in these municipalities mentored by retired and/or foreign engineers.

Excellence in Citizenship Our aim here is to develop students into critically constructive citizens. In order to become such citizens they need to understand the socio-political context in which they live. To achieve this objective we've been engaged in negotiations with the engineering faculties to develop curricula that expose our students to additional social science subjects in order to broaden their perspectives and to meet the requirements of the Engineering Council of South Africa (ECSA). This undertaking will be included in a Memorandum of Understanding to be signed between Provincial Government and the Higher Education Institutions at a summit on the 16th October. We believe that this broadening of the engineering curriculum plus students' exposure to the needs of local communities during community service projects, will develop more rounded, critically constructive citizens.

I am calling on business to join with the universities and our Masakh' iSizwe Centre to form meaningful partnerships on the high road to meeting our scare skills crisis.

Fulfilment of our vision is dependent upon such partnerships – so that we can jointly develop the nation-building professionals that this country so desperately needs.

Specifically from business, I am asking for a commitment (as part of your Corporate Social Responsibility) to, at minimum, invest in the management of a web portal which will include a database to track ours and your bursary students. And, further, to provide our bursary students with:

- on-going professional partners throughout their studies
- mentored experiential learning opportunities in your companies
- the possibility of post graduation career opportunities.