Pocket Guide to SOUTH AFRICA

Pocket Guide to South Africa 2003
First edition

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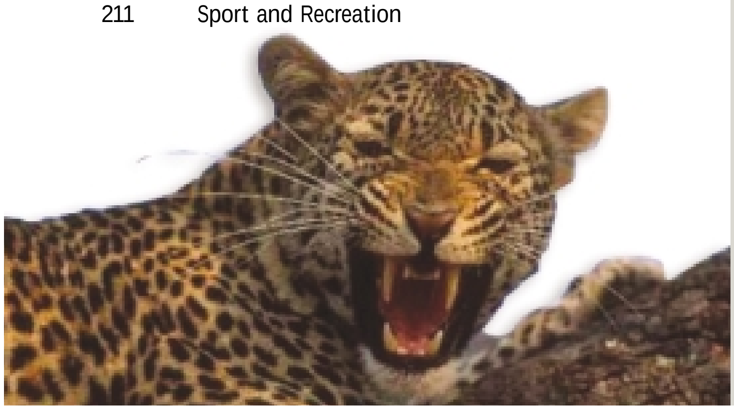
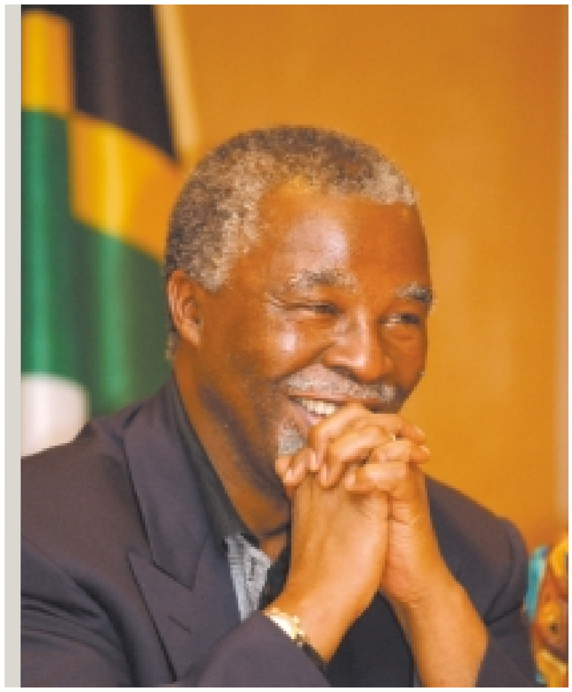




Since South Africa achieved democracy in 1994, our country has made formidable progress in creating a better life for all its citizens. The tide has turned!

Because of people lending a hand in the national effort to improve the lives of all, and government programmes that put people first, almost every aspect of life has been touched by the changes. The progress we are making feeds the hope and confidence which South Africans, like the peoples of the world, feel about our future as a country.

They are determined to see our country progress, overcoming the legacy of our divided past. The Government is resolved to sustain this confidence and hope. Its current programme builds on the foundations that have already been laid, informed by the broad objectives of reconstruction and development.

What we have achieved so far gives us the ingredients for faster progress on all fronts.

Better integrated planning and implementation; a comprehensive approach to poverty eradication; economic interventions that build on the macroeconomic stability which we have achieved to speed up investment and job creation; priority for human resource development and improving the nation's health; and progress in the fight against crime. Together these and other programmes are changing South Africa day by day.

Because growth and development in South Africa are intimately linked to that of the rest of the continent, the success of the African Union (AU) and its socio-economic programme, the New Partnership for Africa's Development, is of profound interest and importance to us. We were greatly honoured, therefore to host the inaugural meeting of the AU in July 2002 and the 40th anniversary of the Organisation of African Unity on 25 May 2003 as we affirm continuity in the objectives of the African continent and, at the same time, celebrate the positive changes that the formation of the AU will certainly bring.

While we celebrate progress across all these fronts, we are under no illusion that the challenges are massive. And we do acknowledge that the enterprise of fundamental change is itself a learning experience for all South Africans.

This *Pocket Guide*, which is largely based on the *South Africa Yearbook 2002/03*, reflects the efforts and the determination of government and all South Africans to build a better life for all.

Thabo Mbeki.

President Thabo Mbeki

South Africa at a glance

Size: 1,2 million square kilometres

Economic growth: 3,3% (2003 projected)

Key economic sectors: mining, services and transport, energy, manufacturing, tourism, agriculture

Tourist arrivals: 6,4 million (2002)

Population: 45,45 million (Mid-2002 estimated)

Official languages: English, isiZulu, isiXhosa, isiNdebele, siSwati, Afrikaans, Sepedi, Sesotho, Setswana, Tshivenda and Xitsonga

Literacy: 86% (1996)

Urban population: 53,7% (Census 1996)

Type of Government: Constitutional multi-party democracy with an independent judiciary. The country is divided into nine provinces.

Major cities: Johannesburg, Cape Town, Pretoria, Durban, Bloemfontein, Port Elizabeth, East London, Kimberley

Currency: 100 Cents equals one Rand

Transport infrastructure: Excellent, 7 200 km of tarred national roads, 30 000 km of railway lines, 11 interntional-standard airports.

Freedom has brought progress

The First Decade of Freedom will be celebrated in South Africa in 2004. In this time, the Government and people of the country have worked hard to transform South Africa, to eradicate socio-economic disparities while building a strong, growing economy and a vibrant democracy.

That hard work is now bearing fruit on many fronts. Millions have gained access to services which they were deprived of under apartheid; macro-economic stability has been achieved; two successful rounds of democratic elections have seen the consolidation of a dynamic democracy; and step by step, South Africans are uniting to help eradicate the legacy of racial division and inequality.

The Programme of Action announced by President Thabo Mbeki when he took office in 1999 builds on the foundation laid in the first years of freedom. It marks the path of more effective and speedier transformation towards development, and an improved quality of life for all South Africans, especially the poor.

Macro-economic policy

Economic policy is aimed at achieving levels of sustained growth that will result in a lasting reduction in unemployment and poverty.

Policy seeks to strike the necessary relationship between accelerating economic growth, on the one hand, and social service delivery and job creation, on the other.

The transition to democracy since 1994 has been accompanied by improved economic performance – growth, significant capital inflows, a growing export sector and improved business and consumer confidence. Although a rapid depreciation of the currency was experienced at the end of 2001, in the first few months of 2003 the Rand was one of the world's strongest performing currencies, making significant gains against other currencies.

Early in 2003, there were also encouraging indications that inflation was rapidly being brought under control following the Rand's strengthening.

The South African economy recorded real growth during 2001 and 2002 – as it has done since 1994 – mainly due to increases in real output by the secondary and tertiary sectors. Although a weakening of the international economy saw South African growth slow to 2,2% during 2001, it increased again during 2002 and was expected to reach 3,3% during 2003, despite adverse conditions elsewhere in the world, and rise to 4% in 2005.

A significant increase in South Africa's overall competitiveness contributed to a reduction in the current account deficit from 0,4% of Gross Domestic Product (GDP) in 2000 to 0,2% in 2001. During the first half of 2002, the current account was in surplus.

Capital flows were strongly positive in the first half of 2002, with a net capital inflow of R29,8 billion. Net foreign direct investment during that period amounted to R8,3 billion.

While unemployment increased from the mid-1970s, job losses recorded in the 1990s resulted from the massive restructuring of the economy which was forced onto the manufacturing sector because of South Africa's entry into the global economy after years of isolation. Signs at the end of the 1990s indicated that the trend was stabilising, and at the beginning of 2002 manufacturers reported an increase in the number of factory workers employed for the first time in seven years.

Government is investing billions in economic infrastructure to support high-growth areas and the Urban Renewal and Rural Development Programme. A Land Reform Programme aims to transfer 30% of the country's agricultural land over 15 years to disadvantaged and dispossessed communities, and improve the nutrition and income of the rural poor intending to farm.

South Africa is a highly attractive tourist destination with the potential to compete with some of the best in the world. In March 2003, it was announced that the hard work and investment in tourism promotion had paid off, with South Africa being one of the world's fastest growing tourist destinations in 2002.

A new style of government

The democratic Government of South Africa is committed to transforming the role of the State from one of oppressive control to one which truly serves the needs and aspirations of the people. To achieve this, great emphasis is placed on interactive governance involving two-way communication between the executive and the public. The *Imbizo* Campaign gives South Africans the opportunity to interact directly with government around how to improve the quality of services and accelerate the pace of delivery.

The *Batho Pele* (People First) Campaign is pursued to inculcate among public servants the spirit of people-centred quality service. It ensures that the notion of a caring government finds expression in the manner in which public servants interact with the public, and that services are oriented to the needs of the people.

Corruption anywhere is not tolerated and those guilty

of improperly enriching themselves are regularly rooted out and punished in court.

Improving people's lives

While the drive to create a thriving economy continues on many fronts, government is actively involved in direct interventions to improve the lives of ordinary people. Spending on health, education, welfare, housing and other social services today accounts for 58,3% of government's total non-interest expenditure, up from 52,9% a decade ago.

By December 2002, some 1,58 million houses had been completed or were under construction as part of government's subsidised housing programme, under which 1,8 million subsidies had been allocated.

The proportion of households with access to clean water rose from 78,5% in 1995 to 84,3% in 2000. By December 2002, access to clean water had been brought to over eight million, mainly rural people who previously had no access.

As a result of over 2,5 million connections to the electricity grid, the proportion of households with access to electricity increased from 63,5% in 1995 to 71,7% in 2000. By December 2002, the number of connections had risen to 3,8 million. In mid-2001, the Government began the phased implementation of providing free basic services to the poor – 6 000 litres of water and 50 kWh of electricity per month.

In the schools and colleges of the country, transformation has also chalked up a number of successes.

The matriculation (school-leaving) pass rate, below 50% only four years ago, was over 60% in 2001 for the first time and the number of schools which recorded a 0-20% pass rate decreased from 1 000 to under 500 in one year. In 2002, the improvement continued, by 7,2%, which increased the national pass rate to 68,9%.

Basic health care is a fundamental right and government's health policy seeks to provide health care that is affordable and accessible to all. One central component of the national health-care plan is the provision of free health services at public primary health-care facilities such as clinics and community health-care centres. Central to government health programmes is the multifaceted fight against HIV/AIDS. Government's HIV/AIDS budget is set to increase tenfold from R342 million in 2001/02 to R3,6 billion in 2005/06.

Fighting crime is another top government priority. The National Crime Combating Strategy, initiated in 2000, is showing clear signs of success. Since 1999, the rates of serious crime in targeted areas have either been reduced or stabilised. Murder has been reduced by almost 17%. Case backlogs and the number of awaiting-trial prisoners have been reduced as a result of the implementation of Saturday courts and improvements in the integrated justice system.

Crimes against women and children have received priority attention, including the establishment of more Sexual Offences Courts. In the last three years, 27 of these were launched. Better intelligence capacity has improved the prevention and combating of crimes such as bank robberies, cash-in-transit heists and hijacking of vehicles.

While South Africa itself is undergoing dramatic change, the Government is committed to playing its part in contributing to the reconstruction and development of the rest of Africa. This commitment is reflected in the country's close involvement with the New Partnership for Africa's Development (NEPAD), and in the mobilisation of support within the industrialised world for a partnership for African recovery.

At the core of NEPAD is its African ownership, and a partnership with the rest of the world based on mutual respect, dignity, shared responsibility and mutual accountability.

The democratic South Africa has barely started out on the road towards achieving its full, remarkable, potential. But it has embarked on that road with determination, and already with great success.

This is our country. Please explore it.

Ancient history

Modern humans have lived in what is today South Africa for over 100 000 years, and their ancestors for some 3,3 million years. Not surprisingly, palaeoanthropology thrives in this country. One site which is particularly rich in fossil remains, the area around the Sterkfontein Caves near Johannesburg and Pretoria, is justifiably called the Cradle of Humankind.

More recent evidence of early man are the many vivid rock paintings which were created by small bands of Stone Age hunter-gatherers, the ancestors of the Khoekhoen and San of historical times.

Some 2 000 years ago the Khoekhoen (the Hottentots of early European terminology) were pastoralists who had settled mostly along the coast, while the San (the Bushmen) were hunter-gatherers spread across the region. At this time, Bantu-speaking agro-pastoralists began arriving in southern Africa, spreading from the eastern lowlands to the highveld.

At several archaeological sites there is evidence of sophisticated political cultures, based in part on contact with the East African trading economy.

European contact

The first European settlement in southern Africa was established by the Dutch East India Company in Table Bay (Cape Town) in 1652. Created to supply passing ships, the colony grew quickly as Dutch farmers were settled to grow produce. Shortly after the establishment of the colony, slaves were imported from East Africa, Madagascar and the East Indies, their labour and skills facilitating the growth of the colony which, by the early 1700s was spreading into the hinterland.

From the 1770s, colonists came into contact and inevitable conflict with Bantu-speaking chiefdoms some 700 km east of Cape Town. A century of intermittent warfare ensued during which the colonists gained ascendancy over the Xhosa-speaking chiefdoms.

At approximately this time, in the areas beyond the reach of the colonists, a spate of state-building was being launched. The old order was upset and the Zulu kingdom emerged as a highly centralised state. In the 1820s, the celebrated Zulu leader Shaka established sway over a vast area of southeast Africa.

As groups splintered from Shaka's Zulu nation conquered and absorbed communities in their paths, the region experienced a fundamental disruption. Substantial states, such as Moshoeshoe's Lesotho and other Sotho-Tswana chiefdoms, were established, partly for reasons of defence. This temporary disruption of life on the highveld served to facilitate the expansion northwards of the original Dutch

settlers' descendents, the Boer Voortrekkers, from the 1830s.

In 1806, Britain occupied the Cape, integrating it into the international trading empire of industrialising Britain. Slavery was abolished in 1838.

Throughout the 1800s, the boundaries of European influence spread eastwards. From the port of Durban, Natal settlers pushed northwards, further and further into the land of the Zulus.

From the mid-1800s, the Voortrekkers coalesced in two land-locked, white-ruled republics, the South African Republic (Transvaal) and the Orange Free State.

Natal's economy at this time was boosted by the development of sugar plantations in the subtropical coastal lowlands, a development for which large numbers of Indian indentured labourers were imported.

The mineral revolution

The discovery of diamonds north of the Cape in the 1860s brought tens of thousands of people to the area around the modern city of Kimberley. In 1871, Britain annexed the diamond fields. The fact that the mineral discoveries coincided with a new era of imperialism and the scramble for Africa brought imperial power and influence to bear on southern Africa as never before. Independent African chiefdoms were systematically subjugated and incorporated. The most dramatic example was the Anglo-Zulu War of 1879, which saw the Zulu state brought under imperial control, but only after King Cetshwayo's impis inflicted a celebrated defeat on British forces at Isandlwana.

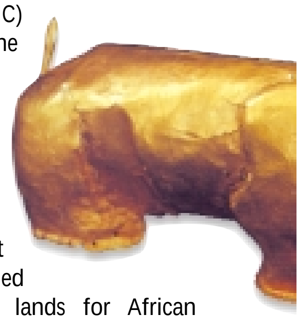
The discovery of the Witwatersrand gold-fields in 1886 was a turning point in the history of South Africa. The demand for franchise rights for English-speaking immigrants working on the fabulously rich new gold-fields was the pretext Britain used to go to war with the Transvaal and Orange Free State in 1899.

The Boers initially inflicted some heavy defeats on the British but eventually the might of imperial Britain told on the guerrilla bands and the war ended in 1902. Britain's scorched-earth policy included farm burnings and the internment of Boer women and children as well as black people in the path of war. Many thousands died in the concentration camps.

Union and opposition

In 1910, the Union of South Africa was created out of the Cape, Natal, Transvaal and Free State. It was to be essentially a white union in terms of political rights and powers.

Black opposition was inevitable, the African National Congress (ANC) being founded in 1912 to protest the exclusion of blacks from power. In 1921, the Communist Party came into being at a time of heightened militancy.



Yet, in the face of a groundswell of opposition to racially defined government, the Natives Land Act was legislated in 1913. This defined the remnants of black ancestral lands for African occupation. The homelands, as they were subsequently called, eventually comprised about 13% of South Africa's land. More discriminatory legislation – particularly relating to job reservation favouring whites, and the disenfranchisement of coloured voters in the Cape – was enacted. Meanwhile, Afrikaner nationalism, fuelled by job losses arising from worldwide recession, was on the march.

The rise of apartheid

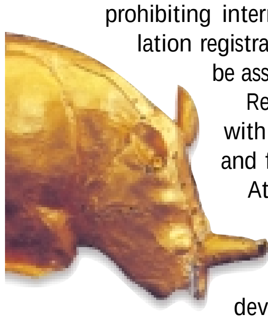
After the Second World War, in 1948, the pro-Afrikaner National Party (NP), came to power with an ideology that was to become infamous: apartheid, an even more rigorous and authoritarian approach than the segregationist policies of previous governments.

While white South Africa was cementing its power, black opposition politics was undergoing a sea change. In 1943, a younger, more determined political grouping came to the fore with the launch of the ANC Youth League, a development which was to foster the leadership of figures such as Nelson Mandela, Oliver Tambo and Walter Sisulu.

Repression

In 1961, the NP Government under Prime Minister HF Verwoerd declared South Africa a republic after winning a whites-only referendum on the issue.

A new concern with racial purity was apparent in laws prohibiting interracial sex and in provisions for population registration requiring that every South African be assigned to one racial category or another. Residential segregation was enforced, with whole communities being uprooted and forced into coloured 'group areas'.



At a time when much of Africa was on the verge of independence, the South African Government was devising its policy of separate development, dividing the African population into artificial ethnic 'nations', each with its own 'homeland' and the prospect of 'independence'. The truth was that the rural reserves were by this time thoroughly degraded by overpopulation and soil erosion.

Forced removals from 'white' areas affected some 3,5 million people, and vast rural slums were created in the homelands. The pass laws and influx control were extended and harshly enforced.

The introduction of apartheid policies coincided with the adoption by the ANC in 1949 of its Programme of Action, expressing the renewed militancy of the 1940s.

The Programme embodied a rejection of white domination and a call for action in the form of protests, strikes and demonstrations.

Defiance

The Defiance Campaign of the early 1950s carried mass mobilisation to new heights under the banner of non-violent resistance to the pass laws. In 1955, a Freedom Charter was drawn up at the Congress of the People in Soweto. The Charter enunciated the principles of the struggle, binding the movement to a culture of human rights and non-racialism.

Matters came to a head at Sharpeville in March 1960 when 69 PAC anti-pass demonstrators were killed. A state of emergency was imposed, and detention without trial was introduced. The mass-based organisations including the ANC and the Pan-Africanist Congress (PAC) were banned.

Struggle

Leaders of the black political organisations at this time either went into exile or were arrested. In this climate, the ANC and PAC abandoned their long-standing commitment to non-violent resistance and turned to armed struggle, waged from the independent countries to the north.

Top leaders still inside the country, including members of the ANC's newly formed military wing Umkhonto we Sizwe (Spear of the Nation), were arrested in 1963. At the 'Rivonia trial', Mandela, Sisulu, Ahmed Kathrada and others, convicted of sabotage (instead of treason, the original charge), were sentenced to life imprisonment.

While draconian measures kept the lid on activism for much of the 1960s, the resurgence of resistance politics in the early 1970s was dramatic.

The year 1976 marked the beginning of a sustained anti-apartheid revolt. In June, school pupils in Soweto rose up against apartheid education, followed by youth uprisings all around the country. Strong, legal vehicles for the democratic forces tested the state whose response until then had been invariably heavy-handed repression.

Developments in neighbouring states in the face of mass resistance to white-minority role and colonial rule, left South Africa exposed to the last bastion of white supremacy.

Apartheid's last days

Shaken by the scale of protest and opposition, the Government embarked on a series of reforms in the early 1980s, an early example being the recognition of black trade unions.

In 1983, the Constitution was reformed to allow the coloured and Indian minorities limited participation in separate and subordinate Houses of Parliament, a development which enjoyed limited support.

In 1986, the pass laws were scrapped. At this time the international community strengthened its support for the anti-apartheid cause. Sanctions and boycotts were instituted by individual countries and through the United Nations.

In February 1990, newly elected President FW de Klerk announced the unbanning of the liberation movements and the release of political prisoners, notably Mandela.

The birth of democracy

After a tortuous negotiation process, South Africa held its first democratic election in April 1994 under an interim Constitution.

The ANC emerged with a 62% majority. South Africa, now welcomed back into the international community, was divided into nine new provinces in place of the four provinces and 10 'homelands' that existed previously. In terms of the interim Constitution, the NP and Inkatha Freedom Party participated in a Government of National Unity under Mandela, South Africa's first democratically elected president.

The ANC-led Government embarked on a programme to promote the reconstruction and development of the country and its institutions.

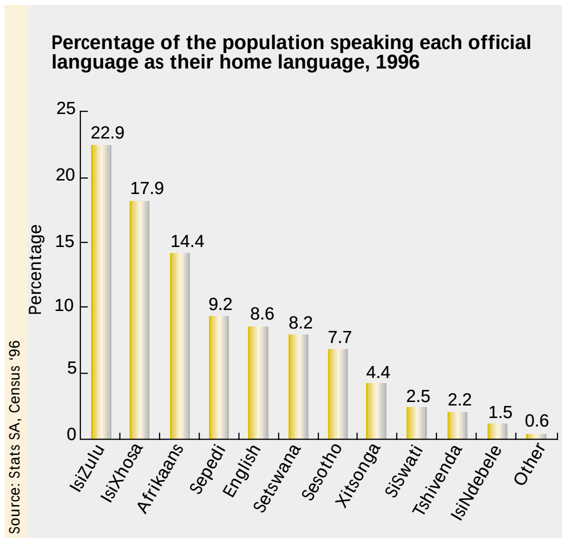
The second democratic election in 1999, saw the ANC increasing its majority to a point just short of two-thirds of the total vote. South Africa was launched into the post-Mandela era under the presidency of Thabo Mbeki.

South Africa's People

South Africa's biggest asset is its people; a rainbow nation with a rich and diverse culture. South Africa is often called the cradle of humankind, for this is where archaeologists have discovered 2,5 million-year-old fossils of our earliest ancestors, as well as 100 000-year-old remains of modern man. Although South Africans come from many cultural traditions, they belong to one nation, a dynamic blend of age-old customs and modern ways, building a new South African society to create a better life for all.

On the night of 9 October 1996, a census found that there were 40,58 million people in South Africa. Of these, 76,7% classified themselves as African; 10,9% as white; 8,9% as coloured; and 2,6% as Indian/Asian. In 2001, the population was estimated at 44 561 million, of which some 23 122 million were women.

The South African population consists of the following groups: the Nguni people (the Zulu, Xhosa, Ndebele and Swazi), who account for two-thirds of the population; the Sotho-Tswana people, who include the Southern, Northern and Western Sotho (Tswana); the



Tsonga; the Venda; Afrikaners; English; Coloureds; Indians, and people who have immigrated to South Africa from the rest of Africa, Europe and Asia and who maintain a strong cultural identity. A few members of the Khoi and the San also live in South Africa.

South Africa is home to a diverse multitude of people with unique cultures, traditions and languages. This uniqueness is supported by the Constitution and the Bill of Rights, which provide for, among other things, the right to freedom of religion and the right to receive instruction in a person's language of choice, where this is reasonably practicable.

Everyone has the right to use their own language and to participate in the cultural life of his or her choice, but no one may do so in a manner inconsistent with any provision of the Bill of Rights.

The Constitution provides for 11 official languages, namely Afrikaans, English, isiNdebele, isiXhosa, isiZulu, Sepedi, Sesotho, Setswana, siSwati, Tshivenda and Xitsonga. The Constitution expects government to implement positive measures to elevate the status and to advance the use of indigenous languages.

A majority of South Africans, particularly those living in urban areas, speak English either as a first or second language.

According to the 1996 census, isiZulu is the mother tongue of 22,9% of the population, followed by isiXhosa (17,9%), Afrikaans (14,4%), Sepedi (9,2%) and English (8,6%).

Almost 80% of South Africa's population adheres to the Christian faith. Other major religious groups are the Hindus, Muslims and Jews. A minority of South Africa's population do not belong to any of the major religions, but regard themselves as traditionalists or of no specific religious affiliation. Freedom of worship is guaranteed by the Constitution, and official policy is one of non-interference in religious practices.

Church attendance in South Africa is favourable in both rural and urban areas. Apart from the work of the churches, a number of Christian organisations operate in South Africa, doing missionary work, giving aid and providing training.

The largest grouping of Christian churches is the African Independent Churches (AICs), and one of the most dramatic aspects of religious affiliation has been the rise of this movement.

Although these churches originally resulted from a number of breakaways from various mission churches (the so-called Ethiopian churches), the AICs have developed their own dynamics and momentum and continue to flourish. The majority can therefore no longer be regarded as Ethiopian churches, but are Zionist or Apostolic churches. The Pentecostal movement also has its independent offshoots in this group. The Zion Christian Church, with four million adherents, is the largest of these churches in South Africa and the largest church overall. More than a million members gather twice a year at Zion City, Moria, near Polokwane (formerly Pietersburg) in Limpopo (formerly the Northern Province), at Easter and for the September festival.

The 4 000 or more independent churches have a membership of more than 10 million, making this movement the single most important religious group in South Africa. The independent churches attract people from rural and urban areas. There are, for example, hundreds of separate churches in rural KwaZulu-Natal and at least 900 from all ethnic groups in the urban complex of Soweto alone.

The *Nederduitse Gereformeerde* (NG) family of churches in South Africa (the Dutch Reformed churches) represents some 3,5 million people. The NG Kerk is the largest of the three churches with a total of about 1 200 congregations countrywide. The *Nederduits Hervormde* Kerk and the *Gereformeerde Kerk* are also regarded as sister churches. There are several other churches with Afrikaans-speaking adherents, some with very large memberships.

In recent years, the Roman Catholic Church has grown strongly in numbers and influence, even though South Africa is predominantly Protestant. The Catholic Church works closely with other churches on the socio-political front.

Other established churches include the Methodist Church, the Church of the Province of Southern Africa (Anglican), various Lutheran and Presbyterian churches and the Congregational Church. Although the different Baptist groups are not large, they represent a strong church tradition. The largest traditional Pentecostal churches are the Apostolic Faith Mission, the Assemblies of God and the Full Gospel Church.

A number of charismatic churches have been established in recent years. The daughter churches of the charismatic churches, together with those of the Hatfield Christian Church in Pretoria, are grouped in the International Fellowship of Christian Churches. Also active in South Africa, among the smaller groups, are the Greek Orthodox and Seventh Day Adventist churches.

Because the traditional religion of the African people has a strong cultural base, the various groups have different rituals, but there are certain common features.

A supreme being is generally recognised, but ancestors are of far greater importance, being the deceased elders of the group. They are regarded as part of the community, indispensable links with the spirit world and the powers that control everyday affairs. These ancestors are not gods, but because they play a key part in bringing about either good or ill fortune, maintaining good relations with them is vital and they have to be appeased regularly by a variety of ritual offerings.

As a result of close contact with Christianity, many people find themselves in a transitional phase somewhere between traditional African religion and Christianity.

Most Indians retained their Hindu religion when they originally came to South Africa. Today, some two-thirds of South Africa's Indians are Hindus. The Muslim community in South Africa is small, but growing strongly. The major components are the Cape Malays, who are mainly descendants of Indonesian slaves, as well as 20% of people of Indian descent. The Jewish population is less than 100 000, most of them Orthodox.

Government

The Constitution of the Republic of South Africa was approved by the Constitutional Court on 4 December 1996 and took effect on 4 February 1997.

The Constitution is the supreme law of the land. No other law or government action can supersede the provisions of the Constitution. South Africa's Constitution is one of the most progressive in the world, and has been acclaimed internationally.

The Preamble to the Constitution states that its aims are to:

- heal the divisions of the past and establish a society based on democratic values, social justice and fundamental human rights
- improve the quality of life of all citizens and free the potential of each person
- lay the foundations for a democratic and open society in which government is based on the will of the people and every citizen is protected equally by law
- build a united and democratic South Africa able to take its rightful place as a sovereign state in the family of nations.

Fundamental rights, contained in Chapter Two of the Constitution, seek to protect the rights and freedoms of individuals. The Constitutional Court guards these rights and determines whether actions by the State are in accordance with constitutional provisions.

Government is constituted as national, provincial and local spheres, which are distinctive, interdependent and interrelated. The powers of the lawmakers (legislative authorities), governments (executive authorities) and courts (judicial authorities) are separate from one another.

Parliament

Parliament is the legislative authority of South Africa and has the power to make laws for the country in accordance with the Constitution.

Since the establishment of Parliament in 1994, a number of steps have been taken to make it more accessible, more accountable, and to motivate and facilitate public participation in the legislative process. Parliament, which is situated in Cape Town, consists of the National Assembly and the National Council of Provinces (NCOP). Parliamentary sittings are open to the public.

The National Assembly has no fewer than 350 and no more than 400 members elected through a system of proportional representation. The National Assembly is elected to represent the people and to ensure democratic governance as required by the Constitution. It does this by electing the President, by providing a national forum for public consideration of issues, by passing legislation, and by scrutinising and overseeing executive action.

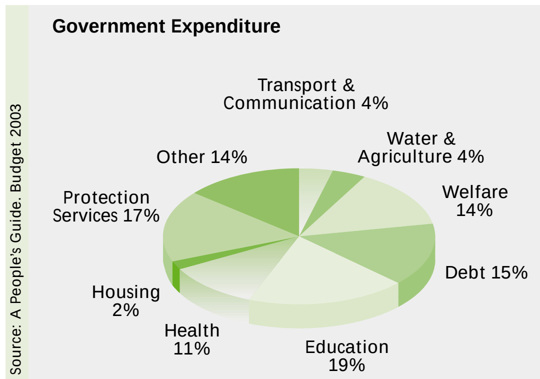
In the 1999 national election, the African National Congress gained 266 seats in the National Assembly, the Democratic Party 38, the Inkatha Freedom Party 34, the New National Party 28, the United Democratic Movement 14, and the African Christian Democratic Party six. Other parties obtained 14 seats between them.

The NCOP consists of 54 permanent members and 36 special delegates, and aims to represent provincial interests in the national sphere of government. Each province has 10 representatives. The NCOP gets a mandate from the provinces before it can make certain decisions.

Bills passed by the National Assembly must be referred to the NCOP for consideration. A Bill affecting the provinces may be introduced in the NCOP.

Ministers of Parliament (as at 30 April 2003)

Agriculture and Land Affairs	Ms AT Didiza
Arts, Culture, Science and Technology	Dr BS Ngubane
Communications	Dr I Matsepe-Casaburri
Correctional Services	Mr BM Skosana
Defence	Mr MGP Lekota
Education	Prof AK Asmal
Environmental Affairs and Tourism	Mr MV Moosa
Finance	Mr TA Manuel
Foreign Affairs	Dr NC Dlamini-Zuma
Health	Dr ME Tshabalala-Msimang
Home Affairs	Dr MG Buthelezi
Housing	Ms BS Mabandla
Intelligence	Dr LN Sisulu
Justice and Constitutional Development	Mr PM Maduna
Labour	Mr MMS Mdladlana
Minerals and Energy	Ms P Mlambo-Ngcuka
Provincial and Local Government	Mr FS Mufamadi
Public Enterprises	Mr JT Radebe
Public Service and Administration	Ms GJ Fraser-Moleketi
Public Works	Ms SN Sigcau
Safety and Security	Mr C Nqakula
Social Development	Dr ZST Skweyiya
Sport and Recreation	Mr BMN Balfour
The Presidency	Dr EG Pahad
Trade and Industry	Mr A Erwin
Transport	Mr AM Omar (Mr JT Radebe acting)
Water Affairs and Forestry	Mr R Kasrils



The Presidency

The President is the Head of State and leads the Cabinet. He or she is elected by the National Assembly from among its members, and leads the country in the interest of national unity, in accordance with the Constitution and the law. The President of South Africa is Mr Thabo Mbeki.

Deputy President

The President appoints the Deputy President from among the members of the National Assembly. The Deputy President must assist the President in executing government functions. South Africa's Deputy President is Mr Jacob Zuma.

The Cabinet

Cabinet consists of the President, as head of Cabinet, the Deputy President and Ministers. The President appoints the Deputy President and Ministers, assigns their powers and functions, and may dismiss them. The President may select any number of Ministers from among the members of the National Assembly, and may select no more than two Ministers from outside the Assembly.

The President may also appoint Deputy Ministers from among the members of the National Assembly.

According to Chapter 12 of the Constitution, the institution, status and role of traditional leadership, according to customary law, are recognised, subject to the Constitution. A national House of Traditional Leaders was established in 1997 to advise government. Each provincial House of Traditional Leaders nominated three members to the national House.

The provinces

Each of the nine provinces has its own legislature consisting of 30 to 80 members. The Executive Council of a province consists of a Premier and a number of members.

Provinces have legislative and executive power over casinos and horseracing, cultural affairs, education at all levels, excluding universities and technikons, the environment and conservation, health services, housing, language policy, public media and transport, regional police services, regional planning and development, tourism, urban and rural development, licensing, traditional authorities, road traffic regulation and welfare.

Local government

The recognition of local government in the Constitution has given municipalities a new dynamic role as instruments of delivery.

The largest increases in national government's 2002 Budget were in transfers to the local sphere, rising by 18,3% a year from 2001/02 to 2004/05. Total allocations rose from R6,6 billion in 2001/02 to R8,6 billion in 2002/03, and will increase to R10,2 billion in 2003/04, and R10,9 billion in 2004/05.

Allocations for local government infrastructure transfers rose from R2,2 billion in 2001 to R3,3 billion in 2002 and to R3,9 billion in 2003/04 and a projected R4 billion in 2004/05. This represents an annual increase

of 21,3% in infrastructure funding between 2001/02 and 2004/05. Government's commitment to assisting municipalities with poverty relief, primarily through the provision of free basic services to poor households, is made clear by substantial increases in the equitable share grant, from R2,6 billion in 2001 to R3,9 billion in 2002, with a further increase to R5 billion in 2003 and R5,5 billion in 2004/05.

The Constitution provides for three categories of municipalities; Category A (metropolitan), Category B (local) or Category C (district areas or municipalities).

Metropolitan councils have a single metropolitan budget, common property rating and service tariffs systems, and a single employer body. South Africa has six metropolitan municipalities, namely Tshwane (Pretoria), Johannesburg, Ekurhuleni (East Rand), Ethekwini (Durban), Cape Town and Nelson Mandela (Port Elizabeth), 231 local municipalities and 47 district municipalities.

Metropolitan councils may decentralise powers and functions. However, all original municipal, legislative and executive powers are vested in the metro council. In metropolitan areas there is a choice of two types of executive systems: the mayoral executive system where legislative and executive authority is vested in the mayor, and the collective executive committee where these powers are vested in the executive committee.

Legislation provides for local councils to report on their performance, and for residents to compare this performance with others. Municipalities may corporatise services, establish utilities for service delivery, or enter into partnerships with other service-providers. Councils may stop supplying services in cases of non-payment.

National government has a number of action-oriented programmes to support local government. These include the Consolidated Municipal Infrastructure Programme (CMIP) which aims to provide basic levels of support to uplift people's quality of life in cases where municipalities are unable to execute projects because of limited revenue.

Since the inception of the CMIP, a total of 1 482 projects to the value of R4,3 billion have been completed. By June 2002, approximately three million households that previously had no access to a basic level of service were benefiting from the different project categories provided by the CMIP, such as water, sanitation, roads, stormwater drainage, solid waste removal, and community lighting and facilities.

Over 450 000 additional households will receive access to services through the improvement of infrastructure supported by R2,2 billion in the CMIP. An additional 14 million will be allocated to infrastructure projects that are delivered through municipal service partnerships countrywide. The Local Economic Development (LED) Fund will be allocated R117 million and it is expected that 3 000 temporary permanent jobs will be created.

The Municipal Infrastructure Investment Unit (MIIU) was set up in 1998 to encourage private-sector investment in municipal services and to establish a market for such investments.

The Unit has undertaken 15 pilot projects and has assisted many municipalities in preparing and finalising appropriate municipal service partnership agreements. In four years, the total contract value of all MIIU projects was over R6,7 billion.

The Department of Provincial and Local Government will allocate an amount of R135 million towards improving the quality of municipal leadership and technical capacity. In the 2003/4 financial year, the Department will establish an anti-corruption unit that will guide municipalities in dealing decisively with corruption.

The Public Service

Midway into the second term of democratic governance in South Africa, the Public Service has been consolidating the policy and regulatory achievements of the first term, strengthening the management echelon and intensifying the modernisation of the Public Service.

Spearheading the quest for a modern public service is the *Batho Pele* (People First) initiative, which aims to enhance the quality and accessibility of government services by improving efficiency and accountability to the recipients of public goods and services.

At the end of 2001, the Public Service employed 1 031 594 people, a decrease of 1,1% or 10 798 compared to the previous year. The overall profile of the Public Service is very close to achieving perfect representivity status, edging its way to matching the population profile in terms of both race and gender.

Fifty-two percent of employees at the end of December 2001 were women and 48% men. Eighty-five percent of public servants were black, compared with the national profile of 90% black. Some 61,4% of public servants were attached to the Social Services sector (health, social development and education), followed by 16,5% in the Criminal Justice Cluster, 14,7% in the Governance and Administration Cluster and 7,4% in the Defence and Intelligence Cluster.

A key initiative in terms of *Batho Pele* is to modernise government. The Department has established the Centre for Public Service Innovation to encourage service-delivery innovation in the Public Service. The work of the Centre focuses on using innovative means to achieve outcomes in sustainable service-delivery partnerships, influencing the work culture within government and developing an environment supportive of innovation. The role of the Centre is primarily to function as an enabler, facilitator and champion of innovative ideas.

New service-delivery mechanisms are also being implemented, such as the Multi-purpose Community Centres (MPCCs) and one-stop shops. The MPCCs bring government closer to the people by providing information on accessing government services as well as offering some services themselves. By February 2003, 31 MPCCs had been launched. By the end of 2003 there will be 60, one in each district.

A major project for the Governance and Administration Cluster is the e-government gateway. This project will set up an Internet portal that will enable 24-hour access to government services. The services of government will be listed according to the 'life events' of the service users rather than reflecting the complexity of the machinery of government. The gateway will allow access to services through the portal itself or through a number of intermediaries. The intermediaries include mobile services and MPCCs.

A new management framework has been introduced to ensure improved service delivery by strengthening management capacity and competence to drive the transformation process. Public-service managers are now subject to performance assessments, while the Public Service Commission (PSC) operates as an independent monitor and arbiter of the activities, ethos and conduct of the Public Service.

A Public Service Anti-corruption Strategy has been developed and approved by Cabinet for implementation over a three-year period. Processes are being put in place to assess departments' capabilities to deal with corruption, to gauge its extent and to build further institutional capacity to fight corruption. Departmental anti-corruption units are audited by a special investigations unit of the PSC which also investigates problem areas in terms of service delivery and defective administration.

Home Affairs

The Department of Home Affairs has a network of offices in all the provinces. Where the establishment of fixed offices is not warranted, mobile offices or units service such areas on a regular prearranged basis.

While mostly associated with civic services, such as population registration, and the issuing of identity documents and passports, Home Affairs' responsibilities and activities are diverse.

They include immigration selection, refugee affairs, the Film and Publication Board and even the Government Printing Works, which supplies stationery to various government departments, provincial governments and municipalities, fingerprint ink to the South African Police Service (SAPS), and postage stamps to the Democratic Republic of Congo and the Kingdom of Lesotho.

The Population Register is being rewritten, and an associated Document Management System will be developed and rolled out gradually. This will consist of a large database, an online document storage system, and a query interface for the retrieval and viewing of electronically-stored documentation.

The System will reduce processing time for each transaction, while enhancing information integrity. The rewriting of the Population Register is closely aligned with the implementation of the Home Affairs National Identification System (HANIS), approved by Cabinet in January 1996. HANIS will significantly improve the accuracy and accessibility of personal identification. It will automate the manual fingerprint identification system, replace the identity document with an identity card, and integrate these systems with the Population Register.

HANIS is being established by the MarPless consortium at a cost of just over R1 billion over five years. The creation of online services and the implementation of HANIS will help a variety of departments to accurately identify the beneficiaries of the services they offer.

Migration

In 2001, South Africa repatriated 156 123 illegal immigrants to at least 92 countries. Mozambique and Zimbabwe are by far the largest sources of illegal immigrants. South Africa is believed to harbour between 2,5 million and 4,1 million illegal immigrants.

In 1995, a stricter immigration policy came into effect, although this does not inconvenience *bona fide* visitors. The Department of Home Affairs is working closely with the South African Revenue Service and the SAPS to ensure effective border control over the medium term. A computerised visa system has been instituted to curb the forgery of South African visas and is being expanded to all South African missions abroad.

Temporary residence permits reflecting the purpose and duration of the visit are issued at ports of entry.

It is government's policy to allow immigration on a selective basis. The Department is responsible for processing applications for immigration permits, admitting suitable persons such as skilled workers in occupations in which there is a shortage in South Africa. The Department particularly encourages applications by industrialists and other entrepreneurs who wish to relocate their existing concerns or establish new concerns in South Africa.

The Provinces

South Africa is divided into nine provinces. Each has its own Legislature, Premier and provincial members of executive councils. Each also has its own unique climate, tourist attractions and people.

The provinces are: Western Cape, Eastern Cape, KwaZulu-Natal, Northern Cape, Free State, North West, Gauteng, Mpumalanga and Limpopo (formerly Northern Province).

Western Cape

The Western Cape is a region of majestic mountains, well-watered valleys, wide, sandy beaches and breathtaking scenery.

Cape Town, the capital, is considered one of the world's most beautiful cities. Other important towns in the province include Vredenburg-Saldanha, an important harbour for iron exports and the fishing industry; Worcester and Stellenbosch in the heart of the winelands; George, renowned for indigenous timber and vegetable produce; and Oudtshoorn, known for its ostrich products and the world famous Cango Caves.

The Western Cape boasts one of the six accepted floral kingdoms of the world. Known locally as *fynbos*, this kingdom contains more plant species than the whole of Europe. The Knysna-Tsitsikamma region has the country's biggest indigenous forests.

The area around the Cape Peninsula and the Boland is a winter-rainfall region with sunny, dry summers. Along the south coast, the climate gradually changes to year-round rainfall, while inland, towards the more arid Great Karoo, the climate changes to summer rainfall.

The people

More than four million people live in the Western Cape on 129 386 km^2 of land. Most are Afrikaans-speaking, the other main languages being English and isiXhosa.

Agriculture and marine fishery

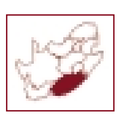
The Western Cape is famous for its fruits and wines. The Swartland area is the country's breadbasket, while the Great Karoo is an important sheep-farming area.

The west coast's rich fishing waters create jobs for some 27 000 people, and delicious seafood for visitors and for export.

Industry

The Western Cape makes the third-highest contribution to the country's gross domestic product (GDP). Cape Town is home to the head offices of many of South Africa's petroleum, insurance and retail giants. Some 170 000 people are employed in the clothing and textile industry. Many printing and publishing houses are also found here.

Eastern Cape



The Eastern Cape is the poorest province in terms of average monthly expenditure. However, it is rich in scenic attractions – a land of undulating hills, endless sandy beaches, majestic mountain ranges and emerald green forests.

The Eastern Cape has a rare mix of flora, indigenous forests, mangroves, savannah bushveld and the aromatic succulent Karoo.

The capital is Bisho. Other important towns in the province include Port Elizabeth, East London, Umtata and Uitenhage. Grahamstown is known as the City of Saints because of its more than 40 churches; Graaff-Reinet has an interesting collection of historic buildings; Cradock is the hub of the Central Karoo; Aliwal North is famous for its hot sulphur springs; and Port St Johns is the largest town on the beautiful Wild Coast.

The people

Seven million people live in the Eastern Cape on 169 580 km^2 of land. Most speak isiXhosa, followed by Afrikaans and English.

Agriculture, fishing and forestry

The Eastern Cape has excellent agricultural and forestry potential. The fertile Langkloof valley in the southwest has enormous deciduous fruit orchards, while the Karoo interior is an important sheep-farming area. The Alexandria-Grahamstown area produces pineapples, chicory and dairy products. People in the former Transkei region depend on cattle, maize and sorghum farming.

The province is a summer-rainfall region with high rainfall along the coast, becoming gradually drier behind the mountain ranges into the Great Karoo.

The fishing industry, based largely on squid, generates about R200 million a year.

Industry

The metropolitan economies of Port Elizabeth and East London are based primarily on manufacturing, the most important being motor manufacturing. With two harbours, three airports and an excellent road and rail infrastructure, the province has been earmarked as a key area for growth and economic development.

KwaZulu-Natal

South Africa's garden province KwaZulu-Natal has a subtropical coastline, sweeping savannah in the east and the magnificent Drakensberg mountain range in the west. The warm Indian Ocean washing its beaches makes it one of the country's most popular holiday destinations.

Durban is a major business centre and holiday and conference destination. Its port is one of the 10 largest in the world.

KwaZulu-Natal is the only province with a monarchy specifically provided for in its Constitution. Pietermaritzburg and Ulundi are joint capitals. Other important towns include Richards Bay, a major coal export harbour, and many coastal holiday resorts. In the interior, Newcastle is well-known for steel production and coal-mining, Estcourt for meat processing, and Ladysmith and Richmond for mixed agriculture.

The KwaZulu-Natal coastal belt yields sugar cane, wood, oranges, bananas, mangoes and other tropical fruit. Some of South Africa's best-protected indigenous coastal forests are found along the subtropical coastline of KwaZulu-Natal. It is also along this coast that the magnificent St Lucia Estuary and Kosi Bay lakes are located.

The people

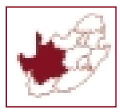
KwaZulu-Natal has the largest population in the country, with some nine million people living on 92 100 km^2 of land. The principal language spoken is isiZulu, followed by English and Afrikaans.

Remnants of British colonialism, together with Zulu, Indian and Afrikaans traditions make for an interesting cultural mix in the province.

Agriculture and industry

KwaZulu-Natal, with its key strengths in trade and logistics infrastructure and tourism, is the second highest contributor to South Africa's GDP. In recent times, the province has undergone rapid industrialisation. Sugar-cane is an economic mainstay, supplemented by subtropical fruit. In the hinterland, farmers concentrate on vegetable, dairy and stock farming.

Northern Cape



The mighty Orange River provides the basis for a healthy agriculture industry in the Northern Cape. The landscape is characterised by vast arid plains with outcroppings of haphazard rock piles.

The Northern Cape has the largest area of all the provinces but the smallest population. It is well served by airports at Kimberley and Upington and an excellent road network.

Important towns are Upington, centre of the karakul sheep and dried fruit industries, and Springbok in the heart of Namaqualand spring-flower country. Kimberley, the capital, can claim to be the diamond capital of the world.

The area is known worldwide for its spectacular display of spring flowers. It is also home to exceptional plant species, such as the elephant trunk (*halfmens*), tree aloe (*kokerboom*) and a variety of succulents.

The province has several national parks and conservation areas. The Kalahari Gemsbok National Park forms part of Africa's first transfrontier game park, the Kgalagadi Transfrontier Park, which is one of the largest nature conservation areas in southern Africa. The Park provides unfenced access to a variety of game between South Africa and Botswana.

Nowhere is the Orange River more impressive than at the Augrabies Falls, among the world's greatest cataracts.

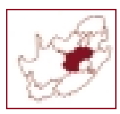
The people

The Northern Cape is sparsely populated and houses some 873 000 people on 361 830 km^2 of land. About 69% of the people speak Afrikaans. Other languages spoken are Setswana, isiXhosa and English. The last remaining true San (Bushman) people live in the Kalahari.

Agriculture and industry

The Northern Cape remains an important mining area. The country's chief diamond pipes are found in the Kimberley district. Alluvial diamonds are also extracted from the beaches and sea on the north-west coast. Iron ore and copper are also important. A large part of the economy depends on sheep farming. In the Orange River Valley, grapes and fruit are extensively cultivated.

Free State



At the heart of South Africa, the Free State's rolling plains stretch away to the horizon. The capital, Bloemfontein, is a thriving institutional, educational and administrative centre. Other important towns are Welkom, capital of the province's gold-fields; Bethlehem, gateway to the eastern Highlands and the famous Golden Gate National Park; and Sasolburg, home to a sprawling petrochemical industry.

The people

The Free State has the second smallest population and the second lowest population density. It has some 2,8 million people on about 129 48 km^2 of land. The main languages spoken are Sesotho and Afrikaans.

Many of the towns display a mix of culture clearly evident in street names, public buildings, monuments and museums. Dressed sandstone buildings abound on the Eastern Highlands, while beautifully decorated Sotho houses dot the grasslands. The Free State is home to some of South Africa's most outstanding San (Bushman) rock paintings.

Agriculture

The Free State has cultivated land covering 3,2 million ha, while natural veld and grazing cover 8,7 million ha. Field crops yield almost two-thirds of the gross agricultural income of the province. Animal products contribute a further 30%, with the balance coming from horticulture.

Various districts in the Free State are important producers of potatoes, cherries, asparagus, soya, sorghum, sunflowers and wheat.

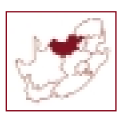
Mining and manufacturing

The Free State contributes about 16,5% to South Africa's total mineral output (30% of its gold). Mining is the province's biggest employer.

Bituminous coal is mined in the province and converted to petrochemicals at Sasolburg.

Best known for its maize production, the Free State has, in the last decade, reduced its dependency on the primary sector, and is increasingly becoming a manufacturing economy. Some 14% of manufacturing is classified as high-technology industry.

North West



North West is centrally located in the subcontinent with direct road and rail links to all of the southern African countries, and its own airport.

Most economic activity is concentrated between Potchefstroom and Klerksdorp, Rustenburg and the eastern region, where more than 83,3% of the province's gross geographic product is produced. Forty-eight percent of the province's population live here. The province covers an area of 116 320 km^2.

The people

Of the 3,6 million people in the North West, 65% live in the rural areas. In spite of its small population, it is estimated that 9% of all the poor people in the country live in the North West.

Mining

The platinum province is the dominant province in terms of mineral sales. Mining contributes 35,5% to the economy and 17,8% of total employment in the North West. It makes up 15,5% of the mining GDP in South Africa. Diamonds are mined at various places, while Orkney and Klerksdorp have gold-mines. The area surrounding Rustenburg and Brits is the largest platinum production area in the world.

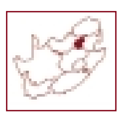
Industry

Manufacturing is almost exclusively dependent on the performance of a few sectors in which the province enjoys a competitive advantage. These are fabricated metals, food and non-metallic metals. Industrial activity is centred around the towns of Brits, Klerksdorp, Vryburg and Rustenburg. Tourism also forms a significant part of the provincial economy.

Agriculture

Agriculture in the North West is the second most important sector, contributing about 8,6% to the provincial GDP. Maize and sunflowers are the most important crops. The North West is the biggest producer of white maize in the country. Some of the largest cattle herds in the world are found at Stellaland near Vryburg.

Gauteng



Although the smallest of the nine provinces, Gauteng (a Sotho word for the Place of Gold) is the powerhouse of South Africa and the heart of its commercial business and industrial sectors.

It is the largest contributor to South Africa's GDP at 36,5%. The three most important sectors are financial and business services, logistics and communications and mining. Pretoria is the administrative capital of South Africa and Johannesburg its business capital.

The country's industrial heartland stretches to the West and East Rands and south to Vanderbijlpark and Vereeniging.

The people

Gauteng covers an area of 17 010 km^2. It is the most densely populated province in South Africa with eight million people, 97% of them urbanised. Since the discovery of gold here in the 1880s, Gauteng has attracted people from all over South Africa and the world. More people work in professional, technical, managerial and executive positions than in any other province. Not surprisingly, Gauteng has South Africa's highest per capita income.

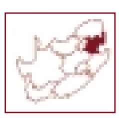
Manufacturing

The manufacturing sector in Gauteng has over 9 300 firms, employing more than 600 000 people. Gross annual output exceeds R50 billion. Industry is increasingly being aligned towards hi-tech output.

Agriculture and industry

Gauteng's agricultural sector is geared to provide the cities and towns of the province with daily fresh produce. However, a large area of the province falls within the so-called maize triangle. The Vaal Triangle has a strong manufacturing sector; the West Rand concentrates on primary mining, and the central Witwatersrand is dominated by the manufacturing and finance sectors, with mining capital playing a major role. All sectors rely heavily on the Vaal Dam from where water is piped across the province.

Mpumalanga



Mpumalanga means 'place where the sun rises'. It is situated mainly on the high plateau grasslands of the Middleveld, which roll eastwards for hundreds of

DID YOU KNOW?

More than half of the global reserves of chrome and platinum are found in the Bushveld Complex in Mpumalanga, Limpopo and North West.

kilometres. In the north-east, the province rises towards mountain peaks and then terminates in an immense escarpment. In some places, this escarpment plunges hundreds of metres down to the lowveld. This dramatic scenery helps make Mpumalanga a magnet for tourists, as does the world-renowned Kruger National Park. The newly opened Kruger Mpumalanga International Airport outside Nelspruit serves as a gateway to the Park.

Nelspruit is the capital of the province. The towns of Witbank and Middelburg make up an important mining and manufacturing centre; Piet Retief in the south-east is a production area for tropical fruit and sugar; and Barberton is one of the oldest gold-mining towns in South Africa. The Maputo Corridor, which links the province with Gauteng and Maputo in Mozambique, heralds a new era in terms of economic development and growth for the region.

The people

Even though it is one of the smaller provinces (some 79 490 km^2 in surface area), Mpumalanga has a population of about three million people. The main languages spoken are siSwati, isiZulu and isiNdebele.

Agriculture and forestry

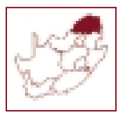
The lowveld produces an abundance of citrus fruit and many other subtropical fruits, as well as nuts and a variety of vegetables. Nelspruit is the second largest citrus-producing area in South Africa. Plantations of exotic trees, mainly pine, eucalyptus and wattle, have made the Sabie area South Africa's biggest forestry region.

Industry

Secunda is home to the country's second petroleum-from-coal installation, while Ngodwana is among South

Africa's largest paper mills. Middelburg produces steel and vanadium, while Witbank is the biggest coal producer in Africa.

Limpopo



Limpopo is a province of dramatic contrasts, from true Bushveld country to majestic mountains, primeval indigenous forests, plantations and unspoilt wilderness areas.

Limpopo is the gateway to the rest of Africa, being well situated for economic co-operation with other parts of southern Africa.

Polokwane (formerly Pietersburg) is the capital city. The Great North Road through the centre of the province strings together a series of interesting towns. Bela-Bela (formerly Warmbaths), with its popular mineral spa, is near the southern border of the province. North of Bela-Bela is Modimolle (formerly Nylstroom) with its table-grape industry and beautiful Waterberg mountain range; Polokwane; Louis Trichardt at the foot of the Soutpansberg mountain range; and Musina (formerly Messina), with its thick-set baobab trees.

Other important Limpopo towns include the major mining centres of Phalaborwa and Thabazimbi. The biggest section of the Kruger National Park is situated along the eastern boundary of the province.

The people

Some 5,7 million people live on about 123 910 km^2 of land. The main languages spoken are Sepedi, Xitsonga, Tshivenda and Afrikaans. Several museums and national monuments bear testimony to ancient peoples and intrepid pioneers.

Agriculture

The bushveld is cattle country. Controlled hunting is often combined with ranching. Sunflowers, cotton, maize and peanuts are cultivated, as are tropical fruits, while Tzaneen is famous for its tea and coffee.

Zebediela, south of Polokwane, is one of the largest citrus estates in the country. There are extensive forestry plantations in the Louis Trichardt and Tzaneen districts.

Industry

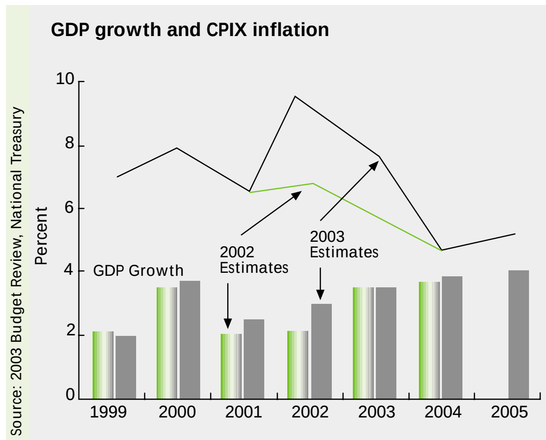
Limpopo is rich in minerals, including copper, asbestos, coal, iron ore, platinum, chrome, diamonds, phosphates and gold. Resources such as tourism, rain-fed agriculture, minerals and an abundant labour force offer excellent investment opportunities.

The Economy

South Africa has the most advanced economy on the African continent. Blessed with a wealth of natural resources, the country contains, however, wide disparities of wealth, with obvious implications for broader socio-political policy directions.

South Africa's economy displays many world-class features. These include a sophisticated financial and physical infrastructure, good telecommunications and energy supply networks and one of the top 10 stock exchanges in the world. Many South African companies are competitive with the world's biggest and best. The challenge is to translate this into levels of investment high enough to promote economic growth large enough to reduce the country's substantial unemployment levels.

An open economy trading aggressively within the world economy, South Africa is concerned with increasing access to the markets of the developed world and being allowed to compete freely on equal terms. South Africa, like other developing economies, is highly susceptible to trends in the economies of its major trading partners. Regional political instabilities some-



times negatively affect investor perceptions. South Africa, however, has been highly commended for its successful macro-economic policies. Among emerging markets worldwide, South Africa is a leader and a competitive producer of not just raw commodity exports but also high value-added goods, such as motor vehicles.

Growth in total real gross domestic product (GDP) accelerated from 0,8% in 1998 to 2,1% and 3,4% during 1999 and 2000 respectively.

The weakening of the international economy was reflected in a slowdown of growth during 2001 to 2,2%. However, in 2002 the resilience of the economy was demonstrated when GDP growth of 3% was achieved. Growth for 2003 is expected to be 3,3%, rising to 4% in 2005.

In 2002, manufacturing output rose 5,4% – the fastest annual increase since 1995. In the first three quarters, household consumption expenditure grew 3,2% on average and disposable income over 3,5%.

Aggregate real gross domestic expenditure increased in the first quarter of 2001 and even further in the third quarter to a seasonally adjusted and annualised rate of 6,2%. The growth in the fourth quarter was still relatively strong at an annualised rate of 3,2%.

The ratio of final consumption expenditure by general government to GDP remained at 18% for 2000 and 2001.

The upward momentum in real gross fixed capital formation since the fourth quarter of 1999 was sustained throughout 2000 and 2001 with quarterly growth rates fluctuating between 3% and 5,7% during the four quarters of 2001.

Consumer price inflation (CPI) fell from 15,3% in 1991 to 5,3% in 2000, rising to 10% in 2002, largely as a result of food price, housing and medical increases. A steady decline in CPI during the nineties was the result of sound monetary and fiscal policies and the opening of the economy to international trade and capital flows. During 2003, CPI is expected to drop to 7,7%, falling to within the target range of 3 to 6% in 2004.

In 2001, the value of merchandise exports increased by 20,3%. The surplus on South Africa's trade account rose from R30,2 billion in 2000 to R41,9 billion in 2001, and R53,7 billion in the second quarter of 2002. Overall, the deficit on the current account declined from 0,4% of GDP in 2000 to 0,2% of GDP in 2001.

In the first half of 2002, net foreign direct investment amounted to R8,3 billion.

The country's international reserves increased by R5,2 billion during 2001 as a whole, mainly as a result of healthy surpluses on the external accounts in the first half of the year.

Total gross gold and other foreign exchange reserves increased from R84,2 billion at the end of December 2000 to R151 billion in June 2002. In US Dollar terms, South Africa's total international reserves rose from US$11,1 billion to US$14,6 billion during the same period.

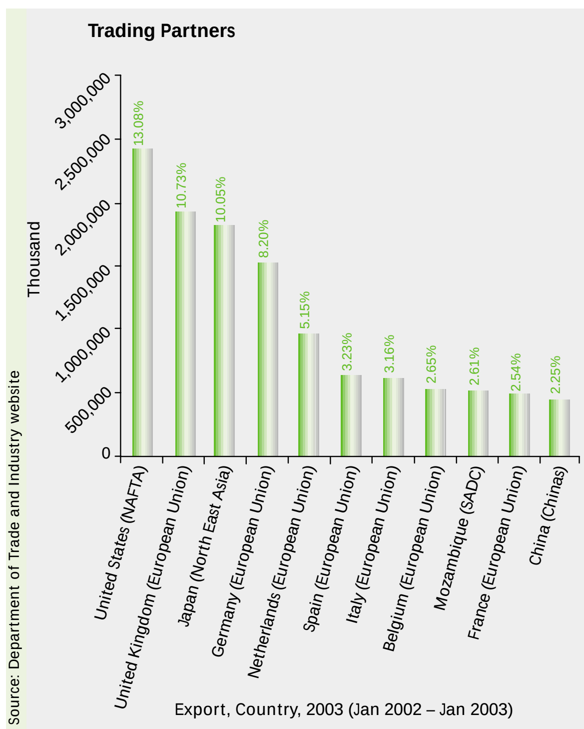
Between December 2001 and January 2003, South Africa's Net Open Forward Position was slashed from US$4,8 billion to just US$1,5 billion.

According to research published in September 2002, 11,4 million people were employed countrywide in February of that year, compared to 10,6 million people six months earlier.

Department of Trade and Industry

The Department aims to facilitate sustainable economic activity and employment by raising investment and exports. Statistics bear out the Department's success. Since 1994, the value of both exports and exports of manufactured goods has grown steadily. South Africa's export base is diversifying rapidly, with particular success being achieved in processed agricultural goods, automobiles and a number of categories of industrial machinery.

South Africa trades with the world, with its key partners being spread between Europe, North America, the Far East, and closer to home, with Africa, which



absorbs 30% of total exports. The centrepiece of South Africa's foreign economic policy is the Southern African Development Community, a grouping of 15 states, trade with which leapt from R16 billion to R22 billion between 1998 and 2000. A community free-trade area is envisaged by 2008.

Europe remains the largest source of investment for South Africa and accounts for almost half of the country's total foreign trade. The United Kingdom is South Africa's second largest trading partner, while the Netherlands and Germany are also in South Africa's 'Trade Top 10'.

Relations with the European Union (EU) are critical to continuing South Africa's excellent trade relations with Europe. In 2000, South Africa granted duty-free access to 86% of EU imports while the EU will liberalise 95% of South African imports.

South Africa's economic relations with the United States (US) and Canada are growing rapidly, with the Rand value of manufactured exports to the North American Free Trade Agreement area rising 16,6% in 2000. South Africa also benefits from US import concessions on several thousand products, including clothing and textiles.

In Asia, South Africa's relations are growing, especially with India, with total trade between the two countries now standing at over US$2 billion per annum. Malaysia has become the second largest investor on a cumulative basis in South Africa since 1994, with investors signalling their confidence in this country to the tune of R6,7 billion. However, Japan remains South Africa's largest trade partner in Asia and its fourth largest overall. Trade between South Africa and South Korea and China continues to grow.

Helping hands

In attracting investment and encouraging value-added exports, the Department of Trade and Industry is increasingly focusing on small, medium and micro-enterprises (SMMEs). Old manufacturing support schemes are being phased out to be replaced by a suite of six incentives. The components are:

- SMME development programme
- Skills support programme
- Critical infrastructure facility
- Industrial Development Zones (IDZs)
- Foreign Investment Grant
- Strategic Investment Programme.

While pursuing economic restructuring and reform, industrial policy in South Africa is now exceptionally investor-friendly. Apart from valuable incentives, there are, for example, no restrictions on the type or extent of foreign investments, no exchange control for non-residents, and a stronger, more equitable competition policy.

Trade and Investment South Africa (TISA) is the premier agency for marketing South Africa internationally. TISA logistics experts work to eliminate bottlenecks in the supply chain for both exporters and investors. TISA specialists take an active interest in ensuring that exporters and investors are equipped to grow their businesses. Specialist export financing is available, while insurance is available through the Credit Guarantee Insurance Corporation which is reinsured by the Department of Trade and Industry.

The Department's Enterprise and Industry Development division had, by mid-2002, approved 78 applications for assistance worth R53 million as part of the Support Programme for Industrial Promotion. Administered by the Industrial Development Corporation, the Programme supports technology development in manufacturing industries.

Fostering sustainable investments in areas where poverty and unemployment are at their highest remains a top national economic priority. This objective is being met through the Spatial Development Initiatives (SDIs), such as the Maputo Development Corridor which has led to substantial investments in both South Africa and Mozambique.

The SDI programme finds concrete form in 11 SDIs with varying focuses (industrial, agri-tourism or a mix of sectors) and IDZs, located in Gauteng, Coega and East London (both in the Eastern Cape), Saldanha and Richards Bay. Work is well under way on the development of an IDZ and the construction of a R3,2 billion deep-water harbour, at Coega outside Port Elizabeth.

Manufacturing

South Africa already has a sophisticated, extensive manufacturing sector, but, as it takes on the challenge of competing more effectively in a global context, manufacturing will become ever more important. Since 1994, the country's manufacturing sector has averaged 4% annual growth. By late 2001, it was growing at over 5%. Potential investors in manufacturing will find that the Department of Trade and Industry has a variety of programmes and expertise to assist.

Small is big

Small businesses in South Africa account for more than half of formal employment in the private sector and

Number of employees in selected industries

	2001		
	Full-time	**Part-time**	**Total**
Mining & quarrying	408 379	0	408 379
Gold	202 755	0	202 755
Non-gold	205 624	0	205 624
Manufacturing	1 176 102	74 812	1 250 914
Electricity, gas, & water supply	38 799	80	38 879
Construction	191 813	21 628	892 645
Wholesale, retail & motor trade & hotels	689 855	202 790	892 645
Transport, storage & communication	191 812	17 528	209 340
Government Institutions	137 374	8 691	146 065
Non-governmental institutions	54 438	8 837	63 275
Financial institutions	185 450	6 893	192 343
Community, social & personal services	1 357 820	84 970	1 442 790
Total	4 840 221	426 229	5 266 450

Source: Stats SA, Survey of Employment and Earnings in Selected Industries, December 2001 contribute some 42% to GDP. There are estimated to be three million micro-enterprises in the country.

Encouraging small and medium enterprises is a key element of economic policy. In particular, government focuses on facilitating black economic empowerment and gender equity through fostering small business. Initiatives to encourage entrepreneurship include both financial and non-financial incentives and training.

Restructuring State assets

The Department of Public Enterprises is tasked with redressing the imbalances created by apartheid through the accelerated restructuring of State-owned Enterprises (SOEs) in an integrated and coherent manner to promote economic growth and socio-economic development.

The objectives of this privatisation process are to ensure that these enterprises:
- perform optimally in a globally competitive market
- maximise the distribution of wealth across South Africa
- facilitate investment in underdeveloped areas
- promote equity for black people in skills, assets and income.

While there are clearly laid-out objectives for this restructuring programme, its implementation is not guided by ideology but a pragmatic view of what is best for the entities concerned and the economy.

At the macro-economic level, restructuring aims to attract foreign investment, reduce public borrowing and promote industrial competitiveness.

Between 1997 and March 2001, government undertook approximately 18 restructuring initiatives, including outright sale to black empowerment groups, and the sale of minority shares to strategic equity partners or black empowerment groups. These initiatives were worth just over R20 billion. Among the entities subject to restructuring are government's forestry interests, resorts, the Alexkor diamond mine and Denel. In March 2003, 25% of telecoms parastatal Telkom was listed in Johannesburg and New York.

Eskom was recently incorporated as a public company ahead of government's sale of a 30% stake in the giant electricity utility in 2004. Of this 30%, 10% will be reserved for black empowerment companies.

Public Works Programme

A National Public Works Programme is the framework through which public works projects are aligned to the social and economic development of the country, including rural poverty alleviation and construction industry transformation.

The Community-based Public Works Programme is an essential component of the Government's Integrated Rural Sustainable Development Programme. In 1997, the International Labour Organisation judged it the best such programme in over 30 developing countries surveyed. (Some R908 million for capital works has been allocated to black contractors).

Targeting identified pockets of rural poverty, the Programme aims to build capacity, maximise job creation by building useful infrastructure, impart skills and ensure ongoing maintenance of assets.

In 2001/02, 25 124 short-term jobs were created, of which 10 627 were awarded to women, 10 300 to youth and 527 to people with disabilities. Eighty-five percent of contractors taking part in the Programme were black empowerment entities.

President Thabo Mbeki announced in February 2003 that an Expanded Public Works Programme would be established. It will draw significant numbers of the unemployed into productive work, ensuring that these workers gain skills while they work, thus taking an important step out of the pool of those who are economically marginalised.

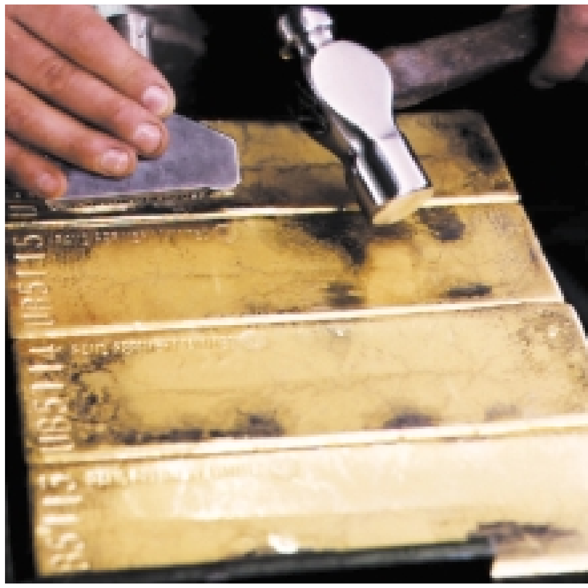
For its part, government has established Multi-purpose Community Centres (MPCCs) to bring government closer to millions. They offer one-stop centres for the delivery of various government services such as home affairs, social development, labour and communication-related functions. It is intended that each of the country's 61 district councils will have at least one MPCC by the end of 2003/04.

Together with Community Production Centres, established by the Department of Agriculture, the MPCCs are vital to the promotion of sustainable communal agricultural ventures. Community Production Centres around the country are now producing maize, sugar-beans, fruit, vegetables, cotton, sugar-cane and even lemon oil.

Skills development

During 2001, skills development was clearly stated as a national priority. Twenty-five Sector Education and Training Authorities (SETAs) covering all aspects of economic activity are now entering their fifth year of existence. All SETAs are expected to make specific contributions to the National Skills Development Strategy. Specific projects initiated by different SETAs include training domestic workers to improve their levels of service, training people to work in national parks, and enhancing the skills of micro-lenders.

By the end of 2002, over 23 000 learners had participated or were participating in SETA training programmes ranging from entry-level programmes to professional level and post-professional training across the entire spectrum of occupations and sectors. To increase access to these programmes by the unemployed, government will take the lead in bringing more of these into its own training programmes, encouraging the private sector to do the same.



National Finances

The broad parameters and principles governing the management of South Africa's finances and State expenditure are laid out in the Constitution. The Constitution provides for an independent Auditor-General and an independent central bank, and sets out the principles governing financial accountability to Parliament and the annual budget process.

The objectives of the National Treasury are to:

- advance economic growth and income redistribution through economic, fiscal and financial policies that stimulate investment and trade, create employment and allocate budget resources to targeted beneficiaries
- prepare a sound and fiscally sustainable national budget and an equitable division of resources between the national, provincial and local spheres of government
- equitably and efficiently raise fiscal revenue as required through a targeted and fair tax policy and other measures that ensure revenue stability and the efficiency and competitiveness of the South African economy

- soundly manage government's financial assets and liabilities through prudent cash management, asset restructuring, financial management and management of the debt portfolio
- promote accountability through effective and reliable financial reporting systems and internal controls
- contribute to improved financial management by enforcing transparency and the effective management of revenue, expenditure, assets and liabilities in all spheres of government.

South Africa's central bank, the Reserve Bank, formulates and implements monetary policy and regulates the supply (availability) of money by influencing its cost. The Bank is also the custodian of the greater part of South Africa's gold and other foreign exchange reserves.

Debt management

South Africa's debt, both domestic Rand-denominated bonds and foreign debt issues, enjoys increasing recognition on international capital markets and continues to attract a diverse range of investors.

This reflects the country's macro-economic success, a sound and transparent approach to debt management, the healthy balance of payments position and the maturity of South Africa's financial markets. In the course of the last two years, both Standard and Poor's and Moody's Investors' Service upgraded their ratings of South African debt. South African foreign debt continues to trade at tighter spreads than the Emerging

Debt as percentage of GDP, 2002/03 – 2005/06

R billion	2002/03	2003/04	2004/05	2005/06
Net loan debt (end of year)	431.3	459,8	498,4	540,3
% of GDP	38,5%	37,2%	37,1%	36,8%
Net domestic debt	342,6	361,5	382,6	412,7
Foreign debt	88,7	98,3	115,8	127,6
State debt costs	47,3	51,0	53,1	55,1
% of expenditure	16,2%	15,3%	14,6%	13,9%
% of GDP	4,2%	4,1%	3,9%	3,8%

Source: 2003 Budget Review, National Treasury

DiD YOU KNOW?

Total gross tax revenue collected by the South African Revenue Service amounted to R281,6 billion, which is R1,5 billion above the revised 2003 Budget estimate of R280,1 billion. Revenue collections exceeded the 2002 Budget revenue estimates of R268,5 billion by R13,1 billion.

Market Bond Index, indicating that investors share the confidence expressed by international rating agencies.

The primary objective of domestic debt management has shifted to reducing the cost of debt to within acceptable risk limits, while diversifying the range of funding instruments and ensuring flexible government access to markets. Recourse to foreign borrowing has been stepped up, allowing the fiscus to contribute to reducing the foreign currency exposure of the South African Reserve Bank in its forward market portfolio. Domestic debt management reforms have addressed several policy and instrument gaps. These reforms include introducing lower-coupon bonds, a move aimed at reducing inflation and boosting co-ordination on monetary policy between the National Treasury and the Reserve Bank. Illiquid bonds have been bought back, thus strengthening the integrity and efficiency of the Government securities market.

State debt costs continue to fall as a share of government expenditure. It is projected to be 4,1% of gross domestic product (GDP) in 2002/03 and is expected to decrease to 3,9% of GDP in 2005/06.

Liquidity in the domestic Government bond has improved substantially in recent years, especially since the appointment of primary dealers in government bonds in April 1998. Bond market turnover has increased further to R10,6 trillion and R12 trillion in 2001 and 2002 respectively. Bond yields continued to decline from the highs of 22% in 1998 to single digits in November 2001, but reverted to double digits on the back of the Rand's decline in the last quarter of 2001. Early in 2003, the Rand's position strengthened remarkably.

Taxation

The South African Revenue Service is an administratively autonomous organ of the State. It aims to provide an enhanced, transparent and client-orient service to ensure optimum and equitable collection of revenues

With effect from January 2001, residents are (subject to certain exclusions) taxed on their worldwide income, irrespective of where the income was earned. Non-residents are taxed on their income from South African sources.

Foreign taxes are credited against South African tax payable on foreign income. Foreign income and taxes are translated into the South African monetary unit, the Rand.

Capital Gains Tax was introduced from 1 October 2001. It forms part of the income tax system and includes capital gains made upon the disposal of assets in taxable income.

Value-added tax (VAT) is levied at a standard rate of 14% on all goods and services subject to certain exemptions, exceptions, deductions and adjustments provided for in the VAT Act, 1991 (Act 89 of 1991 as amended).

Transfer duty, estate duty, stamp duty, marketable securities tax, uncertified securities tax, customs duty and excise duty are also levied. Regional Services Councils levy turnover and payroll taxes at fairly low rates. Local governments levy rates on the value of fixed property to finance the cost of municipal services.

In 2001/02, considerable progress was made in reaching agreements with other countries on the avoidance of double taxation in respect of income accrued to South African taxpayers from foreign sources or to foreign taxpayers from South African sources.

In November 2001, the total number of individual taxpayers registered in

South Africa had increased to 6,9 million. Tax is levied on taxable income which, in essence, consists of gross income less allowable deductions.

Companies are taxed at a rate of 30%. In addition to this, a secondary tax is levied on companies at a rate of 12,5% on all income distributed by way of dividends.

A formula tax applies to gold-mining companies. Small business corporations (annual turnover of less than R3 million) benefit from a graduated tax rate of 15% on the first R150 000 of taxable income and can write off certain investment expenditure in the year in which it is incurred.

The Auditor-General

The Constitution guarantees the independence and impartiality of the Auditor-General. The Auditor-General's office audits national and provincial departments, local governments as well as a number of miscellaneous accounts. It also ensures that public funds and assets are safeguarded, accounting systems are functioning properly and public monies are spent effectively.

The Auditor-General has the power to investigate and audit the activities of public entities without the necessary approval of the CEO or board of directors.

The South African Reserve Bank

The South African Reserve Bank and the Ministry of Finance form the monetary authority in South Africa. The Reserve Bank has been given a significant degree of autonomy in terms of the Constitution, and must perform its functions independently.

The Bank formulates and implements monetary policy and regulates the supply of money by influencing its cost. Consistent combating of inflation is the cornerstone of the Bank's policy. Monetary policy is set by the Bank's Monetary Policy Committee, consisting of the Reserve Bank's governors and other senior officials. It usually meets once a quarter,

DiD YOU KNOW?

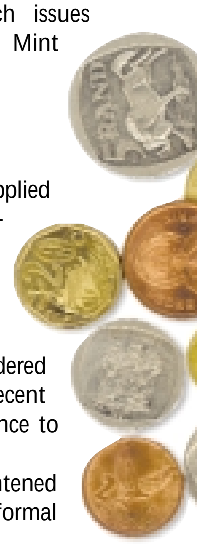
tax reform since 1999 has increased citizens' income by R38,1 billion.

after which it issues a statement indicating its assessment of the economy and policy changes, if any.

An important responsibility of the Bank is ensuring that the South African money and banking system as a whole is sound and meets the requirements of the community.

The Reserve Bank acts as banker to other banking institutions. It is also the custodian of the statutory cash reserves, which all registered banks are required to maintain, and provides facilities for the clearing and settlement of interbank obligations. In 1998, the Bank implemented a system of repurchase transactions (repos) as the main instrument for managing liquidity in the money market. The repo rate is the price at which the central bank lends cash to the banking system. The repo rate has become the most important indicator for short-term interest rates.

The greater part of South Africa's gold and other foreign exchange reserves are held in custodianship by the Bank. It is also the authority which issues banknotes and controls the South African Mint Company (SA Mint).



Monetary policy

Since about 1989, the Reserve Bank has not applied monetary policy as a short-term counter-cyclical instrument but has rather aimed it at creating financial stability, a necessary precondition for growth and development in the long run.

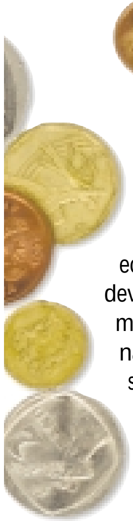
While the broad money supply is still considered an important determinant of inflation, in recent years the Bank has attached greater significance to other financial and economic indicators.

The framework for monetary policy was tightened and made more transparent by adopting formal inflation targeting on 23 February 2000. This was initially set at 3% to 6% for CPIX (Consumer Price Index excluding mortgage costs), and 3% to 5% for 2004 and 2005. However, in 2001, exogenous factors impacting on the inflation rate changed significantly. In the second and third quarters of 2002, though, a slowdown in the growth of M3 and bank credit extensions signalled that inflationary pressures on the economy were easing.

Financial Services Board

Generally known as the FSB, the Board is an independent statutory body financed by the financial services industry itself. It supervises the exercise of control over the activities of financial institutions and financial services, excluding banks and mutual banks. It acts in an advisory capacity to the Minister of Finance. These institutions and services include long-term insurance, short-term insurance, friendly societies, pension funds, unit-trust companies, stock exchanges and financial markets.

The FSB also has an Insider Trading Directorate. Insider trading legislation provides for criminal sanctions, while the FSB can take civil action against offenders. FSB powers include interrogation, search and seizure.



Development Bank of Southern Africa (DBSA)

The primary purpose of the Bank is to promote economic development and growth, human resources development and institutional capacity-building by mobilising financial and other resources from the national or international private and public sectors for sustainable development projects and programmes.

The DBSA operates in South Africa and in all Southern African Development Community countries. It has undergone an extensive transformation process in recent years. Its mandate is focused on infrastructure, acting as a catalyst for investments in partnership with the private sector.

The capital base of the DBSA has been strengthened by government callable capital amounting to R4,8 billion, which can be accessed as and when it is required. The financial resources of the DBSA are made up of the share capital contribution of the National Treasury, borrowings in the financial markets, repayments on loans granted by it, and internally generated funds.

Employment opportunities generated directly and indirectly through projects co-funded by the DBSA in 2001/02 were estimated at 42 000. The ultimate direct, indirect and induced impact on the economy of projects co-funded by the DBSA in 2001/02 was estimated as adding R8,9 billion to GDP.

Land Bank

As a statutory development finance institution, the Land Bank provides a full range of retail and wholesale financial services for farmers and agribusiness at competitive rates. It pays particular attention to the needs of disadvantaged people.

Doing Business in South Africa

Today South Africa is one of the world's most sophisticated and most promising emerging markets. A combination of macro-economic and political stability, first class infrastructure and a large market make for an exceptional investment environment.

The many disadvantages to doing business and investing in South Africa which applied during apartheid have been swept away. Instead, the new South Africa is investor friendly with a pent-up entrepreneurial spirit and a wealth of opportunities.

The economic changes and discipline which South Africa has undergone in the past decade have translated into a robust economy which, economists agree, is set for strong growth, despite negative international developments.

Excellent opportunities exist in a variety of sectors. These include tourism (in 2002, South Africa had the fastest growing tourism sector in the world), mining and mineral beneficiation (the country's mineral wealth is legendary), hi-tech industries and communications (one of the fastest growing sectors), manufacturing (manufactured exports have leapt in recent years), agriculture, transport and many other fields.

The costs of doing business in South Africa – labour, land, rental, transportation and general living expenses – all compare favourably to other emerging markets. Plus, as many investors resident in the country, and their executive staff, have discovered, the standard of living, weather and amenities (including golf courses) are second to none.

Incentives

A range of attractive incentives are offered to potential investors. These include:

- Foreign Investment Grants. Manufacturing and tourism companies (from outside the South African Development Community) are eligible. The grant compensates foreign entrepreneurs for the qualifying costs of moving new machinery and equipment to South Africa. Up to a maximum of R3 million per project is allowed.
- Critical Infrastructure Fund. Large investments in transportation systems, electricity and water distribution, sewerage systems, waste storage, telecommunication networks and fuel supply systems may qualify for funding of 10% to 30% of the development costs.

Value in Rands of sales of manufactured products for selected manufacturing divisions

Manufacturing division	2000 (in Rands)	2001 (in Rands)
Food and food products	59 693 335	67 543 885
Coke and refined petroleum products	31 823 682	37 699 329
Basic chemicals	21 571 212	25 135 080
Other chemical products	26 327 958	29 195 074
Basic iron and steel products	33 529 317	35 607 441
Fabricated metal products	24 753 734	27 341 085
Total machinery and equipment	19 664 968	21 651 027
Total manufacturing*	448 192 617	502 133 244

* Total includes all manufacturing divisions.
Source: Stats SA, Manufacturing: Production and Sales

- Strategic Industrial Projects (SIP) incentive package. Allowances, in the form of tax relief, aim to lower the cost of investing in critical industrial projects in South Africa. Proposed projects should be worth R50 million or more. A wide range of manufacturing activities are included, as are various computer-related and research and development activities.
- Skills Support Programme. This is a cash grant for skills development aimed at encouraging investment in training and introducing new advanced skills. Grants may be given to companies engaged in manufacturing, high-value agricultural projects, agro-processing, aquaculture, biotechnology, tourism, information and communication technology, recycling and cultural industries. Up to 50% of the training costs and a maximum of 30% of total salaries of qualifying companies may be granted.

Spatial Development Initiatives

Spatial Development Initiatives (SDIs) focus high-level resources on areas which have limited economic development and therefore relatively high unemployment, but which also have inherent economic potential.

The SDI programme consists of 11 SDIs and four Industrial Development Zones (IDZs) at varying stages of development. These are located across South Africa and are designed to make the most of local resources, labour and transport facilities (several are in or adjacent to major ports).

One such IDZ currently being created is at Coega in the Eastern Cape province. A deep-water harbour at the centre of this IDZ is being built at a cost of R3,2 billion and is expected to create 10 000 jobs during the construction phase.

IDZs are industrial estates that have duty-free production for exports, provide transport routes, facilities, and services tailored for export-oriented industries. Benefits for investors include exemption from value-added tax (14%) and duty-free import of production-related equipment, raw materials and input for export. Investors may also qualify for incentives such as the SIP.

The 2003 national Budget offered investors several new incentives. These include special depreciation allowances for investments in designated urban areas which will arrest urban decay. Other important new benefits relate to the depreciation of capital equipment.

Red tape

The South African Government and private sector are committed to facilitating investment in sustainable enterprises in order to raise economic output and employment. An example of the national commitment to achieving this goal is the fact that the Department of Trade and Industry has managed to reduce the time it takes to register a new company or closed corporation from 21 to three days. In 2002, the Department registered close to 30 000 new companies and 107 000 closed corporations.

Logistics experts from the Department's Trade and Investment South Africa assist new investors to get started, ease paperwork and bottlenecks, as well as providing specialised after-care.

Public sector-owned organisations supplying transport and logistics, electricity, postal services, communications and even administrative functions have been corporatised to the point that their levels of customer service are

Registration of companies

Total Registered Entities	1999	2000	2001	2002
Closed Corporations	72 265	77 000	86 396	107 300
Public Companies	438	289	248	221
Private Companies	26 597	29 649	27 654	29 650
Non Profit (Section 21)	780	980	1 344	1645
Limited by Guarantee	0	1	3	0
External Companies	135	117	132	139
Incorporated (Professionals)	770	840	807	519

Source: Companies and Intellectual Property Registration Office website closely scrutinised. This translates into levels of service which frequently compare with the best in the world.

Exchange control

Generally, there are no restrictions on the inward or outward transfer of funds of which non-residents are the beneficial owners. Capital invested in South Africa may be freely returned abroad, as can capital and revenue profits, for example, dividends and branch profits. There is generally no limit on the remittance of commissions, director's fees, technical service payments, management fees, or the purchase of technology.

Restrictions still exist with regard to local borrowing by foreign-held companies but these are not onerous and intended simply to ensure that local borrowings are not exploited to remit large-scale profits on minimal capital investments.

Taxation

Companies are taxed at a rate of 30%. In addition to this, a secondary tax is levied on companies at a rate of 12,5% on all income distributed by way of dividends.

Foreign taxes are credited against South African tax payable on foreign income. Foreign income and taxes are translated into the South African monetary unit, the Rand.

Capital Gains Tax was introduced from 1 October 2001. It forms part of the income tax system and includes capital gains made upon the disposal of assets in taxable income.

Value-added tax (VAT) is levied at a standard rate of 14% on all goods and services subject to certain exemptions, exceptions, deductions and adjustments provided for in the VAT Act.

Transfer duty, estate duty, stamp duty, marketable securities tax, uncertified securities tax, customs duty and excise duty are also levied. Regional Services Councils levy turnover and payroll taxes. However, these taxes are at fairly low rates. Local governments levy rates on the value of fixed property to finance the cost of municipal services.

A formula tax applies to gold-mining companies. Small business corporations (annual turnover of less than R3 million) benefit from a graduated tax rate of 15% on the first R150 000 of taxable income and can write off certain investment expenditure in the year in which it is incurred.

South Africa's financial sector and markets offer world-class service, and outstanding investment opportunities.

Banking

At the end of December 2001, 53 banks, including 14 branches of foreign banks, and two mutual banks were registered with the Office of the Registrar of Banks. Furthermore, 55 foreign banks had authorised representative offices in South Africa. The banking institutions collectively employed 120 527 workers at 10 437 branches and agencies.

Four major groups dominate the South African banking sector, namely, ABSA Group Limited, Standard Bank Investment Corporation Limited, FirstRand Holdings Limited and Nedcor Limited. These groups maintain extensive branch networks across all nine provinces, and together hold 69,5% of the total assets (R1 047 billion) of the banking sector.

The major banks offer a wide range of services to both individual and corporate customers. Several banks specialise in merchant banking, securities underwriting or other niche areas. Several new banks have been registered and competition has intensified, both among banks and between banks and other financial service-providers

Industry-wide net income after tax rose to 0,7% of total assets in 2001. As a percentage of equity, industry-wide net income after tax decreased from 14% in 1992 to 9,2% in 2001. By the end of 2001, industry-wide net income before taxation had begun to improve, rising to R10,6 billion, compared with R3,1 billion in 1992.

South Africa adheres to the capital-adequacy guidelines for banks issued by the Basel Committee on Banking Supervision, under the auspices of the Bank for International Settlements. In South Africa, the requirement to maintain capital equal to the full ratio of 10% of risk-weighted assets became effective in October 2001.

Many demands are now being made on South African banking institutions to extend their activities in order to accommodate the banking needs of the underprivileged and to provide more funds for housing, export financing, agriculture and small business development.

Insurance and unit trust companies

In 2000, the total assets of short-term insurers amounted to R48 billion (excluding the Road Accident Fund).

In essence, long-term insurance consists of life, assistance (which includes industrial and funeral), sinking fund, health and disability insurance. Long-term insurance and pension and provident funds are concerned with maximising investment results, and life insurance is dominant. Total assets of long-term insurers were R707 billion in 2000.

In 1998, legislation allowed for the demutualisation of mutual societies into public companies. The two largest mutual insurance companies are Sanlam and Old Mutual. Sanlam demutualised in October 1998, and was listed as a public company on the then Johannesburg Stock Exchange (JSE) in November 1998. Old Mutual demutualised in June 1999 and was listed on the JSE and London Stock Exchange in July 1999.

New Policyholder Protection Rules came into force in 1998. The rules ensure that there is proper disclosure of the financial implications, risks and obligations when undertaking insurance contracts. Full details of commissions and charges are now compulsory.

At the end of 2001, the unit trust industry had net assets valued at R168 billion (excluding intra-industry holdings of assets). Competing with the life insurance

sector, the industry invests in equities, including property units.

Primary capital market

In 2001/02, a reduced demand for offshore borrowing resulted in a decline in the supply of new public-sector debt securities in the domestic primary bond market. Net redemption of fixed interest securities by public-sector borrowers amounted to R10,2 billion in 2001/02 compared to net issues of R2,5 billion in 2000/01.

The public sector's reduced demand for loanable funds was partly offset by growth in private-sector funding in the primary corporate bond market. In April 2002, the outstanding nominal value of private-sector loan stock stood at R24,5 billion, more than double the value two years previously.

The Government raised R12,4 billion through foreign-currency denominated bonds issued internationally in 2001/02, up from R2 billion in 2000/01. Government opened and completed its offshore borrowing programme for 2002/03 in April 2002, when an amount of R10,7 billion was raised through the issuance of a 10-year global dollar bond.

Secondary capital market

Bond yields declined steadily since the emerging market crisis in 1998. The general decline in bond yields was supported by, among other things, an improvement in inflation expectations, an easier monetary policy stance and a shrinking supply of government securities. The monthly average yield on long-term government bonds declined by 261 basis points from December 2000 to November 2001 when it reached its lowest level since August 1980.

In December 2001, the general downward movement in bond yields was arrested when inflation expectations changed drastically following the steep depreciation of the exchange rate of the Rand and the monthly average bond yield increased to 12,6% in March 2002 – its highest level since January 2001. The mood in the market, however, has turned more positive with the Rand's steady appreciation against the Dollar and other currencies in late 2002 and early 2003.

Trading activity on the Bond Exchange of South Africa rose by 18% from R10,5 trillion in 2000 to R12,4 trillion in 2001. In December 2001, the nominal value of bonds in issue amounted to R444 billion with a market capitalisation of R471 billion.

Money markets

South Africa has an advanced money market with a fairly large number of financial institutions participating.

Instruments traded range from traditional ones, such as negotiable certificates of deposit and Treasury bills, to those that only recently became popular, such as forward rate agreements.

Banks are generally kept short of liquidity, ensuring that they have to borrow some funds from the Reserve Bank, which makes the Bank's accommodation rate more effective in influencing money-market interest rates in general.

Banks are accommodated by the Reserve Bank through weekly repurchase transactions. To manage their liquidity needs efficiently, banks are also allowed recourse to their cash-reserve balances. Using so-called contra-accounts, they may on a daily basis borrow against their cash reserve deposits or hold additional cash reserves, as long as the average level of cash reserves during the one-month maintenance period equals or exceeds the minimum cash reserve requirement of 2,5% of their liabilities.

Money-market conditions were relatively stable during the first eight months of 2001 but tightened considerably in subsequent months. The average daily liquidity requirement of the private banks varied between R8,7 billion and R9,8 billion in the months from January to August but increased sharply, reaching R12 billion in December, and R11,3 billion in February 2002.

The JSE Securities Exchange

The JSE is the largest securities exchange in Africa, with a market capitalisation several times that of all the other African markets combined.

The Exchange completed a major strategic review in March 2000, which identified 31 significant strategic projects to be completed in order to position itself as a world-class regional exchange and as southern Africa's gateway to the world's financial markets. This process, referred to as Gateway 2002, is well under way and is responsible for the many significant changes at the JSE.

On 1 December 2000, a Board of Directors representative of a broad industry interest base was established and a CEO appointed. The Board replaced the old committee structure and the CEO took the place of the executive president.

Portions of the JSE reserves and the accumulated surplus as at 30 November 2000 were capitalised in the form of JSE rights, thus forming a permanent capital base. The JSE is in the process of evaluating the merits of demutualisation and listing.

On 6 August 2001, the JSE acquired the business and assets of the South African Futures Exchange (SAFEX). SAFEX is now incorporated into the JSE as two new divisions – the Financial Derivatives Division, which covers the equity and interest rate futures and options markets, and the Agricultural Products Division, which covers commodities futures and options on maize, sunflowers, soya beans and wheat.

The JSE has led the process of harmonising the listing requirements of the members of the SADC Committee of Stock Exchanges (COSSE). COSSE envisages an integrated real-time national network of securities markets in the region by 2006. The JSE has offered its trading platform to these members, and the Namibia Stock Exchange has been trading on the JSE's trading platform for the past four years.

In 2001, the JSE entered into an alliance with the London Stock Exchange (LSE). As one of the pillars of the alliance, the LSE provides the JSE with core technology, the trading and information dissemination systems.

In addition to the provision of core technology, the alliance allows for reciprocal data distribution, access to the LSE's most liquid stocks on the JSE system, an easier dual listing process for 270 South African companies (without the JSE losing the benefits of their trading volumes), and the possibility of remote membership.

The JSE is keenly focused on product development and innovative ways of meeting the market's needs. The Exchange is particularly focused on products which broaden the investor base and bring greater liquidity and depth to the market. In this regard, the JSE issued and listed the first Exchange Traded Fund (ETF) in South Africa, becoming only the sixth exchange in the world to do so. With the Initial Public Offering (IPO), a total of R2,6 billion was raised, making it the largest IPO to date in South Africa.

The ETF, named SATRIX 40, enables an investor to buy a single JSE-listed security, giving investors the same return as buying shares directly in each company in the JSE's ALSI 40 Index.

Foreign Affairs

Foreign policy

Until less than a decade ago South Africa was something of an international pariah, refused membership of many global bodies and denied diplomatic relations with several states.

Since the end of apartheid, however, South Africa has enjoyed a high profile on the world stage, and is forging deep and meaningful diplomatic and economic ties with many countries.

South Africa has assumed a number of international leadership roles in recent years. These include:

- chairing the Non-aligned Movement (NAM) from 1998 to 2001, the Commonwealth from 2000 to 2001 and the Organisation of African Unity (OAU) in 2002
- hosting the United Nations (UN) World Summit on Sustainable Development (WSSD) in 2002
- chairing the newly established African Union (AU)
- promoting peace and stability in countries such as Sierra Leone, Ethiopia/Eritrea, Sudan, the Democratic Republic of Congo (DRC), Comoros, Côte d'Ivoire and Burundi

- promoting the interests of developing countries with regard to poverty reduction, debt relief and the democratisation of international relations in high-level interactions with developed countries through its work at the G-20 of the International Monetary Fund (IMF), discussions with the Group of Eight Industrialised Countries (G-8) at their summits, and initiatives in various UN forums.

The AU and New Partnership for Africa's Development (NEPAD)

Declared in March 2001, the AU replaced the OAU, and committed itself to achieving greater stability, unity, democracy and economic progress on the continent. South Africa became the first country to chair the AU, has been intimately involved in its creation and is actively supporting the nascent organisation's development.

In July 2000, the OAU Summit in Togo mandated President Thabo Mbeki of South Africa, President Abdelaziz Bouteflika of Algeria and President Olusegan Obasanjo of Nigeria to engage the North with a view to developing a constructive partnership for the regeneration of Africa.

Foreign representation

	Total South African representation abroad	Total Foreign representation in South Africa
Embassies/High Commissions	76	107
Consulates/Consulates General	12	53
Honorary Consuls/ Consular Agency	54	7
Other (e.g. Liaison Office)	4	4
Non-resident Accreditations	101	15
International Organisations	7	23

Source: Department of Foreign Affairs website

The three presidents raised the issue of a partnership with leaders of the G-8 at their Summit in Japan during July 2000. Work on developing NEPAD (at that stage referred to as the Millennium Partnership for the African Recovery Programme [MAP]) then began in earnest. During the 5th Extraordinary Summit of the OAU in March 2001, the work of the four presidents was endorsed and it was decided that every effort should be made to integrate all the initiatives being pursued for the recovery and development of Africa.

On 11 July 2001, NEPAD (or the New African Initiative [NAI] as it was temporarily known at the time), was endorsed by the OAU Summit of Heads of State and Government in Lusaka, Zambia.

NEPAD contained a statement of the problems facing the continent and a Programme of Action to resolve these problems. Working within the institutional framework of the AU, NEPAD provides a holistic, comprehensive and integrated strategic framework for Africa's socio-economic development.

The expected outcomes are:

- economic growth and development and increased employment
- a reduction in poverty and inequality
- diversification of productive activities
- enhanced international competitiveness and increased exports
- increased African integration.

A major effort is ongoing to continuously factor NEPAD imperatives into the outcomes of international conferences such as the Conference on Financing for Development and the World Trade Organisation (WTO), to ensure the integration of NEPAD into the multilateral system. In a wider context, countries of the South subscribe to the priorities outlined in NEPAD and have generally welcomed it.

At the inaugural Heads of State and Government Implementation Committee meeting held in Abuja in October 2001, a 15-member Task Force was established for the implementation of NEPAD. As an initiating state, South Africa is represented on the Implementation Committee. A small full-time core Secretariat is based in Midrand, South Africa.

Five NEPAD task teams were established to urgently identify and prepare specific implementable projects and programmes. In terms of working arrangements, South Africa is to co-ordinate the Peace, Security, Democracy and Political Governance Initiative.

Relations with Africa

Good governance and sustainable socio-economic development in Africa are fundamental to South Africa's foreign policy.

The first South Africa-Angola Joint Commission meeting took place in Pretoria on 28 February 2003. An agreement establishing the Joint Commission for Economic, Technical, Scientific, Cultural, Social and Cultural Co-operation between the Republic of South Africa and the Republic of Angola was signed on 17 November 2000 in Luanda. Both sides emphasised the need to continuously strengthen co-operation in fields such as geology and mines, post and telecommunications, agriculture, oil, tourism and customs.

The second session of the Joint Bilateral Commission will be held in Luanda in 2005.

South Africa has played an active role in efforts to end conflict in the DRC, facilitating peace talks at Sun City between the various groups and parties. Its commitment to helping the DRC extends to sending a small number of soldiers as part of the UN peacekeeping effort.

Economic and developmental relations between South Africa and Mozambique have deepened significantly in recent years.

Upgrading road, sea and rail links that form part of the corridors between the countries is central to the economies of both. South Africa is investing billions in transport, an aluminium smelter and a 900-km gas pipeline.

There are close economic and bilateral relations between South Africa and Namibia. The Namibian economy is to a large extent integrated with that of South Africa, especially in the manufacturing and mercantile sectors.

South Africa is closely involved with the institutions and work of the Southern African Development Community (SADC). This has included supporting the restructuring of SADC to place it in a better position to respond to the development challenges facing the region.

Particular emphasis will be placed on the ratification of the new Southern African Customs Union Agreement. Elsewhere in Africa, South Africa has been particularly involved in efforts to bring about lasting stability in Burundi. This includes the deployment of the South African Protection Service Detachment to that country, and on-going efforts by Deputy President Jacob Zuma to mediate a peace process.

The countries of north and west Africa are becoming increasingly important trading partners. In west Africa, residential diplomatic missions are maintained in Nigeria, Ghana, Senegal and Côte d'Ivoire. During 2002/03 a new mission was opened in Bamako, Mali.

In recent years, relations with north African states have become much closer, with South Africa participating in bilateral commissions with several countries including Egypt, Tunisia and Libya.

Asia, Australasia and the Middle East

Asia is a priority area in South Africa's foreign relations. By mid-2002, South Africa had 13 residential missions in Asia and many non-residential accreditations. From within the Asian region, 17 countries had residential missions in South Africa. In Asia, new missions were opened in Shanghai, Hanoi and Muscat during 2002/03.

Bilateral trade with Singapore amounted in 2000 to some R2,9 billion, with Thailand about R4,2 billion and with Malaysia R3,1 billion. Malaysian businesses have been particularly active investors in South Africa. Another important investor is Japan, with investment estimated to be worth more than R6 billion. Trade between the two countries is also substantial; some R23,5 billion in 2001.

Trade with the People's Republic of China reached R12 billion in 2001. Other important trading partners include New Zealand (imports and exports amounted to R9,7 billion in 2001, and South Korea (trade worth R7 billion in 2001).

In the Middle East, South Africa has diplomatic missions in Israel, Palestine, Jordan, Saudi Arabia, the United Arab Emirates, Iran and Kuwait. Prior to 1994, South Africa had diplomatic links only with Israel.

Trade with the region amounted to R35 billion in 2001, the bulk of it being energy imports by South Africa.

United States of America and Europe

The economic relationship between the two countries has continued to flourish, with total two-way trade in 2001 exceeding US$7,2 billion, making the US South Africa's biggest trading partner.

Since 1994, South Africa's bilateral relations with Europe have improved significantly, with South Africa maintaining 25 missions there, while European states have 50 embassies and consulates-general or trade missions in South Africa.

Collectively, the countries of Europe are South Africa's most important trading partner and also the biggest sources of development assistance, foreign direct investment and tourists.

To enhance co-operation, a number of economic measures, including bi-national and economic commissions have been created with countries including the United Kingdom, France, Germany, Spain and the Russian Federation.

In 2002, the presidents of Germany, Greece and Italy paid official visits to South Africa.

International organisations

South Africa is a particularly active member of the United Nations (UN) General Assembly, being closely involved in several working groups appraising reforms of the UN. Its representatives have been elected to a number of UN bodies.

Relations with the European Union (EU) have been extremely close. The EU Council of Ministers voted a substantial package of measures to support South Africa's transition to democracy.

Trade with the EU has been progressively liberalised with both parties reducing or eliminating tariffs. The EU and South Africa co-operate in a number of non-trade areas including fighting drug smuggling, money-laundering and the protection of data.

Only rejoining the Commonwealth in 1994 after an absence of 33 years, South Africa has quickly become one of the body's most influential members. In 1999, South Africa hosted the Commonwealth Heads of Government Meeting.

As chair of the NAM, South Africa campaigned hard to strengthen dialogue with the developed countries and to encourage multilateralism.

Communications

South Africa has an extremely well-developed communications sector, including telecommunications, post, media and information technology (IT).

The Department of Communications is the centre of policy-making and policy review for the posts, telecommunications and broadcasting sectors in the country.

The Department aims to enable ordinary people to have access to information and communication technologies (ICTs) including:

- telemedicine – enabling rural clinics to get diagnoses from specialists at urban medical centres
- tele-education – enabling the country to reverse the illiteracy rate through distance learning
- convenience measures such as teleshopping and telebanking.

While restructuring State-owned enterprises and introducing competition to this sector, a key priority has been improving access to communications.

A stable regulatory regime for e-commerce is a central objective. On 31 July 2002, President Thabo Mbeki electronically signed the Electronic Communications and

Transactions Bill. The Act will pave the way for a secure environment for e-commerce transactions.

Telecommunications

South Africa ranks 23rd in telecommunications development and 17th in Internet use in the world.

Government recognises the centrality of the telecommunications and IT sectors in economic development. The sector contributes about 4% to 5% of gross domestic product and is estimated to generate about R4 billion in annual turnover. It remains the fastest-growing industry.

Legislation passed in 2001 gave effect to the policy of the managed liberalisation of the South African telecommunications market. The amendments paved the way for the introduction of the Second National Operator (SNO), in which a 30% stake is reserved for Esi-tel and Transtel and a 19% stake has been awarded to black economic empowerment entity NEXUS Connection.

Shortlisted bids for the 51% strategic stake in the SNO were, after an exhaustive vetting process, eventually rejected, meaning that the search for the second operator had to be renewed.

Legislative amendments also provide for the licensing of operators in underserviced areas, with a teledensity of less than 5%. The majority of these are in the Integrated Sustainable Rural Development Programme nodal points. This process will bring about significant ownership and involvement in the communication sector by black people and women in South Africa.

Independent Communications Authority of South Africa (ICASA)

The core responsibilities of ICASA include the regulation of South Africa's communications industry.

ICASA's main goal is to create regulatory certainty in an environment where technology is evolving rapidly. ICASA promotes growth in telecommunications and broadcasting, economic growth and investment, access, and service and fair competition. Its mandate includes fostering the participation of previously disadvantaged groups and protecting public and consumer rights.

Radio and television broadcasters are licensed by ICASA, as are all telecommunications service-providers.

Policies and regulations are developed for, among other things, interconnection, licence fees and tariffs. Monitoring is an integral part of the Authority's regulatory function. ICASA monitors the use of numbering, frequency spectrum, use of equipment, consumer monitoring and broadcasters' compliance with their licence conditions.

Information technology

The State-owned IT company, arivia.kom, is the product of a merger between ITS (the IT division of Eskom), Datavia (the IT division of Transnet) and Ariel Technologies (the IT division of Denel). The Group's focus is high-end business technology solutions that support public sector and the large private-sector corporates, primarily within the South African and African markets. The business is characterised by large, end-to-end IT outsource agreements, the deployment of turnkey business solutions and the provision of niche solutions. The R1,51-billion revenue group has proved its commitment to employment equity initiatives by reaching an employment equity target of 50,6%.

Government policy is informed by some of the world's leading IT experts and multinational chief executive officers who formed a council to advise on narrowing the digital divide with the rest of the world.

The Institute for Satellite and Software Applications is involved in producing top-class postgraduates in science and space technology. It is also involved in presenting specialised hi-tech qualifications for South Africans.

Internet

Some 2,89 million South Africans (one out of every 15) had access to the Internet by the end of 2001. The number was expected to grow to around 3,1 million by the end of 2002. This makes South Africa the largest Internet consumer in Africa. The Directorate: Internet aims to increase access to the Internet, specifically among historically disadvantaged communities and the youth.

The Department of Communications is rolling out Public Internet Terminals (PITs) in post offices around the country to give the public access using smart-card technology. By September 2001, 100 PITs had been installed in post offices. A further 200 were planned for 2002/03.

Internationally, South Africa is a member of the International Telecommunications Union. Several governments and organisations have pledged financial and technical support to help strengthen the local IT industry. South Africa is an enthusiastic supporter of the African Connection Project.

South Africa Internet traffic for the 2nd quarter, 2002

Site	Impressions		Users
News24.com	14,698,874	10%	537,839
IOL	10,793,891	6%	333,672
Ananzi	8,183,031	-13%	480,151
Moneymax	2,192,763	6%	66,286
CareerJunction	1,862,913	-7%	135,541
Sunday Times	1,731,458	1%	146,242
Business Day	1,622,890	21%	130,803
MoneyWeb	1,554,173	7%	167,173
Job Navigator	1,515,020	0%	16,113
IT Web	1,306,282	5%	71,867
CARToday.com	684,641	8%	25,394
Financial Mail	225,789	57%	15,911
GetawaytoAfrica.com	154,286	-19%	17,178
PSG-Online	Outstanding		
MTN E-Business	Outstanding		
SA Active	Outstanding		

Source: ABC

Telkom

In May 1997, 30% of Telkom was sold to a strategic equity partner, Thintana Communications, a consortium comprising United States-based SBC Communications Inc. and Telekom Malaysia Berhad.

Twenty-five percent of Telkom was sold to public investors when the company was listed on the JSE Securities Exchange and New York Stock Exchange in March 2003.

Government also set aside a 3% holding in Telkom for a qualified black empowerment group. Ucingo Investments became the new shareholder. It is a broad-based investment company representing more than 20 empowerment groups nationwide.

Telkom's fixed-line exclusivity period came to an end in May 2002, paving the way for the introduction of competition in the fixed-line environment, and allowing the company to shift its focus from fulfilling licence obligations to strategic and operational initiatives based on margin improvement and earnings growth.

Telkom now has a world-class network capable of supporting the latest technologies, and customer service has been greatly improved. By the end of March 2002, Telkom had installed 2,8 million lines over the previous five years, bringing the total number of lines to 4,92 million. It had 195 399 payphones (a 10% increase), 707 881 fixed-line prepaid lines (a 47% increase), 467 518 ISDN lines (up 25%) and had digitised 653 switches.

In five years, Telkom's capital investment has amounted to R48 billion. In 2002, Telkom invested R9 billion, primarily in its fixed and mobile networks and operational support systems, which resulted in further enhancing network capability.

DID YOU KNOW?

The official South African portal (*www.safrica.info*) was launched in September 2002. The site forms part of the International Marketing Council's campaign to change perceptions about the country. The site is the first of its kind in the world.

DiD YOU KNOW?

The Post Office delivers mail to 6,5 million addresses. Of these, 3,4 million are street addresses and three million are post boxes. The aim is to eventually install five million additional address boxes within the next few years.

Broadband services, including teleconferencing, now compare with the best in the world.

While streamlining its workforce, Telkom has been careful not to lose vital technical skills. The lines-per-employee ratio has improved from 82:1 in 1998 to 113:1 in 2001 and 125:1 in 2002.

In the business fixed-line market, the average installation time has been reduced from 11 days in 2001 to five days in 2002. The average installation time for residential lines was slashed from 18 days in 2001 to eight days in 2002. An average 91% of faults are cleared within 48 hours, compared to 65% in 1998.

Mobile communications

South Africa, with the operators Vodacom, MTN and Cell C, is the fourth-fastest-growing GSM market in the world.

By January 2002, there were 11,2 million cellular users in the country and the figure was expected to grow to 21 million by 2006.

The country's third cellular licence was granted to Cell C in June 2001. It started operating on 17 November 2001. After only six months of operations, Cell C broke the 500 000-subscriber mark in May 2002. Cell C aims to achieve 20% market share by 2007.

Vodacom is South Africa's leading cellular network with a 60% share of the market. More than 90% of all new connections are prepaid customers. Telkom is the majority shareholder of Vodacom, with a 50% interest. Vodacom is valued at R50 billion to R70 billion.

MTN was the first cellular provider in the world to have GSM coverage of 60 000 km^2, obtain a cellular licence in Africa and to launch prepaid cellular packages in South Africa, as well as a special package for the deaf community.

Both MTN and Vodacom have successfully expanded into several African states.

The postal sector

The Post Office's core business is postal services, which account for 70% of its total revenue. Its main areas of business are the delivery of domestic and international letters, and courier and parcel services.

The Post Office handles an average of eight million letters a day, 70% of which are prepaid mass-mailed letters sent out by companies using franking machines. It delivers mail items to over 6,5 million delivery points. In March 2001, the Post Office had 2 762 postal outlets countrywide and 30 mail processing centres.

By December 2000, the Post Office claimed to consistently deliver 91% of mail on time, equal to western European standards.

The Post Office's monopoly on post over 1kg was ended in 1998. Legislation enacted then obliged the Post Office to operate under a 25-year licence with explicit service targets.

While the Post Office undergoes restructuring, it will receive an interim subsidy but, contrary to the historical practice of making up for operational losses, the new subsidy is targeted towards the Post Office meeting its social responsibilities. These include expanding the postal outlet network, particularly in underserviced areas, refurbishing outlets and bridging the digital divide with the roll-out plan of Citizens' Post Offices and PITs to previously disadvantaged communities.

In 2002, the group's total income, including the subsidy, was approximately R3,7 billion and its fixed assets worth R1 040 million. By July 2002, the Post Office employed a total of 20 247 full-time staff.

The media

South Africa has a vibrant and diverse media, the freedom of which is guaranteed by the Bill of Rights.

Broadcast media

There are more than four million licensed television households in South Africa, which is by far the largest television audience in Africa.

The South African Broadcasting Corporation (SABC) is the country's public broadcaster.

Its national radio network comprises 20 stations which, combined, reach an average daily adult audience of 20 834 billion.

SABC Radio News' staff generate some 2 000 news programmes per week with combined airtime of almost 300 hours. An external service, called Channel Africa, targets audiences in Africa and the Indian Ocean islands, and offers an all-African radio service.

The following private radio stations have been granted licences by ICASA: Classic FM in Gauteng; Cape Talk MW in the Western Cape; P4, a jazz station in Cape Town with a sister station in Durban; Kaya FM in Gauteng, a multilingual youth radio station; Y-FM, broadcasting in Johannesburg in isiZulu, Sesotho and English; Radio KFM; Radio Algoa; Radio Oranje; Highveld Stereo; Radio 702 in Gauteng; East Coast Radio, and Radio Jacaranda.

Legislation governing a restructured SABC specifies that the public broadcasting wing will execute and meet its public-service mandate free from commercial interests. The commercial wing will be allowed to generate profit to be self-sustainable.

The Bill also provides for the establishment of two regional television services – one for inland and the other to cover the coastal part of the country. While government will initiate these services, there is no intention to establish State broadcasters. The level of foreign ownership of private radio and television stations is currently pegged at 20% but the Government believes this should be raised.

The SABC's national television network comprises six television channels (four free-to-air, including Bop TV which has been integrated with the SABC) and two satellite pay-TV channels. Combined, the free-to-air

DiD YOU KNOW?

the initial public offering (IPO) of Telkom on the JSE Securities Exchange and the New York Stock Exchange on 5 March 2003 was positively received. Some R3,9 billion was realised on the first day of the IPO, the biggest initiative so far in government's programme to restructure State assets and the second largest global IPO in 2003.

channels broadcast in 11 languages and reach a daily adult audience of almost 17 million people via the terrestrial signal distribution network and a satellite signal.

M-Net

M-Net, South Africa's first private subscription television service, was launched in 1986. Today, it has over 1,23 million subscribers in 41 countries across the African continent.

The main M-Net channel focuses on films and sport, but also offers a general entertainment line-up of children's programmes, series and magazine programmes. It has a daily two-hour open window when unencoded programmes are available to viewers without decoders.

The second channel, Community Services Network, offers niche sports programming and specialised community channels for the local Indian, Portuguese, Italian, Jewish and Christian communities.

e.tv

The consortium Midi Television was awarded the first privately owned, free-to-air television licence. The station it operates, e.tv, is a commercial service dependent on advertising. It does not charge subscription fees. The e.tv channel started broadcasting in October 1998.

Satellite television

MultiChoice Africa (MCA), formed in 1995, was the first African company on the continent to offer digital satellite broadcasting. MCA today has a presence in over 50 countries throughout Africa and a subscriber base of more than 1,4 million. MCA has introduced new technologies, offering over 54 video and 48 music channels.

Print media

South African newspapers and magazines are mainly organised into press groups, which have burgeoned over the years as a result of take-overs.

The major press groups are Independent Newspapers (most newspaper titles), Media24, CTP/Caxton and Johnnic Publishing. Other important media players include Primedia, Nail (New Africa Investments Limited) and Kagiso Media. Nail has unbundled into a commercial company (New Africa Capital) and a media company (New Africa Media). The flagship of New Africa Media, *Sowetan*, is the biggest daily in South Africa.

South African newspapers are based mainly on the British model. The management and editorial departments are controlled separately. The size of the country – 1 500 km separating the main centres of Cape Town and Johannesburg – still precludes national dailies in the truest sense.

Some of the bigger titles and specialist newspapers, like *Business Day,* are distributed in all major metropolitan areas. The only truly national newspapers are the four Sunday newspapers, *Sunday Times, Rapport*, *Sunday Independent* and *Sunday Sun*, and the weekly newspaper *City Press*. All are published simultaneously in various cities, using the printing facilities of related dailies.

Sold magazines with the largest circulation, July – December 2001

Name	Frequency	Language	Audited circulation
Huisgenoot	W	A	366 063
You	W	E	239 108
Reader's Digest	M	E	124 437
Rooi Rose	M	A	161 402
Bona	M	E,X,S,Z	126 745
Woman's Value	M	E	127 897
Sarie	M	A	132 534
TV Plus	M	B	115 284
True Love & Family	M	E	136 450
Drum	W	Z,E	107 139

The abbreviations used are the following: W (Weekly), A (Afrikaans), X (isiXhosa), S (Sesotho), Z (isiZulu) and B (Bilingual)
Source: ABC

DiD YOU KNOW?

Telkom had installed 132 990 new payphones by 31 March 2002. The prepaid network, established towards the end of 1999, had connected 707 881 customers up to 31 March 2002. It was one of the world's first wire line prepaid systems.

Sunday World, launched in March 1999, soon lost its initial popularity and was relaunched in 2000 as *Sowetan Sunday World*. The relaunched version is now the success story of the South African newspaper world as it has almost doubled its circulation over the previous year.

There are 17 dailies, seven Sunday papers and 21 weeklies in South Africa. Almost 158 community press members or country newspapers, most of which are weekly tabloids, serve particular towns or districts by covering local affairs and carrying local advertising. Most are published in English and Afrikaans. Newspapers appearing only in certain neighbourhoods are also part of this section. More than 3,2 million copies of 92 such publications are distributed weekly.

Sowetan (193 358) is the largest English daily. *Sunday Times* (506 474) is the biggest circulating newspaper.

There are some 480 consumer magazines and more than 580 trade, technical and professional publications in South Africa. In 2000, magazines' advertising income was R1,3 billion, that of newspapers R2,4 billion, while R4,8 billion was spent on radio and television. Outdoor advertising increased its revenue from just R66 million in 1991 to R327 million in 2000.

Online media

Most of the bigger publications have websites. There are more than 600 'netzines' listed as online publications in South Africa, with at least 16 of them specialising in daily news.

Transport

South Africa's vast transport system is essential not only to its own economy but to those of several other African states which use it to move their imports and exports. The size and quality of this infrastructure are impressive and, for many first-time visitors, something of a surprise.

Road transport

The national road network consists of some 7 200 km with plans to extend this to 20 000 km of primary roads. This is just a small part of the total road network which comprises more than 500 000 km. Some 80% of goods are transported by road.

The N4 Maputo Corridor toll-road is currently under construction. It will be one of few privately financed, cross-border toll-roads in the world.

Nationally, there is an estimated road expenditure backlog of R27 billion. However, recent government budgets have started to address this situation. The Cabinet has approved a five-year holding strategy for the development of infrastructure, which will prevent further deterioration of the road network. The holding strategy will also address areas where the need is most critical. An amount of R30 billion has been made available for the implementation of this strategy.

There are close to 127 000 minibus-taxis in South Africa, which provide 65% of the 2,5 billion annual passenger trips in urban areas and a high percentage of rural and intercity transport.

The major allocations in the Department of Transport's budget are for bus and rail subsidies, with a total funding of R3,7 billion in 2002/03. This includes additional funding of R140 million for rail infrastructure and R150 million for bus subsidies.

The Department is working on a subsidy policy for public transport which, it is envisaged, will be finalised soon.

The implementation of the Taxi Recapitalisation Programme is one of the key priorities of the Department. The Programme should be completely rolled out by 2006/07. An amount of R37,6 million has been allocated for 2002/03 and is aimed at realising and unlocking the economic potential of the taxi industry. By February 2003, six bidders had been shortlisted for the production of new taxi vehicles. It was envisaged that the first vehicles would be rolled-out towards the end of June 2003.

Transnet

Transnet Ltd handles 180 million tons of rail freight per year, 2,1 million tons of road freight, and 194 million tons through the harbours, while 15 400 million litres are pumped through its petrol pipelines annually.

The company also flies 6,1 million domestic, regional and international passengers per year.

Transnet is worth R58 billion in fixed assets and has a workforce of some 80 000 employees. It is a public company of which the South African Government is the sole shareholder.

Transnet Limited consists of nine main divisions, a number of subsidiaries and related businesses. Its main divisions are:

- Spoornet, which focuses on the transportation of freight, containers and mainline passengers by rail
- The National Ports Authority (NPA), which focuses on the provision of total port infrastructure and marine-related services, the management of port activities in a landlord capacity and the regulation of the port systems
- South African Port Operations, which focuses on port terminal and cargo operations in commercially viable business units
- Petronet, dedicated to transporting petroleum products and gas through a high-pressure, long-distance pipeline network
- Metrorail, a commuter rail transport business.

The upgrading of Metrorail rolling stock is a top priority. So is upgrading signalling equipment and stations, 73 of which have been upgraded across the country with another 14 upgrade contracts to be executed.

Spoornet, the largest division of Transnet, is the biggest railway and heavy haulier in southern Africa with an annual turnover of R9 billion. Keeping the wheels of commerce turning are 3 285 locomotives, 123 000 wagons and 30 600 km of track. Spoornet's General Freight Business conveys some 96 million tons of commodity freight a year. A more specialised business unit is COALlink which ensures that South Africa remains the world's second-largest exporter of coal. In December 2000, the billionth ton of coal was transported through the dedicated Richards Bay terminal. Similarly specialised is the Orex unit which transports iron ore (21,6 million tons in 1999/00) from mines in the far Northern Cape to the steel industries of the Western Cape over a dedicated line.

Long-distance passenger services link the major cities of South Africa and southern Africa. The most famous of these services is the Blue Train, voted the world's leading luxury train in 2001. The train is to be concessioned as part of Spoornet's privatisation process.

Commuter rail services are provided by the South African Rail Commuter Corporation (SARCC) which falls under the Department of Transport but has its own board of control. It owns the assets and acts as an agency of the Department. It is envisaged that, in future, public and private operators will be able to bid for the right to operate rail lines, services or network concessions. SARCC started upgrading 236 coaches as from September 2001 with the final upgrade to be delivered in September 2003. By February 2003, more than 88 coaches had been upgraded at a cost of more than R240 million. The overall cost to upgrade the total fleet of commuter coaches is R900 million.

Metrorail, a business unit of Transnet, has made steady progress in implementing far-reaching efficiency-improvement projects. This has saved taxpayers millions. Safety is a major concern, with a significant portion of the R355 million capital budget being spent on refurbishing or renewing critical signalling installations.

Civil aviation

The Airports Company of South Africa owns and manages the country's nine principal airports comprising three international gateways at Johannesburg, Durban and Cape Town and mostly domestic airports at Bloemfontein, Port Elizabeth, East London, George, Kimberley and Upington.

These nine airports combined, handle more than 196 000 aircraft landings and 10 million departing passengers on average annually. The company also has a 35-year concession to operate Pilanesberg International Airport near Sun City.

Johannesburg International Airport is Africa's busiest. It is predicted that the number of its users is set to soar to 18 million a year with the opening of the airport's new R450-million domestic terminal on 11 February 2003. The new terminal spans an impressive 80 000 square metres of floor space, and comes complete with inclined travelator ramps, the first on the continent.

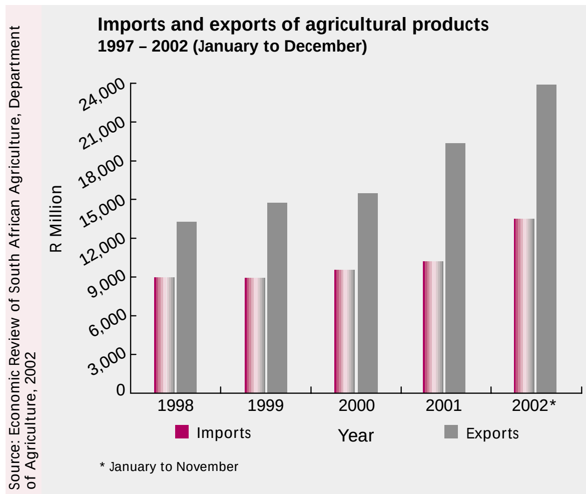
Agriculture, Forestry and Land

South Africa has an essentially dual agricultural economy, comprising a well-developed commercial sector and a predominantly subsistence-oriented sector in the rural areas.

Only about 13% of South Africa's surface area can be used for crop production, of which just 22% can be classified as high-potential land. Some 1,3 million hectares (ha) are under irrigation.

The most important factor limiting agricultural production is the availability of water. Rainfall is distributed unevenly across the country, with almost 50% of water being used for agricultural purposes.

Primary agriculture contributes about 2,6% to the gross domestic product (GDP) of South Africa and almost 9% of formal employment. However, there are strong backward and forward linkages into the economy, so that the agro-industrial sector is estimated to comprise 15% of GDP. For the past five years, agricultural exports have contributed on average approximately 8% (7% in 2001) of total South African exports.



Today, South Africa is not only self-sufficient in virtually all major agricultural products, but in a normal year it is also a net food exporter. However, with very low average rainfall and high variability within and between seasons, agriculture is vulnerable to the effects of drought.

In good years, though, the contribution of agriculture can be vital to lifting the economy. During 2001, the seasonally adjusted real value added by the agriculture, forestry and fishing industry declined by 3,1% compared with 2000. However, in 2002, the sector rebounded by an annualised 4%.

Agribusiness is big business. There are close to 1 000 primary agricultural co-operatives and agribusinesses throughout the country, and 15 central co-operatives. Since 1994, when the agriculture sector was deregulated, the structure of agribusiness has changed substantially, with many co-operatives transforming themselves into private companies. In 2000, expenditure on agricultural input and services amounted to more than R21 billion, with farm feeds, fuel, fixed improvements and fertilizer being major items handled by agribusinesses.

Normally, South Africa is a net exporter of agricultural products in Rand value. The largest export groups are raw sugar, fresh grapes, citrus, nectarines, wine and deciduous fruit. Other important exports include avocados, plums, maize, black tea, groundnuts, meat, pineapples, tobacco, wool and cotton.

Production

In general, the prices of agricultural products increased by 13% from 2000 to 2001. Prices of field crops rose by 23%, horticultural products by 6%, and prices of livestock products by 11%.

The net income of the farming sector increased from R6,5 billion in 2000 to R9,6 billion in 2001. The country is self-sufficient in primary foods, with the exception of wheat, oil-seeds, rice, tea and coffee.

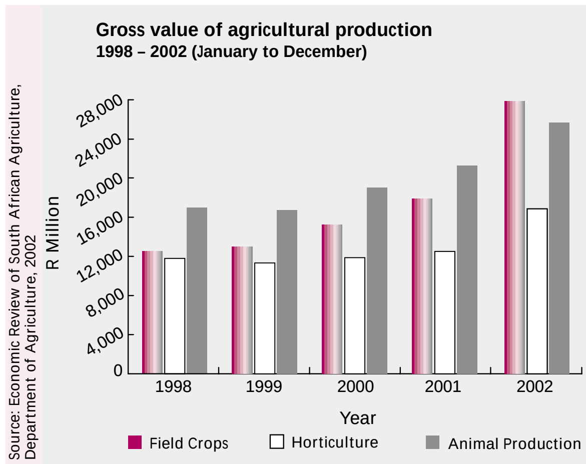
The largest area of farmland is planted with maize, followed by wheat and, to an extent, sugar-cane and sunflowers. Maize is the largest locally produced field crop and most important source of carbohydrates for human and animal consumption. Average production per year is approximately 9 million tons (mt). Local consumption is some 7,4 mt.

South Africa is the world's 11th-largest producer of sunflower seed and the world's 12th-biggest sugar-cane producer. Sugar-cane production amounts to some 2,5 mt per season. About 50% of this is marketed in southern Africa. The remainder is exported.

Deciduous fruit export earnings account for 15% of the country's total earnings from agricultural exports. In 2001, apples made up the largest percentage of the crop (43%), followed by grapes 21% and pears 19%.

South Africa is ranked as the eighth-largest wine producer in the world, with a harvest of 7,5 hectolitres of which 65% is used in wine-making. Some 53 000 people owe their livelihoods to wine production.

The export of white wine increased from 20 million litres (ml) in 1992 to 177 ml in 2001.



Livestock is farmed in most parts of South Africa. The latest estimates for cattle and sheep are 13,5 million and 28,8 million respectively. South Africa normally produces 85% of its meat requirements.

The dairy industry is an important employer with 4 300 milk producers employing about 60 000 farm workers and indirectly providing jobs to some 40 000 people. Milk production for 2001/02 was estimated at 1,97 ml.

South Africa's poultry meat production is estimated at 980 000 t. The gross value of broilers and other fowls slaughtered in 2001 was some R9,3 billion, which makes it the most important contributor to the value of agricultural production in South Africa.

Policy

In recent years, agriculture has undergone drastic changes. Several processes have reversed the impact of discriminatory legislation, while other initiatives have deregulated and liberalised the sector.

The main policy shifts include:

- liberalising agricultural trade and deregulating the marketing of agricultural products

- implementing land reform policies and programmes
- abolishing certain tax concessions and reducing direct subsidisation
- introducing a minimum wage for farm workers.

In terms of legislation enacted in 1996, the control boards for each sector of agriculture were to be abolished. With the task of closing down the boards almost complete, the National Agricultural Marketing Council is considering the integration of disadvantaged and small-scale participants into agriculture's mainstream.

The Department of Agriculture funds the National African Farmers' Union's (NAFU) capacity-building programme. Further funding is provided by the United States' Department of Agriculture. Co-operatives aimed at economic empowerment are also co-ordinated by the Department.

To consolidate gains and address remaining weaknesses, the departments of Agriculture and Land Affairs, in collaboration with NAFU and Agri SA, have developed a common long-term vision of a united and prosperous agricultural sector. The medium-term goal is to generate equitable access and participation in a globally competitive, profitable and sustainable agricultural sector. Planning to achieve this goal began in 2002.

South Africa, at most times, is able to meet its own food requirements, with considerable food exportation. However, the inherent limitations of the natural resource base and variable climate require land users to be very circumspect in how they use and manage these resources so as to retain their productive capacity. Ninety percent of South Africa can be regarded as arid, semi-arid and dry subhumid, and it is these areas where desertification can occur.

The national Department of Agriculture exercises control over the utilisation of South Africa's natural agricultural resources. Legislation provides for the conservation of natural agricultural resources through maintaining the land's production potential; combating and preventing erosion; and protecting vegetation and combating weeds and invader plants.

Specific requirements and prohibitions apply to land-users, and certain activities, such as the cultivation of virgin land and burning of veld, are subject to prior approval, while others are prescribed as 'best practice' in the interest of sustainable land use. In order to promote natural agricultural resource conservation, policies, norms, standards and guidelines have been developed.

The United Nations Framework Convention on Climate Change and the Convention to Combat Desertification requires South Africa to draw up a National Action Programme, which will be integrated into a regional programme for the Southern African Development Community (SADC) region.

The sharp increase in food prices during 2002 is one of the most important issues facing the Department, due to the impact it has had on the poor and on food security in the southern African region as a whole.

Government's response has centred on a package of relief measures to supplement the income of the poor, contain price pressures on basic foods, and strengthen the ability of the poor to grow their own food. These measures have helped to cushion the impact of inflation on vulnerable groups.

Social grants have been increased by an average of 15,2%, and the private sector has also responded through limited maize subsidies. Government's interventions were effected through the 2002/03 Adjusted Estimates, which set aside R400 million for targeted food relief to the most vulnerable. The funds will go mainly towards food parcel distribution on the domestic front (R230 million), and 100 000 tons of white maize for affected SADC countries (R170 million).

Government is also examining the feasibility of a longer-term food security programme to provide households with seeds and tools for subsistence agriculture. In addition, a Food Pricing Monitoring Committee has been established to monitor the prices of a basket of basic food items.

National LandCare Programme (NLP)

The vision of the Department's NLP is to have communities and individuals adopt an ecologically sustainable approach to the management of South Africa's environment and natural resources, while improving their quality of life. This means people use the soil, water and vegetation resources in a responsible manner to ensure that future generations will also be able to use them to their benefit.

LandCare is implementing integrated approaches to natural resource management which are efficient, sustainable and equitable.

Serious concerns about land and water degradation, which impact on sustainable resource use, are identified in each province, and specific projects address these issues. In some cases, physical control structures are needed to ensure that water run-off control takes place.

Forestry

Indigenous forests are indispensable to the country's heritage, beauty, wildlife and environment, while commercial forests provide jobs and economic opportunities for many people in the rural areas.

South Africa has one of the largest cultivated forestry resources in the world. Production from these plantations was 16,7 million m^3, valued at almost R2,6 billion in 2000.

Together with processed products, the total industry turnover was approximately R12,8 billion in 2000, including R9,1 billion worth of products made from wood pulp. More than 9,5 million t (pulpwood, mining timber, matchwood and charcoal) and 5,2 million m^3 (sawlogs, veneer and poles) were sold in this period.

The industry was a net exporter to the value of over R5,4 billion in 2001, over 55% of which was in the form of converted value-added products. The forest products industry contributed 4,29% to the total exports in 2001, and 1,86% of total imports.

Exports are dominated by the pulp – R2,614 billion in 2001 – and value-added solid-wood sector – R1,628 in 2001 (74% of all timber industry exports), the balance being made up of exports of sawn lumber, paper, wood chips, wattle extract and a variety of other products.

Plantations

Of the 1 330 943 ha of plantations in 2001, 53% were softwood species and 47% hardwood species. Thirty-eight percent of the plantation area was managed mainly for saw-log production, 57% for pulpwood and 7% for mining timber, while the balance of 4% was grown for the production of poles, matchwood (poplar) and other minor products. Capital investment in the industry amounted to some R16,3 billion in 2001 and R9,7 billion in 1999, having grown at an annual real rate of close to 5% since 1980. The turnover of the industry amounted to an annualised R12,8 billion in 2001.

The two main pulp and paper manufacturing companies in South Africa, Sappi and Mondi, rank among the largest in the southern hemisphere and own assets in many parts of the world. Collectively, the forestry sector employs about 100 000 people.

About half of the 1 100 indigenous tree species found in South Africa grow along the south and east coasts and on the southern and south-eastern slopes of inland mountains. The other half is spread over the interior plateaux.

The yellowwood tree (*Podacarpus species*) is South Africa's national tree.

The commercial forestry industry in South Africa is committed to practising Sustainable Forest Management and is a world leader in forest certification. This is demonstrated by the fact that over one million ha, or over three-quarters of the entire area of commercial forestry plantations in South Africa, are currently certified by the Forest Stewardship Council (FSC) and the ISO 14001 certification schemes as being sustainably managed.

High forest covers only about 360 000 ha of the country's surface. The Department is responsible for the management of between 180 000 ha and 200 000 ha of these forests, which occur mainly on the eastern and southern slopes of mountain ranges from the Cape Peninsula in the Western Cape to the Soutpansberg in Limpopo.

High forest is normally found in isolated pockets, varying in size from only a few hectares to several thousand hectares. The largest area of high forest (36 000 ha) lies within a strip some 220 km long and 26 km wide between the Outeniqua and Tsitsikamma mountain ranges and the sea, extending from Mossel Bay in the Western Cape through Knysna to the Humansdorp district in the Eastern Cape.

Forestry restructuring

The Department of Water Affairs and Forestry (DWAF) is pursuing a reform programme in the forestry sector which will see the Government leasing State-owned forest land to private-sector operators. The Department will move from the management of plantations towards promoting, regulating and developing the forest industry. The restructuring of the Department's commercial forests has been extremely successful. The plantations were divided into three categories, Category A which were bigger packaged with SAFCOL forests and sold as five packages, Category B forests which are only DWAF forests and will be sold as smaller packages targeting smaller players in the industry and communities and the Category C forests which are community woodlots and will be transferred to the management of communities with a period of State support – financial and technical.

By February 2003, approximately 375 workers (9%) and communities (10%) had obtained share ownership in two forestry packages worth R150 million. Communities identified as rightful owners of the land will also receive market-related rentals on an annual basis

The process with regard to Category B forests has begun, with expressions of interest called for in November 2002. The process of soliciting bids for these forests will take place during 2003.

The forestry industry is promoting rural development and economic empowerment through a small-grower afforestation programme. Currently, there are more than 18 000 emerging small black timber growers. These growers, most of whom are women, cultivate 48 000 ha of plantations.

Land reform

The Chief Directorate: Land Reform Implementation Management and Co-ordination in the Department of Land Affairs is concerned with the delivery of land and tenure reform.

This is primarily done through nine provincial Land Reform offices and 36 operational regions.

Recently, important policy and systems developments have enhanced delivery and will further broaden the scope of delivery. Since 1994, 1 433 260 ha of land have been redistributed. In the same period 36 279 restitution claims have been settled, restoring 512 912 ha.

The Land Redistribution for Agricultural Development (LRAD) Programme was officially launched in August 2001. The Nkomazi Project involved 241 LRAD grant beneficiaries. The main objective of the LRAD Programme, in line with the Department's mission to provide access to land and to extend land rights to the previously disadvantaged communities, is to redistribute white-owned agricultural land to black people.

By June 2002, 4 823 beneficiaries had received LRAD grants, resulting in the delivery of 100 000 ha of land or 164 farms. There were also 136 beneficiaries who had received a combination of grant and loan components from the Land Bank with the delivery of 2 203 ha of land.

Delivery by provincial Land Reform offices for the 2001/02 financial year involved 418 projects that benefited in excess of 83 530 beneficiaries and/or households. The Land Bank (which had a loan portfolio of R16,5 billion in 2001) approved 152 loan applications in the year to end March 2002.

Minerals and Mining

South Africa's mineral wealth is staggering. Few, if any countries, have such vast reserves of so many important minerals. This mineral wealth is found in diverse geological formations, some of which are unique and extensive by world standards. Some of the country's minerals include:

- gold – the unique and widespread Witwatersrand basin yields some 98% of South Africa's gold output.
- diamonds (in kimberlites, alluvial and marine) – the country is ranked fifth in terms of production.
- titanium – heavy mineral-sand occurrences containing titanium minerals are found along the coasts.
- manganese – enormous reserves of manganese are found in the ancient sediments of the Northern Cape.
- platinum group metals (PGMs) and chrome – these minerals occur in the Bushveld Complex in Mpumalanga, Limpopo and North West. More than half of the global reserves of chrome and platinum are found in this deposit.
- coal and anthracite beds occur in the Karoo Basin in the northern and north-eastern (Mpumalanga) parts of the country.

- copper phosphate, titanium, iron, vermiculite and zirconium occur in the Phalaborwa Igneous Complex in Limpopo.

South Africa's reserves of seven commodities rank highest in the world. These are:

- manganese, 80% of world reserves
- chromium, 76%
- PGMs, 56%
- gold, 52%
- vanadium, 44%
- alumino-silicates, 37%
- vermiculite, 40%.

In 2001, mining contributed R66,8 billion to gross domestic product (GDP) compared with R59,1 billion in 2000, a 13% increase. This constitutes 7,5% of GDP. Mineral products accounted for just one one-third of South Africa's total exports. There is still a great deal of potential for growth in the exploitation of minerals in the country, especially where the country is ranked number one in terms of reserves.

South Africa's 'heavy-weight' mineral exports, 2001*

Commodity	Export mass in kt
Aluminium	476
Alumino-silicates	133
Chrome ore	931
Chrome alloys	1853
Coal	66 752
Dimension stone	762
Fluorspar	259
Iron ore	23 519
Manganese ore	1 528
Manganese products	616
Phosphate products	981
Silicon products	89
Special pig-iron	491
Titanium products	1 059
Vermiculite	154
Zirconium products	428
Sub-total 'heavy-weights'	100 031

* Preliminary data
Source: Minerals Bureau

South Africa's large reserve base and important position as a world producer mean that the country's mineral industry is export-oriented: for vermiculite it contributes 97% of world exports, vanadium 76%, alumino-silicates 50%, ferrochromium 53%, PGMs 47%, chrome ore 41%, and manganese ore and ferromanganese 27%.

For these commodities, as well as for gold and PGMs, it is also the world's largest exporter. Other important export commodities include zirconium minerals, coal and fluorspar.

Because of this vast mineral resource base, South Africa is, to a large degree, self-sufficient with respect to the usage of minerals. However, some minerals and mineral products need to be imported owing to an insufficiency of local resources or the fact that their deposits in South Africa cannot be economically exploited. Another factor is that certain specialised grades and products are not produced in South Africa.

The more notable imports into South Africa in 2001 were diamonds, alumina, certain ferro-alloys, coking coal, phosphate rock, sulphur, magnesite and magnesia.

Based on preliminary data, South Africa's total primary mineral sales are estimated to have increased by 15,8% to R113,9 billion in 2001. Additionally, total processed mineral sales increased by 8,7% in 2001, to some R24,6 billion. The combined total for primary and processed mineral sales is estimated to have increased by 14,6% in 2001, to R138,5 billion.

Domestic primary mineral sales revenue increased in 2001 by 14,5% to R25,3 billion.

Export revenue was 77,8% of primary minerals revenue, and 77,5% by value of all primary and processed minerals sales in 2001. In 2001, the PGMs, gold, processed minerals and coal accounted for 85,3% of all mineral exports, which were shipped to more than 85 countries.

Gold

Rationalisation of regional ownership and operations moved forward in 2001, especially in the southern Free State gold-fields, where the process is nearly completed. Harmony Gold and the empowerment-controlled African Rainbow Minerals made a successful joint bid for AngloGold's Freegold assets. Continuing new investments into deeper extensions at Moab, Target and South Deeps have commenced output contributions.

Coal

Revenue from coal increased by $163 million, or 5,7%, in 2001 to regain the $3 billion level that was last exceeded in 1998.

World coal prices strengthened considerably towards mid-year, but sales volumes were relatively unchanged. Just over 30% of the sales volume was exported, accounting for 63% of the sales revenue.

Investments in new coal-mining and transport infrastructural developments are still awaiting prospects of sustained strong activity and firm prices.

Platinum-group metals

A noteworthy feature has been the dramatic increase in domestic sales revenue over five years, from almost zero to $464 million in 2001, largely to supply a developing manufacturing business providing automotive exhaust catalysis systems for world markets.

PGM mining investments in progress, committed and proposed, involving new mines, extensions, mineral processing plants and smelters will be substantial over the next five years. New entrants, often representing previously disadvantaged community interests, are mostly participating through joint ventures with established major operators.

Base minerals

Refined copper, nickel and cobalt, and titanium and zirconium concentrates dominate this sector, with support from zinc, lead and arsenic concentrates. The sector contributes some 12% and 4% respectively to total primary local sales and total primary export sales. About 44% of total revenue is local sales for further added-value operations.

World prices for base minerals collapsed in 2001, typified by heavy declines in the London Metal Exchange-priced metals aluminium, copper, nickel, lead and zinc. First signs of a recovery were evident by the end of 2001. Provisional statistics indicate that South African base mineral sales fell by $100 million, or 11,4%, to $780 million in 2001.

Ferrous minerals

This sector consists of the ores of iron, manganese and chrome, dominated by iron ore. It has been a leading performer in the primary minerals industry over the last 16 years, with revenue in Dollar terms growing at almost 3% annually. Demand depends on the fortunes of the world steel and stainless steel industries.

Recessionary economic conditions in the developed world during 2001 impacted negatively on ferrous minerals demand and prices. Improved iron ore sales were insufficient to off-set this trend. Overall ferrous mineral sales fell by $28 million, or 3,5%, below the 2000 revenue.

Industrial minerals

This sector comprises a wide variety of mineral products, from which 69% of revenue is local sales. Sector sales revenue fell by $27 million, or 4,4%, to $582 million in 2001.

Four commodity groups have accounted for four-fifths of local sales, namely aggregate and sand (24,5%), limestone and dolomite (25,9%), phosphate rock (data withheld) and sulphur (5,2%).

Five commodity groups have contributed some nine-tenths to industrial minerals export revenue of

$180 million: granite dimension stone (44,2%), phosphate rock (data withheld), fluorspar (14,3%), andalusite and vermiculite (8,4% each).

Processed minerals

Ferro-alloys and aluminium dominate this sector, with solid support from titanium slag, phosphoric acid, vanadium, zinc metal and low-manganese pig-iron. Through investment in beneficiation, it has been the outstanding performer in the minerals industry over the last 16 years, with revenue in Dollar terms growing at 6% annually.

Other minerals

This sector is dominated by diamonds, followed by hydrocarbon fuels, uranium oxide, silver and semi-precious stones. Sales revenue was boosted enormously in 2000 by diamond sales that were held back from the previous year and by a strategy to amortise commercial diamond inventories.

In 2001, the sector's sales returned to a more typical recent level of just over $1 billion. Almost two-thirds of sales were exports, and a strong share of local sales arose from products of the domestic hydro-carbon wells, which are not directly exported.

New investment potential remains strong in this sector, which has recovered enormously through new investments in operations since 1994, compensating for the rapid demise of uranium oxide demand in nuclear applications since the late 1980s.

Policy

The Department of Minerals and Energy is the primary Government institution responsible for formulating and implementing policy.

The Minerals Development Bill was published for public comment in December 2000. Now called the

Minerals and Petroleum Resources Development Act, 2002, this legislation aims to:

- recognise that mineral resources are the common heritage of all South Africans and collectively belong to all the peoples of South Africa
- promote the beneficiation of minerals
- guarantee security of tenure for existing prospecting and mining operations
- ensure that mining contributes to rural development and supports those communities affected by mining operations
- redress the effects of past racial discrimination by ensuring that historically disadvantaged persons participate more meaningfully in the mining industry
- ensure that a proactive social plan is implemented by all mining companies
- promote junior and small-scale mining
- uphold good environmental practices and sustainable development.

With the Act, government's commitment to guarantee security of tenure is clearly spelt out. Prospecting rights are valid for a maximum period of five years and renewable for a further maximum period of three years. Mining rights are valid for a maximum period of 30 years and renewable for a further 30 years.

The broad-based Socio-economic Empowerment Charter for the South African Mining Industry, which has the support of the mining houses and unions concerned, was approved by Cabinet in October 2002.

The Charter commits the industry to give previously disadvantaged groups preferred-supplier status and, perhaps most significantly, commits mining firms to transferring 26% of assets to historically disadvantaged South Africans within 10 years.

DiD YOU KNOW?

South Africa's reserves of seven commodities rank highest in the world. These are manganese (80% of world reserves), chromium (76%), platinum-group metals (56%), gold (52%), vanadium (44%), alumino-silicates (37%) and vermiculite (40%).

South African mining consists of large focused mining companies that include Anglo Platinum, Anglogold, De Beers, Implats and Iscor.

In 2001, the mining industry employed 408 894 people. The gold-mining industry remained the largest employer at 49,9%. Taking into account the multiplier effect of the supply and consumer industries, including dependants, many millions rely on the mining industry for their livelihood. More than R24 billion was paid out in wages.

Over the past five years, South Africa's gold-mines have been plagued by diminishing economic reserves and consequent cost controls. Since 1990, more than 200 000 workers have lost their jobs through retrenchments in the gold-mining industry alone.

The Government has put into motion an extensive discussion process between itself, organised labour and employers. It aims to formulate an official policy, making gold-mining an important contributor to the reconstruction of South Africa's post-apartheid economy.

One of the most crucial tasks facing government is to legalise small-scale mining by helping to upgrade these operations into economically viable businesses. This task is ongoing and, for the period April 2001 to March 2002, the National Steering Committee of Service-providers to the Small-scale Mining Sector (NSC) received over 100 applications, of which 12 pilot projects were approved.

The NSC is focusing on identifying small-scale mining operations in poverty nodes to enhance economic development in these mainly rural areas. A number of such areas have been singled out for attention. The NSC has also played a pivotal role in the regeneration of economic activity in former mining and labour-sending areas currently in a state of economic decline.

The Department of Minerals and Energy played a leading role in the establishment of the Kimberley Process, which aims to prevent conflict diamonds from getting into the global diamond-market industry and to protect legitimate trade.

Energy and Water

The energy sector accounts for approximately 15% of gross domestic product (GDP), creating employment for about 250 000 people. Total electricity sales in 2001 grew by 1,8% to 181 511 GWh. Total liquid fuels sales in 2001 rose by 0,3% to 20 934 million litres.

The national energy intensity is above average, with only 10 other countries having higher commercial primary energy intensities. This high energy intensity is largely a result of the economy's structure, with its large-scale, energy-intensive primary minerals beneficiation industries and mining industries. There is also a heavy reliance on coal for the generation of electricity. Also, industry has not generally used the latest in energy-efficient technologies, mainly as a result of relatively low energy costs.

Industry and mining are the largest energy consumers, accounting for more than half of total consumption. Energy consumed by households represents some 22% of the country's net use.

Electricity and coal provide about three-quarters of the energy consumed by industry and mining. The balance comes largely from coke and blast-furnace gases, and small amounts of heating oils. The mining industry is particularly dependent on electricity, with 87% of its energy use coming from this source.

Liquid fuels such as petrol and diesel account for 92% of energy used for transport. Rail transport accounts for less than 5% of total national electricity consumption.

Petrol sales represent more than half of the total sales of local petroleum products. The total volume of liquid fuels sold during 2001 in South Africa was 20 934 Ml in comparison to 20 868 Ml sold in 2000. Of the sales in 2001, petrol and diesel accounted for 10 340 Ml.

Demand for jet fuel has grown steadily since 1994 as a result of increased business and tourism activities.

Government has accepted a process of managed liberalisation for the liquid fuels industry. The Petroleum Products Act, 1997 will be amended to institute a licensing dispensation for participants in the liquid fuels industry.

South Africa's indigenous energy resource base is dominated by coal. Many of the deposits can be exploited at extremely favourable costs and, as a result, a large coal-mining industry has developed. The country is the world's sixth-largest coal producer.

Fully commissioned in 1985, the Koeberg Nuclear Power Station near Cape Town supplies 1 800 MW to the national grid when both reactors are operating at full power, contributing 7% of South Africa's electricity.

Technological feasibility studies are now being conducted into viable renewable energy resources. These include grid-connected wind farms and solar energy. With most areas enjoying more than 2 500 hours of sunshine per year, and average daily solar radiation levels ranging between 4,5 and 6,5 kWh/m^2 in one day, solar energy could well prove to be a feasible renewable energy source. Local production of solar equipment is developing rapidly.

South Africa has two conventional hydroelectric power stations and two pumped storage schemes.

Liquid fuels

Thirty-six percent of South Africa's consumption of 20 934 Ml of liquid fuel products in 2001 was met by synthetic fuels (synfuels) produced locally, largely from coal and a small amount from natural gas.

The Sasol group of companies comprises diversified fuel, chemical and related manufacturing and marketing operations, complemented by interests in technology development, oil and gas exploration and production.

Its principal feedstocks are obtained from coal, which the company converts into value-added hydrocarbons through Fischer-Tropsch process technologies. The company provides 200 000 direct and indirect jobs, contributes R34 billion annually to South Africa's GDP and produces 23% of the country's required coal.

Sasol has grown into a global enterprise, producing more than 200 fuel and chemical products and exporting to 90 countries. The two plants in South Africa, at Sasolburg and Secunda, are estimated to contribute 50% and 12% respectively to the economy of the Free State and Mpumalanga. In addition, Sasol has production operations in Germany, the Netherlands, China, Canada, Italy, the Czech Republic, Dubai and the United States.

Among Sasol's recent international developments is an agreement signed with the Mozambican Government for the development of natural gas-fields in the country and the construction of a pipeline to South Africa. It is expected that the first gas from this source will be available in South Africa by 2004.

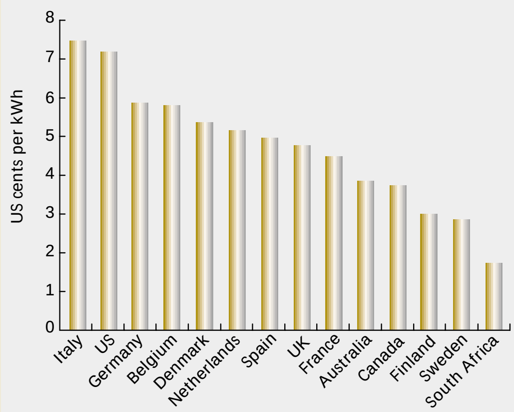
Sasol registered on the New York Stock Exchange on 9 April 2003.

The Petroleum Agency of South Africa has successfully encouraged exploration companies to evaluate the country's oil and gas opportunities. Nine exploration subleases are active, involving 11 international companies.

Natural gas and associated condensate production is currently limited to gas-fields off Mossel Bay. The core

Source: Extract from 2001 – 2002 NUS Consulting Group's International Electricity Report and Cost Survey April 2002

World industrial electricity prices from a representative utility in each country



Price per kWh*, excluding local taxes from a representative utility in each country for the supply of 1 000 kW for an organisation with a monthly usage of 450 000 kWh as at 1 April 2001. Relative purchasing power of the respective currencies is not reflected in these values.

* Converted using 1 April 2001 exchange rates as published in the Wall Street Journal, to US Dollar per kilo-watt hour.

of this is the world's largest commercial scale gas-to-liquids plant, owned by the State-owned petroleum company, PetroSA, which converts the gas and condensate to liquid fuel. The EM gas-field complex was brought into production in the third quarter of 2000, and will ensure sufficient feedstock to maintain current liquid fuel production levels at 36 000 barrels of petroleum products a day until 2009.

South Africa produced 1 513 431 t of natural gas and 271 787 t of associated condensate in 2000, accounting for about 1,5% of total primary energy supply. Development of regional gas-fields, such as those off Mozambique, will lead to natural gas becoming a more important fuel in South Africa.

Electricity

South Africa, which supplies two-thirds of Africa's electricity, is one of the four cheapest electricity producers in the world. Ninety-two percent of locally produced electricity is produced from coal. Generation is currently dominated by Eskom, which also owns and operates the national electricity grid.

Eskom supplies more than 95% of South Africa's electricity and more than 60% of electricity consumed throughout Africa. In global terms, the utility is among the top seven in generating capacity and among the top nine in terms of sales.

Eskom was incorporated as a public company in July 2002 and currently runs on business principles for the benefit of its customers. The utility also operates the integrated national high-voltage transmission system and supplies directly to large consumers such as mines and large industries.

Restructuring of the electricity supply industry is now well under way. It is proposed that Eskom will retain no less than 70% of the existing electricity-generating market sector and that the introduction of private-sector participation in the generation sector be increased to 30%. By the end of 2003, it is envisaged that the involvement of black economic empowerment within the generation sector be about 10% of capacity.

Eskom will not be allowed to invest in new generation capacity in the domestic market.

Distribution, it is proposed, will be restructured to transform the current fragmented state of the sector into one structured along regional lines through the creation of six regional distributors.

The first regional electricity distributor is expected to be operational from 2004.

Low electricity prices in South Africa are widely acknowledged. Over the period 1995 to 2000, Eskom reduced the real price of electricity by 14,1%. South Africa's electricity prices may be among the lowest in the world, but they are still unaffordable to many.

The Integrated National Electrification Programme is the flagship of the Department of Minerals and Energy. In 2001, R909 million was spent on this Programme.

Since 1994, 3,8 million electricity grid connections have been made. In 2000, 71,7% of households were using electricity for lighting compared to 63,5% in 1995.

In the State of the Nation Address in February 2003, President Thabo Mbeki said that poor households, in areas connected to the grid, would be provided with up to 50 kW of free basic electricity. In non-grid areas, such households will be provided with a subsidy of up to 80% of the market cost to provide access to electricity systems.

In February 2003, Eskom launched an experimental wind energy farm aimed at exploring the use of wind energy for bulk electricity generation.

Wind energy is environmentally friendly and helps reduce global warming and greenhouse gases. The Eskom farm, the first of its kind in Africa, is located in Klipheuwel, Western Cape.

Water

South Africa is a water-stressed country in which water planners and managers are faced with increasingly complex issues. The country is largely semi-arid and prone to erratic, unpredictable extremes in the form of droughts and floods.

Water is most abundant in the geographically small escarpment areas which are remote from the major demand centres in the hinterland. Many large storage dams have been constructed to regulate the natural variable flow of rivers and to facilitate water transfers between catchments.

Countrywide, the average annual rainfall is about 500 mm, compared to a world average of about 860 mm. On average, only some 9% of rainfall reaches the rivers as run-off.

Twenty-one percent of the country, mainly in the arid west, receives less than 200 mm a year. The Orange River Basin is the largest river basin in South Africa with a total catchment area of 1 million km^2, almost 600 000 km^2 of which is inside South Africa.

DID YOU KNOW?

By February 2003, over 26 million people were receiving free basic water.

South African rivers receive about 50 billion m^3 of water a year, with a further 6 billion m^3 available from underground aquifers. This translates into 1 400 kilolitres on average per person per annum. Of this 56 billion m^3, 21 billion is utilised. Of this volume, 52% is used for agriculture and irrigation, 4% for forestry, 4% for industry, 10% for domestic use, with 19% allocated to ensure a sustainable environment.

Only about 32 000 million kilolitres of the annual run-off can be economically exploited using current methods. Usable run-off is further reduced by land uses such as commercial afforestation and sugar-cane, and by high evaporative losses from the numerous storage dams throughout the country.

The past few years have seen a number of achievements in the management of water resources in South Africa, and the implementation of the country's internationally acclaimed National Water Act, 1998. Key achievements include:

- developing conservation and demand management strategies for the industrial, agricultural and domestic sectors
- environmental awareness, learning, communication and networking through the school-based approach and broader public programmes
- promoting water conservation and integrated water resource management
- developing resource learning and support material
- continued collaboration with the Department of Education at all levels, specifically on the National Environmental Education Programme
- reaching 5 517 schools through an integrated approach to environmental learning
- registering significant abstract uses of raw water for the management of scarce water resources, and for the implementation of the national pricing strategy

- developing strategies to deal with the impact on water quality of mining and industrial developments, and dense settlements and an environmental assessment tool.

South Africa is developing a multidisciplinary approach to managing the country's scarce water resources, based on technical, economic, social, political and environmental considerations.

The National Water Resources Strategy, released in August 2002, describes provisions for water resource protection, water use and how it will be authorised. It also spells out water conservation and demand management, water pricing, the institutional arrangements for water-resource management, infrastructure development, monitoring and information systems and public safety in water matters.

A number of new dam and water schemes are being undertaken by the authorities to relieve water stress.

One of these is the Lesotho Highlands Water Project which will bring vast amounts of water from Lesotho to the high-consuming areas of the highveld, particularly Gauteng. The first phase of this project was completed in January 1998.

The main components of Phase 1A are dams at Katse and Muela, an 82-km water-transfer tunnel, and a hydroelectric plant at Muela. Phase 1B includes the construction of the Mohale Dam and Tunnel and the Matsoku Tunnel and Weir.

The latter was inaugurated in October 2001. The Mohale Tunnel, which will be used to transfer water from Mohale to Katse Dam and the Vaal Dam, is scheduled to be completed by December 2003.

Water for all

The Constitution of South Africa stipulates that it is every person's right to have access to clean water.

Since 1994, the Department of Water Affairs and Forestry (DWAF) has provided access to basic water supply to over eight million people. Over the last year, 1,2 million have received water-supply infrastructure and 50 000 households sanitation. Government is on target to eradicate the backlog in water infrastructure and sanitation facilities by 2008 and 2010 respectively.

Free basic water

Adequate, potable water and safe sanitation are essential drivers for poverty eradication. DWAF is directly addressing this through the free basic water programme and is in the process of developing strategies for a free basic sanitation programme. The Free Basic Water Policy was launched in July 2001

By February 2003, the programme could boast a number of achievements:

- over 26 million people, 57% of the population, were receiving free basic water
- of those with access to water-supply infrastructure, 73% were beneficiaries
- the programme was being implemented by 71% of South Africa's municipalities
- the Department had established Provincial Support Units in each province, staffed by trained free basic water specialists.

Working for Water Programme

This is a labour-intensive initiative to clear invasive alien plants. These species have a negative impact on South Africa's water security, biological diversity, the ecological functioning of natural systems, the productive use of land and the intensities of fires and floods. Estimates are that over 10 million ha – an area bigger than KwaZulu-Natal – are already invaded by alien plants, and that these invaders are spreading.

The Working for Water Programme is one of the biggest conservation programmes in the world with an annual budget of over R400 million. Approximately 55% of the workforce are women. In 2002/03, the Programme provided approximately 20 000 temporary employment opportunities as well as training. The Programme has also created entrepreneurial opportunities for the poor by developing secondary industry opportunities such as wood used for crafts, furniture, building materials, etc.

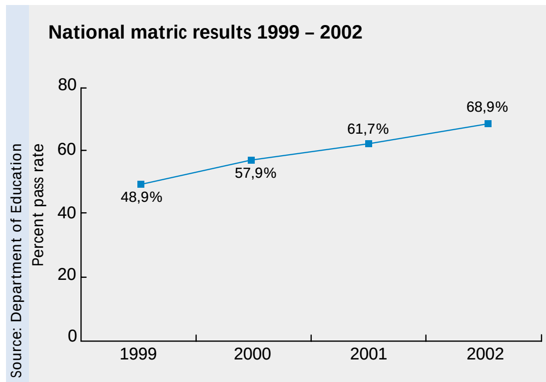
Education

Education is not only pivotal to economic prosperity but it also plays a crucial role in enabling South Africans to improve the quality of their lives and contribute to a peaceful, productive and democratic nation.

Education is one of the most important long-term investments a country can make. In South Africa, the Bill of Rights directs that everyone has the right to a basic education. The State has a responsibility to make adult education and further education progressively more available and accessible.

There has been a significant increase in the education budget allocation under the post-apartheid democratic Government, from R31,8 billion in 1994 to R59,7 billion in 2002. At almost 6% of gross domestic product, South Africa has one of the highest rates of government investment in education in the world.

In 2002, the South African public education system accommodated more than 11,6 million school learners, 407 401 university students, 202 730 technikon students, and 125 000 technical college students. There were 26 789 primary and secondary schools with 348 362 educators.



The country has a single national education system, which is managed by the national Department of Education and the nine provincial departments. The Constitution has vested substantial powers in the provincial legislatures and governments to run educational affairs (other than universities and technikons), subject to a national policy framework.

In the 2002/03 financial year, the budget allocation to education totalled R59,669 billion. This amount included R7,469 billion for universities and technikons and R50,865 billion for college and school education. Conditional grants are also available to provinces to, for instance, improve school safety and administration and achieve improvements in the matric (school-leaving) results.

Remarkable progress has been made with regard to allocation of bursaries and loans through the National Students Financial Aid Scheme. During 2001/02, R635 million was administered by the Scheme in partnership with 21 universities and 15 technikons to 93 532 beneficiaries.

The highest proportion of the awards was allocated to commerce degrees and diplomas (22%), 13% to administration, 11% to engineering and 10% to science.

In January 2000, the *Tirisano* plan (meaning working together) became operational. Through it, the Department has achieved greater stability in the education system, enhanced basic school functionality, improved the ability of provincial education systems to manage human and financial resources and ensured a clear focus on delivery.

Since 2001, the Department has shifted its focus from creating an integrated education framework and providing basic systemic functionality. The focus today is on institutional renewal and enhanced effectiveness, focusing on teaching, learning, curriculum and whole-school development, learner performance, increased participation in further and higher education, mathematics, science and technology, building good citizenship through the promotion of values, and targeting those communities that are part of government-wide programmes for rural and urban development.

At the secondary school level there was significant improvement in participation rates and learners' performance in science subjects that will enhance the quality of the intake of matriculants to science and engineering studies at higher education levels. In 2002, the Department recorded a significant improvement in the proportion of learners performing well in mathematics and science. In 2001, 46,7% candidates passed mathematics, which increased to 56,1% in 2002. The proportion of candidates who passed physical science in 2001 was 68,6%, which increased to 76,4% in 2002.

With regard to pass rates there has been a drastic turnaround in South Africa's education system from 48,9% in 1999 to 68,9% in 2002, an increase of 22,1%.

Curriculum 2005

Curriculum 2005 is the brand name of the National Curriculum Framework introduced into schools in 1998, based on the concept of Outcomes-based Education (OBE).

OBE regards learning as an interactive process between and among educators and learners. The focus is on what learners should know and be able to do (knowledge, skills, attitudes and values). It places strong emphasis on co-operative learning, especially group work involving common tasks. The goal is to produce active and lifelong learners with a thirst for knowledge and a love of learning.

In May 2000, it was recommended that the existing curriculum design features be reduced from eight elements to three. These elements should be critical and developmental outcomes, learning outcomes and assessment outcomes.

A Revised National Curriculum Statement released in April 2002 adopted a more gradual and carefully planned approach to implementing the new Curriculum which will be phased in starting with the earliest grades in 2004.

School admission policy

Pupils normally enrol for Grade 1 education at the beginning of the year in which they turn seven years of age although earlier entry at the age of six is allowed if the child meets specified criteria indicating that he/she has reached a stage of school readiness.

Parents who cannot afford to pay school fees, or who cannot pay the full amount, may be granted an exemption from paying school fees. Public schools are not allowed to refuse admission, suspend pupils from classes, deny them access to cultural, sporting or social activities, or refuse to issue school reports if parents are unable to pay school fees.

Higher education

Universities and technikons in South Africa are autonomous institutions, meaning that their respective councils are fully responsible for their management.

The National Plan for Higher Education was released in March 2001. The key proposals of the Plan are that the percentage of school-leavers receiving higher education be increased from 15% to 20% within 15 years.

DID YOU KNOW?

South Africa spends a huge amount of money on improving the country's education system. Since 1994, the education budget has increased from R31,8 billion to R59,7 billion in 2002.

It also proposes that there should be a shift in enrolments from the humanities, business and commerce to science, engineering and technology. It is also envisaged that student and staff compositions should more accurately reflect the country's demographics.

Increasing the percentage of pupils becoming students will mean an additional 200 000 students.

Recently government announced a restructuring of higher education which will allow for the expansion of the system and for it to face the challenges of the African century. In terms of restructuring, the existing 36 tertiary institutions will be reduced to 23; 11 universities, six technikons and six new institutions formed through the merger of universities and technikons.

Adult education

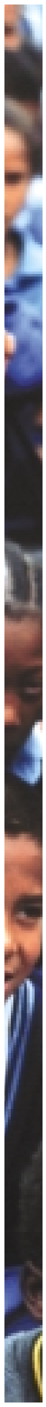
Government is determined to take education to the people, including adults. New legislation and the establishment of the National Adult Basic Education and Training Board provide a legal framework for the establishment and running of adult education centres.

In 2000, the Department launched the South African National Literacy Initiative (SANLI), which oversees the establishment of a voluntary service to reach the estimated 3,3 million illiterate adults.

The Department also established the South African Literacy Agency to significantly reduce adult illiteracy.

Improving schools

According to the Review of the Financing, Resourcing and Costs of Education, released for public comment in March 2003, remarkable advances have been made in access, funding and equity in the schooling system since



Education infrastructure

Financial year	Classrooms built	Toilets built	Schools supplied with water
1999 – 2000	1 936	1 345	252
2000 – 2001	2 267	1 211	253
2001 – 2002	2 660	4 173	181

Future infrastructure for the next MTEF cycle

Financial year	No. of schools to be built	No. of toilets to be built	Schools to be supplied with water
2002 – 2003	3 750	6 562	202
2003 – 2004	4 330	6 909	171
2004 – 2005	4 748	7 473	182

Source: Seventh Report to the President from the Minister of Education, 2003

the advent of democracy in 1994. There has been a reduction of about 60% in a key index of inequality between provinces, between 1995 and 2001.

The School Register of Needs reported less overcrowding in institutions overall, with a decline in the average number of learners in a classroom from 43 (in 1996) to 35 (in 2000). This ratio declined in eight out of nine provinces. Classroom shortages decreased from 49% (1996) to 40% (2000). In 1996, 40% of all schools nationwide had no access to water. By 2000, this was reduced to 34%. There was a 68% improvement in the provision of sanitation, although 16,6% of learners continued to be without toilet facilities. Fifty-nine percent of schools had no telephones in 1996. This was reduced to 34% in 2000.

On the other hand, the biggest decline was in the number of schools in excellent and good condition, indicating that investment in infrastructure had not been adequately maintained. The number of buildings in good condition declined from 9 000 to 4 000, with at least 12 000 buildings in need of repair. Government has committed itself to an additional R1,5 billion over three years for infrastructural development in key rural and urban nodal points.

Partnerships

Government recognises that a high-quality education sector cannot be built by government alone. It depends on creative and dynamic partnerships between the public sector, civil society and international partners. Several working partnerships have been and are being consolidated as the capacities of various sectors to contribute to educational development are better understood.

Non-governmental organisations (NGOs) are emerging as important partners in educational transformation and are often a source of creativity and innovation. The Department of Education is working with NGOs and the private sector, particularly in the areas of educator training, school improvement, adult education, early childhood development and further training and education. Other important areas of co-operation are evaluation, research and monitoring.

The international community's contribution to education transformation is important. The Department co-operates with United Nations' agencies and with numerous donors to improve access to basic, further and higher education.

Science and Technology

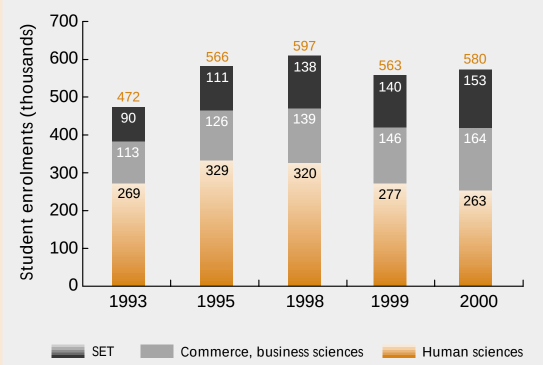
The intellectual framework for science and technology policy is the National System of Innovation (NSI), in which a diverse set of institutions, organisations, individuals and policies interact in the pursuit of a common set of social and economic goals. In 2002, Cabinet approved the National Research and Development Strategy. This development allowed for the enhancement of the NSI.

The Innovation Fund is a major initiative introduced by the 1996 *White Paper on Science and Technology*. It promotes large-scale projects, involving participation from throughout the NSI. It focuses attention on the major themes of government, namely competitiveness, quality of life, environmental sustainability and the harnessing of information technology (IT) to address the needs of society and the economy.

Creating a scientific culture

Getting information about science across to different sections of the population is a particular challenge. The

Student enrolments in the higher education sector by disciplinary field



Source: CHE 2002, South African Science and Technology Key Facts & Figures, 2002.

Department of Science and Technology's efforts to improve appreciation of science include establishing fellowships for science radio journalists and creating an environment in which women contribute to, participate in and share benefits equally with their male counterparts in the science, engineering and technology (SET) fields.

The Department contributed more than R12,86 million in the past three years towards the National SET Week, featuring a host of scientific events and promotions.

The Department has established partnerships with business, parastatals, universities and technikons, non-governmental organisations and community-based organisations in various provinces to implement the SET project.

Creating a science-friendly culture was given a major boost recently when South African Internet tycoon Mark Shuttleworth became the first African in space. On 25 April 2002, Shuttleworth blasted off in a Russian Soyuz shuttle for a 10-day trip to the International Space Station. On his return to South Africa, Shuttleworth went on a roadshow to schools and other public venues across the country as part of the Hip 2b

Square Project. The Project is aimed at encouraging children to take mathematics and science at school.

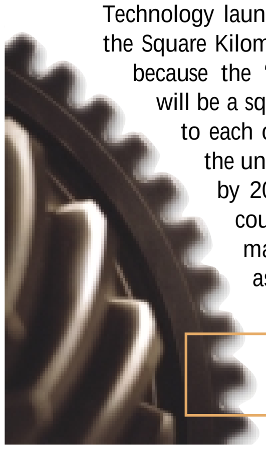
Cultivating a commitment to scientific and technological growth across all government departments is also receiving priority attention. The establishment of the interdepartmental Science and Technology Co-operation Committee, representing all relevant departments, was approved by Cabinet.

International science and technology co-operation is another key focus. Major bilateral and multilateral initiatives include the South African Coelacanth Conservation and Genome Resource Programme launched at Sodwana Bay, involving several Southern African Development Community neighbours, and promoting co-operation in marine biodiversity conservation, environ-mental education and capacity-building. Countries such as Mozambique, Tanzania and Madagascar will participate.

The Satellite Laser Ranging System at Hartebeesthoek is operated in conjunction with the National Aeronautics and Space Administration in the United States (US).

The South African Large Telescope (SALT) under construction at Sutherland in the Northern Cape is a multimillion Rand project involving Germany, Poland, the US, New Zealand and the United Kingdom. On completion in 2005, SALT will be the largest single optical telescope in the southern hemisphere.

In May 2003, the Department of Science and Technology launched South Africa's bid for the site of the Square Kilometre Array (SKA). The SKA is so named because the 'core' of this astronomical instrument will be a square kilometre of radio detectors linked to each other to observe the radio signals from the universe. The SKA will be funded and built by 2015 by an international consortium of countries and institutions representing all major players in the international astronomy community. The current projected budget is R10 billion.



Government funding to science councils* (R Million)

Institution	2000/01	2001/02	2002/03
ARC	265,.3	262,1	261,5
CGS	60,6	66,0	66,4
CSIR	299,9	3 022,9	301,3
HSRC	61,2	65,5	65,1
Mintek	77,7	76,9	76,4
MRC	108,2	127,2	145,5
NRF[a]	271,7	304,5	336,3
SABS	78,7	81,4	85,0
Total	1 223,3	1 286,5	1 337,6

Source: Treasury 2001

Looking into the future

An exercise called National Research and Technology Foresight has provided the country with a window into the future regarding what can be expected in terms of emerging technologies in the next 20 years.

Now, more detailed 'roadmaps' are being devised to give a more comprehensive mapping of the technological landscape. Roadmaps provide a long-term strategy for attaining industry-wide goals by providing specific and quantifiable performance targets. Three sectors were selected for road-mapping, namely, information and communications technologies, biotechnology and bio-informatics, and advanced manufacturing.

Godisa Programme

The departments of Science and Technology and of Trade and Industry, supported by the European Union have launched the Godisa National Incubation Programme. This aims to encourage technology transfer and capacity to enable small businesses to compete in the global economy.

Godisa specifically aims to address smaller businesses' use of outdated technology and their low involvement in value-adding exercises.

By mid-2002, five incubator programmes had been established.

Poverty reduction

The Department has established a Poverty-reduction Programme. This is focused on the agro-processing area, with great potential for achieving sustainable reductions in poverty levels in rural and peri-urban areas. Its mechanism is the establishment of small and micro business ventures within targeted communities once skills transfer has taken place.

Science councils

Underpinning South Africa's science and technology sector are a variety of institutes and councils engaged in various fields of research and scientific extension work.

The Government's national agency responsible for promoting and supporting basic and applied research is the National Research Foundation (NRF). Just one of the Foundation's responsibilities is the administration of the Innovation Fund which makes available large research grants of between R1 million and R5 million.

Other areas of its core business are to promote research capacity development, to unlock the full creative potential of the research community and to establish equity and redress.

The NRF fosters strategic partnerships and knowledge networks to make South Africa globally relevant and competitive. It provides research information and strategic advice. For 2001, the NRF received 1 188 authorised grant applications, of which 957 were in the natural sciences and engineering, and 231 in social sciences and the humanities.

The NRF also manages South Africa's five national research facilities: the Hartebeesthoek

DID YOU KNOW?

Construction of the multimillion Rand, 10-m long SALT telescope in Sutherland in the Northern Cape is well under way and will be completed in 2005. The SALT telescope will collect light and infra-red rays with a mirror mosaic of 91 hexagonal segments, each 1m wide, making it the largest single optical telescope in the southern hemisphere.

Radio Astronomy Observatory near Krugersdorp, Gauteng, the South African Institute for Aquatic Biodiversity in Grahamstown, the iThemba Laboratory for Accelerator-based Sciences in Faure, Western Cape, the South African Astronomical Observatory in Cape Town and Sutherland, and the Hermanus Magnetic Observatory in the Western Cape.

Other important research bodies include the Agricultural Research Council, whose network of institutes empower both commercial and resource-poor farmers, and Mintek, a global leader in the field of mineral and metallurgical research and development and technology transfer.

The Council for Scientific and Industrial Research (CSIR) is the largest community and industry-directed scientific and technological research, development and implementation organisation in Africa.

It delivers scientific and technological services in areas where industry, parastatals or government clients require support, as well as innovative leadership in the development of new technologies, which can be further developed and exploited by the private sector.

Approximately 7 000 clients are served every year, and 60% of the CSIR's income is funded externally

Other important research bodies keeping South Africa at the forefront of science include the Medical Research Council, the Council for Geoscience, the National Health Laboratory Service, the South African Bureau of Standards and the National Institute for Tropical Diseases.

Housing

Access to housing and secure accommodation is an integral part of government's commitment to reduce poverty and improve people's quality of life.

Since the launch of the *White Paper on Housing* in December 1994, housing has undergone fundamental changes. By February 2003, some 1,46 million units had been completed under the subsidised housing scheme, with another 300 000 in the pipeline, thereby ensuring that at least 8,5 million previously disadvantaged South Africans have the dignity and security of a stable home, secure tenure and access to basic services. The total number of subsidies already approved was 1 759 654. Direct government subsidies to housing since the election of the first democratic Government amounted to R24,2 billion by February 2003.

These are four-roomed structures with basic services but for people who previously lived in informal settlements or were homeless, they mean dignity, the creation of settled communities and the chance to dream of greater things.

Resource constraints and changing demographics now necessitate an even more rigorous focus on quality, rather than the former quantity-driven approach, with policy adapting to this changing outlook.

It has been realised that the laudable post-1994 efforts to bring housing to people placed too great an emphasis on ownership. In future there will be, among other things, a stronger focus on rented accommodation.

In September 1999, the Rental Housing Act was passed to ensure that more houses are provided for rental purposes and to regulate the behaviour of unscrupulous landlords so that tenants do not pay exorbitant rents.

The proposed new Social Housing Bill will further enhance the access of the poor to affordable rental housing and housing credit.

Recognising the need to align national, provincial and local budgets and planning processes, and budget co-ordination across national departments, the Human Settlement Redevelopment Programme was initiated in 1999. The Programme aims to improve the quality of the urban environment and to address the legacy of dysfunctional urban structures, frameworks and imbalances.

South African home owners already enjoy strong protection with legislation, for instance, giving owners legal recourse in the event of shoddy workmanship. By compelling banks and financial institutions to disclose lending data, discriminatory lending is discouraged.

A major thrust of public-sector involvement in the provision of decent, affordable housing has been the initiative to redevelop hostels. These structures were originally built to accommodate migrant workers in the major urban centres and are now being progressively transformed into accommodation that is suitable for a mix of single people and families. By May 2002, government had spent R775 million on upgrading hostels.

Another new outlet for government's housing funds is the People's Housing Process which supports those people who are willing and able to commit their resources, skills and energies to housing themselves, in effect those people who want to build their own homes. The Process gives such people technical, financial and other support.

Subsidies

Individual ownership subsidies are allocated to help beneficiaries become home owners. The Housing Subsidy Scheme currently provides six funding options to all eligible people earning R3 500 per month or less. New housing subsidy programmes are being developed and certain existing programmes are enhanced, including rental and social housing subsidies

Anyone getting a housing subsidy must now contribute either in kind or financially. Contribution in kind entails participation in People's Housing Process projects and therefore the building of their own houses. Where beneficiaries elect to opt for contractor-built houses, a minimum financial contribution of R2 479 must be paid up front. Indigent people are assisted with increased subsidies. The minimum product cost of a subsidised house amounts to R22 800, the amount indigent beneficiaries receive. These people are the aged, disabled and ill.

DiD YOU KNOW?

Between 1994 and 2002, some 1,46 million houses had been delivered to the people or were under construction under the Government's subsidised housing scheme.

Project-linked subsidies give individuals the opportunity to own houses in approved projects. From the introduction of project-linked subsidies up to March 2002, 2 510 housing projects, representing 1 247 974 housing opportunities were approved.

Housing institutions

The National Home-builders Registration Council (NHBRC) has begun to administer the Housing Consumers Protection Measures Act, 1998. In April

2001, the Act was extended to all new government-subsidised housing schemes. According to this Act, anyone who is in the business of home-building must be evaluated by and registered with the NHBRC. Re-evaluations are then undertaken every year.

Every new home built by registered home-builders must be enrolled with the NHBRC. Previously, this applied to homes with a selling price below R250 000. However, the Act obliges all homes, irrespective of selling price, funding option or form of tenure, to be enrolled, even when an architect has been appointed.

Servcon Housing Solutions was established as a joint venture between the Department of Housing and the Council of South African Banks (COSAB) in 1994.

Servcon was mandated to provide exclusive management services with respect to the designated portfolio comprising 33 306 properties in possession (PIPs) and non-performing loans (NPLs) with a value of R1,277 billion, for a period of eight years from 1 April 1998 to 31 March 2006. The mission of Servcon is to normalise the lending process, by managing NPLs and PIPs in areas where the normal legal process has broken down in terms of the normalisation programme agreed to by the Department and COSAB.

Servcon has four programmes, namely:

- the rescheduling programme, which assists those who can afford an existing property by providing a mechanism to reassess the property to arrive at a reasonable buy-back or new-debt amount
- the subsidised rental programme that gives the occupant time to adjust to paying again after a period of non-payment
- rightsizing, which is designed for the owner/ex-owner who cannot afford a property or the rental option, by offering assistance to procure and finance in whole or part, an alternative affordable house
- special assistance, which is provided to the aged and disabled, such as providing relocation assistance in situ, i.e., without having to relocate.

The Social Housing Foundation was established in

November 1997 to seek international donor funding and technical expertise for social housing projects. Its mandate is to broadly develop and build capacity for housing institutions, to encourage networking both locally and internationally by bringing various players together in a range of different forums, to promote information and skills exchanges and co-operation, and to develop a policy framework for social housing.

It intends to achieve this by:

- promoting a sustainable social housing-provider network
- influencing national social housing policy
- mobilising resources for the sector
- empowering core clients towards long-term sustainability
- achieving business service excellence.

The National Urban Reconstruction and Housing Agency (NURCHA) is a further intervention aimed at mobilising finance for low-income housing. Created by government in conjunction with the Open Society Institute of New York, it offers guarantees to banks otherwise unprepared to approve bridging finance loans to developers, thereby helping to expedite housing delivery. NURCHA also invests equity in large-scale housing developments and guarantees end-user finance. It also initiates savings programmes, which by February 2003 had recruited 27 000 members.

The Special Integrated Presidential Project for Urban Renewal was identified as one of the first Presidential Lead projects. The aim of the Project was to kick-start development in major urban areas, focusing on violence-torn communities and those in crisis. It was developed to ensure an integrated approach to the provision of infrastructure, housing, community and recreation facilities and job opportunities. The project aims to transform previously disadvantaged communities and create sustainable and habitable living environments.

Projects within 31 communities, in all nine provinces, have been identified.

Work includes the provision of housing, hostel and road upgrading, the provision of electricity and improvements to social services such as child-care facilities, schools, sports fields, libraries, police stations and centres for the aged.

Safety and Security

The battle against crime is steadily being won, with detailed research showing that most serious types of criminal activity have been reduced in recent years. This has been achieved by more scientific policing, the deployment of greater resources and better criminal intelligence gathering.

The key objectives of the South African Police Service (SAPS) are to prevent, combat and investigate crime, maintain public order, protect and secure the inhabitants of South Africa and their property and uphold and enforce the law.

The SAPS strives to be impartial, respectful, open and accountable to the community and to provide an effective, high-quality service with honesty and integrity.

At the end of May 2002, the SAPS had a staff complement of 121 613. This will be increased to 147 000 over the next three years.

In 2000 the Government's Justice, Crime Prevention and Security Cluster embarked on a 10-year programme to stabilise and reduce crime and build capacity in their departments.

The strategy is being implemented in two phases. Phase one is aimed at stabilising crime levels by 2003 while phase two is geared to bringing them to international levels by 2009. The second phase depends on mitigating the causes of crime, many of which fall outside the ambit of the Cluster's responsibilities. Yet, continuous multilateral and integrated cluster programmes are embarked upon to address these causes.

The 20 serious crime categories are in effect all stable or improving. Notably the incidence of murder has already decreased by almost 17% since 1999, primarily because of concentrated actions by the Cluster on specific crime tendencies such as gang violence, taxi violence and various manifestations of intergroup violence.

The policies governing policing are set out in numerous documents, including the National Crime Prevention Strategy (NCPS), the *White Paper on Safety and Security*, and the National Security Policy.

Concrete crime-fighting

Through a geographic approach, the National Crime Combating Statistics began to focus on 145 of the 1 130 police stations which generate more than 50% of nationwide incidents of crime.

During 2000/01, all these stations were empowered by implementing the Geographic Information System and appointing analysts to analyse the crime in these precincts on a daily basis to focus all policing activities and scarce resources (special operations, patrols, roadblocks, surveillance actions, etc).

Where possible, organised crime at station level is identified through matrix analysis. The information is then chanelled to higher levels of policing to establish whether it links with other information at area, provincial and national level.

Stabilisation initiatives are under way in 45 priority areas with high levels of especially violent crime while special projects have been implemented to address murder and rape in a further 94 areas. As a result of cell phone robbery and theft, which comprises as much as 50% of crimes such as other robbery, other theft, theft out of motor vehicles, etc, in certain areas of Gauteng, a special project has been launched.

As from 2002, crime-combating mechanisms were established to include Crime Combating and Response units (increasing road-blocks and searches and measures to reduce gang violence, taxi violence, faction-fighting and bank and cash-in-transit robberies), as well as 50 Sector Policing units (assisted by Metropolitan Police) in remaining areas with the highest crime weights.

So-called crime generators and specific crimes such as rape, murder and the availability of illegal firearms continue to receive dedicated attention.

Special projects will include addressing cellphone theft, addressing the influence of illicit drugs, improving border control, and reducing case backlogs and over-crowding in prisons.

Detective Service

By June 2002, the Detective Service was in the final stages of reorganisation. During the two phases of this process, 278 specialised units were closed. Twenty-four organised crime units with 723 members and 17 commercial branches and one Serious Economic Offences unit with 612 members were established.

These newly established units will ensure that the operational police priorities such as organised crime, serious and violent crime and commerce-related crime receive due attention.

While the specialised units were being closed, more than 1 100 investigators were reassigned to the Detective Service at police station level to strengthen policing at the local level. Some 1 360 constables were to be enlisted for the Detective Service in 2002/03 and 370 constables for the Family Violence, Child Protection and Sexual Offences units. These enlistments will continue for the 2002–04 financial years and it is expected that the shortages in personnel resources experienced by the Detective Service will decrease extensively.

Crime Intelligence

The SAPS has succeeded in destroying large amounts of arms caches in Mozambique, through the efforts of dedicated covert intelligence operations.

The greatest challenge that the Crime Intelligence Division faces is narcotics trafficking. The sophisticated nature and relative wealth of drug syndicates demand the adoption of an even more sophisticated approach. Through the SAPS' organised crime-threat analysis, the Crime Intelligence Division has accurately identified those counter-measures necessary to root out this problem.

Corruption and organised crime are intertwined. While it remains the primary responsibility of every department to flush out corruption and corrupt elements, Crime Intelligence continues to play an active role.

Crime Prevention

The Crime Prevention Division aims to reduce opportunities to commit crime by optimising visible policing.

Community policing has been adopted as the official policing style in South Africa. Various endeavours have been embarked upon to institutionalise community policing, and significant progress has been made. This policing style is based on the premise that a community and its police service are equal partners with shared responsibilities in ensuring safety and security.

Sector policing has also been identified as one of the prioritised focus areas, with a pilot project launched in the Johannesburg area to develop sector policing. At least one sector has been established within each of the wards at Johannesburg's police stations. The basic concept consists of at least one police official being allocated on a full-time basis to a sector in which he or she is responsible for enhancing safety and security.

DiD YOU KNOW?

In June 2001, the South African Police Service became the first Police Service in Africa to launch a missing children website (*http://za.missingkids.com*), making it the 11th country in the world to harness computer technology in the search for missing children.

A Rural Safety Programme that is informed by the specific dynamics of rural areas has also been developed. The crime prevention strategy here involves a number of rural stakeholders such as women's groups, traditional leaders, agricultural unions and farm labourers.

In 2002, a new policy on the South African Reserve Police Service was implemented to facilitate and improve community involvement and co-operation in policing. The SAPS also established Crime Combating Units for deployment in support of local police in flashpoint areas when normal policing is inadequate for major incidents and disasters.

Backing the efforts of these police divisions are a number of highly trained specialised resources, including the Criminal Record Centre which identifies and verifies offenders' previous convictions. Others are the Forensic Science Laboratory, the National Bureau for Missing Persons, the Integrated Ballistics Identification System, the DNA Criminal Database, the Criminal Intelligence Database and the National Drug Intelligence Database.

The recovery of firearms is linked to the new Firearm Control System, which focuses on tracing their origin by correlating firearms with their use in criminal activities. This resulted in the seizure of 13 155 illegal firearms in 2002.

Air-supported Reaction Forces, hostage negotiators, police divers and the water wing also play a crucial part.

Defence

The primary objective of the South African National Defence Force (SANDF) is to defend and protect South Africa, its territorial integrity and its people in accordance with the Constitution and the principles of international law regulating the use of force.

The Constitution provides that the SANDF may be deployed for service in:

- the defence of the country, for the protection of its sovereignty and territorial integrity
- compliance with the obligations of the country to international bodies and other states
- the preservation of life, health or property
- the provision or maintenance of essential services
- the upholding of law and order under circumstances set out in legislation, where the SAPS is unable to maintain law and order on its own
- support of any department of State for the purpose of socio-economic upliftment.

The Department of Defence is likely to play an increasingly important role in regional security management in future. Its participation will impact favourably and substantially on the state of military security, especially within South Africa.

Strategy

The reintegration of South Africa into the world and in particular African society since 1994, has resulted in far-reaching changes to national security and defence.

Using a mission-based approach to achieving strategic objectives, the SANDF envisages that in the next decade key tasks will include border control, defence against biological and/or chemical as well as information attacks, disaster relief and international co-operation in areas such as observer missions, peace-building and search and rescue.

The SANDF has supported United Nations and African Union peace-keeping missions in among others, the Democratic Republic of Congo.

Transformation

A transformation project of the Department of Defence aims to minimise defence costs while maximising defence capability.

The Department of Defence's full-time component has been reduced from a peak strength of 102 600 members in 1995/96 to 76 724 in May 2002, amounting to a reduction of 25,22% over six years. By the end of 2003 it is envisaged that personnel will number 70 000.

Armaments

The first of the South African Navy's Valour Class patrol corvettes (F145) was officially named and launched in Germany in June 2002 by Ms Zanele Mbeki, wife of President Thabo Mbeki. This corvette is the first new warship for South Africa in 16 years.

The Italian manufacturer, Augusta, will deliver 30 light utility helicopters, capable of carrying eight occupants, from 2004 onwards. A total of 24 British Aerospace dual-seat Hawk lead-in fighter trainers, customised for South African requirements, are due to be delivered in 2005. British Aerospace/SAAB will supply nine dual-seater Gripen JAS 39 advanced light fighter aircraft, also customised for South African needs, between 2007 and 2008.

If the third and final option on the aircraft purchases is exercised in 2004, a further 19 single-seater Gripens will be acquired.

The Armaments Corporation of South Africa (Armscor) exists primarily to acquire defence products, mainly for the SANDF, and to co-manage, with the SANDF, the development of technologies for future weapon systems and products.

The Denel Group of South Africa was established in 1992 and operated as a profit-driven company with the State as the sole shareholder.

In terms of government's restructuring plan, French company Turbomeca, part of the SNECMA group, earlier in 2002 acquired a majority equity in Denel Airmotive, thus forming a new company called Turbomeca Africa.

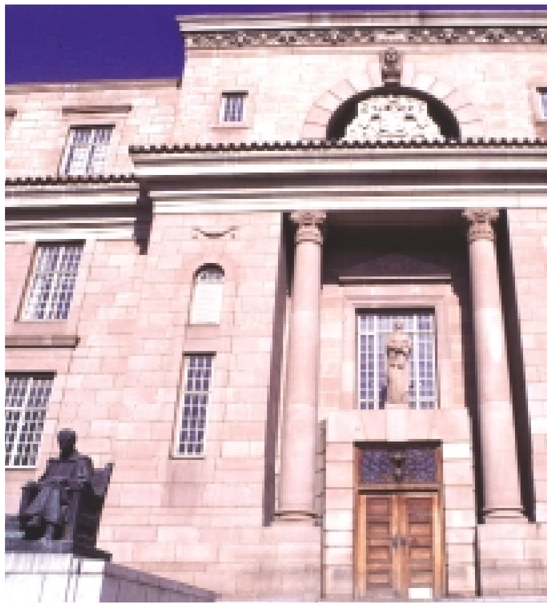
Over the years, Denel, which employs some 10 500 people and has a turnover of around R3,75 billion, has substantially increased its export sales, which now account for more than 50% of its turnover.

Intelligence services

There are two civilian intelligence structures, namely the National Intelligence Agency (NIA) and the South African Secret Service (SASS).

The NIA's mission is to proactively, professionally and impartially manage and provide the Government with domestic intelligence and counter-intelligence to enhance national security and defend the Constitution, the interests of the State and the well-being of the people of South Africa.

The SASS is South Africa's foreign intelligence capacity. It is concerned with providing clients with accurate, policy-relevant and timeous foreign intelligence collected abroad with the intention to inform, forecast and advise on real and potential threats to and opportunities for the country.



Justice and Correctional Services

The independent judiciary of the post-apartheid period and the organs of justice are institutions cherished by the vast majority of South Africans. The courts are subject only to the Constitution and the law, and no person or organ of state may interfere with their functioning.

The judicial system, however, has undergone a restructuring process to make it more efficient and cost-effective.

In 1997, the Integrated Justice System (IJS) Board was established to integrate the activities of those government departments, the so-called Justice Cluster, whose work impacts on the justice system.

Six major developments are being undertaken. These include:

- establishment of a communications Virtual Private Network linking the various players in the justice system.
- an Identification System. The project consists of an Automated Fingerprint Information System, the National Photo Images System and a database of all DNA samples.

- development of the necessary business intelligence capacity within the Justice Cluster, which is in the second phase of its development.
- an Integrated Case Flow Management System. The required functionalities for this System are work-flow, document management, event notification, scheduling of resources and the management of information.

The IJS will have a wide-ranging impact on court processes, case administration, detention control, inmate and docket tracking.

Various initiatives have been launched in recent years to make justice both more effective and to bring it closer to ordinary people.

These developments include Citizens Advice Desks established in the Durban, Pretoria and Johannesburg Magistrate's courts, an effective witness protection programme, and the creation of Sexual Offences Courts in which victims receive sympathetic handling.

Courtrooms at 179 centres have been augmented with specialised audio and visual equipment for the adjudication of sexual crimes.

Several units have been created to beef up the justice system. The Asset Forfeiture Unit is a specialised unit focusing on the seizure of assets from criminals. By August 2002, it had taken nearly 200 cases to court, and restrained nearly R400 million worth of property.

Units dedicated to rooting out corruption (the Special Investigating Unit) and violent and indecent offences (the Sexual Offences and Community Affairs Unit) have also been created. Legal aid is another area which the authorities are strengthening. By 2004, the Legal Aid Board plans to have a national network of 60 offices across the country.

The courts

Constitutional Court

Situated in Johannesburg, this is the highest court in all constitutional matters. It deals only with constitutional matters and issues connected with decisions on constitutional matters including whether Acts of Parliament and the conduct of the President and Executive are consistent with the Constitution, including the Bill of Rights.

Its decisions are binding on all persons including organs of State, and on all other courts. The Court consists of the Chief Justice of South Africa, the Deputy Chief Justice and nine other judges. Justice Arthur Chaskalson is the Chief Justice and Justice Pius Langa the Deputy Chief Justice.

Supreme Court of Appeal

The Supreme Court of Appeal, situated in Bloemfontein, is the highest court in respect of all other matters. It is composed of the Judge President, Deputy President and a number of judges of appeal determined by an Act of Parliament. The Supreme Court of Appeal has jurisdiction to hear and determine an appeal against any decision of a High Court. Decisions of the Supreme Court of Appeal are binding on all courts of a lower order, and the decisions of the High Courts are binding on Magistrate's courts within the respective areas of jurisdiction of the divisions.

High courts

At present there are 10 court divisions: Cape of Good Hope with its seat in Cape Town; Eastern Cape (Grahamstown); Northern Cape (Kimberley); Orange Free State (Bloemfontein); Natal (Pietermaritzburg); Transvaal (Pretoria); Transkei (Umtata); Ciskei (Bisho); Venda (Sibasa); and Bophuthatswana (Mmabatho). Each of these divisions, with the exception of Venda, is composed of a Judge President and, if the President so determines, one or more Deputy Judges President, and as many judges as the President may determine from time to time.

There are also three local divisions: the Witwatersrand Local Division (Johannesburg), Durban and Coast Local Division (Durban) and South-eastern Cape Division (Port

Elizabeth). These courts are presided over by judges in the provincial courts concerned.

A provincial or local division has jurisdiction in its own area over all persons in that area. These divisions hear matters that are of such a serious nature that the lower courts would not be competent to make an appropriate judgment or impose a penalty. Except where minimum or maximum sentences are prescribed by law, their penal jurisdiction is unlimited and includes life imprisonment in certain specified cases.

The Land Claims Court and the Labour Court have the same status as the High Court. The Land Claims Court hears matters on the restitution of land rights that people lost after 1913 as a result of racially discriminatory land laws. The Labour Court adjudicates matters relating to labour disputes, and appeals are made to the Labour Appeal Court.

Circuit local divisions

These are itinerant courts, each presided over by a judge of the provincial division. These courts periodically visit areas designated by the Judge President of the provincial division concerned.

Regional courts

The Minister of Justice and Constitutional Development may divide the country into magisterial districts and create regional divisions consisting of districts. Regional courts are then established at one or more places in each regional division to hear matters within their jurisdiction. Unlike the High Court, the penal jurisdiction of the regional courts is limited by legislation.

Magistrate's courts

Magisterial districts have been grouped into 13 clusters headed by chief magistrates and in a few cases by senior magistrates. This system has been streamlined and simplified and provides uniform court management systems applicable throughout South Africa, in terms of judicial provincial boundaries. It facilitated the separation of functions pertaining to the judiciary, prosecution and administration; it enhanced and developed the skills and training of judicial officers; it optimised the use of the limited available resources in an equitable manner; and it addressed the imbalances in the former homeland regions.

By August 2002, there were 370 magistrate's offices, 50 detached offices, 98 branch courts and 228 periodical courts in South Africa, with 1 662 magistrates.

On 1 May 1995, the civil jurisdictional limits of magistrate's courts were increased for both liquid and illiquid claims from R50 000 and R20 000 respectively to R100 000. In addition to this considerable increase, the previous distinction between jurisdictional limits with regard to the different causes of action was abolished.

Unless all the parties in a case consent to higher jurisdiction, the jurisdiction of a magistrate's Court is limited to cases in which the claim value does not exceed R100 000 where the action arises out of a liquid document or credit agreement, or R50 000 in all other cases.

Small Claims Court

Cases involving civil claims not exceeding R7 000 are heard by a commissioner in the Small Claims Court. Seventeen such courts were created in 2000 with a focus on rural and previously disadvantaged areas. By June 2002, there were 139 courts countrywide. The commissioner is usually a practising advocate or attorney, a legal academic or other competent person who offers his or her services free of charge.

Neither the plaintiff nor the defendant may be represented or assisted by counsel at the hearing. The commissioner's decision is final and there is no appeal to a higher court.

Correctional Services

The primary function of the Department of Correctional Services is to keep those detained in prison in safe custody until they are legally released. Prisoners are housed in 241 prisons countrywide:

- eight prisons for female prisoners only
- 13 youth correctional facilities
- 134 prisons for male prisoners only
- 72 prisons for both male and female prisoners
- 14 prisons temporarily closed down for renovations.

Overcrowding in South Africa's active prisons is problematic. The prisons can accommodate 109 106 prisoners, but by March 2002 the prisoner population was at an all-time high at 178 998 of which 55 500 were unsentenced and 123 498 sentenced prisoners.

To address this problem, various strategies have been developed. These include converting certain sentences to correctional supervision, renovating and upgrading facilities and placing awaiting-trial prisoners under community correction.

Rehabilitation has been placed at the centre of all prison activities while striking a balance between rehabilitation and safe custody. Rehabilitation aims to provide education, skills development, personal development and spiritual enlightenment to address the offending behaviour and to release prisoners as productive and law-abiding citizens.

Thirty-three prisons have been identified for urgent upgrading. In 2002/03, R1,3 billion was spent on facility management and capital works.

Some R3 206 million was allocated to 'incarceration', R2 232 million to administration and R352 million to the rehabilitation of offenders.

The first privately operated prison to open its doors was the Mangaung Maximum Security Prison near Bloemfontein which became operational in July 2001.

Social Development

A better life for all. That is the promise the South African Government has made to the people of the country. On many fronts, in all provinces, in hundreds of cities, towns and communities, that promise is being delivered with varying degrees of success but with a determination to make a difference.

The Department of Social Development is responsible for the development of national policies and legislation, providing implementation support to the provincial departments of social development and monitoring and evaluating the range of social development programmes. Most of the responsibility for delivering social services rests with provincial departments.

In January 2000, the Minister of Social Development identified 10 priorities to be addressed over a five-year period:

- restoring the ethics of care and human development in all welfare programmes. This includes the rebuilding of family, community and social relations to promote social integration.

- developing and implementing an integrated poverty-eradication strategy that provides direct benefits for those who are in need, within a sustainable development approach.
- developing a comprehensive social security system that links contributory and non-contributory schemes, prioritising the most vulnerable households.
- responding to the brutal effects of all forms of violence against women and children, including strategies to deal with perpetrators.
- providing a range of services to support community-based care and support for people living with HIV/AIDS as well as those affected, such as AIDS orphans.
- developing a national strategy to reduce youth criminality and unemployment within the framework of the National Crime Prevention Strategy.
- making social welfare services accessible and available to people in rural, peri-urban and informal settlements, as well as ensuring equity in service provision.
- redesigning services to people with disabilities to promote their human rights and economic development.
- basing welfare work on a commitment to co-operative governance that includes working with different spheres of government and civil society.
- training, educating, redeploying and employing a new category of workers relevant to addressing the development challenges of South Africa.

Recent years have seen significant progress in developing and strengthening the system of social grants (government's key instrument for direct poverty relief), expanding the social safety net, as well as improving administration:

- the administration of social security has been rationalised, with the introduction of assessment panels for disability grants, the simplification of the review of eligibility and the removal of the three-month limitation or arrear payments to beneficiaries
- norms and standards for social-grant delivery have been developed and planning is under way for its

phased implementation over a three-year period
- government has set aside R2 billion to pay grant beneficiaries who had been disadvantaged by the three-month limitation on the accrual of arrears after registration.

In 2002, two increases in social grants were announced, making a total of R1,5 billion available to the most vulnerable members of society.

From April 2003, pension and disability grants increased by R60 to R70 a month while the child support grant (CSG) rose 14% to R160. In both cases these were above-inflation increases. The 2003 Budget set aside a total of almost R12 billion to facilitate the extension of this grant to more beneficiaries.

Over the next three years, the Department of Social Development will also extend the means-tested CSG to children in need up to their 14th birthday, raising the total number of social assistance beneficiaries to more than eight million by 2005. The Government has set aside about R11 billion for the age extension, resulting in an additional 3,2 million children receiving the CSG, over the next three years.

By the end of March 2003, some 2,6 million children under seven years had been registered for the CSG. This is a significant increase over the mere 60 000 registered in 1999.

A new policy is being drafted on the status of the elderly, as is policy governing child support. Regulations which were found to impede access to social assistance grants are being amended.

When food prices soared in late 2002 and early 2003, government responded by making R400 million available for food parcels and agriculture starter packs.

In March 2003, the Government's Integrated Food Security and Nutrition Programme (IFSNP) was launched. The objectives of the IFSNP are as follows:
- provision of food parcels for three months to the poorest families who do not have any income or cannot afford R200 for food per month
- intensification of the registration for social grants

Trends in number of grant beneficiaries

Type of grant	April 2001	April 2002	April 2003
Old Age	1,882,188	1,903,085	2,002,320
Disability	631,758	707,920	895,937
Care Dependency	30,269	36,065	56,173
Foster Care	61,268	69,423	133,400
Child Support	1,078,884	1,810,977	2,517,021
Parent Allowance	296	115	–
Child Allowance	153,114	40,842	–
War Veterans	6,062	5,234	3,670
Grant in Aid	9,715	10,442	12,281
Total	3,232,547	3,853,103	5,620,802

Source: Department of Social Development

- acceleration of the school nutrition programme
- provision of agricultural starter packs so that households can provide food for themselves
- the development of sustainable household and community food security.

The Government has set aside R1,2 billion for the Programme over the next three years.

Meanwhile, plans are at an advanced stage to launch the Programme in all the nine provinces. The main beneficiaries of the Programme will be child, granny and woman-headed households and households with HIV/AIDS affected and infected persons.

By 2003, spending on health, education, welfare, housing and other social services accounted for 58,3% of the State's non-interest expenditure, up from 52,9% a decade previously.

Focusing on the delivery of services, the Department of Social Development undertook an audit of the more than 7 000 pension pay-points in the country. Specifications for the new grant payment system have been developed and the design of the system is about to start.

Poverty relief

In addition to the provision of social assistance, the

Department also manages the Poverty-relief Programme for the provincial social development departments. The aim is to assist communities in a range of developmental projects.

Steady progress is being made with the Programme. In 2001/02, some 365 new poverty-relief projects were established countrywide through a budget of R50 million. These were in addition to projects continuing to receive support from previous years. In the 2002/03 financial year, the poverty-relief allocation increased to R100 million. Most of the projects are located in the three provinces with the highest poverty rates; the Eastern Cape, KwaZulu-Natal and Limpopo.

The Poverty-relief Programme targets vulnerable groups, namely women, children, youth, the elderly and people with disabilities. Over a three-year period, it is estimated that 60 000 people will have earned wages generated through poverty-relief projects.

For coming years, the Department has prioritised the areas of food security, centres for engaging older persons in economic activities, support for community-based initiatives in the area of HIV/AIDS, youth skills development in the context of urban renewal, economic empowerment of women, support for initiatives that integrate the capacities of persons with disabilities into the Poverty-relief Programme, and income-generating projects.

HIV/AIDS

The national Department of Social Development has developed a social development framework for an integrated and co-ordinated response to HIV/AIDS. The framework includes sourcing reliable research and information; the provision of social protection to those infected and affected, especially children; protection of children's rights; provision of services; special programmes such as Home-based/Community-based Care; empowerment of women; and empowering officials to deal with HIV/AIDS.

The Department's response to HIV/AIDS is underpinned by working in partnership with other government departments, non-governmental organisations, community-based organisations, faith-based organisations, the business sector, volunteers and international agencies.

In 2002/03, the Department significantly expanded the Home-based/Community-based Programme for children and families affected by HIV/AIDS. The provincial departments were allocated a total of R46,5 million for the Programme while the national Department received R1,5 million. This is a significant increase over the R13,4 million allocated in 2001/02. In 2001, about 50 000 vulnerable children benefited from the Programme.

Protecting the rights of vulnerable groups

Child protection is the focus of advocacy activities, and progress is being made with legislation and strategies to protect children against abuse, neglect and exploitation. The Child Protection Register is implemented in all provinces. Public awareness campaigns such as the Child Protection Week, and 16 days of Activism Against Violence on Women and Children were undertaken in collaboration with the Justice Cluster.

Some 120 projects have been registered since the inception of the Victim Empowerment Programme in 1998. Social assistance in the form of Disability Grants was received by 895 937 beneficiaries by April 2003.

Environment

The greatest challenge for South Africa and the rest of the world is to improve the quality of human life for present and future generations, without depleting its natural resources.

This can only be achieved through a healthy natural environment which supplies raw materials, absorbs and treats waste products, and maintains water, soil and air quality. Food security, water provision and climatic stability depend on having properly functioning ecosystems, maintained levels of biodiversity, sustainable rates of resource extraction, and a minimal production of waste and pollution.

South Africa has taken several steps to implement the United Nations' Agenda 21 on sustainable development at national and local level, including reforming environmental policies, ratifying international agreements and participating in many global and regional sustainable development initiatives.

One sign of South Africa's commitment to sustainable resource management and development was Johannesburg's hosting of the World Summit on Sustainable

DiD YOU KNOW?

South Africa will be hosting the Fifth World Parks Congress in Durban, KwaZulu-Natal in September 2003. The Congress is the most important event of its kind dealing with conservation issues and environmental protection.

Development in 2002. Delegates from almost 200 countries witnessed first-hand the host country's multipronged drive to improve the lives of its people and the natural environment. Thousands of delegates were also able to experience for themselves this country's remarkable biodiversity.

South Africa enjoys the third highest level of biodiversity in the world. The country's rich natural heritage is vast and staggering in its proportions. For example, over 3 700 marine species occur in South African waters and nowhere else in the world.

Some 18 000 vascular plant species occur within South Africa's boundaries, of which 80% are endemic.

A wealth of animal life exists. The country hosts an estimated 5,8% of the world's total mammal species, including the so-called Big Five, 8% of bird species, 4,6% of the global diversity of reptile species, 16% of all marine fish species in the world, and 5,5% of the world's described insect species.

The remarkable diversity of South Africa's marine life is partly explained by the extreme contrast between the cold waters on its west coast and the relatively warm waters of the east coast.

The easiest way to describe the country's natural heritage is on the basis of a systematic classification of regions, or biomes. A biome is a broad ecological unit, representing a major life zone extending over a large area, which contains relatively uniform plant and animal life that is closely connected to environmental conditions, especially climate.

South Africa is one of six countries in the world with an entire plant kingdom within its national confines. The Cape Floral Kingdom has the highest recorded species diversity for any similar-sized temperate or tropical region in the world. There are seven major terrestrial biomes, or habitat types, in South Africa.

Consumption and investment

In South Africa, both consumptive and non-consumptive ways of utilising resources are applied and this contributes to the national fiscus and to the sustainable development of the country and the upliftment of the people. Consumptive use of wildlife resources plays an important role in the South African economy as is illustrated by the hunting statistics for 1997 when more than R176 million was generated.

Tourism is a vital industry. In 2002, South Africa was the world's fastest growing tourist destination. Foreign visitors are attracted by the country's natural beauty, so it is not surprising that protecting this vast and diverse resource has become a national priority.

There are some 9 000 privately owned game ranches in South Africa, expanding at a rate of 300 000 ha per annum. The contribution of these areas to maintaining South Africa's unique biodiversity is incalculable.

Environmental management in South Africa is the responsibility of various government institutions. At central government level, the Department of Environmental Affairs and Tourism is the central policy-formulating and co-ordinating body.

Other departments involved include Agriculture, Water Affairs and Forestry, Minerals and Energy, and Health. At regional level, the provincial conservation agencies are major role-players, and independent statutory organisations such as the South African National Parks (SanParks) and National Botanical Institute (NBI) are important partners in the country's total conservation effort.

Success stories

South Africa's success in environmental protection is illustrated by a few examples of the conservation of endangered species.

In 1910, there were less than 20 southern white rhino left. In 1997, they numbered almost 8 000 in about 60 populations across South Africa.

In 1910, the elephant population in South Africa was reduced to four remnant populations covering an area of less than 10 000 ha. In 1998, there were 11 300 in approximately 60 locations.

The popularity of cycads with collectors put the genus under severe threat. Through actions such as legislation and the refining of ex situ conservation efforts, artificial propagation has been achieved. By mid-2002, more than 200 000 seedlings of endangered species of the genus had been sold to the general public. The threat to the wild populations has largely been reduced.

Sizes (in hectares) of national parks

Park	Date proclaimed	Area in 1994	Area added since '94	Current size (ha)
Addo Elephant	1931	51 309	23 030	74 339
Agulhas	1999	0	5 690	5 690
Augrabies Falls	1966	11 743	29 933	41 676
Bontebok	1931	2 786	0	2 786
Cape Peninsula	1998	0	13 450	13 450
Golden Gate Highlands	1963	11 633	0	11 633
Kalahari Gemsbok (now Kgalagadi Transfrontier)	1931	959 103	0	959 103
Karoo	1979	41 047	36 047	77 094
Knysna National Lakes Area	1985	15 000	0	15 000
Kruger	1926	1 962 362	0	1 962 362
Marakele	1993	37 035	13 691	50 726
Mountain Zebra	1937	6 536	18 127	24 663
Richtersveld	1991	162 445	0	162 445
Tankwa Karoo	1986	27 064	16 835	43 899
Tsitsikamma	1964	63 942	0	63 942
Vaalbos	1986	22 697	0	22 697
Vhembe-Dongola	1998	0	5 356	5 356
West Coast	1985	32 361	3 912	36 273
Wilderness	1985	10 600	0	10 600
Total		3 417 663	166 071	3 583 734

Special places

There are a number of management categories of protected areas in South Africa.

Scientific reserves are sensitive and undisturbed areas managed for research, monitoring and maintenance of genetic sources. Access is limited to researchers and staff. Examples of such areas are Marion Island and the Prince Edward Islands near Antarctica.

Wilderness areas

These areas are extensive in size, uninhabited and underdeveloped, and access is strictly controlled since no vehicles are allowed. The highest management priority is the maintenance of the intrinsic wilderness character. Examples of wilderness areas are the Cedarberg Wilderness Area and Dassen Island in the Western Cape, and the Baviaanskloof Wilderness Area in the Eastern Cape.

National parks and equivalent reserves

SanParks manages a system of 20 national parks representative of the country's important ecosystems and unique natural features.

Commercial development and tourism (almost two million visitors per year), conservation development and the involvement of local communities are regarded as performance indicators.

These areas include national, provincial parks and nature reserves, and indigenous State forests. Some of these natural and scenic areas are extensive in size, and include large representative areas of at least one of the country's biomes. Since 1994, parks under SanParks have expanded by 166 071 ha. Celebrated national parks include Kruger, Addo Elephant, Tsitsikamma and the Richtersveld, all unique and all exceptionally beautiful.

DiD YOU KNOW?

South Africa enjoys the third-highest level of biodiversity in the world, with more than 3 700 marine species that can only be found in South African waters.

There are currently six Transfrontier Conservation Areas along borders with neighbouring countries, at various stages of development: Great Limpopo, Kgalagadi, Lubombo, Ais-Ais/Richtersveld, Maloti-Drakensberg and Limpopo-Shashe. These are conservation landmarks, significantly promoting regional integration, greater biodiversity, environmental tourism and economic growth.

Wetlands

These include a wide range of inland and coastal habitats – from mountain bogs and fens and midland marshes to swamp forests and estuaries, linked by green corridors of streambank wetlands. Wetlands were previously regarded as unproductive and even unhealthy wastelands. Today it is realised that, if well managed, they are essential in meeting the needs of a growing population. Stringent efforts are now being made to conserve South Africa's remaining wetlands. It is estimated that up to half have been lost in the last 40 years.

Botanical Gardens

A national treasure is Kirstenbosch, home to the NBI, on the eastern slopes of Table Mountain in Cape Town.

It houses 5 300 indigenous plant species, and was voted one of the top seven botanical gardens in the world at the International Botanical Gardens Congress in 1999.

The other gardens are the Desert Karoo in Worcester, Harold Porter in Betty's Bay, Free State in Bloemfontein, Natal in Pietermaritzburg, Lowveld in Nelspruit, Witwatersrand in Roodepoort and the Pretoria National Botanical Garden. The latter houses the National Herbarium of South Africa, the largest in the southern hemisphere.

Marine resources

The commercial fishery industry is valued at more than R2,5 billion annually and employs 27 000 people directly, while recreational fishing attracts some 750 000 enthusiasts, employs over 130 000 people and generates more than R1,7 billion in revenue to direct and indirect participants each year.

South Africa's most valuable commercial fishery is the demersal fishery, dominated by deep-sea trawling for Cape hake (hake contributes more than 65% of the deep-sea trawl catch).

Pelagic fishery is South Africa's largest in terms of volume landed. Pelagic catches fluctuate because anchovy dominated the catch from the sixties until 1996, when pilchard reassumed dominance. Used for the manufacture of fish-meal and oil, anchovy was the single most important species for 30 years, after the sixties, when overfishing caused the pilchard stock to collapse.

The primary objectives of the Government's fisheries policy are the upliftment of impoverished coastal communities through improved access to marine resources and the sustainable management of those resources. The Marine Living Resources Act of 1998 provides for the conservation of the marine ecosystem, the long-term sustainable utilisation of marine living resources, and the protection of and orderly access to exploitation of certain such resources. The Act states that no fishing whatsoever is allowed without a permit. Licences are required for commercial fishing by subsistence and recreational fisherfolk and mariculture entrepreneurs. Commercial fishing is subject to allowable catches or quotas.

South Africa has some of the best fish stocks in the world. For 2002, the Department recorded a total allowable catch (TAC) of 257 978 t, an increase of 75 978 t over 2001. The TAC for anchovies for 2002 was 259 726 t. This makes the pelagic catch 158% higher than the 1994 figures. This is due largely to sound fisheries management.

The final pelagic TAC for the 2002 pelagic season showed an overwhelming increase of over 80% from December 2001.

In a move to strengthen government's war on abalone poaching and efforts to ensure that all the country's marine resources are sustainably harvested, South Africa's first-ever environmental court was launched in March 2003 in Hermanus, Western Cape.

In addition to the establishment of the court, the Department of Environmental Affairs and Tourism, in partnership with the South African Police Service, is working on a marine training and procedure manual which will assist police officers and fishery control officers to ensure effective investigations leading to convictions and maximum sentences.

Arts and Culture

South Africa's arts and culture are as rich and varied as one might expect from such a diverse nation. Local music is characterised by its fusion of a broad spectrum of musical forms, with musicians tapping into the rich musical inheritance of South Africa, while remaining open to the influence of music from other countries.

South Africa is the 25th largest market for recorded music, with the industry employing more than 20 000 people. Local music accounts for a third of all the music bought by South Africans.

Township jazz and blues, especially the kwela music of the forties and fifties, are being redefined, while the country has a rich choral tradition and pop and rock musicians have made their mark internationally. Even techno-raves and house music have found their own variations in local culture. Today, musicians from all over Africa perform in nightclubs throughout South Africa.

South African dance is similarly unique in its vitality and energy. More and more South African dance

DiD YOU KNOW?

The number of film and photo shoots in January 2002 in Cape Town amounted to 950 shooting days, with most of the commercials shot in the city by crews from France, Germany and Britain.

companies and individual dancers and choreographers are invited to perform at festivals throughout Europe, Australia and the United States.

Contemporary work ranges from the unconventional to normal preconceptions of movement and performance art or performance theatre. Added to these is the African experience, which includes traditional dance, inspired by wedding ceremonies, battles, rituals and the trifles of everyday life.

Started in 1934 as the University of Cape Town Ballet Company, the Cape Town City Ballet is the oldest ballet company in the country. Ninety-nine percent of the artists employed by the company are local artists.

The performing arts marketed South Africa most effectively to overseas audiences during the eighties, specifically through theatre and musical productions. As a result, South African theatre is internationally acclaimed as unique and of top-class standard.

Performing Arts Companies, including the State Theatre in Pretoria, the Playhouse Company in Durban, ArtsCape in Cape Town, and the Market Theatre and Windybrow Theatre in Johannesburg, ensure a sustainable performing arts industry based on access, excellence, diversity and redress.

Extremely popular outlets for performing arts are the various arts festivals held both in the major metropolitan areas and smaller venues such as Grahamstown and Oudtshoorn.

Less high profile than music or performing arts, but of even greater economic significance is the crafts industry which employs about one million people, with South African crafts being exported all over the world.

The film and video sector is important for both job and income creation. A report suggested that the industry generated up to R4 billion in 2001 in Cape

Town alone. In partnership with the National Film and Video Foundation, the Department of Arts and Culture is proactively working with provincial governments in developing their film industries further.

South African film is at the cutting edge in terms of imagination, technology and product quality, with a wealth of experienced, talented and skilled people, both at management and operational level. Combined with the advanced technology employed across the industry, this talent provides foreign investors and producers with an excellent support infrastructure.

January 2002 was the best month ever for filming in just one location, Cape Town, with the city's Film Office issuing 600 permits, compared with 300 permits issued in December 2001. Most permits were for photo shoots but a third were for films. Film and photo shoots in the city in January amounted to 950 shooting days.

DiD YOU KNOW?

The local music industry employs more than 20 000 people, and more than one third of the music bought by South Africans is generated in the country.

South African broadcasters are now exploring opportunities to distribute local productions into the rest of Africa through direct sales and through a form of bartering, where content is exchanged for advertising airtime. This is expected to increase demand for locally produced television content.

On the literary front South Africa boxes above its weight. Its writers and poets have enriched the literature of English, winning several of the world's major awards. But this is only one of the languages into which the country's literary genius is channelled. Afrikaans, Xhosa, Zulu and other writers have enriched the world of literature

While arts and culture are flourishing across the country, the Department is supporting them by encouraging growth and investment. Over the next three years the Department will embark on a R180-million skills training for the creative industries including crafts, film, music and live events.

By February 2003, the Council for Scientific and Industrial Research's craft project in the Eastern Cape had created 275 jobs.

In 2003/04, the Department will work with the Department of Trade and Industry to ensure that the Craft Export Council is established.

Based on the success of crafts and cultural projects, the Department will spend R95 million of poverty-alleviation funding towards this end over the next few years.

One area in particular which has been identified for growth is cultural tourism. Professional and innovative museums (of which South Africa has more than 300), galleries and theatres are key attractions for cultural tourists.

Cultural festivals, African cuisine projects, cultural villages, heritage routes and storytelling are some of the activities which the Department is fostering.

Capital spending on the construction and maintenance of libraries, archival buildings, museums and theatres will grow 100% from 2002/03 to R189 million in 2003/04.

A new policy for funding orchestras stresses co-operation between national, provincial and local government. In 2002, an agreement in terms of this new policy resulted in KwaZulu-Natal receiving a grant from national government of R3 million. In 2003, this will be extended to the Western Cape and Gauteng, with agreements between local, provincial and national government to ensure a further R6 million is allocated.

The total budget for Performing Arts Institutions is approximately R80 million per annum.

National symbols

The national anthem of South Africa is a combined version of two evocative but quite different songs, *Nkosi Sikelel' iAfrika* (*God Bless Africa*) and *The Call of South Africa* (*Die Stem van Suid-Afrika*).

The Call of South Africa was written by CJ Langenhoven in May 1918. The music was composed by the Reverend ML de Villiers in 1921.

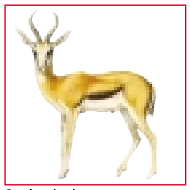
Nkosi Sikelel' iAfrika was composed in 1897 by Enoch Sontonga, a Methodist mission schoolteacher. The words of the first stanza were originally written in isiXhosa as a hymn. It became a popular church hymn that was later adopted as an anthem at political meetings

The national flag of the Republic of South Africa was taken into use on Freedom Day, 27 April 1994 and was immediately taken to heart by the people as the most visible symbol of the new South Africa. The design and colours are a synopsis of principal elements of the country's flag history. The central design of the flag, beginning at the flag-pole in a 'V' form and flowing into a single horizontal band to the outer edge of the fly, can be interpreted as the convergence of diverse elements within South African society, taking on the road ahead in unity.

National Coat of Arms

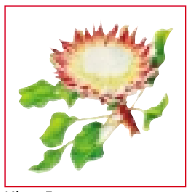
South Africa's Coat of Arms was launched on Freedom Day, 27 April 2000. A central image of the Coat of Arms is the secretary bird with its uplifted wings. Above the bird is the rising sun, a force that gives life while representing the flight of darkness and the triumph of discovery, knowledge, the understanding of things that have been hidden, illuminating also the new life that is coming into being. Below the bird is the protea, an indigenous flower of South Africa.

The ears of wheat are emblems of the fertility of the land while the tusks of the African elephant, reproduced in pairs to represent men and women, symbolise wisdom, steadfastness and strength. At the centre stands a shield. Above it repose a spear and a knobkierie. These symbolise the defence of peace



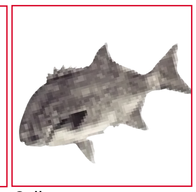
Springbok

Blue Crane



King Protea

Real Yellowwood



Galjoen

rather than a posture of war. Contained within the shield are some of the earliest representations of humanity in the world. Those depicted were the very first inhabitants of the land, namely the Khoisan people.

The motto of the Coat of Arms, !Ke e:/xarra//ke, written in the Khoisan language of the /Xam people, means diverse people unite or people who are different join together.

South Africa's other national symbols are:

- national animal: springbok
- national bird: blue crane
- national fish: galjoen
- national flower: king protea
- national tree: real yellowwood.

Tourism

South Africa, often described as 'a world in one country' is one of the world's great tourist destinations. An excellent climate, natural beauty, first-rate infrastructure and welcoming people made this country the world's fastest-growing tourism destination in 2002.

Added to these attractions are value for money and the fascinating story, accessible through ordinary people and historical monuments, of the transition from apartheid to democracy.

Tourism contributes about 4,9% of gross domestic product. Foreign tourist arrivals to South Africa increased by 10,1% for the first 10 months of 2002 – 478 580 tourists – compared to the same period the previous year. October 2002 recorded the highest monthly foreign tourist arrivals in 2002. A total of 579 355 foreign tourists visited the country in October last year, against 480 464 in October 2001, recording a 20,6% (98 891) growth – the highest since 1998.

It is projected that in 2010 the South African tourism economy will employ more than 1,2 million people directly and indirectly.

The fastest-growing segment of tourism in South Africa is ecological tourism (ecotourism), which includes nature photography, bird-watching, botanical studies, snorkelling, hiking and mountaineering.

National and provincial parks in South Africa, as well as private game reserves, involve local communities in the conservation and management of natural resources. These communities are not only benefiting financially from ecotourism, but are also becoming aware of their responsibility to the environment.

Community tourism is becoming increasingly popular, with tourists wanting to experience South Africa in the many rural villages and townships across the country.

Whether foreign tourists want endless beaches, birding, sports tours, the Big Five, historic battlefields, hunting, mountains, bush or forest, millions of people are discovering that South Africa is an exceptional holiday destination.

Tourism in the provinces

Western Cape

The Western Cape continues to be one of the most favoured destinations for foreigners. Everyone, it seems, is determined to visit Cape Town, and with good reason: it is indisputably one of the world's most beautiful cities.

Major attractions in Cape Town include the Dutch-built Castle of Good Hope, the Company's Garden, the District Six Museum, flea markets, the Grand Parade, the Houses of Parliament and the South African National Gallery. Also worth a visit are historical buildings in the Bo-Kaap and District Six.

Air flips and trips are available, as well as many boat and yacht trips from Table Bay Harbour, including trips to Robben Island (proclaimed a World Heritage Site and the place where former President Nelson Mandela spent most of his 27 years in jail).

Table Mountain is a popular site for visitors and provides the majestic backdrop to the vibrant and friendly Mother City. It can be reached by an ultra-modern cableway. Newlands is home to the world renowned Kirstenbosch National Botanical Garden.

At Cape Point, part of the Cape Peninsula National Park, there are many drives, walks, picnic spots and a licensed restaurant. This is the point where the Atlantic and Indian oceans meet.

Hout Bay is well-known for its colourful working harbour. Seafood outlets, round-the-bay trips to the nearby seal island and a famous harbour-front emporium attract many visitors.

Against the backdrop of the magnificent Hottentots Holland and Helderberg mountains, the Helderberg region is a paradise for tourists, hikers, wine and nature lovers.

The Wine Route outside Cape Town offers the chance to taste first-class wines in arguably the most beautiful winelands in the world. Superb accommodation is available in historic towns such as Paarl, Stellenbosch and Franschhoek, as well as on many estates and farms.

The Garden Route

The Garden Route has a well-developed tourist infrastructure, making the region popular all year round. The city of George is at the heart of the Garden Route and the mecca of golf in the southern Cape, being the home to the renowned Fancourt Country Club and Golf Estate.

Knysna has become South Africa's favourite official destination. What makes it unique is the fact that the town nestles on the banks of an estuary, guarded by The Heads (two huge sand-stone cliffs) surrounded by indigenous forests, tranquil lakes and golden beaches. This natural wonderland is home to the largest and smallest of creatures, from the Knysna seahorse to the Knysna elephants, rare delicate butterflies, and the endemic Knysna *loerie*, a colourful forest bird. It is also an oyster-lover's delight.

Just 26 km from Oudtshoorn, the ostrich feather capital of the world, are the remarkable Cango Caves, a series of spectacular subterranean limestone caverns. Bearing evidence of early San habitation, the 30-cave wonderland boasts magnificent dripstone formations.

Central Karoo

The Central Karoo forms part of one of the world's most interesting and unique arid zones. This ancient, fossil-rich land with the richest desert flora in the world, also has the largest variety of succulents found anywhere on earth. There are over 9 000 plant species in the Karoo and the Beaufort West area alone is home to more species than the whole of Great Britain.

Beaufort West, the oldest town in the Central Karoo, is often referred to as the 'Oasis of the Karoo'. The local museum features a display of awards presented to pioneer heart transplant surgeon, the late Prof Chris Barnard, a son of this town.

Matjiesfontein, the whole railway village being a national monument, offers tourists a peek into the splendour of colonial Victorian England, in the middle of nowhere.

Prince Albert is a well-preserved town which nestles at the foot of the Swartberg Mountains. The Fransie Pienaar Museum offers interesting cultural history displays, a fossil room and an exhibit of the old gold-mining activities of the 19th century. The Museum has a license to distil and sell *Witblits* (white lightning), South Africa's own potent version of moonshine.

Northern Cape

The Augrabies Falls National Park, with its centrepiece the magnificent falls pressing through a narrow rock ravine, remains the main attraction of the Northern Cape. Game-viewing drives reveal a

DID YOU KNOW?

The 2002 tourist arrival statistics confirm that South Africa is the fastest growing tourist destination in the world, having attracted over 6,4 million tourists last year.

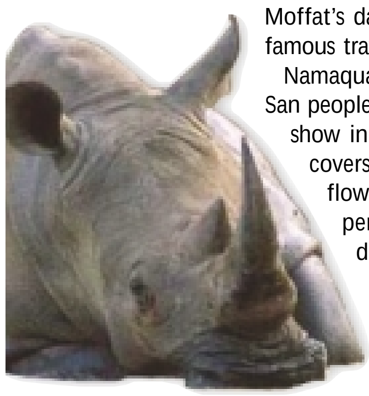
variety of bird life, and animals such as klipspringer, steenbok, various wildcats and otters.

Kimberley, though, is not to be missed. The city's Big Hole is the largest hand-dug excavation in the world. The Kimberley Tram Service dates from the beginning of the century and still transports passengers from the City Hall to the Mine Museum. Underground mine tours are a big attraction, as well as the famous ghost tours, during which many historical buildings are seen from a different perspective.

A township tour to Galeshewe provides a fresh perspective on South Africa's socio-historical realities. Pan-Africanist Congress founder Robert Sobukwe's house in Galeshewe is also worth a visit.

The Orange River Wine Cellars Co-op in Upington offers wine-tasting and cellar tours. The South African Dried Fruit Co-operative is the second largest and one of the most modern of its kind in the world.

Moffat's Mission in Kuruman is a tranquil place, featuring the house of missionary Robert Moffat, the church he built and several other buildings. Moffat translated the Bible into Setswana – the first African language in which the Bible was made accessible. The printing press on which he printed the first 2 000 copies can still be viewed. David Livingstone married Moffat's daughter and embarked on many famous travels from this mission station.



Namaqualand, the land of the Nama and San people, annually puts on a spectacular show in spring when a floral splendour covers vast tracts of desert. The flowers sprout and survive for a brief period before they wilt and disappear just as suddenly in the face of blistering heat and dry conditions.

Free State

In the capital, Bloemfontein, the *Eerste Raadsaal* (First Parliament Building) was built in 1849 as a school and is the city's oldest surviving building still existing in its original condition. It is still in use as the seat of the Provincial Legislature.

The National Women's Memorial is a sandstone obelisk, 36,5 m high, which commemorates the women and children who died in concentration camps during the Anglo-Boer/South African War from 1899 to 1902. It is a haunting place. Gardeners love the King's Park Rose Garden which contains over 4 000 rose bushes.

Located in the Free State's Eastern Highlands, Clarens is often described as 'the jewel of the Free State', owing to the spectacular scenery. San paintings are found on farms in the area.

The Golden Gate Highlands National Park outside Clarens is known for its beautiful sandstone scenery and is a very popular holiday destination.

Eastern Cape

The Eastern Cape is the only province in South Africa, and one of the few places on earth, where all seven biomes (major vegetation types) converge. With approximately 820 km of unspoilt coastline, the beaches of the Eastern Cape are among the most impressive anywhere, stretching from the Tsitsikamma National Park along the south coast, through St Francis Bay, Jeffreys Bay and Algoa Bay, up to the pristine Wild Coast and south-eastern coast to Port Edward.

East London, South Africa's only river port, was originally established as a supply port to serve the military headquarters at King William's Town. The city's own waterfront development, Latimer's Landing, is situated on the banks of the Buffalo River.

Port Elizabeth is a superb holiday destination, offering a diverse mix of eco-attractions, while Grahamstown, often called the City of the Saints because of its more than 40 churches, is rich in 1820 Settlers history.

The spectacular Wild Coast (which more than lives up to its name) draws many anglers and those seeking a retreat from the madding crowd. Small hotels offer excellent accommodation and outstanding seafood. Visitors to the rural village of Qunu are shown the plot where former President Nelson Mandela's childhood home used to stand, as well as his parents' graves.

Popular conservation areas in the Eastern Cape include the Addo Elephant, Mountain Zebra and Mkambati parks.

Limpopo

Limpopo (formerly the Northern Province) is well endowed with cultural diversity, historic sites and tourist attractions.

The Nylsvley Nature Reserve in the Waterberg has one of the greatest concentrations of waterfowl and bushveld birds (more than 400 species) in South Africa.

The Mokopane (formerly Potgietersrus) vicinity has several nature reserves. The Arend Dieperink Museum has a fine cultural-historical collection, and the Makapan Caves are famous for their fossils. The caves are being developed into an archaeological site. The Thabazimbi district has a large concentration of private game reserves and is one of the fastest-growing ecotourism areas in the country.

Bela-Bela (formerly Warmbaths) is known for its hot springs, which attract more than a million visitors every year. There are a number of game reserves and leisure resorts in the area. The Waterberg Range is rich in indigenous trees, streams, springs, wetlands, bird life and dramatic scenery.

The Modjadji Nature Reserve, north of Tzaneen, is named after the legendary Rain Queen, Modjadji, who is believed to have settled in the area early in the 16th century. Her descendants still hold sway over the area.

North West

The Historic Route of Mafikeng includes an Anglo-Boer/South African War siege site. The Lichtenburg

Game Breeding Centre and the Botsalano Game Reserve are well worth a visit.

The Groot Marico region is known as *mampoer* (moonshine) country, and visitors can embark on a *mampoer* and tobacco route.

The Hartbeespoort Dam is a popular spot for weekend outings, breakfast runs and yachting. The Hartbeespoort Cableway offers a breathtaking view of the dam and surrounding areas.

The De Wildt Cheetah Breeding and Research Centre specialises in breeding cheetah and other endangered wildlife species.

The Pilanesberg National Park supports over 7 000 head of game, including the Big Five and 350 bird species. It is the fourth-biggest national park in South Africa, and covers 65 000 ha. Guided day and night game drives are available. The Madikwe Game Reserve is home to the biggest game-relocation programme ever. Over 10 000 animals of 27 major species have been reintroduced under Operation Phoenix.

World famous, Sun City and the Palace of the Lost City are hugely popular tourist attractions offering gambling, golf, extravaganza shows, water sport and an artificial sea.

Mpumalanga

Mpumalanga – 'the place where the sun rises' – is located in the north-eastern part of South Africa, bordered by Mozambique to the east and the Kingdom of Swaziland to the south and east.

Scenic beauty, climate and wildlife, voted the most attractive features of South Africa, are found in abundance in the province.

Historical sites and villages, old wagon routes and monuments mark events and characters who passed this way before in search of adventure and wealth. The Blue Train runs between Pretoria and Nelspruit from May to September on a trip called the Lowveld Experience.

Barberton features many reminders of the early gold-rush era, as does Pilgrim's Rest, a living museum and, like Barberton, a boom town which in its heyday attracted prospectors from across the world.

DID YOU KNOW?

The Kruger National Park is home to an impressive number of fauna and flora. The Park has some 336 tree, 49 fish, 34 amphibian, 114 reptile, 145 mammal and 300 bird species. History was made in March 2003 when visitor numbers to the Kruger National Park reached and exceeded one million for the year for the first time ever.

The Blyderivierspoort Nature Reserve near Graskop is characterised by striking rock formations and a rich diversity of plants. Within the Reserve, the Bourke's Luck Potholes were formed by river erosion and the action of flood water. The spectacular Blyde River Canyon is a 26-km long gorge carved out of the face of the Escarpment, and is one of the natural wonders of Africa.

The Canyon is the third-largest in the world, but the only green canyon, and hosts three rivers which feed the Blydepoort Dam at Swadini.

God's Window provides a magnificent view of kilometres of thickly forested mountains, the green lowveld and the canyon.

The southern section of the Kruger National Park falls in this region. The park is a major tourist attraction, locally and internationally, with the main camps offering excellent but affordable range of facilities.

Between April 2002 and 8 March 2003 over a million tourists visited the Park – setting a record.

Gauteng

Gauteng offers a vibrant business environment and many tourist attractions, including a rainbow of ecological and cultural diversity.

The Vaal Dam covers some 300 km^2 and is a popular venue for water sport. Numerous resorts line the shore. The dam also attracts a great diversity of birds.

The Sterkfontein Caves near Krugersdorp are the site of the discovery of the skull of the famous Mrs Ples (now believed to be Mr Ples), an estimated 2,5 million-year-old hominid fossil, and Little Foot, an almost complete hominid skeleton more than 3,3 million years old. The caves comprise a series of caverns with many stalactites and stalagmites and a huge underground lake. Guided tours are available. The Wonder Cave, about 2 billion years old, is one of South Africa's most impressive natural assets

The Witwatersrand National Botanical Garden boasts a 70-m high waterfall and stunning displays of indigenous plants. Forty kilometres north of Pretoria lies a ring of hills a kilometre in diameter and 100 m high. These hills are the walls of an impact crater left by an asteroid that hit there some 200 000 years ago. The Tswaing Meteorite Crater is similar in size to the well-known Barringer meteor crater in Arizona. The Crater walls at Tswaing were originally about twice as high as they are today.

The old mining town of Cullinan developed around the Premier Diamond Mine, and many of the turn-of-the-century houses still stand. The mine has produced some of the world's most famous diamonds, including the Cullinan, at 3 106 carats the world's largest.

Gold Reef City is a reconstruction of Johannesburg during the gold-rush era. Attractions include a Victorian fun fair, pubs, miners' houses, a brewery, restaurants, a hotel and a stock exchange. Visitors can take a trip down an old mine shaft and watch molten gold being poured.

Many tourists are attracted to Soweto, the sprawling township south of Johannesburg which is synonymous with the anti-apartheid struggle. Excellent tours give visitors a taste of life under apartheid, and the enervating environment that followed democracy in 1994. Not to be missed is the Hector Peterson Museum.

Johannesburg is replete with reminders of the greatest gold rush in history, including the mansions of the so-called landlords, mine dumps and the economy that sprung up suddenly less than 120 years ago to support the region's sudden boom.

KwaZulu-Natal

KwaZulu-Natal continues to attract the largest number of local tourists, catering for 44% of the domestic tourist market in 2000.

Durban's Golden Mile skirts the main beaches of the Indian Ocean. Attractions include an amusement centre, paddling pools, paved walkways and fountains.

The coastline between the Umdloti River and the Tugela is aptly called the Dolphin Coast, as Indian Ocean bottlenose dolphins can be seen here all year round. The larger humpback dolphins are also found here but rarely seen. Many of the first Indian immigrants settled here, and the markets, mosques and temples bring an authentic eastern flavour to the region.

The Hluhluwe-Umfolozi Park is one of the largest game parks in South Africa and hosts the Big Five, as well as the elusive cheetah and wild dogs.

The eMakhosini Valley, birthplace of King Shaka, is the venue for a new tourism and economic development project. Known as Makhosini, the Valley of Zulu Kings, the joint public-private sector project aims to preserve the culture and history of the Zulu people. Authentic Zulu villages such as Shakaland, Kwabhekithunga Kraal and Stewart's Farm offer accommodation and the opportunity to experience traditional Zulu culture.

In addition to 25 major tourist attractions, there are 11 game reserves and the World Heritage Site, the Greater St Lucia Wetland Park. The Greater St Lucia Wetlands have some of the highest forested dunes in the world. The St Lucia Lake and its surroundings comprise a wetland of global importance. It is a fishing and bird-watcher's paradise.

The Kosi Bay Nature Reserve is a remarkably unspoilt part of the Coastal Forest Reserve between Mozambique and Sodwana Bay. The adjacent Indian Ocean provides exciting snorkelling and fishing opportunities.

The coral reef in the Sodwana Bay National Park attracts hundreds of scuba divers throughout the year,

DID YOU KNOW?

Eight beaches along the South African coastline received the internationally renowned Blue Flag for excellence in beach management on National Marine Day in 2002. South Africa is the only country outside Europe to be granted the right to partake in the campaign.

and in summer powerboaters arrive for some of the best marlin fishing in the world.

On the South Coast, the narrow-gauge Banana Express runs between Port Shepstone and Paddock and back (39 km) twice a week.

This, the Hibiscus Coast, stretches between Umkomaas and the Wild Coast. Margate is the largest resort town along this coast, and is very popular during the holidays.

Inland, historic Pietermaritzburg boasts various museums, including the Voortrekker Museum, the Natal Museum and the Natal Steam Railway Museum, which offers steam train rides on the second Sunday of every month.

The Midlands Meander is a series of popular drives between Hilton and Mooi River with about 70 ports of call *en route*, ranging from art studios, potters and painters to herb gardens and cheese-makers.

Further inland are the Drakensberg (dragon) Mountains, an area of rare and dramatic beauty – and excellent trout fishing.

The Royal Natal National Park offers many scenic highlights, including the Amphitheatre, Mont-aux-Sources and the Tugela Falls.

In nothern KwaZulu-Natal, the Battlefields Route has the highest concentration of battlefields and related military sites in South Africa. Battlefields and fascinating tours take visitors back to the Anglo-Boer/South African War. Near Dundee, tourists can visit various battlefields,

including Blood River, Isandlwana, Rorke's Drift and Talana.

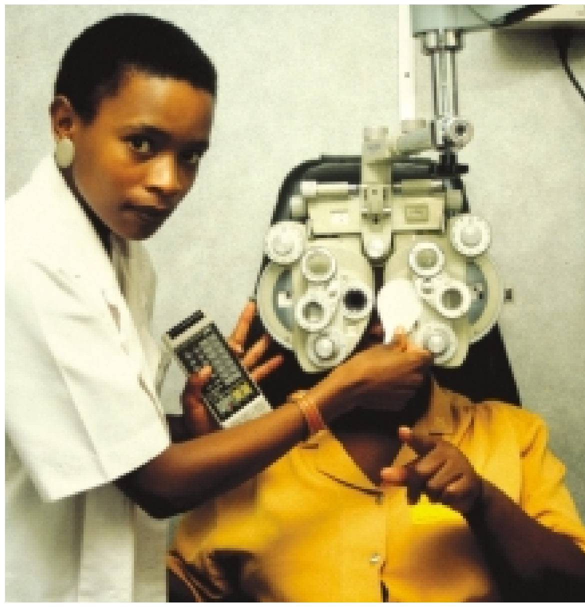
Things to do in South Africa

Perhaps the most difficult aspect of a holiday in South Africa is deciding what to do and where to go. Not surprisingly, repeat visitors make up an increasing proportion of South Africa's foreign tourists.

Just a few of the attractions that make South Africa such an exceptional destination:

- breathtaking Cape Town nestling at the foot of Table Mountain
- Cape Point, where two oceans meet
- Cape Town's laid-back, welcoming attitude and fabulous nightlife
- Robben Island, the prison in Cape Town's Table Bay where Nelson Mandela was incarcerated
- the delights of Sun City and many first-rate casino resorts
- walking in the spectacular Drakensberg mountains
- the chance to learn how to say 'hello' in 11 or more languages
- the lilac-breasted roller, the blue crane and the other 900 species of bird to be spotted in southern Africa
- the Big Five and other wild animals that abound in the many parks and game reserves
- the strange *halfmens* (half-human) and the exotic baobab, just some of South Africa's many amazing trees and plants
- evocative battlefields on which imperial Britain fought Zulus, Xhosas and Boers
- the dazzling floral displays which carpet Namaqualand once a year
- Johannesburg's moving, state-of-the-art new Apartheid Museum
- the mountains, forests and beaches of the Garden Route
- the silence and solitude of the Karoo's wide-open spaces

- country hospitality (and home cooking) in hundreds of picturesque towns and villages across South Africa
- the endless golden beaches of the Eastern Cape
- the Big Hole in Kimberley, the world's biggest man-made hole
- fly fishing in stunning scenery with first-class accommodation
- the fabulous golf courses that produced the likes of Gary Player and Ernie Els.



Health

While the national Department of Health is responsible for policy, legislation and standards, the nine provincial departments undertake actual health service delivery and regulation.

Government is committed to basic health care as a fundamental right. Primary health-care (PHC) workers provide immunisation; maternity care; screening of children for diseases; Integrated Management of Childhood Illnesses and child health-care; accident and emergency services; and oral health services. PHC workers also provide family planning, counselling and management of geriatric diseases.

PHC is now considerably more accessible than ever before. Recently, 495 new clinics have been built and 2 298 upgraded.

Policy

The core of government's health policy is to eventually provide health care that is affordable and accessible to all.

In 1999, the Minister of Health published a reviewed strategic framework to guide work over the next five years. Relevant aspects identified in this 10-point plan are:

- reorganisation of support services
- improvement in the quality of care
- revitalisation of public hospitals
- further implementation of the district health system and primary care
- a decrease in the incidence of HIV/AIDS, sexually-transmitted infections (STIs) and tuberculosis (TB)
- resource mobilisation and allocation
- human resource development.

To improve access to specialised treatment and diagnoses and to improve the abilities of community-service doctors, the use of telemedicine is being strongly encouraged and funded.

Telemedicine equipment has been deployed at some 30 sites although some are still not using the technology effectively. To improve this situation, a national training programme was implemented in 2001/02.

The National Drug Policy is to a large extent based on the essential drugs concept, and is aimed at ensuring the availability of essential drugs of good quality, safety and efficacy to all South Africans.

A National Health Laboratory Service providing laboratory services to the public sector came into being in mid-2001.

The nation’s health team

Some 29 927 doctors were registered at the end of 2001. These include doctors working for the State, in private practice (the majority) and specialists.

There are some 7 203 foreign-qualified doctors working in South Africa, making an important contribution to relieving the country’s shortage of skills.

Newly qualified interns are required to do paid compulsory community service at State hospitals for one year. In 2002, this programme of community service

DiD YOU KNOW?

At the end of 2002, female condoms were available, free of charge at 200 public-sector sites across the country. During 2002, government purchased and distributed free of charge 350 million male condoms and this will rise to 400 million in the 2003/04 financial year.

placed 1 742 young doctors, dentists and pharmacists in the field, providing significant relief in rural areas.

Some 29 927 doctors were registered at the end of 2001.

At the end of 2001, 4 503 dentists, 11 dental and oral specialists, 849 oral hygienists and 347 dental therapists were registered.

At the same time, there were 10 782 pharmacists registered, approximately 7% of whom were employed in provincial and State hospitals. There were 172 338 registered and enrolled nurses and nursing auxiliaries, the profession accounting for more than 50% of the total professional human resources of the national health effort.

Apart from the various universities, technikons, colleges and other training institutes involved in educating health professionals, the provincial hospitals play a vital role in training physicians, nurses and supplementary health personnel.

There were 357 provincial hospitals in 2002. Mobile clinics form the backbone of primary and preventive health care. The network of clinics has been steadily expanded since 1994 – putting them within much easier reach of six million people through the building of some 500 clinics.

The Hospital Revitalisation Programme (with a budget of some R528 million) and the Hospital Management Grant (amounting to R129 million) deal with some substantial elements of quality of care. This approach kicked off at one hospital in each province in 2002. In 2003, three hospitals in each province will be included.

In 2001, there were 200 private hospitals with 23 000 beds in use in South Africa.

Department of Health
Republic of South Africa

Malaria risk in South Africa – 2003

Malaria information card for travellers within South Africa

Malaria is one of the most serious tropical diseases in the world. The disease can be fatal if not diagnosed correctly and appropriate, prompt treatment administered. Malaria is mostly transmitted in the low altitude areas of the north-eastern parts of South Africa. Transmission is seasonal with the greatest number of malaria cases occurring between October and May. Travellers should be vigilant and remember the 'A, B, C, D, E' of malaria prevention.

A: Awareness of malaria risk

- Going somewhere? Find out whether there is a risk of getting malaria there. The risk is lower during the cold and dry seasons.

B: Avoidance of mosquito bites

- Take precautionary measures to prevent mosquito bites in all risk areas.
- If possible, remain indoors between dusk and dawn (mosquitoes carrying malaria bite at night).
- Wear long-sleeved clothing, long trousers and socks when going out at night.
- Apply an insect repellent containing DEET to exposed skin at night.
- Sleep under a mosquito-proof bed-net, preferably one that has been treated with an approved insecticide.
- Spray inside with an insecticide spray, after closing windows and doors.

C: Compliance – Take your medicines correctly

- There is no prophylaxis that is 100% effective, but the correct medicine will reduce your risk of severe illness.
- Take only the medicines recommended by a health professional.
- Start before entering the malaria risk area.

- Take the medicine at the same time every day (or week, for weekly medication) with plenty of water, after a meal.
- Continue while in the area and for four weeks after leaving the area.

One of the following three regimes is currently recommended for use in South Africa:

- Mefloquine. (weekly). Start at least one week before entering a malaria area
- Doxycycline. (daily). Start one day before entering a malaria area.
- Chloroquine (weekly) PLUS proguanil (daily). Start at least one day before entering a malaria area.

D: Early Detection of malaria

- The majority of deaths and cases of complicated malaria result from delayed diagnosis and/or inappropriate treatment.
- Seek immediate medical attention if you have any 'flu-like' symptoms for up to six months after leaving a malaria area e.g. fever, headache, chills, muscular pain.
- Confirmation of malaria as a cause of illness is made by the examination of blood for parasites, either by blood smear or a rapid malaria test.

E: Effective treatment

- Malaria must be treated as a medical emergency. The sooner effective treatment is started, the better the prognosis.

Useful Web sites

1. National Dept of Health
   www.doh.gov.za OR *www.health.gov.za*
2. World Health Organisation
   www.who.int/health-topics/malaria.html
3. Centers for Disease Control
   www.cdc.gov/travel/malinfo.html
4. Medical Research Council
   www.malaria.org.za
5. Malaria Foundation
   www.malaria.org
6. Travel clinics
   www.travelclinics.co.za

Source: Guidelines for the prevention of Malaria in South Africa compiled by National Department of Health, January 2003.

Apart from the vital provision of ambulances, emergency medical services also provide aeromedical and medical rescue services.

Various independent organisations, most of them voluntary, provide essential health services. These include the South African Red Cross, the St John's Ambulance Foundation, Medic Alert, Life Line and hospices.

Community health

The optimal utilisation of resources for primary, secondary and tertiary health care is the responsibility of the Department of Health.

A National Plan of Action for Children is being instituted by the Department of Health to achieve an Integrated Management of Childhood Illnesses.

The most common communicable diseases in South Africa are Tuberculosis (TB), malaria, measles and STIs.

A national plan to fight TB proposes that by 2005 a cure rate of 80–85% of smear-positive TB cases be achieved.

From 2000 to 2001, the number of malaria cases dropped from 61 934 to 26 505, with deaths falling from 423 to 119. This dramatic improvement was the result of various policy changes.

Immunisation against measles is another key priority. By February 2002, the percentage of children fully immunised was 73% after hovering for years around the 63% mark. The target for 2004 is 90%.

HIV/AIDS

The fight against HIV/AIDS enjoys the highest priority in South Africa, with the Government, civil society and ordinary people all working together to confront the pandemic.

The Government continues to commit itself to intensifying its comprehensive programme to fight HIV/AIDS in partnership with all sectors of society. The HIV/AIDS budget (excluding allocations from provincial

DiD YOU KNOW?

Dedicated funding for HIV/AIDS (that is, excluding allocations from the provincial equitable shares) is set to increase more than 10-fold from R342 million in 2001/02 to R3,6 billion in 2005/06.

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Since there is no known cure for AIDS, progress in prevention is critical. A new phase of the awareness campaign, with R98 million of government funding, was launched in September 2002, with partners such as the education campaign, loveLife. In 2002, 350 million condoms were supplied free including through such non-traditional outlets as clubs, shebeens and informal shops. This will increase to 400 million in 2003/04.

Voluntary HIV counselling and testing is now available in nearly 1 000 public health sites and more funds have been allocated.

The South African AIDS Vaccine Initiative is busy with laboratory testing of candidate vaccines and clinical trials could start in late 2003.

Government's programme to prevent mother-to-child transmission of HIV, already the largest on the African continent, is being expanded towards universal access to Nevirapine. By June 2002, over 101 000 women had visited facilities attached to the Prevention of Mother-to-Child Transmission programme's 18 research sites – 63 000 accepted voluntary counselling and testing. Nevirapine was dispensed to 10 043 women and 6 947 babies.

Government decided in April 2002 to provide a comprehensive package of support for survivors of sexual assault. Protocols were distributed to provinces by May and implementation has started. Health institutions, police, social workers and non-governmental organisations are working together. Provision of anti-retroviral drugs to survivors of sexual assault is now national policy and sites are being expanded.

School feeding: 2002/03 Financial year

Province	Number of targeted schools		Number of learners in targeted schools	
	Targeted	Reached	Targeted Dec 2002	Reached Dec 2002
Eastern Cape	4 984	4 992	900 000	893 355
Free State	1 252	1 245	158 446	145 939
Gauteng	1 014	1 043	290 872	260 872
KwaZulu-Natal	2 533	2 403	1 277 245	1 139 449
Limpopo	2 747	2 704	1 173 650	1 153 749
Mpumalanga	1 334	1 334	442 949	442 949
Northern Cape	317	317	116 605	116 605
North West	1 379	734	312 114	253 534
Western Cape	881	881	158 719	158 000
Total	16 438	15 650	4 861 004	4 548 385

Source: Provincial Departments of Health

Treatment for opportunistic infections is available at public health-care facilities irrespective of HIV status. As part of the Diflucan Partnership Programme, about one million tablets of Diflucan were processed by July 2002. Diflucan is provided free in over 300 public facilities. Some 7 800 health workers have been trained as part of the Programme.

The Government appreciates that anti-retroviral treatment can help improve the condition of people living with AIDS if administered at certain stages in the progression of the condition, and in accordance with international standards.

It is actively engaged, therefore in addressing the challenges that must be overcome to create the conditions that would make it feasible and effective to use anti-retrovirals in the public health sector. It is working to lower the cost of these drugs, which at present are too costly for universal access, and to strengthen the health system and intensify patient education to ensure that the drugs are not used incorrectly.

The departments of Health, Social Development and Education are working together to enhance support for families affected by the epidemic. From November 2002, for example, provincial co-ordinators in the programme received care kits to be used by nurses and lay counsellors.

Nutrition

The Government's Integrated Nutrition Programme (INP) aims to ensure optimum nutrition for all South Africans by preventing and managing malnutrition.

The INP targets at-risk or vulnerable communities, groups and individuals for intervention. These interventions include publishing and distributing educational literature, providing high-dose vitamin-A supplementation and the promulgation and enforcement of regulations on the fortification of maize meal and wheat flour.

Part of this Programme is the provision of school feeding to 4,7 million learners at 15 650 primary schools.

Sport and Recreation

In February and March 2003, South Africa hosted the ICC Cricket World Cup. President Thabo Mbeki opened the event on Saturday 8 February with a glittering ceremony that was beamed across the world. The competition, the eighth of its kind, was the largest ever. Fourteen national teams battled it out at venues across the country and in Kenya and Zimbabwe. Television audiences of up to one billion people tuned in.

After six weeks of intense competition, most visitors agreed that this was the best Cricket World Cup in the event's history; the stadiums were better appointed, and the ticketing, travel and logistical arrangements ran smoother than ever before. Tens of thousands of fans from the West Indies to India to New Zealand had the holiday of a lifetime.

Cricket World Cup 2003 (won by the nation's arch-rivals Australia) followed South Africa's similarly successful hosting of the 1995 Rugby World Cup (which South Africa won over rugby archrivals New Zealand).

Both 1995 and 2003 were triumphs for South Africa, and both proved that the country is more than equipped to stage even bigger events. South Africa was narrowly denied the right to host the 2006 Soccer World Cup. Similarly, Cape Town lost out to Athens for the 2004 Olympics.

But after the overwhelming success of two world cups, South African sports men and women, fans and administrators have reason to believe that one, if not both, of the world's premier sporting events will soon be held in this country.

In South Africa, sport, always a passion infecting all races, genders and classes, has become big business. Isolated for decades because of apartheid, South African sports men and women are revelling in the opportunity to take on the world without restrictions.

In 2000, sport and recreation contributed 2% to gross domestic product (GDP). Including capital expenditure, that contribution rose to R16,7 billion or 2,1% of GDP. According to a survey in 2000, sport and recreation provided employment for some 34 325 full-time, 6 140 part-time workers, as well as about 8 000 volunteers.

Government's interest in sport is not, however, concerned only with the superstars and the business end of sport.

During 2001/02, 55 sports facilities were delivered to disadvantaged, mainly rural communities. In total, 2 126 people were employed to construct these facilities. Some 47% were women, 39% youths and 70 of the employed were people with disabilities. A total of R8,75 million was paid in wages.

For 2002/03, Sport and Recreation SA (SRSA) planned to double its input through the construction of 85 sport and recreation sites throughout the country. Sixty-six percent of these sites were located within rural development nodes. The aim was to provide employment for 6 500 people. A further 105 projects are planned for 2003/04.

South African corporates have responded enthusiastically to the call for investment in sports development. In October 2002, for example, South Africa's United Cricket Board announced a R25-million, private sector-funded development of cricket facilities. Government contributed R12,5 million to the project.

Sports tourism

SRSA has launched a major sports tourism project. The project is based on the following pillars:

- promoting 'home-grown' events internationally with a view to attracting more foreign participants and spectators to South African events such as the Comrades Marathon, Midmar Mile, Dusi Canoe Marathon, Argus Cycle Tour, Two Oceans Marathons and other similar events
- assisting potential hosts in bidding for and hosting major international events in South Africa
- negotiating better tourist packages for spectators accompanying international sports teams visiting South Africa
- marketing South Africa as 'an out of season' training venue for northern hemisphere athletes
- marketing South Africa's sport and recreation facilities abroad such as golf courses and beaches.

International relations

SRSA is in the process of developing an international relations policy in accordance with national government policy. It is aimed, particularly, at developing South Africa's relations in sport with countries on the African continent in line with the New Partnership for Africa's Development and in support of the African Union.

Sports highlights

The South African team, comprising athletes from various sporting disciplines, beat 33 countries at the Commonwealth Games in Manchester during July and August 2002 to be ranked sixth overall with a total of 46 medals (nine gold, 20 silver and 17 bronze).

The athletics team was a source of many surprises, one of which was Mbulaeni Mulaudzi's gold in the men's 800 m. His medal was South Africa's first gold on the track in 44 years. Frantz Kruger won gold and broke two Commonwealth records when he threw 66,39 m in the men's discus. Gold also went to Shaun Bownes (hurdles), Okkert Brits (pole-vault), Hestrie Cloete (high jump) and Roland Schoeman (100 m freestyle).

Swimming sensation Natalie du Toit stole the show with her inspiring performance in the 50 m and 100 m elite athlete with a disability freestyle swimming events, for which she won two gold medals and broke two world records. The 18 year-old from Cape Town, who had her left leg amputated following an accident in 2001, also made it into the final of the 800 m open swimming event where she achieved a personal best of 13,57 seconds. Du Toit was awarded the inaugural David Dixon Award as the most outstanding Commonwealth Games athlete in Manchester.

At the Games, elite athletes with a disability participated for the first time as part of a fully inclusive Team South Africa.

In September 2002, Hestrie Cloete and Okkert Brits won gold in their respective events at the World Cup meeting in Madrid. Cloete is also the current Olympic champion.

From the track and field to the fairways, there was no holding back South Africans in 2002. Ernie Els won the British Open at Muirfield after five extra holes in August. Els continued his winning streak when he beat Spaniard Sergio Garcia to win the World Match Play Championship in Wentworth, England, in October.

More glory was garnered on the rugby field when South Africa beat Australia to snatch the under-21 rugby world cup. This achievement was repeated in April 2003.

On the world's biggest sporting stage, South Africans showed their mettle as well. Bafana Bafana, the national soccer team, did well in the 2002 FIFA/Korea Japan Soccer World Cup. The squad moved into the second round of the tournament with a narrow victory of 1 – 0 over Slovenia. They were heading for a last 16 matchup against Germany when a third and final goal by rivals Paraguay in another Group B game spelled disaster.

South Africa and Paraguay finished tied on points for the qualifying second place and were also level on goal difference. Paraguay went through by dint of scoring six goals to South Africa's five.

Even on water, South Africans excelled. South Africa claimed surfing's prestigious International Olympic Committee President's Trophy for the first time since re-admittance to the International Surfing Association (ISA) in 1992, at the 2002 Quicksilver ISA World Surfing Games at North Beach in Durban in June 2002.

In February 2003, heavyweight boxer Corrie Saunders knocked out Ukrainian-born German Vladimir Klitschko, the world number two.

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