

N2WCTR to create up to 55,000 jobs in the Eastern Cape

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The N2 Wild Coast Toll Road (N2WCTR) is the key to unlocking a new and golden age for a significant number of the unemployed of the Eastern Cape. The fact of the matter is, new job creation is virtually unattainable without decent transportation infrastructure and good mobility networks.



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Passing through some of the country's poorest and most rural communities, the new route will serve as an artery of economic life. Barriers that once shielded and excluded a region of the province from investment, development and realising its economic potential will be removed. Living standards will be lifted, and new direct, indirect and legacy job opportunities will be created.

The Eastern Cape's official unemployment rate stands at 28.6%, expanded unemployment extends to 44.5% and over two million grants are being paid out every month. As bad as this figure is, it is an average and hides even more horrifying local statistics, with certain rural municipalities such as Ingquza Hill (based around Lusikisiki, Flagstaff and Holy Cross) having unemployment figures in excess of 85%.

Enter the N2 Wild Coast Toll Road Project

Enter the N2 Wild Coast Toll Road Project – one of the single biggest job creation initiatives through road construction development in the history of the province.

While some of the estimated 55,000 jobs to be created will ensure people that are currently employed stay employed, a significant portion will be new jobs. Potentially, as much as 5% of the estimated 980,000 unemployed individuals in the Eastern Cape could gain some employment through the project and its spin-offs.



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Approximately 5% of the budget for the 112-kilometre greenfields section of the N2WCTR will be spent on labour. More than R400m will be allocated to wages for unskilled, semi-skilled, and skilled workers employed directly on the N2WCTR project. A further R1.5bn is destined for local SMMs comprising local contractors and local suppliers of goods and services to the road and bridge construction projects.

Sanral's direct job creation forecast

Sanral's direct job creation forecast is 1.8 million man-days or 8,000 full-time equivalent (FTE) jobs over the construction period of four to five years. These jobs will not just be for unskilled labour but will include semi-skilled and skilled jobs as well, including local builders, engineers, grader operators, excavator operators, welders, mechanics, foremen, drivers, and bricklayers, to name but a few.



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According to economic employment opportunity propensities indices for road construction projects, up to 25,000 additional indirect FTE jobs will be created by subcontractors and suppliers over the construction period. These indirect jobs will be derived from a variety of fields: security, plant hire, manufacturing, catering, logistics, and aggregate and hard rock products, among others.

But there is more.

Boosting local economy

Wages earned have been shown to have a two to three times multiplier effect in the local economy as the monies are spent and re-spent in the local economy boosting local retail and service businesses.

Adding to this, the new route that both opens up access to the Pondoland area and creates a shorter and faster link between KZN and the Eastern Cape will promote local and regional economic growth in a number of alternate areas including manufacturing, transportation and logistics, hospitality and tourism, agriculture, and agri-processing.

Tourism seen as high-growth potential

Tourism, particularly, is seen as a high-growth potential area with an international study indicating that one new job is created for every 30 additional stayover tourists brought to an area. The 2008 specialist tourism study done as part of the EIA report estimated that over a 10 year period post construction an additional 674,000 tourists would be brought to the Eastern Cape as a direct result of the construction of the N2WCTR.



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Such an increase will require over 1,050 new beds in the hospitality industry of which approximately 900 would be in the Transkei area. At the postulated 30:1 ratio the additional visitors will increase local employment figures by up to 22,450 persons over the first 10 years after the route is opened.

Critics may argue that most of these jobs will only contribute to short-term employment opportunities. But, the long-term benefits of even short-term jobs and opportunities are significant for two reasons.

Firstly, as the project will last an average of four to five years many local construction SMMEs will be able to improve their CIDB grading, purchase plant and equipment and develop the necessary expertise to grow their businesses. Similarly, local suppliers of goods and services will also be able to grow during this period.

Sanral has developed and will implement and monitor strong enterprise development and community development programmes which will run parallel with the construction of the roads and bridges. This means beneficiaries will be able to continue their businesses or careers once the construction phase of the project has been completed. Let's not forget that other infrastructure development programmes and private developments will also be jumpstarted as a result of the N2WCTR.

Secondly, the provision of a significant number of meaningful jobs – even if only for a limited period – on a project that will gain national and even international attention in an area that is currently severely underdeveloped and has a very high unemployment rate will have a number of meaningful local socio-economic benefits that will outlast the project. These include the restoration of self and community pride, the transfer and retention of relevant skills, expertise and resources into the area, the introduction of inspiration and hope for local scholars and students and the accumulation or improvement of individual, family and community assets.

Involvement

Over and above the economic growth that will occur through initiatives and investments in the private sector, national and provincial departments and agencies, as well as local municipalities, are getting involved to ensure that the various government initiatives linked to the N2WCTR corridor are effectively coordinated and encouraged.

These initiatives, which are being led and coordinated by the Eastern Cape Office of the premier are linked to agriculture and agri-processing in the Wild Coast Special Economic Zone (SEZ), the ocean economy, and other rural and local development initiatives such as land use planning/nodal development for hospitality and tourism, small-scale commercial farming, community-based tourism and small-town development initiatives, and stand to further contribute towards socio-economic growth and development in the region.

Opponents of the project who decry that the essence and attraction of the Wild Coast will be destroyed by rampant commercial development as a result of the N2WCTR either do not know or do not acknowledge the many layers of protection granted to the Wild Coast by both new and old laws and regulations. These include the old, but still valid, one kilometre Transkei coastal development exclusion zone, the very effective National Environmental Management Act, the National Roads Act, and the new Spatial Land Use Management Act. This protection coupled with the fierce commitment of the key stakeholders involved will ensure planned and controlled nodal development coupled with the expansion of protected areas and the development of eco-, adventure- community-based and conventional tourism products that will enhance and protect the Wild Coast.

Ignoring fundamental economics

Similarly, critics who say the government should not be spending public funds on major infrastructure projects in a period of the economic downturn are either ignorant of or are deliberately ignoring fundamental economics. Added to the well-established link between economic output and aggregate demand (total spending in the economy), especially during recessions, several World Bank studies have shown that investment in major new transportation corridors has a better economic return on investment than any other type of economic infrastructure. Sound reason to invest in the N2WCTR now and not to further postpone it.

Based on the widespread impact of the N2WCTR project, it stands to reason that this road infrastructure project should not only be viewed as a catalyst for local job creation but more importantly, it needs to be celebrated as a catalyst for sustainable local, regional and national economic development.

By changing lenses to view this project from a fresh and alternative angle, naysayers and critics alike should begin to recognise the N2WCTR project for what it really is: a process of integrated development with a road running through it.

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