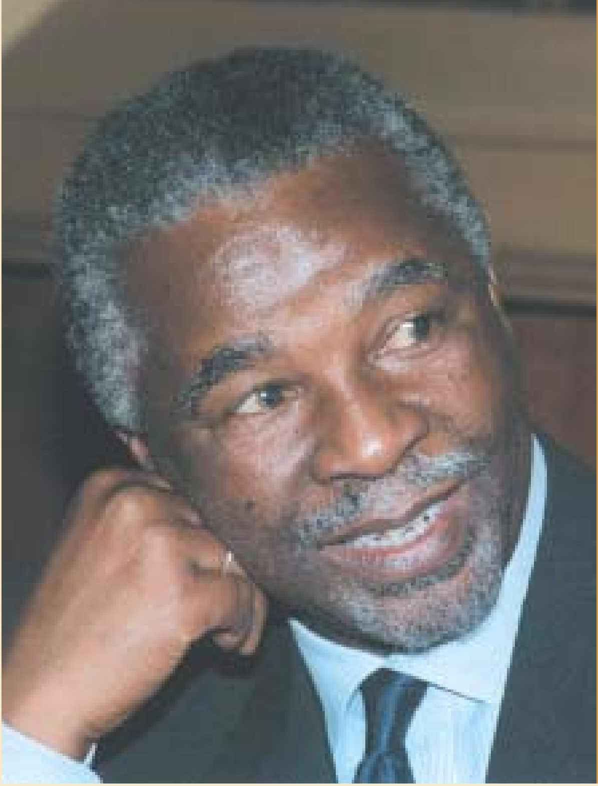


Foreword

Nearly three years into our Second Decade of Freedom, the prospects of halving unemployment and poverty by the end of the decade are brighter than ever.

The encouraging possibilities that were opening up before us a year ago have persisted. They have consolidated into what South Africans recognise as the beginning of their Age of Hope.

All sectors of our society are strengthening the partnerships that allowed us to overcome the obstacles to our freedom and opened the way to the most important advances since we achieved our freedom. We are determined to build and surpass our achievements.

Government is giving leadership to this national effort through a detailed Programme of Action. Working with the public, with communities and with our social partners, we are doing what needs to be done for us to achieve the goals we have set ourselves as a nation. We are strengthening partnerships to effect a step change in the reduction of crime; to reverse the tide of HIV and AIDS and other diseases; and to continue pushing back the frontiers of poverty.

As South Africa prepares to host the 2010 Fifa World Cup, the Government will leave no stone unturned to ensure that everything is done to host a tournament that meets the expectations of billions of football fans across the world. We feel privileged and honoured at the confidence of Fifa and the international community in our country and our continent. Together we will ensure the resounding success of the first Fifa African World Cup.

Hosting 2010 will also lend impetus to making this a century of African growth and development and to our own initiative for accelerated and shared growth.

The *Pocket Guide to South Africa 2006/07* details our programmes and policies.

They create a framework for the national effort of government and the people of South Africa to continue and speed up the advance to a better life for all.

Thabo Mbeki.

President Thabo Mbeki
November 2006

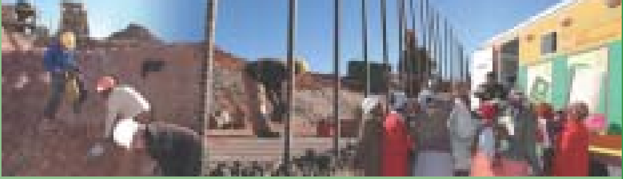
Pocket Guide to South Africa

2006/07

Size	1 219 090 km^2
Key economic sectors	Mining services and transport, energy, manufacturing, tourism, agriculture
Population	47,4 million (mid-2006)
Official languages	English, isiZulu, isiXhosa, isiNdebele, Afrikaans, siSwati, Sesotho sa Leboa, Sesotho, Setswana, Tshivenda and Xitsonga
Government	Constitutional multiparty, three-tier (local, provincial, national) democracy
Major cities	Johannesburg, Cape Town, Durban, Pretoria, Port Elizabeth, Bloemfontein, East London, Kimberley. There are nine provinces
Currency	100 cents equals one rand
Time	GMT +2 hours
Distances	Cape Town to Johannesburg 1 400 km (880 miles) Johannesburg to Durban 600 km (380 miles) Port Elizabeth to Bloemfontein 700 km (440 miles)
Transportation	Excellent roads, rail and air facilities (both domestic and international)
Telecommunications	World-class infrastructure. Internet access is widely available. There are three mobile (cellular) networks
Value-added tax	Levied at 14%. Tourists may apply for tax refunds on purchases over R250 on departure
Health	Top quality care is available throughout the country, although basic in rural areas. Inoculations are only required for those travelling from yellow-fever areas. Malaria precautions are necessary in some areas
Total GDP (2005)	US$239,4 billion*
GDP per capita (2005)	US$5 056*
Real GDP growth (2005)	4,9%
Inflation (CPIX)	3,9%

* Based on a mid-2005 exchange rate of R6,36 to the US$

For further information on South Africa, visit *www.southafrica.info* and *www.gov.za*



South Africa today

In 1994, a new democratic South African state was born with an inheritance which was anything but auspicious. The first years of democracy saw the introduction of a new constitutional and legislative framework. The Constitution was adopted in 1996 and an average of 90 Acts of new legislation were introduced per year in the first 10 years.

Within that framework, the South African polity has seen progress in:

- voice and accountability
- political stability
- government effectiveness
- regulatory quality
- integrity and legitimacy of the State and the rule of law
- efforts to expose and deal with corruption.

Black people had previously been denied the vote and meaningful access to the economy. From the sports fields to the factory floors, schoolrooms to neighbourhoods, South Africans were divided along racial lines, a divide enforced by repression and the denial of human rights.

The economy, isolated for years by the international community, was stagnating while debt was ballooning.

Since 1994, in line with the Reconstruction and Development Programme (RDP), government has set out to dismantle apartheid social relations and to create a democratic society based on equity, non-racialism and non-sexism.

In 2003, government conducted a review covering the First Decade of Freedom. *Towards a Ten Year Review* assessed how far these objectives had been met through the work of its five clusters, and identified challenges of the Second Decade of Freedom. This was supplemented in 2006 by a report on macro-social trends. The report, *A Nation in the Making*, concluded that South African society was making advances in terms of both hard (socio-economic) and soft (identity and social cohesion) issues, but that there were still many challenges to be overcome to fully realise the vision of a better life for all.

Governance and administration

Since 1994, the Public Service has been transformed. On 31 March 2005, 73,9% of the Public Service was African, 3,7% Asian, 8,9% coloured and 13,5% white. With regard to gender, 53,3% was female and 46,7% male. However, at senior management level, 54% were African, 7,5% Asian, 7,7% coloured and 30% white. The gender breakdown for senior management was 28,5% female and 71,5% male.

Government's imbizo outreach programme, including meetings with provincial and local government executives, enables communities to interact directly with government to help speed up the implementation of programmes to improve their lives.

Better service delivery

Policy and implementation are more integrated thanks to the Government's cluster approach, improved provincial and local government co-ordination and a national development framework. The fight against corruption has been given muscle with legislation, national campaigns, whistle-blowing mechanisms and special courts.

Important initiatives include community development workers and the Batho Pele Gateway Portal.

Social cluster

By May 2006, more than seven million children received the Child Support Grant (CSG), while more than 330 000 children received foster care grants.

The overall target set by government for extending the CSG to children under 14 years was 3,2 million children by end of March 2006. By July 2006, over 3,4 million children were receiving the grant. In the age cohort seven, eight and nine and 10 years, the targets had been exceeded. In the age category 11 to 14 years there was still a shortfall of 119 000 children that need to be registered. The 1,2-million target for 11 to 14 years was expected to be reached by the end of 2006/07.

There are almost 1,3 million beneficiaries of the Disability Grant while more than two million people receive the Old-Age Grant.

Millions who previously had no access to electricity, water or sanitation now enjoy these services.

Other achievements:

- Women and children under six enjoy free healthcare.
- Between 1994 and June 2006, 2 881 379 subsidies were approved. As a result of the housing programme, housing beneficiaries increased from 325 086 to 1,8 million beneficiaries in 2006.
- By the 31 December 1998 cut-off date, the Land Claims Commission had 79 696 land claims lodged with it – of these 71 645 had been settled by May 2006. Of the 8 107 remaining claims, 6 975 were rural while 1 132 are urban claims. Just over R6,1 billion had been awarded beneficiaries who opted for financial compensation, benefiting a total of 986 981 beneficiaries and 194 487 households.

Since 1994, government has made steady progress in raising the proportion of spending on social services that goes to the poorest 40% of the people.

Welfare and social assistance, education, land restitution and housing have evolved into strongly redistributive expenditure programmes, bringing the average value of services, of the social wage, that goes to the poorest 40% of households to an estimated R956 a month.

Economic cluster

Performance of the economy

- Stability

  Growth averaged about 3% during the First Decade of Freedom, from 1994 – 2004, a considerable improvement on the decade before 1994 when growth averaged 1% per year. Since 2004, growth has exceeded 4% per year, reaching about 5% in 2005. Expectations for the current strong performance to continue are high – forecasts by banks and ratings agencies generally indicate expectations of growth continuing at around 4,5% in the medium term. Business confidence is very high.

  The Accelerated and Shared Growth Initiative for South Africa (AsgiSA) will open the way for faster implementation of various government programmes. By addressing the binding constraints to faster growth of the economy, it will create conditions for the speeding up of economic growth to at least 6% a year between 2010 and 2014. This will help halve unemployment and poverty by 2014, as mandated by the electorate in the 2004 election.

- Economic reform

  Trade and industry have been restructured to make the country more competitive, while labour reform has created an environment in which both employers and workers have greater certainty and security.

- Employment

  With faster growth rate has come rapidly improving employment creation. One million net new jobs have been created over the past three years, and in the last year measured (to September 2005) around 540 000 net new jobs were created. Though unemployment remains high at over 26%, this is considerably better than the 32% unemployment rate reached a few years ago. Recent research indicates that the real incomes of the poorest

20% of South Africans rose by 30% in real terms between 1994 and 2004.

Government is committed to reducing unemployment to below 15% by 2014 and halving the poverty rate to less than one-sixth of households by then.

- Empowerment

  From the 2005/06 Employment Equity Report, blacks (broadly defined) account for 27,2% and whites account for 72,6% of all top management positions. Females account for 16,5% and males account for 83,3% of all top management positions. In terms of senior management, blacks account for 27,5% and whites 72,4% with females 23,65 and males 76,35. For professionals and middle management, the numbers are black 38,7% and whites 61,3% with females 32,7% and males 67,3%.

Justice, crime prevention and security

South Africa's justice and police resources have, since 1994, concentrated on stabilising crime. Government has identified and prioritised 169 police stations that register the highest levels of contact crime.

The current strategic thrust for policing in South Africa is the reduction of crime levels by between seven percent and 10%.

The latest crime figures were released in September 2006. All eight contact crimes decreased during the last financial year, with four of the eight categories showing significant decreases. Common robbery decreased by 18,3%, attempted murder by 16,6%, common assault by 15,6% and serious and violent assault by 9,6%.

International relations

South Africa's post-1994 success in defining its place in the world is remarkable given its size.

After being shunned by much of the world for decades, South Africa is now actively promoting its own interests and those of the South in all significant regional, continental and multilateral institutions.

Challenges of the next decade

The next decade's challenges arise from lessons learnt in the First Decade of Freedom and new challenges created by the first stage of transformation.

Key challenges will be creating jobs for the millions seeking work, and equipping them for a changing economy in which higher skills are required.

After a decade of freedom and transformation, the Government, elected in April 2004, has embarked on a programme of action to consolidate democracy in South Africa and to put the country on a faster growth and development path.

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.

One site which is particularly rich in fossil remains, the area around the Sterkfontein caves near Johannesburg, is justifiably called the Cradle of Humankind.

Rock paintings

More recent evidence of early humans is the many vivid rock paintings which were created by small groups of Stone Age hunter-gatherers, the ancestors of the Khoekhoen and San.

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 and material cultures.

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 settled to grow produce. Shortly after the establishment of the colony, slaves were imported from East Africa, Madagascar and the East Indies.

Conflict

From the 1770s, colonists came into contact and inevitable conflict with Bantu-speaking chiefdoms some 800 km east of Cape Town. A century of intermittent warfare ensued during which the colonists gained ascendancy over the isiXhosa-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 south-east Africa.

As splinter groups from Shaka's Zulu nation conquered and absorbed communities in their path, 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' descendants, the Boer Voortrekkers, from the 1830s.

Occupation

In 1806, Britain reoccupied the Cape. As the colony prospered, the political rights of the various races were guaranteed, with slavery being 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 Zulu.

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

The mineral revolution

The discovery of diamonds north of the Cape in the 1860s brought tens of thousands of people to the area around Kimberley. In 1871, Britain annexed the diamond fields. Independent African chiefdoms were systematically subjugated and incorporated. The most dramatic example was the Zulu War of 1879, which saw the Zulu state brought under imperial control, but only after King Cetshwayo's soldiers inflicted a celebrated defeat on British forces at Isandlwana.

Gold

The discovery of the Witwatersrand goldfields in 1886 was a turning point in the history of South Africa. The demand for franchise rights for English-speaking immigrants working on the new goldfields 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 proved too strong for the guerilla bands and the war ended in 1902. Britain's scorched-earth policy included farm burnings and the setting up of concentration camps for non-combatants in which some 26 000 Boer women and children died.

The incarceration of black (including coloured) people in racially segregated camps has only recently been acknowledged in historical accounts of the war.

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.

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.

In the face of a groundswell of opposition to racially defined government, the seminal Natives Land Act was legislated in 1913. This defined the remnants of blacks' 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 the ideology of apartheid, an even more rigorous and authoritarian approach than the previous segregationist policies.

While white South Africa was cementing its power, black opposition politics were evolving. 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.

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 discrete racial category or another.

Residential segregation was enforced, with whole communities being uprooted and forced into coloured and black 'group areas'.

Separate development

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, the 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.

Soon the mass-based organisations, including the ANC and the Pan-Africanist Congress (PAC), were banned. 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.

Struggle days

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', eight ANC leaders, including Mandela, 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.

Reform

Shaken by the scale of protest and opposition, the government embarked on a series of limited 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, which enjoyed limited support.

In 1986, the hated pass laws were scrapped. At this time, the international community strengthened its support for the anti-apartheid cause.

However, these steps fell far short of the democratic aspirations of the majority of South Africans. Mass resistance increasingly challenged the apartheid state, which resorted to intensified repression accompanied, however, by eventual recognition that apartheid could not be sustained.

Apartheid's last days

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

Democracy at last

After a difficult 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.

In the election on 14 April 2004, the ANC won the national vote with 69,68%. The inauguration of South Africa's third democratically elected president on 27 April 2004 was combined with the celebration of 10 Years of Freedom and attended by heads of state and government delegations from across the world. In his speech, President Mbeki vowed to fight poverty as a central part of the national effort to build the new South Africa.

The sense of national unity among South Africans and confidence in the direction of the country have since 2004 been at levels not seen since the dawn of freedom in 1994. In this context of an unprecedented confluence of encouraging possibilities and confidence, described by President Mbeki as the beginning of South Africa's Age of Hope, the conditions for a national effort for faster and shared growth have never been better.

Working with its social partners, the Government has developed AsgiSA, the Accelerated and Shared Growth Initiative for South Africa, systematically to raise the trajectory of growth to an average of at least 6% between 2010 and 2014. Such rates of growth, combined with improved labour absorption, will ensure that South Africa is able to halve unemployment and poverty by the end of the Second Decade of Freedom.

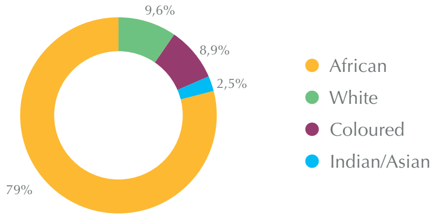
The fabric of South African society is continually changing, creating not only new challenges but also greater stability and peace, and laying the foundation for a society in which the individual and collective human potential of the nation can come to full fruition.

South Africa's people

South Africa is a country where various cultures form a unique nation, proud of their heritage and unity in diversity.

People

According to the 2001 Census, there were 44 819 778 people in South Africa on the night of 10 October 2001. They classified themselves as follows:



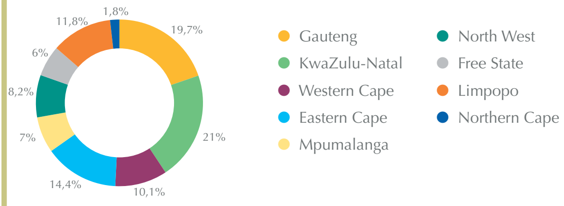
Source: Census 2001

The South African population is made up of the following groups:

- Nguni people (the Zulu, Xhosa, Ndebele and Swazi)
- Sotho-Tswana people (including the Southern, Northern and Western Sotho [Tswana])
- Tsonga
- Venda
- Afrikaners
- English speakers
- coloureds
- Indians

- those who have immigrated to South Africa from the rest of Africa, Europe and Asia and maintain their own strong cultural identities
- a few members of the Khoi and the San.

The mid-2006 population was estimated at 47,4 million people.



Population by province – Source: Census 2001

Languages

The Constitution of the Republic of South Africa, 1996 states that everyone has the right to use the language and to participate in the cultural life of his/her choice, but no one may do so in a manner inconsistent with any provision of the Bill of Rights. Each person also has the right to instruction in the language of his/her choice where this is reasonably practicable.

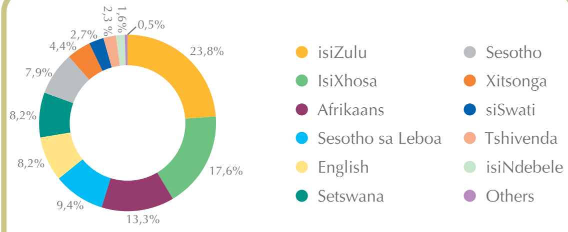
Official languages

To cater for South Africa's diverse peoples, the Constitution provides for 11 official languages, namely Afrikaans, English, isiNdebele, isiXhosa, isiZulu, Sesotho sa Leboa, Sesotho, Setswana, siSwati, Tshivenda and Xitsonga.

Recognising the historically diminished use and status of the indigenous languages, the Constitution expects government to implement positive measures to elevate the status, and advance the use of these languages.

National and provincial governments may use any two or more official languages. While communication with the public tends to be produced in more than one language, internal communication takes place mostly in English.

In 2003, Cabinet approved the National Language Policy Framework to promote the equitable use of the 11 official languages and to ensure redress for previously marginalised indigenous languages.



Mother tongues – Source: Census 2001

To promote linguistic diversity, in 2006/07, the Department of Arts and Culture spent some R70 million on language programmes and activities, including the Pan South African Language Board (PanSALB). PanSALB aims to achieve equal status and use of all official languages, including Khoi, Nama, San and South African Sign Language. It received R39,09 million in 2006/07.

By February 2006, the Telephone Interpreting Service of South Africa (Tissa) had created over 60 jobs for previously unemployed people and would continue creating jobs in interpreting and call-centre management with its national roll-out. Over R30 million has been earmarked for Tissa for the next two years.

Tissa provides telephone-interpreting services to people who need to access government and aims especially to improve verbal communication between citizens and government agencies, thus

Fact:
Released by The Presidency in March 2006, the report *A Nation in the Making: A Discussion Document on Macro-Social Trends in South Africa,* said that most South Africans see themselves primarily as South African and not as members of a particular racial or ethnic group.

allowing citizens to exercise their right to use the language of their choice when dealing with government.

Religion

Religious groups in South Africa

Almost 80% of South Africa's population is Christian. Other religious groups include 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. The Constitution guarantees freedom of worship.

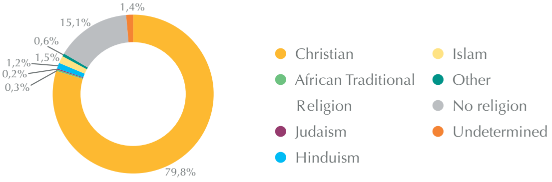
Christian churches

Churches continue to play a critical role as agents of social change and transformation in pursuit of equality and the creation of a human-rights culture.

African independent churches (AICs)

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

There are 4 000 or more independent churches with a combined membership of more than 10 million. Most are regarded as Zionist or



Religious affiliation – Source: Census 2001

A report released in March 2006 by the National Opinion Research Centre at the University of Chicago in the United States of America stated that South Africans had a strong sense of pride in their country.

Apostolic churches. The Zion Christian Church is the largest of these churches in South Africa and the largest church overall, with over four million members.

Afrikaans churches

The Dutch Reformed family of churches represents some 3,5 million people. The Nederduits Gereformeerde Kerk has about 1 200 congregations countrywide. The other churches are the Uniting Reformed Church of South Africa and the smaller Reformed Church in Africa, with predominantly Indian members. The Nederduitsch Hervormde Kerk and the Gereformeerde Kerk are regarded as sister churches.

The Roman Catholic Church

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

Other Christian churches

Established churches in South Africa include the Methodist Church, the Church of the Province of Southern Africa (Anglican Church), and various Lutheran, Presbyterian, Congregational and Baptist churches. Together, these churches form the nucleus of the South African Council of Churches.

The largest traditional Pentecostal churches are the Apostolic Faith Mission, the Assemblies of God and the Full Gospel Church, but there are numerous others.

A number of charismatic churches have been established in recent years. Also active in South Africa, among the smaller groups, are the Greek Orthodox and Seventh Day Adventist churches.

African Traditionalists

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 great significance. As a result of close contact with Christianity, many people find themselves in a transitional phase somewhere between Traditional African Religion and Christianity.

Other religions

Two-thirds of South Africa's Indians are Hindus.

The Muslim community in South Africa is small, but is growing strongly. The Cape Malays, who mostly descended from Indonesian slaves, make up most of this group with the remaining 20% being of Indian descent.

The Jewish population is less than 100 000. Of these, the majority are Orthodox Jews.

Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities

The Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities is a constitutional body, which became active in January 2004.

The commission is funded through transfers from the Department of Provincial and Local Government. Its mission is to develop and promote peace, friendship, humanity, tolerance and national unity among cultural, religious and linguistic communities.

This will be achieved by facilitating the development of programmes to foster sensitivity, respect and understanding for cultural, religious and linguistic diversity and also by mediating in intercommunity conflict situations and facilitating harmonious co-existence.

Government

South Africa's Constitution was the result of remarkably detailed and inclusive negotiations – difficult but determined – that were carried out with an acute awareness of the injustices of the country's non-democratic past.

On 8 May 2006, President Thabo Mbeki addressed a joint sitting of Parliament to mark the 10th anniversary of South Africa's Constitution, which is one of the most progressive in the world and has been acclaimed internationally.

The Constitution is the supreme law of the land. No other law or government action may supersede its provisions.

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 equally protected by law
- build a united and democratic South Africa able to take its rightful place as a sovereign state in the family of nations.

Government

Government consists of national, provincial and local spheres. The powers of the legislature, executive and courts are separate.

Parliament

Parliament consists of the National Assembly and the National Council of Provinces (NCOP). Parliamentary sittings are open to the public. Several measures have been implemented to make Parliament more accessible and accountable. The National Assembly consists of no fewer than 350 and no more than 400 members elected through a system of proportional representation for a five-year term. It elects the President and scrutinises the executive.

National Council of Provinces

The NCOP consists of 54 permanent members and 36 special delegates, and aims to represent provincial interests in the national sphere of government.

Seats by party

Party	Votes	% of votes in 2004 election	Seats in National Assembly after 1999 election	Seats in National Assembly after floor crossing 15/09/05
African Christian Democratic Party	250 272	1,6	6	4
African National Congress	10 880 915	69,69	279	293
Democratic Alliance	1 931 201	12,37	50	47
Independent Democrats	269 765	1,73	7	5
Inkatha Freedom Party	1 088 664	6,97	28	23
New National Party	257 824	1,65	7	–
Pan Africanist Congress of Azania	113 512	0,73	3	3
United Christian Democratic Party	117 792	0,75	3	3
United Democratic Movement	355 717	2,28	9	6
Freedom Front Plus	139 465	0,89	4	4
National Democratic Convention	–	–	–	4
Progressive Independent Movement	–	–	–	4
Others	210 204	1,36	4	8

Cabinet ministers, 15 November 2006

Portfolio	Minister	Deputy Minister
Agriculture and Land Affairs	Lulama Xingwana	Dirk du Toit
Arts and Culture	Pallo Jordan	Ntombazana Botha
Communications	Ivy Matsepe-Casaburri	Radhakrishna Padayachie
Correctional Services	Ngconde Balfour	Loretta Jacobus
Defence	Mosiuoa Lekota	Mluleki George
Education	Naledi Pandor	Enver Surty
Environmental Affairs and Tourism	Marthinus van Schalkwyk	Joyce Mabudafhasi
Finance	Trevor Manuel	Jabu Moleketi
Foreign Affairs	Nkosazana Dlamini Zuma	Aziz Pahad and Sue van der Merwe
Health	Manto Tshabalala-Msimang	Nozizwe Madlala-Routledge
Home Affairs	Nosiviwe Mapisa-Nqakula	Malusi Gigaba
Housing	Lindiwe Sisulu	
Intelligence Services	Ronnie Kasrils	
Justice and Constitutional Development	Brigitte Mabandla	Johnny de Lange
Labour	Membathisi Mdladlana	
Minerals and Energy	Buyelwa Sonjica	
Provincial and Local Government	Sydney Mufamadi	Nomatyala Hangana
The Presidency	Essop Pahad	
Public Enterprises	Alec Erwin	
Public Service and Administration	Geraldine Fraser-Moleketi	
Public Works	Thoko Didiza	Ntopile Kganyago
Safety and Security	Charles Nqakula	Susan Shabangu
Science and Technology	Mosibudi Mangena	Derek Hanekom
Social Development	Zola Skweyiya	Jean Benjamin
Sport and Recreation	Makhenkesi Stofile	Gert Oosthuizen
Trade and Industry	Mandisi Mpahlwa	Rob Davies and Elizabeth Thabethe
Transport	Jeff Radebe	
Water Affairs and Forestry	Lindiwe Hendricks	

Fact:

Since the first democratic elections in 1994, South Africa has had a significant increase in the number of political parties. A total of 97 parties participated in the 2006 municipal elections compared with 79 in the 2000 municipal elections, showing growth of 19%. There were 17 000 voting stations in the

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.

The Deputy President

The President appoints the Deputy President from among the members of the National Assembly. The Deputy President is Ms Phumzile Mlambo-Ngcuka.

Cabinet

Cabinet consists of the President, as head of the Cabinet, the Deputy President and ministers. The President appoints the Deputy President and ministers, assigns their powers and functions and may dismiss them. No more than two ministers may be appointed from outside the National Assembly.

Provincial government

Each of the nine provinces has its own legislature of 30 to 80 members. They elect the Premier who heads the Executive Council.

Provinces may have legislative and executive powers concurrently with the national sphere, over:

- agriculture
- casinos, horse racing and gambling
- cultural affairs
- education at all levels, except university and university of technology education
- environment and nature conservation
- health, housing and welfare
- language policy

2004 general elections, compared with 19 000 stations in the 2006 elections. In these municipal elections alone, 45 189 candidates countrywide contested the elections. This represented a 50% increase in candidates participating compared with the 2000 elections.

- police services, public transport, traffic regulation and vehicle licensing
- regional planning and development and urban and rural development.

Provinces are also responsible for promoting trade, investment and tourism.

They have exclusive competency over:

- abattoirs
- ambulance services
- liquor licences
- museums other than national museums
- provincial planning
- provincial cultural matters
- provincial recreation
- provincial roads and traffic.

Premiers, 15 November 2006

Province	Premier
Eastern Cape	Nosimo Balindlela
Free State	Beatrice Marshoff
Gauteng	Mbhazima Shilowa
KwaZulu-Natal	S'bu Ndebele
Limpopo	Sello Moloto
Mpumalanga	Thabang Makwetla
North West	Edna Molewa
Northern Cape	Dipuo Peters
Western Cape	Ebrahim Rasool

Fact:
In March 2006, the Minister of Public Service and Administration, Ms Geraldine Fraser-Moleketi, was elected vice-president of the United Nations' (UN) second Committee of Experts on Public Administration and Finance. She is expected to serve on the committee until 2009. Minister Fraser-Moleketi was also a

Local government
Local governments are not merely instruments of service delivery, but are expected to act as key agents for economic development.

Municipalities
There are 283 municipalities focused on growing local economies and providing infrastructure and services.

The Constitution provides for three categories of municipalities:
- metropolitan municipalities
- local municipalities
- district areas or municipalities.

Johannesburg, Durban, Cape Town, Pretoria, East Rand and Port Elizabeth are metropolitan areas.

Municipalities enjoy significant powers to corporatise their services. Legislation provides for them to report on their performance, and for residents to compare this performance with that of other municipalities.

Over 70% of the 9 319 councillors who were elected in the 2006 local government elections participated in councillor induction sessions undertaken by the Department of Provincial and Local Government and the South African Local Government Association.

The mayors' conference held in Cape Town in May 2006 provided an opportunity for mayors and the three spheres of government to interact and engage on the five-year strategic priorities for local government.

A municipal leadership development qualification was expected to be piloted for roll-out in the second half of 2006.

Municipal Infrastructure Grant (MIG)
The MIG entered its third year of implementation in 2006/07. It is aimed at providing grant funding to municipalities to implement infrastructure that would allow them to provide at least a basic level of service to poor households. The MIG programme is a multisectoral programme. It implies that sector departments play a pivotal role during the whole project lifecycle in supporting municipalities in delivering infrastructure services.

member of the first committee that served the UN from 2002 to 2005. The committee is mandated to discuss and give direction to the state of public administration required to meet the UN's millennium development goals.

Since the inception of the MIG in 2004/05, government had contributed R9,876 billion by the end of March 2006 to assist municipalities in addressing infrastructure backlogs.

For the 2006/07 Medium Term Expenditure Framework, R21 457 billion was allocated, comprising capital allocations of R20 247 billion for all municipalities. The balance of R1 220 billion was made available to selected municipalities according to needs (bucket eradication, Special Municipal Infrastructure Fund commitments and bulk infrastructure).

In 2005/06, government set aside R5,4 billion for the MIG. By the end of March 2006, the entire sum had been transferred to municipalities, but actual expenditure stood at R3,9 billion, which meant that the rate of spending on municipal infrastructure was at 72%.

Some 12 million person days of employment were created between 1 April 2004 and the end of December 2005. At the end of December 2005, 1 060 small, medium, and micro enterprises and 297 Black Economic Empowerment companies were involved.

Project Consolidate (PC)

To ensure that municipalities are not held back by poor performance and the attendant problem of service-delivery backlogs, the Department of Provincial and Local Government rolled out PC. It is a hands-on local government engagement programme that allows national and provincial government, with private-sector partners, to find new ways of working with local government. It focuses on assisting 136 municipalities identified as needing assistance and capacity-building.

By September 2006, 218 experts had been deployed to 80 PC municipalities.

Fact:

The toll-free, 24-hour National Public Service Anti-Corruption Hotline facility (0800 701 701) was established for the reporting of fraud and corruption. By May 2006, the hotline had generated 1 681 corruption-related and 1 056 service-delivery complaint cases for further handling and investigation

Communicating with the people

The Government Communication and Information System (Government Communications) is primarily responsible for facilitating communication between government and citizens. A high premium is placed on communication that emphasises direct dialogue, especially with people in disadvantaged areas.

Government Communications is responsible for maintaining the Government's website *(www.gov.za)*, which includes both an information portal for general information about government, and a services portal that is a source of information about all the services offered by national government.

Government Communications leads or is involved in various communication partnerships and joint processes, including:

- An intersectoral programme to set up Thusong Service Centres (formerly multi-purpose community centres), providing information about accessing government services, as well as some government services at the centres themselves. By the end of September 2006, 87 Thusong Service Centres were in operation. A strategy for setting up one centre in each of the country's 283 municipalities by 2014 has been approved.
- Institutional support to the Media Development and Diversity Agency (MDDA), established in terms of the MDDA Act, 2002, for which the Minister in The Presidency is responsible.
- The development of the new Coat of Arms, launched on Freedom Day, 27 April 2000, and the redesign of the national orders.
- The process towards the transformation of the advertising and marketing industry.
- The Academy of Government Communication and Marketing, in collaboration with the School of Public and Development Management, Unilever and the Mandela-Rhodes Foundation.
- The international marketing campaign led by the International Marketing Council (IMC).

by departments. Consistent with the resolutions of both the 1999 and 2005 national anti-corruption summits, the hotline is expected to play a continuous role in the fight against corruption.

- The Imbizo Campaign of direct interaction between government and the public.

Government Communications publishes, among others, the *South Africa Yearbook,* the *Pocket Guide to South Africa* and *Vuk'uzenzele.*

International Marketing Council

The IMC of South Africa was established in 2000 as a public-private partnership aimed at creating a positive, united image for South Africa to give the country a strategic advantage in an increasingly competitive marketplace.

The IMC's threefold mission is to:

- articulate a brand for South Africa, which positions the country to attract tourism, trade and investment, as well as realise international relations objectives
- establish an integrated approach within government and the private sector towards the international marketing of South Africa
- build national support for Brand South Africa.

The Public Service

Government believes that the Public Service exists to create a better life for all.

Community development workers (CDWs) are part of government's drive to ensure that service delivery reaches poor and marginalised communities. CDWs act as a bridge between government and citizens, providing information on services, benefits and economic opportunities. They are in a position to inform the Government of the needs of the people.

By the end of May 2006, 3 158 candidates had been trained, with 1 039 candidates deployed full-time in provincial departments. It was envisaged that by August 2006, a total of 3 000 CDWs would be deployed as full-time public servants. Another 1 000 candidates were expected to be recruited to undergo the year-long learnership programme. In 2006, each candidate received a monthly stipend of R888.

A total of 543 CDWs were deployed in the 21 nodal points. All municipalities have a substantial number of CDWs and at least 10 per municipality.

The Batho Pele (People First) policy promotes integrated and seamless service delivery.

Various projects are being delivered through Batho Pele. These include:

- the Batho Pele Gateway Portal, maintained by government, to facilitate access to all government services and information
- modernising government, for example, through the Centre for Public Service Innovation
- creating new service-delivery mechanisms such as Thusong Service Centres and one-stop centres
- the Government Information Technology Officers' Council to alert government when and how to intervene to improve service delivery
- active auditing of national and provincial departments' anti-corruption capabilities by the Public Service Commission.

Home affairs

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

The Population Register is being reproduced, 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

By the end of March 2006, the Public Service comprised 1 045 412 people (excluding members of the South African National Defence Force). The aggregate size of the Public Service remained remarkably constant within a 1% range of this figure over the past five years. Of these employees, 67% were attached to the Social Services Sector (health, social development and education), followed by 20% in the Criminal Justice Sector.

processing time for each business transaction, while enhancing information integrity.

The reproduction of the Population Register is closely aligned with the implementation of the Home Affairs National Identification System (Hanis).

Hanis is a key pillar of government's e-government programme. Through this system, the Department of Home Affairs seeks to create and maintain an integrated biometric database of all people – citizens and visitors – with whom it deals. As part of the department's turnaround strategy, it plans to computerise all application processes to enable a quick, reliable and secure system of identification and service delivery.

Most of the programmes that form part of Hanis were at an advanced stage or near completion by August 2006. By the end of April 2006, 23 645 384 million records (79% of the target of 30 million) had been digitised. This will assist law-enforcement agencies in their verification and identification processes, and will also be of great value to other institutions such as banks where client verification will be faster. Over 14 million digital records had been absorbed into Hanis by August 2006. The target for completing this was February 2007.

Permanent residence

The department is responsible for admitting people suitable for immigration, such as skilled workers who are in short supply locally.

Fact:
In December 2005, directors-general signed the Public Service Pledge, marking their commitment to lead the campaign for integrity in the Public Service and in the provision of service delivery to all people.

Applications are particularly encouraged from industrialists and other entrepreneurs who wish to relocate their existing concerns or establish new concerns in South Africa.

Those wishing to enter the country as work seekers or for study purposes must have the relevant permit, which is issued outside the country.

Independent Electoral Commission (IEC)

The IEC is a permanent body created by the Constitution to promote and safeguard democracy in South Africa. Although publicly funded and accountable to Parliament, the commission is independent of government. Its immediate task is the impartial management of free and fair elections at all levels of government.

Local government elections took place on 1 March 2006. The African National Congress (ANC) strengthened its position in South African local government, polling 66,34% in the municipal elections – from just under 60% in the previous municipal poll in 2000.

This gave the ANC 5 718 of the 8 380 local government seats in South Africa's 283 municipalities.

The Democratic Alliance received 14,7% votes, taking 1 107 local government seats, followed by the Inkatha Freedom Party with 8,05% and 738 seats.

The Department of Home Affairs conducted a community outreach programme among the !Xun, Khwe and Khomani San communities in Platfontein in the Northern Cape. The Minister of Home Affairs, Ms Nosiviwe Mapisa-Nqakula, handed over 200 identity documents (IDs) to residents of the indigenous tribes in May 2006. It was the first time they had ever had IDs, having previously held identification cards issued by the South African Defence Force and never having been able to access basic government services such as social grants. The minister also solemnised marriages and registered births on site.

In July 2006, the Minister of Public Service and Administration, Ms Geraldine Fraser-Moleketi, presented South Africa's Country Self-Assessment Report to the African Peer Review Mechanism (APRM) country review team. The handover ceremony also saw the official launch of the Country Review Mission that South Africa hosted from 11 – 25 July 2006. The final report was expected to be submitted to the APRM Forum of Heads of State in November 2006. APRM documents are available on the APRM website *(www.aprm.org.za)*.

The IEC recorded a 48,42% voter turnout, which is almost identical to the 48,07% recorded in the 2000 municipal elections.

Ninety-seven political parties contested the elections.

Provinces

South Africa's surface area covers 1 219 090 km^2, divided into nine provinces, each with its own unique landscape, economic activities, people and attractions. Few, if any, other countries offer the visitor as much breathtaking beauty and astonishing variety.

Each province has its own legislature, premier and executive council. The provinces are: Western Cape, Eastern Cape, KwaZulu-Natal, Northern Cape, Free State, North West, Gauteng, Mpumalanga and Limpopo.

Western Cape

This is a region of majestic mountains; well-watered valleys; wide, sandy beaches; and breathtaking scenery.

Cape Town, the legislative capital, is one of the world's most beautiful cities and is a must-see for every tourist. Other important towns in the province include Worcester and Stellenbosch for their winelands; George, renowned for indigenous timber and vegetable produce (and, nowadays, for world-class golf courses); and Oudtshoorn, known for its ostrich products and the celebrated Cango caves.

Provincial economy

Agricultural exports increased threefold over the past few years, manifesting in a growth rate of 7,4% in 2005/06.

The Western Cape's share of the national economy grew to 14,4% in 2004. Financial and business services are strong contributors to the provincial economy, while information technology is set to become an important source of growth.

Fact:

The Western Cape's fynbos is one of six floral kingdoms worldwide, with more plant species than the whole of Europe.

Some tourist attractions:

- Robben Island, where former President Nelson Mandela was imprisoned for a number of years, in Table Bay off Cape Town
- Table Mountain, with its modern cableway, which takes visitors to the top, providing breathtaking views
- the National Botanical Gardens at Kirstenbosch
- whale watching at Hermanus
- a wine-tasting tour of the spectacular winelands
- the Cape Floral Region, a world heritage site.

Western Cape

Capital:	Cape Town
Principal languages:	Afrikaans 55,3% isiXhosa 23,7% English 19,3%
Population:	4 745 500 (Mid-year Population Estimates, 2006)
Area (km^2):	129 370
% of total area:	10,6%
GDPR* at current prices (2004):	R199 412 million
% of total GDP**:	14,4%

* GDPR (Gross Domestic Product by Region)
** GDP (Gross Domestic Product)

Source: Statistics South Africa

Eastern Cape

The Eastern Cape, a land of undulating hills, endless sandy beaches, majestic mountain ranges and deep green forests, is the second-largest of the nine provinces. The region ranges from the dry, desolate Great Karoo to the lush forests of the Wild Coast and the Keiskamma Valley, and the mountainous southern Drakensberg region.

Provincial economy

The Eastern Cape has excellent agricultural and forestry potential. The fertile Langkloof Valley has enormous deciduous fruit orchards, while the Karoo interior is an important sheep-farming area.

The metropolitan economies of Port Elizabeth and East London are based primarily on manufacturing, the most important being motor manufacturing. The Coega Industrial Development Zone near Port Elizabeth is one of the biggest initiatives ever undertaken in South Africa.

Some tourist attractions:

- Grahamstown, the City of the Saints, a historical, educational and religious centre
- the endless golden beaches of Port Alfred and Kenton-on-Sea
- a walking tour of the Wild Coast
- the pachyderms of the Addo Elephant National Park.

Eastern Cape

Capital:	Bhisho
Principal languages:	isiXhosa 83,4% Afrikaans 9,3% English 3,6%
Population:	6 894 300 (Mid-year Population Estimates, 2006)
Area (km^2):	169 580
% of total area:	13,9%
GDPR at current prices (2004):	R112 908 million
% of total GDP:	8,1%

Source: Statistics South Africa

Fact:

KwaZulu-Natal is the only province with a monarchy provided for in its legislation.

KwaZulu-Natal

South Africa's garden province boasts a lush subtropical coastline, sweeping savanna in the east, and the magnificent Drakensberg mountains in the west. The warm Indian Ocean washing its beaches makes KwaZulu-Natal one of the country's most popular holiday destinations. Some of South Africa's best-protected indigenous coastal forests are found along the subtropical coastline.

The bustling metropolis of Durban has the busiest port in Africa.

Provincial economy

In 2004, KwaZulu-Natal contributed 16,7% of gross domestic product (GDP). Sugar-cane plantations form the mainstay of the agricultural economy. Other important agricultural contributors are dairy, fruit and vegetables, and forestry.

Tourist attractions:

- the 19th-century battlefields where imperial Britain clashed with the Zulu nation

KwaZulu-Natal

Capital:	Pietermaritzburg
Principal languages:	isiZulu 80,9% English 13,6% Afrikaans 1,5%
Population:	9 924 000 (Mid-year Population Estimates, 2006)
Area (km^2):	92 100
% of total area:	7,6%
GDPR at current prices (2004):	R231 616 million
% of total GDP:	16,71%

Source: Statistics South Africa

- Durban's fascinating mix of eastern and western cultures
- dolphin-spotting on the coast between the Umdloti and Tugela rivers
- experiencing Zulu traditions and culture at authentic villages
- deep-sea fishing off Sodwana Bay
- the Greater St Lucia and Ukhahlamba-Drakensberg world heritage sites.

Northern Cape

The Northern Cape lies to the south of the mighty Orange River, which provides the basis for a healthy agricultural industry. Away from the Orange, the landscape is characterised by vast arid plains with outcroppings of haphazard rock piles.

The province is renowned for its spectacular display of spring flowers which, for a short period every year, attracts thousands of tourists.

Provincial economy

Mining, particularly the production of diamonds and iron ore, dominates the economy. The province is also rich in asbestos, manganese, fluorspar and marble. Strong growth areas include game farming and food production.

Tourist attractions:

- the Kalahari Gemsbok National Park, which, together with the Gemsbok National Park in Botswana, forms Africa's first transfrontier conservation area, the Kgalagadi Transfrontier Park
- the Augrabies Falls, among the world's greatest cataracts
- the Sol Plaatje Museum in Kimberley.

Fact:

The Rustenburg-Brits region is the largest single platinum-production area in the world.

Northern Cape

Capital:	Kimberley
Principal languages:	Afrikaans 68% Setswana 20,8% isiXhosa 2,5%
Population:	1 094 500 (Mid-year Population Estimates, 2006)
Area (km^2):	361 830
% of total area:	29,7%
GDPR at current prices (2004):	R30 087 million
% of total GDP:	2,2%

Source: Statistics South Africa

Free State

The Free State lies in the heart of South Africa. Between the Vaal River in the north and the Orange River in the south, this immense rolling prairie stretches as far as the eye can see.

The capital, Bloemfontein, houses the Supreme Court of Appeal, a leading university and some top schools.

Provincial economy

Mining, particularly gold, is the biggest employer, followed by manufacturing. A gold reef of over 400 km stretches across Gauteng and the Free State. The province accounts for 30% of South Africa's total gold production, and contributes significant amounts of silver, bituminous coal and diamonds. The Free State has cultivated land covering 3,2 million ha. Field crops yield almost two-thirds of the province's agricultural income, with most of the balance being contributed by animal products.

Some tourist attractions:

- the sandstone formations at Golden Gate
- the spectacular scenery of the town of Clarens
- the King's Park Rose Garden in Bloemfontein
- the Basotho Cultural Village in the QwaQwa National Park
- the desolate beauty – and watersports – of Sterkfontein Dam.

Free State

Capital:	Bloemfontein
Principal languages:	Sesotho 64,4% Afrikaans 11,9% isiXhosa 9,1%
Population:	2 958 800 (Mid-year Population Estimates, 2006)
Area (km^2):	129 480
% of total area:	10,6%
GDPR at current prices (2004):	R75 827 million
% of total GDP:	5,5%

Source: Statistics South Africa

North West

North West borders Botswana, fringed by the Kalahari Desert in the west, and the Witwatersrand in the east. A province of varied attractions, North West is home to some of South Africa's most visited national parks, the celebrated Sun City and Lost City resorts, picturesque dams and dense bush.

Provincial economy

North West is, thanks to platinum in particular, the dominant province in terms of mineral sales, which contribute 25,6% to the provincial

Fact:

Gauteng is the wealthiest province in South Africa, generating 33% of South Africa's gross domestic product.

economy. Diamonds are also mined here. Manufacturing activities include fabricated metals, food and non-metals. North West is South Africa's leading producer of white maize. Some of the world's largest cattle herds are found in the area around Vryburg.

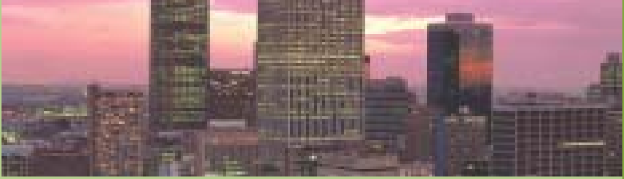
Some tourist attractions:

- Mafikeng, site of the Anglo-Boer/South African War siege
- the mampoer (moonshine) country of Groot Marico
- entertainment, gaming and sports at Sun City and the Palace of the Lost City
- a game drive or walk in Madikwe Game Reserve, home to 10 000 animals
- spotting the Big Five in the Pilanesberg National Park
- Vredefort Dome World Heritage Site.

North West

Capital:	Mafikeng
Principal languages:	Setswana 65,4% Afrikaans 7,5% isiXhosa 5,8%
Population:	3 374 200 (Mid-year Population Estimates, 2006)
Area (km^2):	116 320
% of total area:	9,5%
GDPR at current prices (2004):	R87 127 million
% of total GDP:	6,3%

Source: Statistics South Africa



Gauteng

Although geographically the smallest of the nine provinces, Gauteng (Sotho word for ‘the place of gold’) contributes more than a third of South Africa’s GDP.

The main cities are Johannesburg, the biggest city in southern Africa, and Pretoria, the administrative capital of the country.

Provincial economy

Manufacturing, financial and business services and logistics make Gauteng the economic powerhouse of southern Africa. Success in attracting value-added new-economy investment is borne out by the burgeoning high-tech corridor in Midrand.

Gauteng has a greater proportion of its labour force in professional, technical, managerial and executive positions than any other province. Johannesburg houses the JSE Limited, the largest securities exchange in Africa. Hundreds of leading local companies have their head offices here, as do the regional operations of many multinationals.

Some tourist attractions:

- Soweto, home to two million people and the site of much of the anti-apartheid struggle
- Pretoria in spring when some 50 000 jacaranda trees turn the city purple
- the Cradle of Humankind, the richest source of pre-hominid fossils on the planet, and a world heritage site

Fact:

The southern hemisphere's three biggest power stations are located in Mpumalanga.

Gauteng

Capital:	Johannesburg
Principal languages:	isiZulu 21,5% Afrikaans 14,4% Sesotho 13,1% English 12,5%
Population:	9 526 200 (Mid-year Population Estimates, 2006)
Area (km^2):	17 010
% of total area:	1,4%
GDPR at current prices (2004):	R462 044 billion
% of total GDP:	33%

Source: Statistics South Africa

- Maropeng, near the Cradle of Humankind
- bustling, funky downtown Johannesburg, city of gold.

Mpumalanga

Mpumalanga (place where the sun rises) is bordered by Mozambique and Swaziland in the east, and Gauteng in the west. It is situated mainly on high plateau grasslands which roll eastwards for hundreds of 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 low-lying Lowveld, home to the Kruger National Park.

Provincial economy

Mpumalanga combines mining and heavy industry with the cultivation of citrus, tropical and subtropical fruits and extensive forests. The southern hemisphere's three biggest power stations are located in the province, supplied by the Witbank coalfields which are among the most extensive in the world. Middelburg is a major steel producer and Secunda has a key oil-from-coal installation.

Some tourist attractions:

- Kruger National Park and its ultra-luxurious, privately owned adjoining lodges
- the spectacular Mac Mac Falls outside Sabie
- the well-preserved historical gold-rush towns of Pilgrim's Rest and Barberton
- the stunning scenery of the Blyde River Canyon
- spectacular scenery at God's Window
- the historic train ride between Waterval-Boven and Waterval-Onder.

Mpumalanga

Capital:	Nelspruit
Principal languages:	siSwati 30,8% isiZulu 26,4% isiNdebele 12,1%
Population:	3 508 000 (Mid-year Population Estimates, 2006)
Area (km^2):	79 490
% of total area:	6,5%
GDPR at current prices (2004):	R94 450 million
% of total GDP:	6,8%

Source: Statistics South Africa

Limpopo

In the extreme north of South Africa, Limpopo is a province of dramatic contrasts: bush, mountains, indigenous forests and plantations. Well-situated for economic growth and trade with other parts of southern Africa, between 1995 and 2001 the province recorded the highest real economic growth rate in South Africa. The greater part of the Kruger National Park is located within Limpopo.

Provincial economy

Limpopo is rich in minerals, including copper, asbestos, coal, iron ore, platinum, chrome, diamonds and gold. While exports are mostly primary products, the province is rich in resources, particularly in tourism, agriculture and minerals. Cattle ranching is frequently combined with hunting. Tropical and citrus fruits are extensively cultivated while tea, coffee and forestry are important economic contributors.

About 60% of South Africa's tomatoes, 33% of its oranges and 70% of its mangoes come from Limpopo. More than 45% of the R2-billion annual turnover of the Johannesburg Fresh Produce Market is from the province.

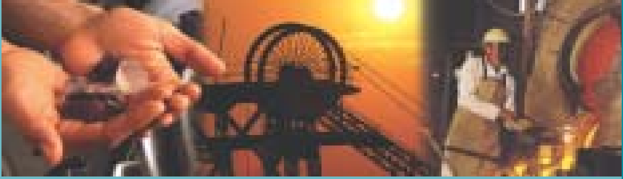
Some tourist attractions:

- the unforgettable bushveld scenery of the Waterberg
- fun and relaxation in the mineral baths of Bela-Bela
- the Big Tree near Tzaneen
- the springs of Tshipise, which attract a million visitors a year
- the Modjadji Nature Reserve
- the Mapungubwe iron age site.

Limpopo

Capital:	Polokwane
Principal languages:	Sesotho sa Leboa 52,1% Xitsonga 22,4% Tshivenda 15,9%
Population:	5 365 400 (Mid-year Population Estimates, 2006)
Area (km^2):	123 910
% of total area:	10,2%
GDPR at current prices (2004):	R93 188 million
% of total GDP:	6,7%

Source: Statistics South Africa



Economy

South Africa has achieved a level of macroeconomic stability not seen in the country for many years. Such advances create opportunities for real increases in expenditure on social services, and reduce the costs and risks for all investors, laying the foundation for increased investment and growth.

The economy is stronger than at any time in the past 20 years. It expanded by about 5% in 2005 and continued growth at about 5% a year over the period ahead is anticipated.

Business confidence remains strong, investment and employment creation are gaining momentum, and inflation and interest rates remain moderate.

Accelerated and Shared Growth Initiative for South Africa (AsgiSA)

Government's AsgiSA aims to ensure that economic growth is accelerated to at least 4,5% in the next five years (2005 to 2009) and about 6% between 2010 and 2014. This will assist in halving unemployment and poverty by 2014.

AsgiSA includes developing infrastructure to upgrade and build railway lines, harbours, ports and roads from 2005 to 2009.

With South Africa's unemployment rate at 26,7% by February 2006, the infrastructure programme is geared towards creating and sustaining jobs.

Overall government expenditure for infrastructure spending totals some R410 billion between 2007 and 2010. Of this, about 40% will be spent by public enterprises, mostly Eskom (R84 billion covering energy generation, transmission and distribution) and Transnet (R47 billion, of which R40 billion will go towards harbours, ports, railways and petroleum pipelines).

Airports Company South Africa will spend R5,2 billion, which includes airport improvement and the Dube Trade Port, while R19,7 billion will go towards water infrastructure.

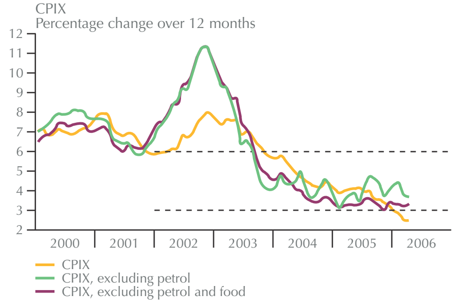
Because South Africa will host the 2010 Soccer World Cup, existing stadiums will be improved or new ones built, and an investment will be made in the environment around stadiums and access to these venues.

Joint Initiative for Priority Skills Acquisition (Jipsa)

On 27 March 2006, Deputy President Phumzile Mlambo-Ngcuka launched Jipsa, the skills empowerment arm of AsgiSA.

AsgiSA has identified six factors that constrain economic growth. One of these is the shortage of skilled labour.

Jipsa is a two-tiered structure comprising a joint task team and technical working group. The joint task team has the task of unblocking the acquisition of targeted skills, overseeing the work of Jipsa and ensuring that it delivers on its mandate of acquiring scarce and priority skills in the shortest possible time, building partnerships with different institutions and ensuring that Jipsa initiatives are sustainable.



Source: *Quarterly Bulletin*

Based on AsgiSA's priorities, Jipsa's work areas are:

- high-level world-class engineering and planning skills for the network, transport, communications and energy industries
- city, urban and regional planning and engineering skills desperately needed by South African municipalities
- artisan and technical skills, with those needed for infrastructure development enjoying priority
- management and planning skills in education, health and in municipalities
- teacher training in Mathematics, Science, information communications technology (ICT) and language competence
- specific skills needed by priority AsgiSA sectors starting with tourism- and business-process outsourcing and cross-cutting skills needed by all sectors, especially financial and project managers
- skills relevant to the local economic development needs of municipalities, especially developmental economists.

Jipsa will support citizens who are trapped in the Second Economy, giving them a chance to participate in the First Economy and in the growing South African economy in general. Jipsa aims to boost empowerment through education.

Domestic output

Real domestic production responded positively to the growth in real expenditure and registered a growth rate of 4,9% in 2005. This not only compares favourably with the growth in real gross domestic product (GDP) of 4,5% recorded in 2004, but is also the highest growth rate since 1984.

On a quarterly basis, real economic growth lost some momentum in the second half of 2005 and decelerated from an annualised rate of 4,2% in the third quarter of 2005 to 3,3% in the fourth quarter. The diminished performance in the final quarter of 2005 mainly reflected a decline in the real value added by the primary sector and slower growth in the real value added by the secondary sector.

For 2005 alone, the tertiary sector experienced the strongest growth among the major production sectors. Within the tertiary sector, the finance sector registered the highest rate of increase in real value added, consistent with the increase in the real value added by securities dealers throughout 2005. In the primary sector, agriculture output increased in 2005, following a contraction in 2004. The increase in real value added in mining was maintained at 3% in 2005 alone. Real value added by the secondary sector expanded by roughly 4% during 2005, after recording a rate of 5% in 2004.

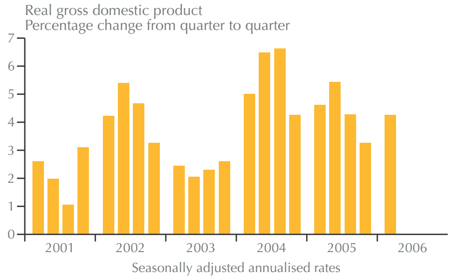
Domestic expenditure

Within an environment characterised by rising income and the lowest inflation and nominal interest rate levels encountered in more than 20 years, all the major components of real domestic final demand rose strongly in 2005.

Growth in aggregate real gross domestic expenditure slowed considerably from an annualised rate of 7,4% in the third quarter of 2005 to 3,9% in the fourth quarter. A substantial slowdown in the pace of inventory investment more than countered a marked acceleration in real domestic final demand – real final consumption expenditure by households and by general government, and real gross fixed capital formation. The level of real gross domestic expenditure was 3,9% higher in 2005 than in 2004.

Growth in real final consumption expenditure by households accelerated from 6,1% in the third quarter of 2005 to an annualised rate of 6,8% in the fourth quarter. The buoyancy in consumer spending was also reflected in a year-on-year growth rate of 6,9% in 2005 compared with a growth rate of 6,5% recorded in 2004.

Nevertheless, growth in real household expenditure for 2005 amounted to 7% compared with an increase of 6,5% in 2004. This



Source: South African Reserve Bank

was the highest annual growth rate in real consumption expenditure by households registered since 1981.

Factors that underpinned strong household spending in 2005 included:

- an increase of 6,6% in real household disposable income in 2005, partly due to wage settlements that remained above the contemporaneous inflation rate and income tax rates, which were lowered marginally
- the ratio of debt-service payments to disposable income that remained relatively low throughout 2005 at 6,6%
- the high levels of consumer confidence recorded in 2004, previously observed in 1997
- the wealth effects arising from the exceptional increase in property and other asset prices.

Price inflation

In recent years, there has been remarkable progress in lowering South Africa's inflation rate to levels more consistent with those of its main trading partners.

Overall consumer price inflation decelerated markedly from a high of 9,2% in 2002; to 5,8% in 2003; 1,4% in 2004; and 3,4% in 2005, which was the lowest rate of increase since 1962. The year-on-year rate of increase in the consumer price index (CPI) for metropolitan and other urban areas, less mortgage interest cost (CPIX), decelerated to within the inflation target range of 3% and 6% in the 30 consecutive months to February 2006.

During the recent period, price inflation decreased mainly due to the substantial appreciation in the Rand's exchange rate since the second half of 2002. Additional factors that contributed to the drop in inflationary pressures were:

- the consistent application of prudent fiscal and monetary policies
- low increases in food prices over an extended period
- a progressive deceleration in inflation expectations.

A further moderation in price inflation in South Africa was prevented recently in line with mounting concerns in the international community over the inflationary effects of the increase in commodity prices, particularly crude oil.

Year-on-year CPIX inflation rose from 4% in December 2005 to 4,3% in January 2006 and 4,9% in February 2006. Contributors to the last figure included annual increases in the price indices for transport, food, medical care and health expenses, and housing, excluding the interest rate on mortgage bonds.

The annual rate of increase in food prices was 4,4% in January 2006 and 4,7% in February 2006.

Year-on-year headline inflation or the CPI was 4% in January 2006 and 3,9% in February 2006.

Exchange rates

The weighted average of the Rand, which appreciated by 11,7% between the end of December 2003 and the end of December 2004, depreciated by 2% between the end of December 2004 and the end of December 2005.

The decline in the external value of the Rand coincided with a widening in the deficit on the current account. The trade weighted exchange rate of the Rand displayed notable fluctuations during 2005, having depreciated by 9% during the first half of the year before recovering nearly all the lost ground during the second half.

The external value of the Rand strengthened by 1,8% and 0,3% in January and February 2006 respectively before depreciating by 1,1% in March. From the end of December 2005 to the end of March 2006, the nominal effective exchange rate of the Rand appreciated by 1%.

Foreign trade and payments

Strong domestic production and expenditure in 2005 were accompanied by buoyant demand for imports.

For the year as a whole, the volume of merchandise imports rose by 11%. Over the same period, merchandise export volumes expanded by 8,5%, consistent with the solid performance of the world economy. Both the trade deficit and the deficit on the service income and current transfer account widened in 2005, resulting in a deficit on the current account of the balance of payments amounting to R64,4 billion from R47,5 billion in 2004. As a ratio of GDP, the deficit rose to 4,2% in 2005.

The value of merchandise exports which increased by 8,7% in 2004 advanced by 13,8% in 2005. This increase could be partly attributable to higher volumes of exported goods, which amounted to 19,9% of GDP. The increase of 4,7% in the Rand prices of merchandise exports following the vigorous surge in international commodity prices also boosted the earnings of South African exporters.

The value of mining products, and agricultural and manufactured goods rose by 18,9%, 11,4% and 11,2% respectively. Increases were most noted in the subcategories for mineral products, platinum-group metals, machinery and electrical equipment, vehicle and transport equipment and chemical products.

The widening of the current account deficit in 2005 was also caused by a further decrease of 5,8% in the value of net gold exports from R28,7 billion in 2004 to R27 billion in 2005. The lower value of net gold exports resulted from a decline of 12,5% in the volume of gold exported. This drop was, however, partially offset by an increase in the price of gold. Despite the appreciation of the external value of the Rand in 2005, the average realised Rand price of gold increased by 7,5% after having decreased by 4,5% in 2004. On the London market, the average fixing price of gold rose by 8,7% from US$409 to US$445 over the period.

South Africa recorded substantial inflows of capital on the financial account of the balance of payments during 2005. An inflow amounting to R98,4 billion was recorded during the year, which was the highest annual inflow ever recorded in a calendar year.

Trade relations

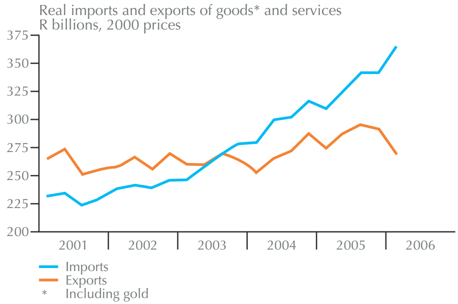
Internationally, open economies with an export base perform much better in terms of economic growth than closed economies. Increasingly, production is becoming globally integrated, and South Africa forms a vital part of international supply chains.

Therefore, dismantling barriers to trade, especially those faced by South African exporters, is a critical component of any economic strategy that promotes sustainable growth.

Africa's economic development

South Africa's global economic strategy focuses on Africa and a strong development agenda. Partnerships with countries on the continent are therefore considered vital and strategic. South Africa's economy is inextricably connected to that of the southern African region, and its success is linked to the economic recovery of the continent through the New Partnership for Africa's Development (Nepad).

Africa is an important market for South African exports. In 2003, about 23% of South Africa's exports were destined for the continent. There was a huge increase in imports from the continent. In 2003,



Source: *Quarterly Bulletin*

only 4% of total imports came from Africa. However, this increased to 40% in 2004.

This trade imbalance has largely been offset by South Africa's investment on the continent, aimed at infrastructural projects designed to enhance the productive capacities of African economies. Besides forging bilateral trade and economic relations, the Department of Trade and Industry is committed to increasing South Africa's involvement in large capital projects on the continent. The following areas have been prioritised:

- infrastructure and logistics (roads, ports, etc.)
- energy and ICT
- water and waste management
- transport
- construction
- oil and gas infrastructure
- agri-business
- mining
- human resource development.

During meetings of the World Economic Forum for southern Africa, the formation of a business forum for southern Africa was announced (a joint initiative between the Department of Trade and Industry and the private sector). It was established to take advantage of investment opportunities in the region.

The department, through Trade and Investment South Africa, has established trade- and investment-promotion offices in Egypt, Nigeria, Ghana, Kenya, Ethiopia, Tanzania, Zimbabwe, the United Arab Emirates, Saudi Arabia and Angola to facilitate trade and investment flows. More were expected to be opened.

New Partnership for Africa's Development

The Department of Trade and Industry provides supportive services to Nepad, which has a critical role in accelerating trade and economic development on the continent to alleviate poverty, which is Nepad's primary objective.

The department aims to contribute to the Nepad agenda by mobilising the necessary support from relevant stakeholders internally and externally, and providing leadership and strategic guidance on trade and economic issues. It also contributes to the national project co-ordinated through the African Renaissance Cluster on the formulation of a national response to Nepad through the Nepad Implementation Strategy of South Africa.

Southern African Development Community (SADC)

The SADC comprises Angola, Botswana, the Democratic Republic of Congo, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe. Madagascar submitted an application for membership during the SADC Heads of State Summit, held in Mauritius during August 2004, and was granted permanent membership in August 2005.

Since attaining democracy in 1994, South Africa has put regional integration by SADC member states on the top of its foreign economic agenda. This approach follows from the belief in the economic benefits that can be brought to all member states by closer economic co-operation in the region. To support this approach, South Africa has reviewed its trade relationship with other SADC members, adopted the SADC Trade Protocol, promoted investment by South African firms in the SADC and helped to facilitate greater volumes of trade by South Africa and other SADC members.

Europe

Trade relations with Europe, particularly with the European Union (EU), are pivotal to South Africa's economic development. The Trade, Development and Co-operation Agreement with the EU forms a substantial element of South Africa's reconstruction and development efforts.

Europe remains South Africa's largest trading region and source of investment. In 2005, Europe accounted for 38,9% (R116,94 billion) of South Africa's total exports, and 40,3% (R140,448 billion) of its total imports. During the same year, the EU accounted for the bulk of this trade, with exports to the EU reaching R106,465 billion in 2005 (up from R93,426 billion in 2004), and imports reaching R128,360 billion in 2005 (up from R121,064 in 2002).

Six European countries are among South Africa's top 10 export destinations, and four European countries are among the top 10 countries from which South Africa's imports originate. In 2005, South Africa's imports from Germany, South Africa's largest source of imports, totalled R49,197 billion. The United Kingdom (UK) remains South Africa's largest export destination in Europe. Exports to the UK amounted to R32,377 billion in 2005.

The formal, non-agricultural sectors created 158 000 jobs in 2005, a 2,2% improvement on 2004, bringing the number of people employed in the formal economy, excluding farming, to 7 255 million in 2005, compared with 7 097 million in 2004.

United States of America (USA)

The USA is South Africa's number-two trading partner in terms of total trade (the sum of exports and imports) recorded in 2005. Exports to the USA increased marginally in nominal terms from R30 billion in 2004 to R31 billion in 2005. Imports from the USA also recorded a paltry increase in nominal terms from R26 billion to R27 billion from 2004 to 2005. Since 2000, the trade balance has been in South Africa's favour, with the trade surplus increasing in nominal terms from R3,5 billion to R4,1 billion between 2000 and 2005.

South Africa is a beneficiary of the USA's Generalised System of Preferences (GSP), which grants duty-free treatment for more than 4 650 products, and benefits from the Africa Growth and Opportunity Act (AGOA), which was promulgated in May 2000. In terms of the AGOA, 1 783 more products were added to the existing GSP product list. Although the AGOA was initially due to lapse in 2008, the US Government met African countries' requests for it to run to 2015 under what is called the AGOA III amendments.

The AGOA also allows duty-free entry of clothing and selected textiles into the USA, subject to certain criteria and policy reforms.

Canada

Canada is South Africa's second-largest trading partner in North America. Since the lifting of sanctions in 1994, bilateral trade between South Africa and Canada increased from R904 million in 1993 to R4,7 billion in 2005.

The number of South Africans with incomes below R250 per month declined from 18,5 million in 2000 to 15,4 million in 2004, while those with higher incomes rose from 26,2 million in 2000 to 31 million in 2004. Between 1994 and 2004, and mostly within the period 2000 to 2004, the real income of the poorest 20% of South Africa's population increased by 30%.

South Africa benefits from Canada's General Preferential Tariff (GPT). GPT rates range from duty-free to reductions in the Most Favoured Nation rates. South Africa also has a memorandum of understanding (MoU) with Canada relating to the export of clothing and textile products to that country. It allows a certain amount of South African clothing and textile products to enter the Canadian market at a better than Most Favoured Nation rate. The Trade and Investment Co-operation Arrangement, signed in 1998, enhances bilateral and trade investment.

Latin America

South Africa's major trading partners in Latin America are Brazil, Argentina, Chile, Mexico, Colombia and Peru. Most trade is with Brazil and Argentina, which are members of the Mercusor trade bloc. A framework agreement committing South Africa and Mercusor to a free trade agreement was signed in 2000. However, as a first step towards achieving this goal, the parties signed a preferential trade agreement (PTA) in December 2004. Upon ratification by all signatories, the PTA will offer businesses from both sides preferential access to a broad range of product lines. Trade between South Africa and Mercusor grew substantially from R2,7 billion in 1994 to R14,5 billion in 2005. South Africa recorded a trade deficit of about R8,5 billion against the bloc for 2005. From 2002 to 2005, about 62,5% of total trade between South Africa and Mercusor was with Brazil.

South and south-east Asia and Australasia

India is a key partner for South Africa in South Asia and total trade has been increasing rapidly since 1994. According to the latest figures, two-way trade between the two countries reached R14,42 billion in 2005. South Africa and India are fostering closer economic ties through initiatives such as the Joint Ministerial Commission and the India-South Africa Commercial Alliance.

South Africa co-operates with India in areas of common interest in the World Trade Organisation and other fora, and works closely in the India-Brazil-South Africa (IBSA) Forum. IBSA is not only an economic initiative but also an undertaking by countries with shared interests in a multilateral system that equitably addresses political, social and economic matters. South Africa and India co-operate in the G20, a grouping of developing countries that seeks to address developmental challenges in the global economic system.

Bilateral trade with south-east Asia, particularly the Association of South-East Asian Nations (Asean) members, increased rapidly from a low base from 1990. Asean presents South Africa with a potential market in excess of 520 million people. South African total trade with Asean totalled R25,72 billion in 2005, and is set for continued growth. Within Asean, key partners for South Africa include Singapore, Thailand, Indonesia, Malaysia, Vietnam and the Philippines.

North-east Asia

Economic and trade relations between South Africa and the People's Republic of China have grown rapidly since the formal establishment of diplomatic relations. Total trade grew from R5,3 billion in 1998 to R40,2 billion in 2005.

Japan is South Africa's largest trading partner in Asia and became the country's primary export partner in 2005 with total trade reaching R56,9 billion in 2005.

Australia is another important market for South Africa with total trade reaching R17,05 billion in 2005.

Economic transformation

Small is big

Government's National Strategy for Small Business aims to boost small enterprises, equalise income and wealth and create long-term jobs. Fostering entrepreneurship among women is a particular focus.

Developing small, medium and micro enterprises (SMMEs) has attracted increasing attention in South Africa in recent years, as an engine for general economic growth, and for employment creation and equity acceleration.

The Department of Trade and Industry launched the Small Enterprise Development Agency (Seda) in December 2004.

Seda, which provides non-financial support to small and medium enterprises (SMEs), was formed by merging the Ntsika Enterprise Promotion Agency and the National Manufacturing Advisory Centre. It aims to:

- improve geographic outreach
- achieve the desired impact on small enterprises
- provide a single access point for small enterprises
- be inclusive of all relevant stakeholders
- leverage resources in service delivery
- optimise resource usage
- align government's service-delivery strategy coherently.

National Empowerment Fund (NEF)

The NEF was established by the NEF Act, 1998 to promote and facilitate economic equality and transformation. The fund received R150 million in 2004/05 and R400 million in 2005/06.

The NEF leverages its funding by setting up strategic alliances with other private-sector financial institutions to further increase funding for Black Economic Empowerment (BEE).

It operates at several different levels, providing finance and business support to rural women and fledgling entrepreneurs, and large-scale financial support to BEE groups.

The fund's new products and services include the Group Entrepreneurial Schemes Division (loans and equity finance to BEE SMEs from R250 000 to R10 million), Market Making (finance for larger BEE transactions in capital markets, warehousing and strategic projects) and BEE Retail Investment (promoting historically disadvantaged individuals' savings and access to listed equities through new product offerings in design phase).

The NEF partners business organisations that focus on serving women. It deploys its resources to optimise the empowerment dividend to government and provides pre- and post-investment management assistance.

The NEF's funding comprises a hybrid of loans and equity, and is designed to lower the cost of capital for BEE participants. This approach to BEE funding is aimed at overcoming existing funders' traditional risk aversion.

Industrial Development Corporation (IDC)

In forming SMEs, the IDC has an increasingly important role in supporting and assisting with venture capital. The IDC has three operational and client-oriented divisions, namely Services Sectors, Industrial Sectors and Projects.

IDC collaboration with the EU and the European Investment Bank on the Risk Capital Facility enabled it to reach more black-empowered SMEs. This facility was used in 15% of IDC deals.

Some of the highlights in 2005/06 included the following:

- 26 000 jobs created through financing activities
- competitive financing for development schemes of R1 billion
- 69% of the total number of approvals were for SMEs
- R370 million of approvals would directly benefit townships mainly through investments in telecommunications, food-retail industries and tourism
- increased strategic focus on maximising development impact in rural and regional development
- 150 financing approvals to the amount of R4,2 billion.

Business Partners Limited

Business Partners Limited is a specialist investment group, providing customised investment, mentorship and property-management services to SMEs in South Africa.

In March 2006, Business Partners launched two new specialist investment funds, the Business Partners Empowerment Fund and the Business Partners Tourism Fund. Business Partners will be investing R6,6 billion into entrepreneurial enterprises over the next five years.

During its first 25 years of existence, Business Partners invested R6,9 billion into the country's SMEs. A further R6,6 billion was invested through Business Partners' three geographical investment funds, as well as through a number of specialist funds, some of which are joint ventures with government bodies and other organisations. These include the Business Partners-Khula Start-Up Fund and the Business Partners Umsobomvu Franchising Fund.

State-owned enterprises (SoEs)

The Department of Public Enterprise is responsible for overseeing SoEs, to ensure that they:

- facilitate economic growth by locating them in optimal industry structures and ensuring the efficiency of their operations and the economic effectiveness of their investment programmes
- play a leadership role in the economy in terms of corporate governance and the implementation of national policy
- catalyse sector and regional economic development opportunities.

Expanded Public Works Programme (EPWP)

The EPWP celebrated its first anniversary in April 2005. It is the largest job-creating initiative to be undertaken by government.

The EPWP is operational in all nine provinces. Projects include the construction of rural or low-volume roads, water and sanitation trenches and sidewalks.

South Africa has a significant small business sector with some two million small businesses representing 98% of all firms. Collectively, small enterprises employ 55% of the country's labour force and contribute about 43% to the total wage bill. However, 87% of small businesses are survivalist, with the great majority being black-owned and 41% owned by women.

The Company Registration Index shows that the share of business held by small firms is increasing. In the 2006 calendar year alone, by the end of May 2006, the Companies and Intellectual Property Registration Office had recorded 19 050 company and 88 086 close corporation registrations. This represented an annual increase of 2,7% and 13,7% respectively.

Registrations of co-operatives totalled 4 843, representing an annual increase of 207%.

Overall, new registrations are in the business services, trade and financial sectors, followed by community and social services and the construction industry.

In addition, government will increase spending on the maintenance of schools, clinics and other government buildings. EPWP projects will also be launched in the area of home-based care for people affected by HIV and AIDS, childcare projects, and in environmental projects like LandCare and clearing alien vegetation from river banks.

By June 2006, the EPWP was on course to deliver on its mandate. It had surpassed its employment-creation targets across four

Trade unions in South Africa

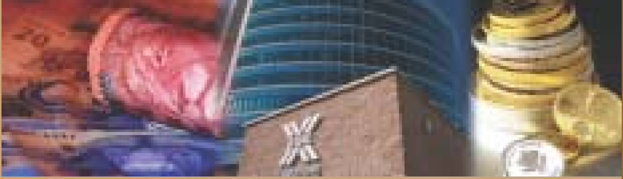
Year	Registered trade unions	Trade union membership	Registered employers	Bargaining councils
2001	485	3 939 075	265	73
2002	504	4 069 000	270	62
2003	369	3 277 685	239	56
2004	341	3 134 865	229	58
2005	335	2 935 864	226	58

Source: Department of Labour

sectors, with more than 301 000 work opportunities created. On average, 52% of beneficiaries were female and 38% youths.

The greatest number of job opportunities were created in KwaZulu-Natal, which had 66 317 beneficiaries, of which 33% were youths and 0,3% were people with disabilities. The province also had the highest number of female beneficiaries in the country at 62% and, at R126 million, the highest wage payout.

Of the youths employed by the EPWP, 51% were in Mpumalanga, 48% in the Free State, 46% in Gauteng, 44% in North West and 40% in the Western Cape.



National finance

Government's macroeconomic policies aim at meeting the challenges of South Africa's social and economic development in the context of an increasingly interdependent global environment. Increasing growth to a higher and more sustainable level of at least 6% in line with government's Accelerated and Shared Growth Initiative for South Africa (AsgiSA) is a top priority.

South Africa's economy is growing at 5% a year, and contributing to job creation and rising incomes. Inflation is expected to remain at about 4,5% on average over the next three years, thus protecting the buying power of South Africans, especially the poor.

Fiscal policy framework

The Minister of Finance, Mr Trevor Manuel, presented the Budget for 2006/07 on 15 February 2006.

Tabling his 10th Budget in the National Assembly, he said main Budget revenue in 2006/07 was expected to be R446,4 billion and spending R472,7 billion – resulting in a deficit of only 1,5% of gross domestic product (GDP).

Total tax relief in 2006/07 was expected to amount to R19,1 billion, of which R13,1 billion was in personal income tax relief to individuals.

The income threshold below which no tax was payable by individuals was raised to R40 000 for the 2006/07 tax year and for taxpayers over 65, to R65 000 a year.

The maximum marginal rate of tax remained at 40%, while the threshold was raised from R300 000 to R400 000.

The South African Revenue Service (Sars) would offer a tax amnesty to small businesses with a turnover of R5 million or less, who had not been compliant with the tax system.

Taxes and penalties would be waived for the years of assessment ending on or before 31 March 2004, subject to a non-disclosure penalty of 10% on taxable income for 2005.

The annual turnover threshold to qualify as a small business corporation rose from R6 million to R14 million, and the taxable threshold for the lower 10% rate would be increased from R250 000 to R300 000.

The small business income tax exemption threshold would also be raised from R35 000 to R40 000.

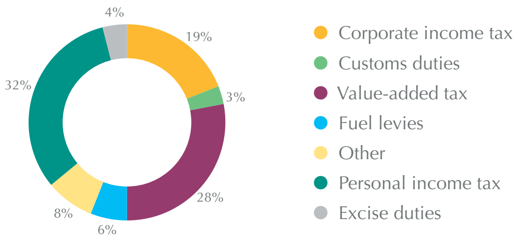
Tax on retirement funds would be halved from 18% to 9%, with effect from 1 March 2006.

The offshore foreign currency allowance for individuals was increased from R750 000 to R2 million.

On the spending side, the maximum old-age and disability grants and the Care Dependency Grant were increased by R40, to R820 a month; the Foster Care Grant by R30, to R590; and the Child Support Grant by R10, to R190 a month.

Other expenditure highlights for the Medium Term Expenditure Framework included:

* significantly increased spending on education, public health, social welfare services, and housing and municipal infrastructure, local transport and water schemes.
* R3,5 billion more for national roads and rail infrastructure, and R7,1 billion for the Gautrain project
* R5,4 billion to expand and equip police and improve courts administration and justice department capacity
* R3,1 billion added to defence modernisation and infrastructure
* R900 million to foreign affairs capacity and the African Renaissance Fund
* R3,3 billion to improve the maintenance of government buildings.



Tax revenue – Source: *A People's Guide to the Budget 2006*

In June 2006, South Africa's only stock exchange, the JSE Limited, listed on its own exchange.

In a momentous occasion in the history of the exchange, guests were joined by Deputy President Phumzile Mlambo-Ngcuka, and wore a variety of hats in memory of the closing day of the old trading floor nearly 10 years ago to the day.

The JSE now joins an elite number of international exchanges – including the London and New York stock exchanges, Deutsche Borse, Nasdaq, Euronext, the Australian Stock Exchange, the Singapore Exchange and the Hong Kong Exchanges and Clearing – that have listed on their own markets.

For investors in South Africa and abroad, the move brings heightened transparency and visibility to the trading of JSE shares, which in turn has the potential to improve their liquidity and tradeability.

Debt management

Sound macroeconomic policy and fiscal management have played a central role in building South Africa's reputation as a credible and competitive borrower. The approach to debt management has assisted towards developing the financial sector as a source of capital for the public and private sectors. Improved access to capital and the development of specialised debt instruments for private borrowers have given a boost to domestic economic activity.

Government has focused on placing the management of national debt on a sound footing, and as a result, debt-service costs have been reduced considerably. The fiscus has directly benefited from declining debt service costs, which have freed additional resources for social expenditure. In 1998, for each rand of revenue collected, government spent 24 cents to service debt; by 2005, only 12 cents of every rand were spent on debt service – and this will decrease to 10 cents per rand by 2009.

Debt as a percentage of GDP has reached historic lows, increasing the financial sustainability of the economy in coming years. Net government debt as a percentage of GDP is expected to decline over the medium term to 27,7%. Foreign debt as a percentage of total gross debt remains low at 13,4%.

Financial markets

Market performance

The South African bond market is one of the most liquid emerging bond markets in the world. Turnover in listed debt declined in 2005, with volumes decreasing from R8,4 trillion nominal in 2004 to R8,1 trillion nominal, which is a drop of 4%. The decrease in nominal turnover was also reflected in the lower number of matched trades for the year, which decreased from 328 000 in 2004 to 298 000 in 2005. Turnover in the spot market increased from 34,1% of total turnover in 2004 to 37,3% in 2005.

Although turnover figures for 2005 dropped significantly, the turnover velocity of listed debt instruments remained healthy at 13 times the market capitalisation for 2005.

While 95% of market turnover in 2005 was in government and utilities stock, there was an ever-increasing amount of listings and turnover in corporate issuances and securitisations which, together in 2005, accounted for 5% of total turnover.

Secondary capital-market activity

South African bond yields declined considerably between October 2005 and February 2006. The closing yields on government bonds declined to historically low levels on 20 February 2006, with the yields on two-year R194, four-year R153, nine-year R157 and 20-year R186 government bonds declining to 6,93%, 7,05%, 7,13% and 6,81%, respectively. Factors that contributed to the decline in local yields include the firmer exchange value of the Rand, which served to lessen medium-term inflation concerns, and a lowering of the tax rate on interest income for the retirement fund industry, announced in the February 2006 Budget. After being net purchasers of South African bonds to the value of R0,4 billion in 2004, non-residents were net sellers of bonds to the value of R10,7 billion in 2005.

Managing public finances

Transforming public-sector financial management is one of National Treasury's key objectives. To this end, National Treasury has been implementing the Public Finance Management Act (PFMA), 1999 since 1 April 2000.

There have been measurable improvements in the quality of financial management in both the national and provincial spheres of government. These include among others:

- an improved linkage between planning and budgeting whereby departments are now required to compile and table strategic plans that are consistent with their budget envelope
- strategic plans and budget documentation containing improved information on measurable objectives that are expressed in terms of quantity, quality and timeliness
- departments submitting monthly expenditure reports on actual expenditure incurred as well as on projected expenditure for the remainder of the financial year
- risk-management processes now being implemented by institutions

Fact:

By May 2006, 20% of South Africa's companies fell in the 'super growth' category of firms which have grown considerably more than the average – up from 16% in 2005 and 12% in 2004 – according to consultancy Grant Thornton International.

- the establishment of internal audit functions and audit committees in all departments
- the setting of accounting standards in accordance with best accounting practices, both locally and internationally
- the finalisation and submission of financial statements to the Auditor-General (AG) within two months after close of the financial year
- the tabling of annual reports in the legislature within six months from the end of the financial year.

Taxation

Sars collected R417,4 billion in taxes during the 2005/06 financial year, exceeding its revised target of R417,05 billion by almost R337 million and its original target of R372,8 billion by R45 billion. The revenue haul will help trim South Africa's budget deficit for 2005/06 from 1,5% to 0,3% of GDP.

Personal income tax yielded R126 billion, company tax yielded R87,5 billion and value added tax yielded R114 billion. Sars also collected R8,5 billion in transfer duties, R15,7 billion in excise duties, R18 billion in customs duties; and R20,5 billion in fuel levies.

Income tax is government's main source of income and is levied in terms of the Income Tax Act, 1962.

In South Africa, income tax is levied on South African residents' worldwide income, with appropriate relief to avoid double taxation. Non-residents are taxed on their income from a South African source. Tax is levied on taxable income which, in essence, consists of gross income less allowable deductions as per the Act.

Personal income tax relief in 2006/07 amounted to R13,5 billion, partially offset by an increase in the withholding rate on motor allowances and amended treatment of company car benefits. The net benefit in personal income returned to taxpayers was R12,1 billion.

The income threshold below which no tax is payable by individuals was raised to R40 000 for the tax year beginning March 2006, and

The result placed South Africa in the top 10 on Grant Thornton's Super Growth Index, which ranks countries by proportion of super growth companies, for the third year running, reflecting the country's consistent economic growth over this period.

for taxpayers over the age of 65 to R65 000 a year. Changes to the tax brackets resulted in significant relief for all taxpayers, with an estimated 49% of the benefit going to those who earn less than R150 000 a year, and 24% of relief going to the income bracket R150 000 to R250 000. The maximum marginal rate of tax remains 40%, while the threshold was raised from R300 000 to R400 000.

Auditor-General

The Constitution guarantees the independence of the AG. The office audits national, provincial and local government. The AG has the power to audit the activities of public entities without the approval of the CEO or directors.

South African Reserve Bank

The bank, which is independent, formulates and implements monetary policy and regulates the supply of money by influencing its cost.

An important responsibility of the bank is to ensure that the banking system as a whole is sound and meets the requirements of the community.

The bank acts as a banker to other banking institutions. It is also the custodian of the statutory cash reserves and provides facilities for the clearing and settlement of inter-bank obligations.

The banking industry

At the end of December 2005, 34 banks, including 15 branches of foreign banks and two mutual banks, were registered with the Office of the Registrar of Banks. Furthermore, 47 foreign banks had authorised representative offices in South Africa. By the end of December 2005, the banking institutions collectively employed 122 135 workers.

Four major groups dominated the South African banking sector, holding 82% of its assets:

- Amalgamated Banks of South Africa Group Limited, which is internationally-owned
- Standard Bank Investment Corporation Limited
- FirstRand Holdings Limited
- Nedbank Limited.

Industry-wide net income after tax increased to 1,1% of total assets in 2005. As a percentage of equity, industry-wide net income after tax decreased from 14,7% in 2004 to 14,5% in 2005.

Insurance companies

By mid-2006, 81 long-term insurers were registered. The total net premiums received and outstanding for 2004 (unaudited figures) amounted to R153 billion, while total assets amounted to R908,1 billion.

Development Bank of Southern Africa (DBSA)

The primary purpose of the bank is to promote economic development and growth, human resource development and institutional capacity-building. The bank's mandate is focused on infrastructure.

Growth in broad money supply (M3) rose during the course of 2005 and early 2006, accelerating from 13% in the early months of 2005 to 21% in February 2006.

Banks' loans and advances to the domestic private sector remained relatively strong during 2005 and early 2006, registering average growth rates of 21% to 22%. Asset-backed credit (mortgage advances, leasing finance and instalment sale credit) constituted the bulk of the increase in banks' total loans and advances throughout 2005 and early 2006.

Growth in M3 and banks' total loans and advances was consistent with firm increases in nominal income, expenditure and wealth.

Following a reduction in the repo rate to 7% in April 2005, the Reserve Bank's Monetary Policy Committee (MPC) left the repo rate unchanged at its successive meetings until June 2006. The MPC was mindful of significant risk factors to inflation but positive that these risks were balanced enough not to require an adjustment to the policy stance.

In June 2006, the repo rate was increased by 50 basis points to 7,5%. In August 2006, it was increased to 8%.

Launched on 25 October 2004, the Mzansi bank account was conceived out of the requirements set out in the Financial Services Charter. Mzansi is supported by Absa, First National Bank, Nedbank, Standard Bank and the PostBank.

By June 2006, Mzansi had led to the creation of 3,3 million new bank account holders.

Doing business in South Africa

The South African economy is firmly on a higher economic growth range, emphasising the economic turnaround that has been achieved since 1994.

This has created a strong platform for accelerated growth in the next decade, with an emphasis on achieving higher levels of productive investment, employment creation, exports and productivity.

Fiscal deficit has been reduced from 4,6% in 1996 to just 1,5% of gross domestic product (GDP) in 2005.

Excellent investment opportunities exist in a number of sectors, including tourism, mining and mineral beneficiation, hi-tech industries and communications, manufacturing, transport and agriculture. By April 2005, South Africa's investment rate had increased from 14% to 17% of GDP. Business confidence was at a record high.

Policy

To reinforce and sustain economic growth, government is focusing on three key areas of intervention, namely, increasing the rate of investment, improving levels of competitiveness and broadening economic participation.

Over the past few years, government has initiated various measures to speed up economic growth and job creation, including the Accelerated and Shared Growth Initiative for South Africa (see Chapter: *Economy*).

In recent years, South Africa has made great strides in opening the domestic economy to international competition.

Fact:

The automotive sector is the leading manufacturing sector and the third-largest sector in the South African economy. The sector's contribution to gross domestic product in 2003 amounted to 6,4%, up from 5,7% in 2002 and 5,4% in 1999.

Achievements include:

- a market-related and competitive exchange rate
- no restrictions on the type or extent of foreign investments
- strengthening competition policy
- abolishing exchange control for non-residents, and a reduction in that applicable to residents
- a significant reduction in tariff barriers, ahead of the World Trade Organisation timetable
- providing world-class investment incentives.

Attracting investment

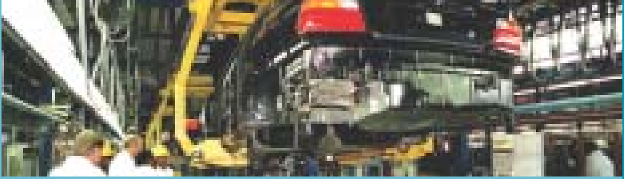
In line with promoting foreign investment in South Africa and positioning the country as a financial centre for Africa, government announced in February 2004 that foreign companies, governments and institutions may list on South Africa's bond and securities exchanges.

Increasing competitiveness

A number of incentives are being offered to both large and small businesses to improve their competitiveness, including those under the:

- Small and Medium Enterprise Development Programme, which has benefited over 12 000 enterprises
- Competitiveness Fund, which supported over 1 200 enterprises
- Sector Partnership Fund, which has assisted over 85 successful partnerships consisting of over 600 individual enterprises
- Black Business Supplier Development Programme, which has assisted over 600 small, black-owned enterprises to improve systems, quality, skills and marketability.

To improve access to affordable finance as a key element to broadening economic participation, the National Empowerment Fund was relaunched in May 2004 and allocated R400 million during



2005/06, which has been committed to Black Economic Empowerment (BEE) transactions.

The South African Micro-Finance Apex Fund, launched in April 2005, provides loans of up to R10 000 to micro businesses and some small businesses.

Broadening economic participation

The Broad-Based BEE Strategy is the overarching framework to broaden economic participation. In 2004, the National Small Business Act, 1996 was amended to provide for the merging of Ntsika and the National Manufacturing Advisory Centre, and the birth of the integrated Small Enterprise Development Agency.

The Small Enterprise Development Strategy was unveiled in 2005.

Trade and Investment South Africa (Tisa)

Tisa, a division of the Department of Trade and Industry, aims to develop the South African economy by focusing on investment development and promotion, export development and promotion, and sector policy development.

Tisa is responsible for developing the following priority sectors:

- agroprocessing
- chemical and allied industries
- clothing, textiles, leather and footwear
- cultural industries
- exportable services (business process outsourcing)
- information and communications technology (ICT) and electronics
- metals and mineral-based industries
- tourism
- transport industries.

During 2004/05, outward-bound missions that had been financially assisted by Tisa considerably increased market access for at least 123 companies.

National Industrial Participation Programme (NIPP)

The NIPP became obligatory on 1 September 1996, focusing on purchases arising mainly from the transport, energy and ICT sectors.

Since 2000, there has been a major increase in the size of obligations as a result of purchases from South African Airways and the Strategic Defence Procurement package. By November 2004, the size of obligations being monitored was in excess of US$14,5 billion.

By November 2004, the programme had facilitated over 125 projects, resulting in investments and sales credits worth US$2 billion, consisting of investments of US$677 million, export sales of US$1 billion, and local sales, including BEE and small and medium enterprise (SME) promotion of US$457 million.

These projects have created and/or sustained 7 000 direct jobs, increased international markets for South African value-added products, developed whole new ranges of products in emerging, higher opportunity industrial sectors, and brought in millions of rands in new investment, mostly to the poorest and most neglected parts of the country.

Spatial development

To encourage investment in geographic areas of greatest poverty and economic potential, 11 spatial development initiatives (SDIs) and four industrial development zones (IDZs) have been created and are at varying stages of delivery.

Those created are:

- SDIs: Maputo Development Corridor; Lubombo SDI; Richards Bay SDI, including the Durban and Pietermaritzburg nodes; Wild Coast SDI; Fish River SDI; West Coast Investment Initiative; Platinum SDI; Phalaborwa SDI; and Coast-2-Coast Corridor
- IDZs: Gauteng, Coega, East London, Saldanha and Richards Bay.

The SDI concept may have a variety of focuses, such as:

- industrial – KwaZulu-Natal and Fish River SDIs
- agritourism – Lubombo and Wild Coast SDIs
- sectoral mix – Maputo Development Corridor
- IDZs – Coega, Saldanha and East London.

IDZs are located near major transport nodes such as ports or airports. The benefits of IDZs are support to investing companies, especially for greenfields development projects; access to transport for export; waiver of import duties for export products; and subsidised skills training.

In 2001, work started on the Coega Deep Water Harbour and IDZ near Port Elizabeth.

Investments committed for the Coega Project – both the IDZ and the deep water port of Ngqura – amount to R5 billion. The French aluminium group Pechiney selected Coega over other sites in Canada and Australia for the first of a new generation of smelters.

The Enterprise Organisation (Teo)

Teo's purpose is to stimulate and facilitate the development of sustainable competitive enterprises through the efficient provision of effective and accessible supply-side incentive measures.

It contributes to the realisation of the Department of Trade and Industry's strategic objectives by:

- developing incentives in support of identified policies and sector strategies
- efficiently administering the department's incentive programmes
- facilitating access to and impact of products and services rendered by Teo through a focused business development effort.

Fact:
An incentive scheme for the film industry was launched in June 2004. Thirteen approvals were granted in this sector in 2004/05.

Help for exporters

A draft export development strategy was developed in 2004/05. Eleven trade bulletins were published containing over 613 unified business opportunities. It is estimated that the bulletins are distributed monthly to over 4 000 exporters.

Non-financial assistance in the form of information and general advice was provided to over 857 exporters. Some 1 500 copies of the *Export Answer Book* were also distributed. The export-readiness of 15 enterprises in the cosmetics sector was improved by facilitating training in supply-chain management for export delivery.

For export promotion, 28 national pavilions across eight sectors were organised and managed. Some 375 companies were financially supported in national pavilions. The value of the orders taken from these companies at these events was R330 million.

In addition, 87 companies were trained in maximising their participation in trade fairs, and 14 companies and five export councils were trained in intelligence-gathering techniques at trade fairs. A total of 22 inward-buying missions were facilitated from 26 countries across nine sectors. Fourteen outward-bound trade missions were facilitated. Outward-bound missions financially assisted by Tisa have considerably increased market access for at least 123 companies.

Employment and skills development

At the June 2003 Growth and Development Summit, government, business, trade unions and community leaders recommitted themselves to creating jobs and boosting training. Employers and unions agreed to strengthen the 25 sector education and training authorities (Setas). These government-business-labour organisations were established in March 2000 to identify and meet skills needs in each sector.

The amalgamation of several Setas, which began in March 2005, resulted in the formation of three new Setas. One of the country's largest Setas, the Safety and Security Seta, came into effect on 1 July.

By 31 July 2006, the Department of Labour had collated the results of phase one of the National Skills Development Strategy 2001 – 2005 and registered 170 926 learners into learnerships and apprenticeships. Of these, 109 674 (64%) were unemployed, and 36 703 were apprentices. Of all the learners, 71% were placed in income-generating projects, employment or further training within three months of them completing their training. The department exceeded the target it set itself in 2005 of registering at least 50 000 learners in scarce fields by registering 116 425 learners.

For the 2005 academic year, R26 million was allocated to the National Research Foundation (NRF) for bursaries to be awarded to postgraduate students in areas of scarce skills. The NRF awarded 621 honours and postdoctoral studies bursaries.

The R49 million that was allocated to the National Student Financial Aid Scheme (NSFAS) was for bursaries to undergraduate students in areas of scarce skills. In 2005, the NSFAS awarded 6 320 undergraduate bursaries, mainly to students with disabilities.

The actual amount spent on training programmes conducted under the social development funding window during 2005/06 to the end of December 2005 amounted to R131,7 million.

The National Skills Fund committed R181 million to develop the skills of 7 330 unemployed learners through various learnerships. An additional R88 million was committed towards 2 300 learnerships that were implemented through employment and skills development lead employers.

Taxation

Companies are taxed at a rate of 29% after a 1% reduction in 2005/06 to stimulate investment and job creation. In addition, secondary tax on companies is levied at a rate of 12,5% on dividend distributions.

A formula tax applies to gold-mining companies. A number of administrative interventions as well as tax-relief measures were announced in the 2005 Budget to regularise and stimulate growth for small businesses.

Small business corporations (annual turnover limit increased to R6 million) benefit from a revised graduated tax rate of 0% on the first R35 000 of taxable income, and 10% up to R250 000 of taxable income; are eligible for accelerated depreciation allowances; and can write off investments in manufacturing plant and equipment in the year in which it is incurred.

Additional measures to reduce the administrative and compliance burden on small business were announced in the Budget.

Exchange control

National Treasury has followed and continues to follow a policy of gradual relaxation of exchange controls since 1995. The following major reforms were announced by the Minister of Finance and implemented in 2004 in relation to resident and non-resident corporates, and South African individuals:

- Foreign-owned South African companies were able to borrow locally up to 300% of the total shareholders' investment. This debt capital would be used to finance investment in South Africa or as domestic working capital.
- Foreign entities (including foreign governments and multilateral institutions) were allowed to list their securities, both bonds and equities, on South African exchanges (i.e. inward listings). South

The Companies and Intellectual Property Registration Office became a trading entity in July 2002 and has registered over 100 000 close corporations in the past three financial years. In 2002, 10 408 patents were registered.

Highlights for the Competition Commission in 2004/05 included its 284 mergers and acquisitions cases. Of these, 278 were finalised, 262 approved and seven approved with conditions. A total of 82 complaints on prohibited restrictive business practices were completed.

In 2004/05, the National Lotteries Board paid out R262 million in lottery funds, of which 61% went to charitable organisations, 22% to beneficiaries in the sport and recreation sector, and 14% to beneficiaries in the arts, culture and heritage sector.

African institutional investors are allowed to invest an additional 5% of their total retail assets in 'African'-classified inward-listed securities, while South African individuals can invest freely in such African and non-African inward-listed securities.

- Exchange control limits on outward foreign direct investment by South African corporates have been abolished. Yet, South African corporates are still required to lodge an application with the South African Reserve Bank. As part of further relaxation on corporates, South African companies are no longer compelled to repatriate foreign-earned dividends to South Africa. Government is working towards the transition from exchange controls to a system of prudential regulation for institutional investors.

Currently, South African long-term insurers, investment managers and pension funds can invest up to 15% of their total retail assets offshore, while collective investment schemes can invest 20% of their total retail assets offshore.

Fact:

The 2005 – 2010 National Skills Development Strategy (NSDS) has been finalised and R21,9 billion in funding allocated to it over five years.

The new NSDS is expected to play a key role in realising government's goal of halving the country's unemployment by 2014.

JSE Limited (JSE)

Founded on 8 November 1887, the JSE is the sole licensed securities exchange in South Africa. In July 2005, after 188 years as a mutual association, the JSE celebrated its demutualisation and is now known as JSE Limited, a public unlisted company.

In 2001, the JSE incorporated the South African Futures Exchange, presenting 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.

Foreign affairs

The Department of Foreign Affairs formulates, co-ordinates, implements and manages South Africa's foreign-policy and international-relations programmes throughout the world. These are guided by a commitment to promoting human rights, democracy, justice and international law; international peace and internationally agreed mechanisms for resolving conflicts; Africa in world affairs; and economic development through regional and international co-operation.

South Africa and Africa

South Africa's development is inextricably linked to the development of Africa and the southern African region. Africa faces the challenge of positioning itself to address the marginalisation of the continent by engaging global role-players on socio-economic development, and facilitating a fair and just global order.

African Union (AU)

The AU is Africa's premier institution and principal organisation for promoting the continent's accelerated socio-economic integration, which will lead to greater unity and solidarity between African countries and peoples. South Africa was instrumental in establishing the AU and its organs, namely the:

- Assembly
- Executive Council
- specialised technical committees
- financial institutions
- Permanent Representative Council
- Peace and Security Council
- Pan-African Parliament (PAP)

- Economic, Social and Cultural Council
- Court of Justice
- African Court on Human and People's Rights
- African Commission on Human and People's Rights.

The financial institutions, African Central Bank and African Monetary Fund, and African Court of Justice, still have to be operationalised.

Through active interventions in the Democratic Republic of Congo (DRC), Burundi, Ethiopia/Eritrea, Côte d'Ivoire and Sudan, South Africa supports peace and security efforts in Africa.

The fifth session of the PAP took place in Johannesburg in May 2006. The PAP will occupy its current temporary premises in Midrand, Johannesburg, until 2010. Preparations are under way to identify a suitable site and construct the permanent headquarters of the PAP in South Africa

New Partnership for Africa's Development (Nepad)

South Africa is a key driver of Nepad, a socio-economic initiative to promote good governance, eradicate poverty and create sustainable economic growth.

The Department of Foreign Affairs will continue to facilitate implementing Nepad's priority sectors, namely infrastructure, agriculture, environment, tourism, information and communications technology, health, human resources, and science and technology. Attention will increasingly be paid to establishing structures in South Africa to enable the country to maximise the increased trade and investment benefits arising from Nepad.

By the end of 2005/06, South Africa was preparing for its review by Nepad's African Peer Review Mechanism (APRM), an instrument voluntarily agreed to by AU member states for African self-monitoring.

The APRM's purpose is to foster the adaptation of policies, standards and practices that lead to political stability, high economic growth, sustainable development and accelerated subregional and continental economic integration by sharing experience and reinforcing successful and best practice, including identifying deficiencies and assessing the needs for capacity-building.

In July 2006, the Minister of Public Service and Administration, Ms Geraldine Fraser-Moleketi, presented the APRM Country Self-Assessment Report to the APRM Country Review Team. This saw the official launch of the Country Review Mission.

The country's representatives sit on the Heads of State and Government Implementation Committee and its Steering Committee. The Nepad Secretariat's full-time core staff are located in Midrand, Johannesburg.

South Africa and the Southern African Development Community (SADC)

The SADC is a critical vehicle for southern African regional development.

It provides for regional peace and security, sectoral co-operation and an integrated regional economy. The SADC member states are Angola, Botswana, the DRC, Lesotho, Malawi, Mauritius, Mozambique, Namibia, the Seychelles, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe.

South Africa has been engaged in restructuring the SADC to enable it to execute evolving AU mandates and respond to changing development challenges. Considerable work has gone into setting up new institutions, as well as reviewing existing ones. One of the organ's main functions is to ensure that the regional peace and security arrangements are linked to continental arrangements. Another challenge is finalising the Memorandum of Understanding between the AU Commission and Africa's regional economic communities to ensure a co-ordinated interface for addressing AU themes and activities.

Asia and Australasia

South Africa continues to strengthen its relations with the region through increased two-way trade; personal exchanges between high-level dignitaries; and the finalisation of new instruments of co-operation in the scientific and technological fields, through technology transfer, investments and overseas development assistance in capacity-building.

While Japan, Malaysia and Taiwan already rank among the foremost sources of foreign direct investment (FDI) in South Africa, the significance of China and India, as sources of investment, is growing. South Africa's multinational companies are finding attractive investment opportunities in Australia, China, Indonesia and Thailand in diverse fields such as mining, minerals processing, electronic media and the petrochemical industry.

South Africa also plays a leading role in the Indian Ocean Rim Association for Regional Co-operation, which creates an opportunity for countries of the South to serve their economic interests.

As a result of South Africa's participation in the Association of South East Asian Nations Summit in November 2002, a decision was taken to launch the Asia-Africa Sub-Regional Organisations Conference (AASROC I) in Bandung, Indonesia, in April 2003. South Africa and Indonesia co-host AASROC.

The India-Brazil-South Africa (IBSA) Dialogue Forum remains of strategic importance to all three countries as a powerful global forum to drive South-South co-operation and the agenda of the South, and to champion the needs of the developing world.

In September 2006, President Thabo Mbeki attended the IBSA Summit in Brazil.

South Africa hosted the first New Asia-Africa Strategic Partnership (NAASP) Senior Officials Meeting in September 2006 in Durban. The NAASP is expected to reinvigorate co-operation between these two continents.

The Middle East

The Department of Foreign Affairs distinguishes between two clearly identifiable subregions in the Middle East. There is the Levant, which comprises Israel, Iraq, Jordan, Lebanon, Palestine and Syria, and on the other hand, the Arabian/Persian Gulf Region, consisting of the member states of the Gulf Co-operation Council, namely Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, the United Arab Emirates (UAE), Iran and Yemen.

The Middle East is an important economic region as it occupies a unique geopolitical position in the tricontinental hub of Europe, Asia and Africa.

South Africa's leading trade partners in the region are Saudi Arabia, Iran, Kuwait, Qatar, Israel and the UAE.

South Africa supports a just, equitable and comprehensive peace process in the Middle East and an end to the illegal occupation of land that has led to conflict and violence between the peoples of the region.

The Americas

The bilateral relationship with the United States of America (USA) remains strong. Since 1994, business, civilian and governmental links with the USA have expanded exponentially, and a strong and long-term South Africa-USA working partnership has been established.

The USA is one of the largest single foreign investors in the South African economy and the largest trading partner taken as an individual country, as well as the largest donor of official development assistance.

The US Administration has identified Africa as a foreign-policy priority, and among other things, has further identified South Africa as an anchor state in the region in terms of the US National Security Strategy.

Support for Nepad within the US Administration, US Congress and business sector, with particular focus on the implementation of infrastructure-development projects, is a high priority. Building local capacity for research and effective delivery is another area of co-operation with the USA in the continuing battle against communicable diseases such as malaria, tuberculosis, HIV and AIDS.

The USA Presidential Emergency Programme for AIDS committed US$2,8 billion in 2005. US support for South Africa, the region and Africa's social and economic objectives is an important long-term priority.

Consultation between the South African Government, through National Treasury and the US Agency for International Development (USAid), on the alignment of the USAid programmes with the domestic developmental priorities of South Africa, remains ongoing, and is reviewed yearly.

Under the current co-operation agreement, R234 million will be directly geared towards South African government initiatives. This amount represents 56% of USAid's total annual budget of R546 million to South Africa, which, in the past two years, has been the top recipient of development assistance from among the 27 African countries supported by USAid.

In the multilateral sphere, South Africa and Canada share a like-minded approach to a number of issues such as human rights and the need for United Nations (UN) reform. Canada remains a strong supporter of the African Agenda and Nepad, particularly in the G8 context. Canada is actively seeking closer co-operation with South Africa in peacekeeping on the continent.

Intensive interaction takes place between a number of South African government departments and their Canadian counterparts. Closer co-operation has been developing in the fields of minerals and energy, health, science and technology, agriculture as well as arts and culture, with the emphasis on research, skills transfer and capacity-building.

South Africa maintains formal diplomatic relations with all the Latin American countries.

South Africa's relations with the independent member states of the Caribbean community have been strengthened and expanded.

Europe

The advent of a new democratic political dispensation more than 10 years ago marked the dawn of a new era in South Africa-European Union (EU) relations. The legal framework that governs South Africa's relationship with the EU is the Trade, Development and Co-operation Agreement (TDCA), which is premised on three main areas of co-operation, namely, political dialogue, trade and economic co-operation, and development co-operation.

The TDCA provides for a free trade agreement by 2012. The Trade Chapter of the agreement provisionally entered into force in January 2000. The reciprocal elimination of trade tariffs and the resultant access to the EU market improved two-way trade by close to 50% up to a total value of R200 billion. Since January 2002, South Africa has exported to the EU an annual average of R80,6 billion worth of goods and imported R120,2 billion worth of goods from the EU.

The EU is the largest source of FDI to South Africa. It accounts for 44% of the total FDI flows to South Africa and six out of the top 10 foreign investors in South Africa are member states of the EU.

The TDCA also provides the legal basis for continued EU support for development co-operation activities in South Africa. This support is channelled through the European Programme for Reconstruction and Development (EPRD), which was funded directly from the EU Commission's budget at a cost of €127,5 million for the period 2003 to 2006. The EPRD is the largest single development programme in South Africa financed by foreign donors. Further assistance from the EU comes in the form of soft loans from the European Investment Bank.

South Africa is Germany's largest trading partner on the African continent. Germany ranks with the United Kingdom (UK) and USA among the three largest economic role-players in South Africa regarding trade, investment, finance and tourism. More than 370 German companies have invested in South Africa and collectively employ more than 65 000 people here.

Prime Minister Tony Blair visited South Africa in 2006 to attend the Progressive Governance Summit.

In May 2006, President Mbeki met with Prime Minister Blair for bilateral discussions.

Minister Dlamini Zuma led the South African delegation to the seventh session of the UK-South Africa Bilateral Forum held in London in May 2006.

President Mbeki paid a state visit to Italy in March 2006.

On 12 January 2006, the Minister of Foreign Affairs, Dr Nkosazana Dlamini Zuma, visited the United Nations (UN) Headquarters in New York, United States of America, to assume chairpersonship of the Group of 77 (G77) on behalf of South Africa.

The G77 is the largest coalition of developing countries in the UN, which provides the means for the countries of the South to articulate and promote their collective economic interests and enhance their joint negotiating capacity on all major international economic and development issues in the UN system, promote South-South co-operation and strengthen economic and technical co-operation among developing countries themselves.

During its tenure as chair of the G77, South Africa will be committed to enhancing the position of the group as a constructive and responsible partner in promoting North-South relations in support of the development agenda of the South.

Additionally, the importance of the developing countries need to co-ordinate common positions among themselves on global issues is increasingly being recognised.

President Thabo Mbeki met his Russian counterpart Vladimir Putin in South Africa in September 2006 to discuss strengthening relations between South Africa and the Russian Federation.

It was the first-ever visit by a Russian Head of State to South Africa.

United Nations

South Africa remains an active participant in ongoing discussions on the reform of the UN and believes that the multilateral system should be fully engaged in the endeavour for human development and poverty eradication, starting with the achievement of the millennium development goals (MDGs); the common struggle to address environmental degradation; the pursuit of an overarching human-rights agenda; the promotion of democracy and good governance; and all efforts to combat terrorism and the proliferation of weapons of mass destruction and small arms.

President Mbeki used the General Debate of the UN General Assembly in September 2005 as a platform to expand on the above-mentioned national priorities. He also reviewed progress made in the implementation of the MDGs and deliberated on the reform of the UN, including the Security Council.

As a party to the UN conventions on climate change, desertification and biodiversity, South Africa is committed to reducing poverty and the loss of biodiversity. South Africa is also firmly committed to the protection of the oceans and the sustainable management of its marine resources.

South Africa continues to reinforce its role as an active and substantive role-player on disarmament, non-proliferation and arms control issues at national, regional and international levels.

It actively participated in the various nuclear disarmament and non-proliferation fora, including the 2005 Nuclear Non-Proliferation Treaty Review Conference.

In March 2006, the former Secretary General of the United Nations, Mr Kofi Annan, and his wife, Nane, visited South Africa for three days.

This was Annan's first visit to South Africa since he took over the leadership of the UN in 1997.

He met with President Thabo Mbeki and visited former President Nelson Mandela.

He also visited the Hector Peterson Memorial in Soweto and delivered a speech to the National Assembly in Cape Town.

From 2007, South Africa is serving on the UN Security Council in a non-permanent capacity.

United Nations Development Programme (UNDP)

South Africa's voluntary contribution to the UNDP for 2005/06 was R950 000, which went towards the operational costs of development programmes in South Africa.

The previous UN Development Assistance Framework (UNDAF) ended in December 2006. The Department worked with the UN Country Team in South Africa and numerous other departments to prepare the new UNDAF, which will guide UN support in South Africa from 2007 to 2010. In this process, the Common Country Assessment was drafted by government and accepted by the UN and the new UNDAF.

The UNDP has a country office in Pretoria, which is headed by the resident representative, who is also the UN resident co-ordinator for all UN operational activities for development in South Africa.

Commonwealth

The Commonwealth comprises 53 member countries on every continent and major ocean, making up a quarter of the world's population and generating 20% of global trade.

Members range from micro-states in Polynesia to members of the G8, the smallest and poorest to the richest and most populous, with cross-cutting affiliations straddling the North-South divide.

The Commonwealth is united by its shared ideals and common traditions manifested in similar structures of governance; public administration and law; and a common working language, commercial and business practices, and understanding. It is an important multilateral institution, both uniting and serving its member countries and providing a lobby on global issues.

Its programmes of action, such as the Commonwealth Fund for Technical Co-operation, the Commonwealth Youth Programme and the Commonwealth Foundation, are focused on capacity-building, economic and social development, the removal of disparities in living standards across the world and the alleviation of poverty and illiteracy.

Communications

South Africa boasts an outstanding telecommunications infrastructure and a diversity of print and broadcast media. Telecommunications is the fastest-growing industry in South Africa, with investment exceeding R60 billion between 1994 and 2004. South Africa is also the largest consumer of information technology (IT) products and services in the world.

With a network that is 99% digital and includes the latest in fixed-line, wireless and satellite communications, South Africa has the most developed telecommunications network in Africa.

Access

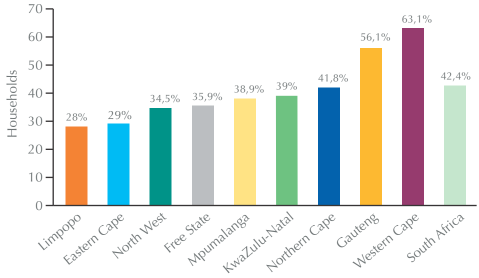
The Electronic Communications Act, 2005 seeks to remove policies that hinder the development of cross-sector applications, services and businesses. The Act enables the sector to reflect the integration of telecommunications with IT, broadcasting and broadcasting signal distribution.

It also empowers citizens with better access to knowledge and information. The Telecommunications Amendment Act, 2001 has enabled the Department of Communications to liberalise the South African telecommunications market, increase competition and, as a by-product, stimulate the sector to bring down the costs of communications and remove constraints on growth.

The amendment also provided for the licensing of operators in underserviced areas with a teledensity of less than 5%, the majority of which are in the Sustainable Rural Development Programme nodal points. It has also brought about an increase in the ownership and involvement in the telecommunications sector by women and historically disadvantaged groups. The Act also provided for a new public emergency telephone service and emergency number, 112.

Fact:

By November 2005, broadband Internet access had its first 147 000 users in South Africa. According to a research report released by Internet research company World Wide Worx entitled *Broadband in South Africa 2005*, this figure was expected to rise to 277 000 users in 2006.



According to Census 2001, 42,4% of households in South Africa had access to a telephone (landline or cellular phone)

Mobile communications

In recent years, South Africa has witnessed tremendous growth in the cellular phone industry. South Africa has three operators, namely Vodacom, MTN and Cell C.

Internet

A World Wide Worx survey, entitled *The Goldstuck Report: Internet Access in South Africa 2005*, showed that an estimated 3,6 million South Africans had access to the Internet at the end of 2005.

The Telecommunications Business Unit in the Department of Communications has established a specialist unit to develop a national strategy and to focus on the development and expansion of the Internet.

Bringing communications and services to the people

The Public Information Terminal (PiT) project, which was launched in 1998, is a joint venture between the Department of Communications and the South African Post Office (Sapo). It aims to give citizens access to government information and services by creating

appropriate infrastructure. It also aims to give citizens electronic access to information and communications via e-mail.

By November 2006, there were 87 Thusong Service Centres in operation, and an approved strategy for setting up a centre in each of the country's 283 municipalities by 2014.

These centres offer one-stop government services, as well as telephony and PiTs.

Telkom

Telkom has operated as a commercial company since October 1991 and is the largest provider of communications services in Africa, according to operating revenue and assets. The Telkom Group comprises the fixed-line company Telkom and a 50% shareholding in mobile telecommunications operator Vodacom. It was listed on the JSE Securities Exchange Limited and the New York Stock Exchange in March 2003.

Telkom's listing created meaningful value for Black Economic Empowerment (BEE) shareholders. Over 100 000 South African retail investors subscribed during Telkom's initial public offering, specifically targeted at historically disadvantaged individuals. In its first year as a listed company, the estimated value created for retail shareholders amounted to about R560 million.

For the financial year to 31 March 2006, the Telkom Group posted strong financial results. It declared a higher ordinary annual

South Africa's Second Network Operator, Neotel, was officially launched on 31 August 2006. The company planned to introduce initial services for consumers by March 2007 and to capture about 15% of the local market in the next three to four years.

Neotel has secured access to the relevant Eskom and Transnet infrastructure, including almost 10 000 kilometres of optical fibre backbone within metros and across the country and would offer a variety of fixed and wireless services.

Fact:

The South African Post Office is committed to providing an additional 2,2 million addresses by the end of 2007. By mid-2006, four million additional addresses had been provided over a three-year period.

dividend of 500 cents (c) per share and a special dividend of 400 c per share.

Headline earnings per share rose 36% to 1 740,5 c per share. The fixed-line business performance grew because of revenue growth of 4,1% and a 3,2% drop in operating expenses. The number of mobile customers reached 11,8 million gross connections.

Operating revenue climbed 10,3% to R47,625 million and operating profit grew by 30,3% to R14,677 million.

Postal sector

The Government-subsidised Sapo is required to provide a basic letter service that is reasonably accessible to all.

The first post office in South Africa was opened in the Castle in Cape Town in 1792.

The Post Office delivers almost six million letters per day to 10 million addresses in South Africa. It has 2 550 outlets covering the length and breadth of South Africa.

Annually, Sapo prints more than 384 million stamps and serves stamp collectors and dealers throughout the world.

As a preferred partner to government, the Post Office does pay-outs such as pension payments on behalf of the Department of Social Development. Its unequalled coverage of the country makes it particularly suited to this purpose. Motor-vehicle licences can be paid at selected post offices and the Post Office delivers identity documents on behalf of the Department of Home Affairs.

The media

South Africa's Bill of Rights guarantees the freedom of the press and other media.

Broadcasting

The independence of the public broadcaster, the South African Broadcasting Corporation (SABC), is guaranteed by legislation. The

SABC is being corporatised and restructured to better fulfil its mandate.

Radio

In 2006, the SABC's national radio network comprised 18 stations broadcasting in 11 languages, which, collectively, reached an average daily adult audience of 19 million.

For its internal coverage, Radio News uses about 13 editorial offices, a countrywide network of 1 300 correspondents and more than 2 000 news contacts.

Channel Africa Network comprises four language services, reaching millions of listeners throughout Africa. Broadcasts are in English, French, Kiswahili and Portuguese. It targets audiences in Africa and the Indian Ocean islands, and concentrates on providing programmes with African content.

The Independent Communications Authority of South Africa has granted licences to the following private radio stations:

- Radio Algoa (ex-SABC)
- Classic FM (greenfield)
- Kaya FM (greenfield)
- YFM (greenfield)
- Highveld Stereo (ex-SABC)
- Radio 702
- Radio Jacaranda (ex-SABC)
- Radio Oranje (ex-SABC)

The 2006 CNN Multichoice African Journalist of the Year Awards were presented on 15 July 2006 in Maputo, Mozambique.

Jacques Pauw, a *Special Assignment* executive producer, received the TV Features Award for *Room 6A*. This was Pauw's third CNN Award.

For her piece titled *Rape*, Sandy McCowen was presented with the TV General News Award.

Fact:
The SABC made a profit of R383 million in the 2005/06 financial year, which was almost double the profit of R194 million that it reported in the preceding year.

In 2005/06, the SABC generated over R3,9 billion in revenue, with radio and television showing growth. Revenue from licence fees increased by 30% from R739 million.

- East Coast Radio (ex-SABC)
- P4 (greenfield)
- Cape Talk MW (greenfield)
- Radio KFM (ex-SABC).

Community radio stations have a huge potential for the support of, among other things, cultural and educational information exchange. These radio stations use all indigenous languages, ensuring that people receive information in languages they understand.

Television

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

The SABC's national television network comprises three full-spectrum free-to-air channels and one satellite pay-TV channel aimed at audiences in Africa. Combined, the free-to-air sound broadcasting stations broadcast in 11 languages and reach a daily adult audience of almost 18 million people via the terrestrial signal distribution network and a satellite signal.

In October 1998, the country's first privately owned free-to-air television channel, e.tv, started operations.

M-Net became South Africa's first private subscription television service when it launched in 1986. Today, it broadcasts its array of general entertainment and niche channels to subscribers in more than 50 countries across the African continent and adjacent Indian Ocean islands.

MultiChoice Africa (MCA) was formed in 1995 to manage the subscriber services of its sister company, M-Net. It became the first African company on the continent to offer digital satellite broadcasting.

Operations include subscriber-management services and digital satellite television platforms broadcasting 55 video and 48 audio channels, 24 hours a day. Included are six data channels, which were the first interactive television offerings on the continent.

MCA is 100% owned by the MIH Group, which is listed on the JSE Limited, the Nasdaq in New York, and AEX in Amsterdam.

Print

Technically, the local print media rate among the best in the world. However, the recent juniorisation of the newsroom has had a negative effect on most major publications.

South African newspapers and magazines are mainly organised into major publishing houses, which have increased as a result of take-overs. The major press groups are Johnnic Communications, Independent News and Media, Independent Newspapers (Pty) Limited, Media24 Limited and Caxton Publishers and Printers Limited.

Other important media players include Primedia Publishing, M&G Media, the Natal Witness Printing and Publishing Company, Ramsay Son & Parker (Pty) Limited and Kagiso Media.

Since 1994, the major press groups have embarked on programmes to boost BEE in media ownership.

Biggest weekly and daily newspapers

July to December 2005

Weekly papers	
Sunday Times	504 424
Rapport	315 836
Soccer-Laduma	288 822
City Press	178 788
Die Son	186 107
Daily papers	
Daily Sun	444 061
The Star	166 597
Sowetan	131 714
Beeld	102 425
The Citizen	73 008

Source: Audit Bureau of Circulation

Newspapers

By mid-2006, the newspaper market consisted of:

- 21 dailies
- nine Sunday newspapers
- almost 150 local or country newspapers, most of them weeklies.

Though the tabloid market is thriving, circulation trends in dailies and weeklies remain largely static. By the end of 2005, urban dailies sold an average of 1 605 million copies a day, which was up from 1 501 million a day in the same period in 2004. The most dramatic growth in circulation was reported by the tabloid *Daily Sun*, which boasted circulation of more than 440 000, compared with 364 000 in 2004. The country's oldest Sunday newspapers, *Sunday Times* and *Rapport*, remained static, while the *Sunday Sun* grew from 176 000 to 187 000 and *City Press* went from 173 000 to 178 000 copies a day.

Top 20 magazines based on net sales
July to December 2005

1	Huisgenoot	352 389
2	You	225 976
3	TV Plus	155 129
4	Sarie	141 733
5	Rooi Rose	122 296
6	Cosmopolitan	115 099
7	True Love	115 009
8	FHM	112 809
9	People	108 361
10	Glamour	106 684
11	Car	104 594
12	Vroue Keur	99 304
13	Bona	92 903
14	Finesse	92 103
15	Men's Health	90 058
16	AA Traveller	88 245
17	Dit	85 145
18	Tuis/Home	83 439
19	Women & Home	82 822
20	SA Garden & Home	82 124

Source: Audit Bureau of Circulation

The Star remains South Africa's second-biggest newspaper, despite a drop in circulation to 166 461 from 166 597 in 2004.

The only truly national newspapers are the *Sunday Times*, *Rapport*, *Sunday Independent, Sunday Sun* and *City Press*, *Sunday World* and *Sunday Tribune*.

Fact:

Online advertising revenue in South Africa was expected to reach R183 million in 2006 and to pass the R200-million mark in 2007, according to a survey by technology research firm World Wide Worx. *Online Media in South Africa, 2005*, a study conducted with the co-operation of the Online Publishers' Association, which represents South Africa's 25 major online publishers, was released in April 2006.

Magazines

The magazine industry in South Africa is fiercely competitive with new titles appearing all the time, despite the worldwide challenge from electronic and interactive media. Judging from the proliferation of titles on the shelves in supermarkets and bookstores, many readers are still attracted to print. However, there is evidence to suggest the overall magazine reading population in South Africa is shrinking.

A positive development has been the segmentation of the market into niche publications that provide opportunities for advertisers to reach target markets.

Weeklies *Huisgenoot* and *You* are the two biggest money-making magazines in South Africa.

Among the monthlies, women's magazines are still the most widely distributed despite declining sales. *Sarie*, *Rooi Rose*, *Cosmopolitan*, *Glamour* and *True Love* are all in the top 10.

News agencies

The national news agency, the South African Press Association, is a co-operative, non-profit organisation.

The main foreign news agencies operating in South Africa are Reuters, *Agence France-Presse*, Associated Press, *Deutsche Presse-Agentur* and United Press International.

According to the study, it took South Africa's online publishing industry nine years, from 1994 to 2003, to grow to the R60-million revenue mark, yet it is set to treble that amount in the subsequent three years.

Media diversity

The independent Media Development and Diversity Agency (MDDA) is jointly funded by government, the media and other donors.

Headed by a nine-member board, the MDDA works to foster diversity, particularly in community and small commercial media, and to redress imbalances in the industry.

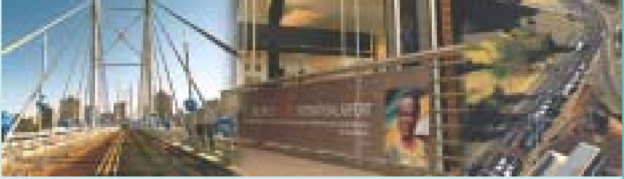
The MDDA awarded its first grants to community and small commercial media projects in January 2004.

By the end of March 2006, the MDDA had provided support to close to 100 different media and research projects around South Africa.

Advertising

Several South African agencies are active in Africa. Among the top three are McCann-Erickson Africa, Ogilvy Africa and FCB Africa.

The industry is self-regulated through the Advertising Standards Authority.



Transport

The aim of the Department of Transport is to lead the provision of an integrated, sustainable, reliable and safe transport system, through safety and economic regulation, planning, development, co-ordination, promotion and the implementation of transport policies and strategies.

2010 Action Agenda

By the end of October 2006, the Minister of Transport, Mr Jeff Radebe, announced that the 2010 Transport Action Agenda had been developed and that the World Cup Public Transport Infrastructure and Systems Fund had allocated the first round of funding to municipalities.

Government has set aside R3,8 billion for public-transport infrastructure for the 2010 Fifa World Cup. These funds are meant to leverage other funds available to develop public-transport infrastructure. The following allocations were approved:

- R1,6 billion for capital expenditure projects for 2010
- R200 million for intelligent transport systems
- R700 million for new and improved bus and taxi infrastructure
- R144 million for new intermodal interchanges and facilities
- R109 million for non-motorised transport infrastructure.

The integrated Broad-Based Black Empowerment (BBBEE) Charter for the Transport Sector was finalised in November 2005. It sets targets for empowerment and participation through ownership, management and employment in companies throughout the transport-sector value chain. The charter will ensure representivity for black women and designated groups across most of the BEE indicators.

Fact:

Transnet has committed to invest R41 billion over the next five years to improve services and ensure seamless freight logistics. Investments are expected to be made in the areas of ports, pipelines and rail. Of the rail portion, R8,9 billion will be invested in the coal line and R2,7 billion in the iron line, while R10,8 billion has been earmarked for improving infrastructure in the general freight business.

An additional R5 billion a year is needed to address the decline in service levels and to implement government's transport strategy – of achieving a sustainable rapid mass public-transport system – over the next 10 to 15 years.

Government's transport plan for the Fifa World Cup aims to ensure efficient and safe transport, especially sufficient air-, road- and rail-transport operators and infrastructure for the event.

Agencies

The four bodies tasked with commercialising certain elements of government's operational activities are the South African National Roads Agency Limited (Sanral), the South African Maritime Safety Authority, the Cross-Border Road Transport Agency and the Civil Aviation Authority.

A strong economy, high consumer and business confidence, low interest rates and increased affordability boosted new vehicle sales in South Africa to an all-time record high in March 2006.

National Association of Automobile Manufacturers of South Africa (Naamsa) figures showed that a total of 56 341 new vehicles were sold in March 2006, up 29,1% on the 43 635 units sold in March 2005.

New car sales easily surpassed all previous monthly sales records, up 30,9% on the same period in 2005 and 15,8% higher than in February 2006. Sales for the first quarter of 2006 exceeded those in the 2005 first quarter by an impressive 21,3%.

As a result of the record sales, Naamsa revised its growth projections for 2006 from 10% to between 15% and 20%.

March sales of new commercial vehicles, bakkies and minibuses of 3 163 units were 24,5% higher than they were in March 2005.

Naamsa said there were substantial increases in sales of medium and heavy trucks. Medium commercial vehicle sales rose 38,3%, while those of heavy commercial vehicles rose 29,5%.

Vehicle exports for the first two months of 2006 increased by 7 869 units, or 54,4%, on the same period in 2005.

Transnet Limited

Transnet is a public company wholly owned by the Government. It is a dominant player in southern Africa's transport infrastructure.

Transnet consists of the following divisions – Spoornet, the National Ports Authority (NPA), South Africa Port Operations, Petronet, Transwerk and Protekon.

Road transport

South Africa has the longest road network of any country in Africa. The Department of Transport continues to integrate and improve the road network, ensuring that it is well-developed, well-maintained and safe.

Government will mobilise investment of more than R25 billion from public and private sources in national roads over the next five years. It has committed some R63 billion for the next three years in the three spheres of government. The R25 billion is over and above the more than R2 billion baseline allocations made annually to the Sanral to manage non-toll national roads.

The State's toll-road network will be expanded at a cost of R10,7 billion and the private sector will invest about R16 billion in concession toll roads including the N2 Wild Coast. A significant proportion of these funds will be spent on the three major metropolitan nodes to address congestion. Government expects to invest R5,4 billion in developing access roads across the country in the next three years, using labour-intensive methods to maximise job creation and skills development. A further R500 million will be invested in strategic secondary roads critical for freight transportation.

Minibus taxis are responsible for 65% of the 2,5 billion annual passenger trips in urban areas, as well as a high percentage of rural and intercity transport.

Fact:

To increase the capacity of South African ports in line with the National Freight Logistics Strategy, Transnet will expand most ports and invest R3,2 billion in the new port of Ngqura. At Durban port, R12 billion will be spent on improving

Total market sales

Total market sales	Year	Sales
Total sales October	2005	50 682
Total sales October	2006	57 848
Total sales September	2005	54 560
Total sales September	2006	57 599
Total sales January-October	2005	468 702
Total sales January-October	2006	541 982

Source: National Association of Automobile Manufacturers of South Africa

Buses and trains respectively account for 21% and 14% of all public transport.

According to the National Household Travel Survey, 2003, about 26% of households in South Africa have access to a motor car. At 108 cars per 1 000 of the population, car ownership in South Africa remains in its infancy.

Taxi Recapitalisation Programme (TRP)

The TRP aims to replace the current ageing taxi fleet with new, safer and purpose-built minibus taxis. It also comprises the introduction of safety requirements for the new taxi vehicles and the scrapping of existing vehicles.

By mid-2006, some 98% of taxi operators had applied for their permits to be converted to operating licences, while those who had not were given time to do so until 30 September 2006.

Late in September 2006, Minister Radebe met with representatives from the National Association of Automobile Manufacturers of South Africa, financial institutions, the taxi industry, the car and container terminals and Maydon Wharf and expanding the Bayhead complex. Cape Town and Richards Bay ports will be improved at a cost of R1 billion each.

Construction of the Gautrain Rapid Rail Link commenced in September 2006.

The Gautrain Project will give South Africa its first-ever world-class rapid rail system in response to significant transport challenges such as road congestion and the need for better public transport. The Gautrain Project is expected to catalyse the transformation of public transport, especially in Gauteng, and will have a direct effect on integrated transport planning, the passenger rail plan and public transport plan.

The 2010 Public Transport Infrastructure Fund of R3,8 billion will result in big improvements to the public transport system, some of which will be integrated into the Gautrain Project.

It is expected that the Gautrain will eventually be part of a newly created mass transit-system.

the South African Bureau of Standards and bodies representing commuters to discuss the implementation and roll-out of the TRP. It was agreed that:

- all manufacturers of vehicles for the TRP would comply with safety regulations issued and they would submit their vehicles for certification by the South African Bureau of Standards without delay
- by the end of 2007, all TRP vehicles had to comply substantially with the issued safety regulations.

New taxis were expected to be introduced in September 2006 and will have colour-coding and specific markings to help commuters and traffic-enforcement officials to identify them.

A system of traffic-infringement management which includes a points merit and demerit system, a system of driver retraining and testing after serious crashes or repeat violations will be introduced to deal with lawlessness on South Africa's roads and reduce road fatalities. The administrative adjudication of road traffic offences was expected to be piloted in Tshwane in January 2007, which would include the points demerit system.

Fact:

The Intelligent Transport System (ITS) transmits real-time information on traffic and road conditions to ordinary road users, traffic authorities and emergency services so that they can make informed decisions in response to traffic delays and bad road conditions. A five-year ITS pilot project that will focus

The Siyazi Consortium Scrapping Agency is responsible for finalising and setting up facilities and infrastructure countrywide for the scrapping of taxis, which was expected to begin in October 2006, to coincide with Transport Month.

Old vehicles have to undergo roadworthiness testing at vehicle-testing centres countrywide identified by provincial authorities. Those deemed unworthy will be forwarded to the nearest scrapping agency. Owners will be advised to apply for the scrapping allowance.

Facts and figures about South African Airways (SAA):

- SAA serves more than 842 destinations throughout the world.
- It carries more than seven million passengers each year providing access to more than 150 countries.
- It employs close to 12 000 people worldwide, including 3 600 at SAA Technical. Staff include about 2 800 flight attendants and more than 800 pilots.
- SAA has a development programme known as Women in Aviation to develop high-calibre female managers to feed SAA's executive leadership.
- SAA Technical at OR Tambo International Airport is the largest maintenance facility in Africa.
- SAA undertakes maintenance for more than 40 major airlines, including British Airways, Singapore Airlines, Air France and Lufthansa.
- Some 20% of SAA's domestic travellers fly more than one trip a month on average.

particularly on the N1 Ben Schoeman between Pretoria and Johannesburg commenced in October 2006. Over R51 million has been invested in this project, with 90 cameras and 19 variable message signs installed along the highway to capture and transmit traffic information for road users.

At the end of 2005, there were 13 891 active pilots and 9 314 aircraft in South Africa.

Goods transport

Eighty percent of all freight in South Africa is transported by road. Nearly 7% of gross domestic product is spent on freight transport.

About 69% of road-freight tonnage is carried by firms or operators transporting freight in the course of their business, and 29% by road haulage firms.

Rail transport

Spoornet is the largest division of Transnet. Six major inland terminals and 19 satellite depots are strategically located to link with South Africa's major ports.

Spoornet's operational achievements during 2005/06 included:

- The reliability and availability of rolling stock were addressed. All major maintenance programmes were being incorporated into Transwerk, which will be responsible for rolling stock being available and reliable.
- The Transnet Board approved an extra maintenance budget of R1,6 billion for 2007 to address the maintenance backlog for locomotives, wagons and rail infrastructure. This is in addition to the R5,7 billion capital programme for 2006/07.
- The Vulindlela coal line programme increased capacity, resulting in record daily volumes.
- The focus on the iron-ore line raised daily volumes at the port of Saldanha to record levels with cargo of 29,6 mt being moved compared with 28,2 mt in 2005. The target for 2006/07 was 32,7 mt.

- A contract for the purchase of 110 dual-voltage electric locomotives – Spoornet's first new locomotives in 16 years – was awarded. They will run on the coal line.
- The new capital-expenditure programme spent R3,8 billion on capital projects.

South Africa accounts for about 47% of the total number of locomotives of all types in sub-Saharan Africa or 32% of the African total. However, South Africa's dominance of electric locomotives is nearly complete, with about 96% of sub-Saharan locomotives and 92% of the continent's total number of electric locomotives.

The African freight wagon fleet is small by international standards. However, South Africa dominates with about 62% of the total African fleet and 74% of the sub-Saharan total. The amount of rail freight tons moved also occurs mostly in the South African system, with about 71% of the African total and some 91% of sub-Saharan traffic.

Specialist Spoornet divisions

- Coallink – transports export coal from Mpumalanga to the Richards Bay Coal Terminal.
- Orex – hauls iron ore over the 861-km track from Sishen in the Northern Cape to Saldanha Bay.
- Shosholoza Meyl – offers daily intercity passenger rail services.
- GFB Commercial – handles some 52% of its freight tonnage.
- Luxrail – operates the Blue Train.
- Spoornet International Joint Ventures – plans to be a global leader in operations on the 1 000-mm and 1 067-mm rail networks.

Civil aviation

The Airports Company of South Africa (Acsa) owns and operates the 10 principal airports, including the three major international airports in Johannesburg, Cape Town and Durban. The others are domestic airports in Bloemfontein, Port Elizabeth, East London, George, Kimberley, Upington and Pilanesberg. Other airports in South Africa include Lanseria (Midrand), Gateway (Polokwane), Nelspruit and Kruger (Mpumalanga).

Acsa is the largest airports authority in Africa. Its airports handle more than 200 000 aircraft landing and millions of international arriving and departing passengers a year.

OR Tambo International Airport's (formerly Johannesburg International Airport) capacity will be increased to accommodate the new wide-body long-haul aircraft such as the A380 at connecting stands.

The number of airlines operating in South African airspace increased from nine in 1994 to more than 50.

Passenger arrivals and departures at South African airports

Airport	**Domestic**	**International**
Arrivals		
OR Tambo International	4 481 520	3 177 330
Cape Town International	2 737 400	584 627
Durban International	1 821 178	10 831
Departures		
OR Tambo International	4 518 872	3 247 068
Cape Town International	2 766 290	583 034
Durban International	1 841 849	12 067

Source: Airports Company of South Africa

South African Airways (SAA)

SAA is Africa's leading airline.

In April 2006, SAA became a member of the worldwide Star Alliance, the first African airline to join the elite international network.

The network represents 18 of the world's leading airlines, travelling to 842 destinations across 152 countries. The alliance processes 425 million passengers annually.

SAA's membership added 21 new African routes and destinations to the Star Alliance Network. Other members of the network include Air Canada, Lufthansa and United Airlines.

South Africa has a number of airlines flying between its major cities, and to some of its smaller ones, with fares ranging from first-class to cut-price economy. Flights can be booked online from anywhere in the world.

Seven major domestic airlines operate in the country, as well as a number of smaller charter airline companies.

Ports

The NPA is the largest port authority on the continent. It owns and manages South Africa's ports at Richards Bay, Durban, East London, Port Elizabeth, Mossel Bay, Cape Town, Saldanha and Ngqura.

The NPA provides suitable infrastructure as a conduit for the country's imports and exports. As port landlord, the NPA is responsible for:

- developing and managing port properties
- developing, advising and implementing national port policies
- providing and maintaining port infrastructure (i.e. breakwaters, seawalls, channels, basins, quay walls and jetties), and the sustainability of ports and their environments
- co-ordinating marketing and promotional activities for each port.

The NPA also has a control function, which includes:

- providing vessel-traffic control and navigational aids
- licensing and leasing terminals to operators
- monitoring the performance of port operators
- ensuring the orderly, efficient and reliable transfer of cargo and passengers between sea and land.

In 2005/06, the NPA increased turnover by 11% from R4 994 million to R5 543 million, and operating profit by 18% from R3 211 million to R3 798 million.

The port of Durban handles the greatest volume of seagoing traffic of any port in southern Africa. It handled 4 551 seagoing ships in 2005/06.

The adoption and implementation of measures to enhance maritime security has resulted in South Africa being fully compliant with the International Ships and Ports Security Code since July 2004.

Petronet owns, maintains and operates a network of 3 000 km of high-pressure pipelines.

Agriculture, forestry and land

South Africa has a dual agricultural economy: a well-developed commercial sector and a predominant subsistence sector. About 12% of the country can be used for crop production. High-potential arable land comprises only 22% of total arable land. Some 1,3 million ha are under irrigation.

Agricultural activities range from intensive crop production and mixed farming to cattle-ranching in the bushveld, and sheep-farming in the more arid regions.

Economic contribution

Primary agriculture contributes about 2,8% to the gross domestic product (GDP) of South Africa and about 7,2% to formal employment. However, there are strong linkages into the economy, so that the agro-industrial sector actually comprises 15% of GDP.

South Africa is self-sufficient in virtually all major agricultural products, and in a normal year is a net food exporter. However, the country remains vulnerable to drought.

Production

During 2005, the estimated total volume of agricultural production was 4% higher than during 2004. Producer prices of agricultural products decreased, on average, by 5,5% from 2004 to 2005, compared with a decrease of 5,9% during the previous year.

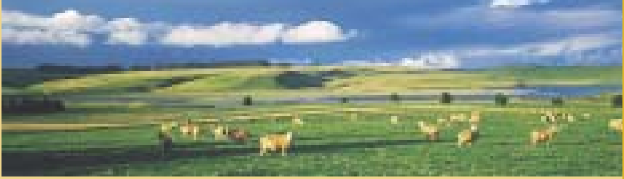
In 2005, producer prices of horticultural products decreased by 0,9% from the figure for 2004. During the same period, the prices of fresh vegetables increased by 3,1%, while the prices of fruit fell by 3,3%.

The producer prices of animal products were only 1,8% higher in 2005 than in 2004. Prices received for slaughtered stock increased by 5,3%. However, prices for pastoral products increased by 4,1%.

The price farmers received for milk was 1,8% lower. Prices received by poultry farmers showed almost no change compared with those of 2004.

Gross value of agricultural production, 2005

Field crops	
Maize	6 908 082
Wheat	2 008 374
Hay	2 018 091
Grain sorghum	140 883
Sugar cane	2 451 628
Ground-nuts	178456
Tobacco	413 001
Sunflower seed	1 018 516
Cotton	119 041
Other	1 091 700
Total	16 347 772
Horticulture	
Viticulture	2 413 544
Citrus fruit	2 617 381
Subtropical fruit	1 528 481
Deciduous and other fruit	4 861 866
Vegetables	4 031 684
Potatoes	3 010 033
Other	1 250 030
Total	**19 713 019**
Animal products	
Wool	734 955
Poultry and poultry products	14 109 944
Cattle and cattle products	7 959 116
Sheep and goats slaughtered	1 855 458
Pigs slaughtered	1 320 638
Milk	4 799 659
Other	2 059 310
Total	**32 839 080**
Grand total	**68 899 871**



Field crops and horticulture

- Maize is the largest crop, followed by wheat, sugar cane and sunflowers. South Africa is the main maize producer in the Southern African Development Community region. In 2004/05, 11,7 million tons (mt) of maize were produced on 3,2 million ha of land. An estimated 3,1 mt maize surplus was carried over to 2005/06.

  Maize prices plunged from more than R1 000 per ton in November 2004 to less than R600 during the first quarter of 2005 whereafter they recovered to levels of R1 000 per ton towards the end of 2005.
- Wheat is produced in the Western Cape and the Free State.
- South Africa is the world's 11th-largest producer of sunflower seed. In 2004/05, 620 000 t were produced on 460 000 ha.
- South Africa is the world's 13th-largest sugar producer. Some 2,5 mt of sugar are produced per season. About 50% of this is marketed in southern Africa, while the rest is exported to markets in Africa, the Middle East, North America and Asia.
- South Africa is the leading exporter of protea cut flowers, which account for more than half of proteas sold on the world market.

The multiphase Comprehensive Agriculture Support Programme (CASP) specifically targets emerging farmers, including women, in rural areas. By March 2006, the programme had facilitated the establishment of 12 co-operatives in three rural development nodes, 53 206 farmers had been assisted nationally and 21 017 households had benefited.

The department allocated R300 million to the CASP in 2006/07.

Some other crops:

- The Oudtshoorn district in the Western Cape is responsible for about 90% of the lucerne seed produced in South Africa.
- Deciduous fruit exports represent 16% of the country's total earnings from agricultural exports. In 2004/05, apples made up

the largest percentage of the crop (35%), while pears totalled 24% and grapes 33%. About 75% of the total crop was produced in the Western Cape, 14% in the Northern Cape, 8% in the Eastern Cape and 3% in Limpopo. In 2004/05, income from deciduous fruit decreased by 12% from R5 246 million in 2003/04 to R4 633 million in 2004/05.

- Internationally, South Africa's wines are highly competitive, with the industry showing a sustainable and increasingly positive trend over recent years. The wine industry currently contributes R163 billion a year to South Africa's GDP and employs 257 000 people directly and indirectly, while an additional R4,2 billion is generated annually through wine tourism.
- Citrus production is largely limited to the irrigated areas of Limpopo, Mpumalanga, the Eastern and Western Cape, and KwaZulu-Natal. A total of 1,9 mt of citrus was produced in 2004/05, which was a decrease of 5% from the 2003/04 yield.
- Pineapples are grown in the Eastern Cape and northern KwaZulu-Natal. Other subtropical crops such as avocados, mangoes, bananas, litchis, guavas, papayas, granadillas, and macadamia and pecan nuts are produced mainly in Mpumalanga and Limpopo and in subtropical coastal areas.
- In 2004/05, South Africa produced over 715 755 tons of subtropical fruit.

Rooibos tea is grown only in the Cedarberg area of the Western Cape, about 200 kilometres north of Cape Town. There is no alternative source of supply anywhere in the world. Although there are other places in the world where the tea could be grown, it is unlikely to be cultivated elsewhere because it is an extensive, labour-intensive crop.

Total agricultural exports

	2001	2002	2003	2004	2005
Average: five years					
Total South African products					
R millions	245 448	314 927	273 127	292 079	327 125
Total agriculture products					
R millions	20 075	25 460	22 794	22 074	25 458
Agriculture as % of total exports	8,2	8,1	8,3	7,6	7,8

Livestock

Livestock is farmed in most parts of South Africa. Numbers vary according to weather conditions. Stock-breeders concentrate mainly on the development of breeds that are well-adapted to diverse climatic and environmental conditions. The latest estimates for cattle and sheep are 13,8 million and 25,3 million, respectively. South Africa normally produces 85% of its meat requirements, while 15% is imported from Namibia, Botswana, Swaziland, Australia, New Zealand and Europe.

Food security

The Integrated Food Security and Nutrition Programme, adopted in July 2002, aims to eradicate hunger, malnutrition and food insecurity by 2015.

By mid-2006, provinces were being encouraged to replace the Agricultural Starter Pack Programme with the Sustainable Household Food Production Programme that would distribute starter packs and help to develop and transfer suitable input, technologies and information, training and capacity-building.

Provinces aimed to procure and distribute power hoes worth some R30 million to over 3 000 beneficiaries – mostly women and youth in

predominantly rural areas – to help them improve their agricultural productivity.

Food handlers in schools were trained by 240 master trainers in food safety, health and hygiene and in maintaining food-preparation areas. By mid-2006, the programme was feeding 298 323 learners in 801 ordinary schools and about 1 479 766 learners in 5 902 nodal schools.

Land and Agricultural Development Bank of South Africa (Land Bank)

The bank provides a comprehensive range of retail and wholesale financial products and services designed to meet the needs of commercial and developing farmers and agriculture-related businesses.

The Land Bank, through its Corporate Social Investment Section, has partnered with Roundabout (Pty) Ltd to provide safe drinking water to previously disadvantaged schools and communities in the outlying areas.

Livestock (million)

	2004	2005
Cattle	13,8	13,8
Sheep	25,4	25,3
Pigs	1,7	1,7
Goats	6,4	6,4

The Department of Agriculture has initiated the integrated Soil Protection Strategy in support of growth and sustainable development in the agricultural sector. The purpose of this project is to improve agricultural productivity and contribute to economic growth by focusing on erosion, soil acidity, declining soil fertility and organic matter, and veld rehabilitation.

Forestry

South Africa has developed one of the largest planted forests in the world. Plantations cover about 1,3 million ha of South Africa's land surface. Production from these plantations amounted to more than 22 million m^3 of commercial roundwood, valued at almost R5,1 billion, in 2005. Together with processed wood products, total turnover for the industry was about R15,4 billion in 2005, including R9,7 billion worth of wood-pulp.

Forestry provides direct employment for about 107 056 people, of whom 67 556 are in formal employment, 30 000 are contract workers and 39 500 are small growers and their helpers.

The forest-products industry ranks among the top exporting industries in the country, having contributed 2,91% to total exports and 1,74% to total imports in 2005.

Capital investment in the industry amounted to some R35 billion in 2005.

Indigenous forests

There are about 530 000 ha of indigenous or natural forests in the country, which occur mainly along the southern and eastern escarpment, the coastal belt and in sheltered kloofs or ravines.

There has been an increase in the use of natural forests as sources of medicine, building material, fuel wood and food. It is estimated that around 80% of South Africa's population still uses medicinal plants, most of which are sourced from natural habitats.

For the first time, South Africa has a detailed inventory of all its natural forests, which is used to accurately monitor changes in forest areas. The Department of Water Affairs and Forestry has completed a classification of natural forests, represented by 24 broad forest types. The Natural Forests Protected Areas System guides the setting aside and redemarcation of natural forests as protected areas.

Restructuring forests

The Department of Water Affairs and Forestry is pursuing a restructuring programme in the forestry sector, which will eventually see the department becoming a sector leader and regulator of forestry in South Africa.

South Africa's national tree, the yellowwood tree *(Podacarpus)*, can grow to a height of more than 40 m with a girth of 8 m, and can live for up to 800 years.

Land affairs

The Department of Land Affairs' responsibilities include deeds registration, surveys and mapping, cadastral surveys, spatial planning and land reform.

A project to upgrade townships surveyed under the apartheid government has made it possible for thousands of people to register properties as freehold where previously they held lesser rights.

The Chief Directorate: Surveys and Mapping will establish real-time base stations in support of surveys for the Communal Land Rights Act, 2004 to enable communities previously excluded from the benefits of land ownership to hold formal title to their land.

Maps of aerial photography coverage in the rural areas, particularly within the Integrated Sustainable Rural Development Programme nodes, will be updated.

The 1:50 000 topographical map series is the largest scale map series, providing full coverage of South Africa.

The popular large-scale 1:10 000 orthophoto map series provides coverage of predominantly built-up areas, areas of economic importance and areas experiencing rapid development.

The Chief Directorate: Deeds Registration aims to maintain a public register of land, as well as an efficient system of registration aimed at affording security of title to land and rights to land.

Of the 1 339 282 ha of plantations in 2004, 51% were softwood species and 49% hardwood species. Some 37% of the plantation area were managed mainly for saw-log production, 54% for pulpwood and 6% for mining timber, while the balance of 3% was grown for the production of poles, matchwood (poplar) and other minor products. Plantation yields vary from an average of 16 m^3 per ha per year for softwood, to 21 m^3 per ha per year for eucalyptus and 10 m^3 per ha per year for wattle (timber and bark).

Land reform

The Land Reform for Agricultural Development (LRAD) Programme aims to give previously disadvantaged people access to land, especially agricultural land. Launched in 2001, the LRAD provides financial support to emerging farmers through a match-funding arrangement in which the beneficiary contributes money, labour (sweat equity) or capital equipment.

Depending on the size of the contribution, the beneficiary qualifies for a grant of between R20 000 and R100 000. The LRAD's target is to redistribute 30% of all agricultural land to previously disadvantaged farmers by 2014.

To achieve this, about 3% has to be redistributed each year. By March 2006, between 13% and 16% had been distributed. Of the 23 520 LRAD beneficiaries, 19% were youths and 34,7% women.

Some 209 000 ha of agricultural land have been transferred to emergent farmers or communities since 1994. By April 2006, over 30 400 ha of land had been leased with an option to purchase.

South Africa has 203 primary wood-processing plants, 198 of which are owned by the private sector and only five of which are owned by local and state authorities. Of these, some 113 are sawmills; 15 mining-timber sawmills; 45 pole-treating plants; 24 pulp, paper and board mills; one match factory; and five charcoal plants. The total roundwood intake into these processing plants in 2004 was 22,2 million m^3 valued at R4,2 billion. The value of sales of timber products produced by these primary processing plants totalled R14,815 billion.

In March 2006, government allocated an additional R9,4 million to the Working on Fire Programme, which combines firefighting aircraft with highly trained ground crews drawn from previously unemployed people.

About 46 firebases have been established throughout South Africa, each boasting a 22-member firefighting crew and trained under the Working on Fire Programme.

The programme won an Impumelelo Award for its innovative human resources approach.

Land restitution

By 31 December 1998, 79 696 land claims had been lodged with the Commission on the Restitution of Land Rights. By May 2006, it had settled 71 645 of these. Of the 8 107 remaining claims, 6 975 were rural and 1 132 were urban claims. By May 2006, just over R6,1 billion had been awarded to beneficiaries who selected financial compensation, thus benefiting 986 981 beneficiaries and 194 487 households. During this period, the Department of Agriculture spent R2,4 billion purchasing land and restoring it to claimants.

As part of the Application of Meteosat Second Generation Data in Agriculture Project funded by the European Union, a satellite dish was installed at the Agricultural Research Council, by means of which the whole of Africa, with its adjacent oceans, is receiving data every 15 minutes from the satellite located 3 600 km above the Earth.

The project researches the data received for agricultural purposes like drought monitoring, animal stress and plant pest indices. The control of migratory pests, weeds and diseases is a public good basic to a productive agricultural sector and to risk management in agriculture.

Minerals and mining

South Africa's mineral wealth is staggering. Some of the country's most important minerals are:

- gold – the unique Witwatersrand Basin yields some 96% of South Africa's gold output
- diamonds – the country is among the world's top producers
- titanium – heavy mineral-sand occurrences containing titanium minerals are found along the coasts
- manganese – enormous reserves of manganese are found in the sedimentary rocks of the Transvaal Supergroup
- platinum-group metals (PGMs), chrome and vanadium – more than half of the world's reserves occur in the Bushveld Complex in Mpumalanga, Limpopo and North West
- coal and anthracite beds occur in the Karoo Basin in Mpumalanga, KwaZulu-Natal, Limpopo, Free State and Eastern Cape
- copper phosphate, titanium, iron, vermiculite and zirconium are found in the Phalaborwa Igneous Complex in Limpopo.

Reserves

South Africa's reserves of the following commodities are the biggest in the world:

- manganese
- PGMs
- vanadium
- chromium
- gold
- alumino-silicates.

Gold

World demand for gold increased by 4,9% to 4 036 tons (t) in 2005. The average gold price traded at US$445 oz.

World mine supply increased by 49 t to 2 519 t, but South African gold production fell by 13,4% to 294,8 t in 2005. Provisional data for 2005 indicates that total gold sales decreased by 14,9% to US$3,87 billion.

Fact:

In May 2006, the gold price broke through the crucial US$700 a troy ounce level for the first time since 1980.

Platinum also reached a new all-time high, rising nearly 4%, to trade at US$1237 an ounce.

South Africa's mineral exports, 2005

Commodity	Unit	Mass	%	World ranking
Aluminium	Kt	611	3	8
Alumino-silicates	Kt	168	44	1
Antimony	Kt	4 762		
Chrome	kt	513	11,4	4
Coal	Mt	68	8,9	4
Copper	Kt	29	0,5	18
Fluorspar	kt	211	9,6	3
Gold	t	343		
Iron ore content	Mt	25	3,9	5
Lead	kt	32	1,6	12
Manganese Kt	kt	2 403	20,2	2
Nickel	18			
Phosphate rock	Kt	268	0,8	9
Platinum-group metals	Kg	259 716		
Silicon metal	kt	46	7,6	5
Silver			72	
Titanium minerals	Kt			
Uranium	t			
Vanadium	Kt	11		
Vermiculite	Kt	178	95	1
Zinc	Kt	16	0,2	24
Zirconium	Kt			

Mt=megaton, Kt=kiloton, t=ton, n/a=not available, Kg=Kilogram

Source: Minerals Bureau

Coal

In 2005, South African mines produced 245 million tons (Mt) of coal. Of this figure, 174 Mt was used locally, at a value of R14,69 billion, with export sales totalling 71,4 Mt at a value of R21,17 billion. South Africa has around 28,6 billion tons of recoverable coal reserves, making it the seventh-largest holder of coal reserves in the world.

Platinum-group metals

South Africa's PGM production increased by 9,6% to 302,9 t in 2005, while PGM revenue increased by 16,8% to US$ 6,04 billion. The average platinum price for 2005 was 6,0% higher at US$8 97/oz, while the average palladium price was 12,6% lower at US$2 01/oz. World demand for platinum increased by 1,8% to 208,7 tin 2005.

Non-ferrous minerals

Refined copper, nickel, cobalt, 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 from local sales for further added-value operations.

Ferrous minerals

This sector consists of manganese and chrome, and is dominated by iron ore. It has been a leading performer in the primary minerals industry in recent years, with revenue in dollar terms growing at about 10,3% annually. Demand depends on the fortune of the world's steel and stainless steel industries.

Export earnings from ferrous minerals increased by 70,45% from R4,84 billion in 2004 to R8,25 billion in 2005, despite the fact that higher dollar earnings were severely discounted by a much higher average rand-dollar exchange rate ratio for 2005. Higher prices also affected total ferrous sales, which rose by 45,2% to R11,63 billion.

Fact:

In the 10 years since the Mine Health and Safety Act, 1996 was introduced, there has been a significant decrease in fatalities at mines. In 1995, there were 533 fatalities and 7 717 injuries. By the end of 2005, fatalities stood at 202 and injuries at 3 961. The fatality rate for mines dropped by 16% from 0,25 fatalities per million hours worked in 2004, to 0,21 in 2005. The injury rate deceased by 8% in the same period.

South Africa's mineral reserves, 2005

Commodity	Unit	Mass	%	World ranking
Alumino-silicates	Kt	51	37,41	1
Antimony	t	250	6,4	3
Chrome ore	Kt	5 500	72,4	1
Coal	Mt	28 559	6,0	7
Copper	Kt	13	1,4	14
Fluorspar	Mt	80	16,7	2
Gold	t	36 000	40,1	1
Iron ore	Mt	1 500	0,9	9
Lead	Mt	3 000	2,0	
Manganese ore	Kt	4 000	80,0	1
Phosphate rock	Kt	2 500	5,0	n/a
Platinum-group metals	Kg	70 000	87,7	1
Silver	t	10	1,8	9
Titanium minerals	Kt	244	29,8	2
Uranium	t	298	9,6	4
Vanadium	Kt	12 000	27,0	1
Vermiculite	Kt	80	40,0	1
Zinc metal	Kt	15	3,3	6
Zirconium minerals	Kt	14	19,4	2

Mt=megaton, Kt=kiloton, t=ton, n/a=not available, Kg=Kilogram

Source: Minerals Bureau

South Africa's mineral production, 2005

Commodity	Unit	Mass	%	World ranking
Aluminium	Kt	866	2,9	10
Alumino-silicates	Kt	235	38,0	1
Antimony	t	4 967	3,2	3
Chrome ore	Kt	7 645	44.5	
Coal	Mt	243	5,2	5
Copper	Kt	103	0,8	18
Fluorspar	Mt	365	–	5,0
Gold	t	341	13,8	1
Iron ore	Mt	39,3	3,3	
Lead	Mt	38	1,3	13
Manganese ore	Kt	4 282	14,8	
Nickel	Kt	40		
Phosphate rock	Kt	2 735	1,9	–
Platinum-group metals	Kg	286 157	57,8	1
Silver	t	72	0,4	
Titanium minerals	Kt	–	–	–
Uranium	t	887	2,1	4
Vanadium	Kt	23	48,0	1
Vermiculite	Kt	197	41,0	1
Zinc metal	Kt	32	0,4	22
Zirconium minerals	Kt	–	–	–

Mt=megaton, Kt=kiloton, t=ton, n/a=not available, Kg=Kilogram

Source: Minerals Bureau

Industrial minerals

This sector comprises a wide variety of mineral products, from which over 85% of revenue is local sales. In dollar terms, domestic total sales increased by 19% to US$ 925 million. In rand terms, local sales increased by 17% to R6 billion and export sales decreased by 5% to R1 billion.

During 2005, 83% of local sales comprised aggregate and sand (38%), limestone and lime (22%), phosphate rock concentrate (data withheld) and sulphur (4%).

Exports were dominated by dimension stone (26%), vermiculite (19%), andalusite (19%), fluorspar (22%) and phosphate rock concentrate (data withheld).

In May 2006, the gold price broke through the crucial US$700 a troy ounce level for the first time since 1980.

Platinum also reached a new all-time high, rising nearly 4%, to trade at US$1237 an ounce.

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 mineral industry over the last 20 years, with revenue in dollar terms growing by 6,3% annually.

International prices of processed minerals surged strongly during 2004 on the back of vigorous growth in demand in China and the East. As a result, export sales earnings were at an all-time high of US$4,096 billion in 2004, up 48% from US$2,762 billion in 2003.

Other minerals

This sector is dominated by diamonds, with support from hydrocarbon fuel, uranium oxide and silver. Revenue from these minerals increased by 6,5% to R125,2 billion in 2004.

Eskom's Klipheuwel, just north of Cape Town, is the first large wind turbine facility in sub-Saharan Africa. The pilot phase of the Klipheuwel research and demonstration project ran from August 2002 to the end of 2005. This wind farm has a maximum capacity factor of 34%.

As far as decisions on future wind projects are concerned, the uptake of renewable energy in Eskom's mix forms part of its Integrated Strategic Electricity Planning process. Future installation decisions would be made based on the commercial feasibility of the proposed project.

In August 2006, the City of Cape Town signed a 20-year agreement to buy 'clean' electricity from Darling Wind Farm. Local and foreign investors, government and the community of Darling will collaborate to get South Africa's first commercial wind farm venture operational.

The industry

Mining continues to play an important role in the national economy. Preliminary figures for 2005 indicate that South Africa's mining contributed R94,3 billion or 6,9% gross value added, an increase of R6,83 billion from the previous year. The trend where foreign revenue earnings are dominated by PGMs at US$3,8 billion, followed by gold at US$5,3 billion, also continued in 2005.

Over the last few years, South African mining houses have transformed into large, focused mining companies that include Anglo Platinum, AngloGold, De Beers, Implats and Iscor. The Chamber of Mines represents 85% of mining production.

Including suppliers and considering the multiplier effect, many millions rely on the industry for their livelihood.

Policy

The Minerals and Petroleum Resources Development Act, 2002 aims to:

- recognise that mineral resources are the common heritage of all South Africans
- promote the beneficiation of minerals
- guarantee security of tenure for existing prospecting and mining operations
- ensure that historically disadvantaged people (HDP) participate more meaningfully
- promote junior and small-scale mining.

In terms of the Act, new order rights may be registered, transferred and traded, while existing operators are guaranteed security of tenure. Mining rights are valid for a maximum of 30 years and renewable for another 30 years, while prospecting rights are valid for up to five years and renewable for another three.

An empowerment charter for the industry, which is supported by mining houses and labour, targets:

- 15% ownership of mines by HDP within five years
- 40% of junior and senior management positions to be held by HDP within five years
- 26% ownership within 10 years
- 10% participation by women within five years.

Government is committed to helping junior and small-scale miners upgrade their operations into economically viable units. The first step is to legalise these mines.

The South African Small-Scale Mining Chamber was launched in July 2005 in Kimberley in the Northern Cape.

Energy and water

Putting clean and affordable water and energy within everyone's reach is a key national goal. At the same time, planning ensures that these key drivers of economic growth are delivered reliably and cost-effectively to industry, commerce and agriculture.

The Department of Minerals and Energy's Energy Policy is based on the following key objectives:

- attaining universal access to energy by 2014
- accessible, affordable and reliable energy, especially for the poor
- diversifying primary energy sources and reducing dependency on coal
- good governance, which must also facilitate and encourage private-sector investments in the energy sector
- environmentally responsible energy provision.

Current estimates suggest that R107 billion will be needed between 2005 and 2009 to meet the country's growing energy needs. Eskom will invest R84 billion over the next five years. The balance of R23 billion is reserved for independent power-producer entrants.

The refurbishment of three power stations – Camden in Ermelo, Grootvlei in Balfour and Komati in Middelburg – will add 3 800 megawatts (MW) to the system.

Eskom is expected to spend about R12 billion (nominal rand) on recommissioning these stations, representing about 40% of the cost of a new station. About 10% of the costs will go towards improving environmental performance such as particulate emissions and water controls.

Energy in South Africa

Energy comprises about 15% of South Africa's gross domestic product, creating employment for about 250 000 people. The total electricity sales by Eskom in 2003 grew to 196 980 gigawatt/hour.

The peak demand on the integrated system totalled 31 928 MW. High liquid-fuel sales figures demonstrate the growth of the South African economy and the importance of energy as a key driver of the country's economy.

This energy intensity is above average, with only 10 other countries having higher commercial primary energy intensities. It is largely a result of the economy's structure, dominated by large-scale, energy-intensive primary mineral beneficiation and mining industries.

Power sources

Coal

In 2005, South African mines produced 245 million tons (Mt) of coal. Of this figure, 174 Mt was used locally, at a value of R14,69 billion, with export sales totalling 71,4 Mt, at a value of R21,17 billion.

South Africa has around 28,6 billion t of recoverable coal reserves, making its coal reserves the world's seventh-largest.

One of the many approaches that the Department of Minerals and Energy has taken to address energy poverty is integrated energy centres (IECs) – one-stop energy shops owned and operated by community co-operatives and organised as community projects.

The IECs provide a bouquet of energy services; making energy easily available, promoting awareness of the different energy sources and services, providing capacity-building and local empowerment and development through energy provision.

By mid-2006, IECs had been established in Greytown, KwaZulu-Natal; Matatiele, Eastern Cape; Kgalagadi and Moshaweng both in Kuruman, Northern Cape; and Mutale in Limpopo.

The Minister of Minerals and Energy has approved the IEC Strategy and action plan that will facilitate the roll-out of sustainable IECs in the poverty nodal areas as well as district and local municipalities.

The Department of Minerals and Energy is giving priority to rolling out the Basa Njengo Magogo Programme that entails the top-down ignition of coal fire, which has shown to reduce smoke by 80% to 90% in laboratory test conditions and means that less coal is burnt and less carbon dioxide emitted.

Nuclear

Eskom Koeberg Nuclear Power Station's two reactors outside Cape Town supply 1 800 MW to the national grid when both operate at full power, contributing about 6% of South Africa's electricity.

The National Nuclear Regulator is the prime safety regulator and is responsible for protecting persons, property and the environment against nuclear damage by establishing safety standards and regulatory practices. It exercises regulatory control related to safety over the siting, design, construction and operation of nuclear installations and other actions.

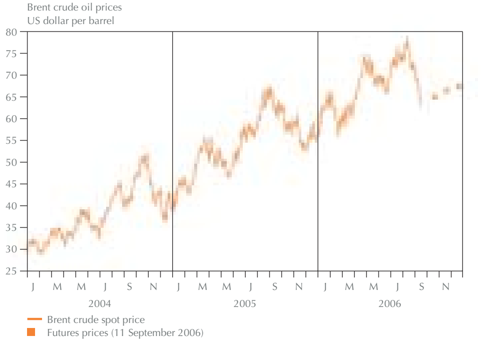
The Nuclear Energy Corporation of South Africa (Necsa) undertakes and promotes research and development in the field of nuclear energy, radiation sciences and technology, medical isotope manufacturing, nuclear liabilities management, waste management and decommissioning. It is a public entity reporting to the Minister of Minerals and Energy.

Necsa's reactor-produced radioisotopes are exported to more than 50 countries.

The research reactor at Pelindaba, Safari-1, is the most commercialised such reactor in the world with International Organisation for Standardisation 9001 accreditation. It earns South Africa foreign revenue worth millions of rands.

Fact:

In May 2006, Eskom announced the R1,5-billion refurbishment of the Kriel Power Station in Mpumalanga. The project is set to give the station another 25 years of reliable and safe operation.



Source: *Quarterly Bulletin*, September 2006

Liquid fuels

According to the South African Petroleum Industry Association, sales of all major petroleum products in South Africa from January to September 2006 totalled 17 959 million litres (mℓ), which was 2,7% more than the 17 481 mℓ sold from January to September 2005.

About 36% of the demand for fuel is met by synthetic fuels (synfuels) produced locally, largely from coal and natural gas. The rest is met by products refined locally from imported crude oil. South Africa imports about 60% of its crude oil.

The petrol price in South Africa is linked to certain international petrol markets in United States (US) dollars. This means that the domestic price is influenced by supply and demand for petroleum products in the international markets, combined with the Rand/Dollar exchange rate.

PetroSA is responsible for the exploration and exploitation of oil and natural gas, as well as producing and marketing synthetic fuels produced from offshore gas at the world's largest commercial gas-to-liquids plant in Mossel Bay.

The upgrade would include the world's largest control and instrumentation refurbishment to be carried out in a fossil utility, extending the lifespan of the power station to 2028.

The Pebble-Bed Modular Reactor was transferred to the Department of Public Enterprises in March 2006.

Given the increasing demand for energy and the need to combat global warming, nuclear energy is re-emerging as an attractive alternative. There are 30 nuclear plants being built in 12 countries and over 50 more being planned.

The Department of Minerals and Energy will support the construction of a demonstration power plant and pilot fuel plant, and facilitate the timely processing of the environmental impact assessment.

Sasol

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.

Indigenous oil, gas resources and production

The EM gasfield complex off Mossel Bay started production in the third quarter of 2000, and will ensure sufficient feedstock to PetroSA to maintain current liquid-fuel production levels at 36 000 barrels (bbls) of petroleum products a day until 2009.

PetroSA's gas-to-liquid plant supplies about 7% of South Africa's liquid-fuel needs.

PetroSA's new oilfield, Sable, situated about 150 km south off the coast of Mossel Bay, is expected to produce 17% of South Africa's oil needs.

The field, which came into operation in August 2003, was initially projected to produce 30 000 to 40 000 bbls of crude oil a day and 20 million to 25 million bbls in the next three years.

The Integrated National Electrification Programme (INEP) remains the flagship of the Department of Minerals and Energy.

In 2005/06, some R1,39 billion was spent on electrification, with R84 million allocated to non-grid electrification.

Eskom continues to exceed its electrification targets. For the year to 31 March 2006, Eskom had electrified 135 868 additional homes, exceeding its target of 85 000. By mid-2006, it had electrified 3 346 425 homes since the inception of the INEP.

Eskom

Eskom generates about 95% of South Africa's electricity. It is among the top 11 utilities in the world in terms of generation capacity and among the top seven in terms of sales. Eskom was incorporated as a public company on 1 July 2002.

Eskom does not have exclusive generation rights, but does enjoy a practical monopoly on bulk electricity. It also operates the integrated national high-voltage transmission system and supplies electricity directly to large consumers and some residential consumers.

Restructuring of the electricity distribution industry

The Ministry of Minerals and Energy launched South Africa's first regional electricity distributor (RED 1) on 4 July 2005 in Cape Town. RED 1 will pave the way for five other REDs, following the amalgamation of the distribution function of Eskom with that of 187 municipalities already distributing electricity.

REDs will provide competitive electricity tariffs, and offer an efficient and reliable electricity service. Over the long term, these entities will enable access to electricity for all.

REDs will consist of Eskom Distribution and the local government authorities. They will buy electricity from power generators such as Eskom at wholesale prices determined by the National Energy Regulator.

Energy and the environment

South Africa's per capita production of greenhouse gases is well above global averages and that of other middle-income developing countries.

The economy is carbon intensive, producing only US$259 per ton of carbon dioxide emitted, as compared with US$1 131 for South Korea, US$484 for Mexico and US$418 for Brazil.

About 950 000 households countrywide use coal, resulting in indoor air-pollution problems.

Fuel wood is the primary energy source of three million rural households. Studies have shown that fuel-wood users are exposed to even higher levels of particulate emissions than coal users.

To address this, the Department of Minerals and Energy is investigating improved woodstoves and other alternatives, such as solar cookers and biogas, as well as speeding up electrification.

Eskom is looking at harnessing biomass as a grid-supply option, while also planning to pilot a new technology aimed at providing rural power in a remote area in the Eastern Cape. This technology, called a gasifier system, will use waste from a rural sawmill to provide electricity to power the creation of business ventures in the area. The system was expected to be installed in 2005.

Water

South Africa is largely a semi-arid, water-stressed country. The country's average rainfall of about 450 mm a year is well below the world average of about 860 mm a year. To overcome the problem of variable river flows, many large storage dams have been built.

By March 2006, 165 of the 170 water-service authorities provided Free Basic Water (FBW). In total, 36 million people received FBW of which 15,5 million people were indigent (defined as households with less than R800 income per month).

Some 2,3 million people have been reached through the health and hygiene programme.

Dams experience high evaporation rates, further reducing available water, as do commercial afforestation and sugar-cane farming.

The total net abstraction of water from surface-water resources amounts to about 10 200 million m^3 per year for the whole of South Africa, after allowing for the re-use of return flows. This represents about 20% of the total mean annual run-off of 49 200 million m^3 per year (all standardised to 98% assurance of supply). A further 8% is estimated to be lost through evaporation from storage and

The European Union (EU) has committed about R1 billion to support South Africa's water- and sanitation-provision programmes between 2007 and 2013.

Since 1994, the EU, through its European Programme for Reconstruction and Development, has donated more than R1,6 billion to water and sanitation projects in South Africa.

The Government has set itself the target of halving the water and sanitation backlog by 2008 and 2010 respectively.

The first phase of government's water- and sanitation-provision programme – dubbed Masibambane – was implemented between 1994 and 2004. The second phase is still being implemented, with nearly R22,5 billion committed.

The EU's new grant has been secured for the third phase, scheduled to begin in 2007.

The programme embraces infrastructure provision, capacity-building in local government, health and hygiene, environmental management and monitoring and evaluation.

Major dams in South Africa

Dam	Full supply capacity ($10m^3$)	River
Gariep	5 341	Orange
Vanderkloof	3 171	Orange
Sterkfontein	2 616	Nuwejaarspruit
Nuwejaarspruit Vaal	2 603	Vaal
Pongolapoort	2 445	Pongola

Source: Department of Water Affairs and Forestry conveyance along rivers, and 6% through land-use activities. As a national average, about 66% of the natural river flow (mean annual run-off) therefore still remains in the country's rivers.

Water policy

Cabinet approved the first edition of the National Water Resource Strategy (NWRS) in September 2004. The NWRS describes how South Africa's water resources will be protected, used, developed, conserved, managed and controlled in accordance with the requirements of the National Water Policy, 1997 and the National Water Act, 1998, which are founded on government's vision of a transformed South African society in which every person has the opportunity to participate in productive economic activity and lead a dignified and healthy life.

One of the most ambitious binational water projects ever is the Lesotho Highlands Water Project between South Africa and Lesotho.

The first phase, which was completed in 1998, consisted of the construction of three dams, various tunnels and a hydroelectric plant.

Since its inception, the Working for Water Programme has invested more than R2,5 million to clear invasive alien vegetation, establishing programmes in over 300 areas. About 20 000 short-term jobs have been created annually in the process, providing employment opportunities for local community members, with a special focus on securing opportunities for the marginalised, such as women, youth and people with disabilities.

By participating in the programme, workers are not only given the opportunity to develop new skills. They also have access to HIV and AIDS projects, childcare facilities and primary-healthcare initiatives.

The programme is administered through the Department of Water and Forestry and works in partnership with local communities, to whom it provides jobs, and also with government departments, provincial departments of agriculture, conservation and environment, research foundations and private companies.

Education

The right to education is enshrined in South Africa's Bill of Rights – not only for children but also for adults.

Learners

By mid-2006, the South African public education system had 12 million learners, 366 000 educators and about 28 000 schools, including 390 special-needs schools and 1 000 registered private schools. Of all schools, 6 000 were high schools (grades 7 to 12) and the rest were primary (grades 1 to 6) schools.

Learners attend school for 13 years. The first year of education, Grade 0 or reception year, and the last three are not compulsory. Many primary schools offer Grade 0, which can also be completed at nursery school.

In January 2006, President Thabo Mbeki granted scholarships to 18 youngsters through the newly established Thabo Mbeki Matric Award Programme, which recognises academic excellence in matric examinations.

Administered by the Thabo Mbeki Education Trust, the programme prioritises two of the most outstanding matric learners from each province.

The learners will pursue studies in the fields of finance, law, physiotherapy, engineering, theology, medicine and accountancy. They received financial grants covering tuition, books and accommodation costs for the academic year.

Each learner was also presented with a laptop and 3G communications card.

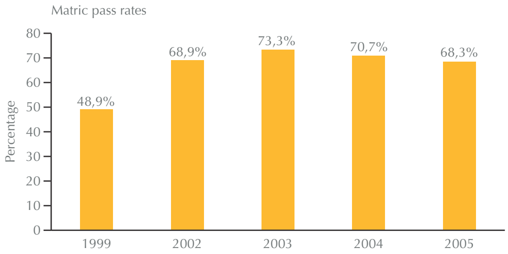
The combined value of the scholarships over the duration of the 18 learners' studies is about R4 million.

As a condition for the scholarship, learners are required to become 'ambassadors' of the trust by encouraging future matriculants in striving for academic excellence.

The matric exam pass rate in 2005 was 68,3%. Although this represented a slight decrease in pass rate, the number of learners writing and passing the Senior Certificate increased substantially. A total of 347 184 learners passed the Senior Certificate, which was 16 367 more than in 2004.

In 2005, 86 531 candidates achieved university endorsement compared with 85 117 in 2004. A total of 32 112 learners passed Mathematics on the Higher Grade (HG) and 45 652 passed Physical Science HG. A total of 40 952 learners passed with merit and 9 339 passed with distinction.

Major transformation of the Further Education and Training (FET) college sector took place during 2002/03, in which the existing 152 technical colleges were merged to form 50 multisite-campus FET colleges.



Source: Department of Education

The South African Council for Educators has a register of approximately 495 000 educators of which 19 000 are registered provisionally.

Each new college operates under a single governing council appointed to oversee effective and accountable management across and within the various FET college campuses and sites.

The recorded increase in student intake, the development of new programmes and increased participation in learnerships bear testimony to the potential for growth in this sector.

From 2006/07 to 2008/09, government is expected to invest R1,9 billion for the recapitalisation of the 50 public FET colleges.

Structures

South Africa has a single national education system, which is organised and managed by the national Department of Education and the nine provincial departments. Statutory bodies include the Council of Education Ministers, Heads of Education Department's Committee, General and Further Education and Training Quality Assurance Council, South African Qualifications Authority, Council on Higher Education, South African Council for Educators, National Board for Further Education and Training, Education Labour Relations Council and the National Student Financial Aid Scheme.

Policy

Schooling is compulsory between the ages of seven and 15. All learners are guaranteed access to quality learning. There are two types of schools: independent (private) and public.

At public schools, parents vote on the level of school fees. Poor parents are given exemption or reductions.

Over five million learners at 16 000 schools benefited from the R200-million primary school nutrition programme in nodal districts which has also created opportunities for women's co-operatives and small, medium and micro enterprises in KwaZulu-Natal, the Northern Cape and North West provinces in particular.

By September 2006, more than R7 million schools were implementing a voluntary no-fee policy. Some 2,6 million learners were not required to pay school fees. Policies are expected to be in place in 2007 to ensure that fees for the poorest primary schools are eliminated.

Quality Improvement and Development Strategy

Government plans to invest some R12,5 billion over the next five years to improve and develop education by means of a programme that will concentrate on addressing apartheid's legacy in education. Five thousand schools that do not perform well and are located in the least able districts will be identified and provided with resources such as libraries, laboratories and teaching material. Their teachers will get support in the form of high-quality school-based education development programmes, and better district development teams.

Teaching and learning will focus on the acquisition of important contents and academic skills and on equipping learners with literacy and numeracy skills.

The progress made by learners and their schools will be monitored and assessed regularly.

Curriculum development

The new National Curriculum Statement was expected to be introduced into schools as follows:

- Grade 10 in 2006
- Grade 11 in 2007
- Grade 12 in 2008.

In 2005, the Department of Education gazetted the new National Senior Certificate to replace the Senior Certificate, widely known as 'matric'. The National Senior Certificate will be awarded for the first time in 2008.

Number of farm school learners by province, 1996 and 2000			
	1996	2000	% decrease 1996 – 2000
Eastern Cape	50 307	18 333	-64
Free State	104 268	56 618	-46
Gauteng	25 297	12 576	-50
KwaZulu-Natal	192 615	55 304	-71
Limpopo	48 294	24 877	-48
Mpumalanga	93 352	32 847	-65
Northern Cape	16 528	8 321	-50
North West	61 107	35 503	-42
Western Cape	47 264	11 769	-75
Total	**639 032**	**256 148**	**-60**

Source: Department of Education

It requires learners to do four compulsory subjects, namely two official languages, Mathematical Literacy or Mathematics and Life Orientation. In addition, a learner must select three approved subjects.

The department also developed the guidelines for teaching and assessment that were distributed to schools in 2005. Provincial departments of education ran one-week workshops to orientate Grade 10 educators.

Further Education and Training

FET provides learning and training from National Qualifications Framework (NQF) levels 2 to 4, or the equivalent of grades 10 to 12 in the school system, and Further Education and Training Certificate (FETC) General Vocational and FETC Trade Occupational, on NQF levels 2 to 4 in FET colleges. The FETC will replace the current Senior Certificate in 2008.

In 2006, over R1,3 billion was available for loans and bursaries through the National Student Financial Aid Scheme.

Higher Education (HE) transformation

According to a strategic plan for HE, enrolment at these institutions will rise from 15% to 20% of school leavers within 15 years. Within five years, enrolments in the humanities will decline, while those in Business and Commerce, and Science, Engineering and Technology will rise.

The 2001 National Plan for HE also envisaged:

- research being funded through a separate formula based on research output
- targets being set to increase the numbers of black and female students and academic staff.

The total cost for the restructuring of the HE system is estimated at R1,9 billion for the period 2001/02 to 2006/07.

The HE landscape consists of the following institutions:

- University of the Witwatersrand
- University of Cape Town
- University of Stellenbosch
- Rhodes University
- University of the Western Cape (which incorporated the Dental Faculty of Stellenbosch University)
- University of Zululand
- University of Venda
- University of the Free State (which incorporated the QwaQwa Campus of the University of the North and the Bloemfontein Campus of Vista)

- North West University (which incorporated the University of Potchefstroom and Vista Sebokeng Campus)
- University of Pretoria (retained its name after incorporating the Mamelodi Campus of Vista University)
- University of South Africa (retained its name after merging with the Vista University Distance Education Campus and Technikon SA)
- Tshwane University of Technology (from the merger of technikons Pretoria, North West and Northern Gauteng)
- Durban Institute of Technology (from the merger of Natal Technikon and Technikon ML Sultan)
- Central University of Technology (formerly Technikon Free State)
- Mangosuthu Technikon
- University of Johannesburg (from the merger of the Rand Afrikaans University with Technikon Witwatersrand, which incorporated the Soweto and East Rand campuses of Vista University)
- University of Limpopo (from the merger of the Medical University of South Africa [Medunsa] and the University of the North)
- Nelson Mandela Metropolitan University (from the merger of the University of Port Elizabeth, Port Elizabeth Technikon and Port Elizabeth Campus of Vista)
- Eastern Cape University of Technology (from the merger of the University of Transkei, Border Technikon and the Eastern Cape Technikon)
- University of Fort Hare (which incorporated the East London Campus of Rhodes University)
- Cape Peninsula University of Technology (from the merger of the Cape Technikon and Peninsula Technikon)

- Vaal University of Technology
- Walter Sisulu University for Technology and Science (from the merger of the University of Transkei, Border Technikon and Eastern Cape Technikon)
- Northern Cape Institute of Learning
- Mpumalanga Institute of Learning.

The National Mathematics, Science and Technology Strategy was launched in 2001. As part of this strategy, government identified 102 dedicated Mathematics and Physical Science schools (Dinaledi schools).

The Dinaledi schools are mainly located in previously disadvantaged communities and primarily serve disadvantaged learners. Many of the pupils attending these schools live in poverty and daily face social and economic challenges.

In May 2005, the Council of Education Ministers approved the expansion of the Mathematics, Science and Technology dedicated schools to 400 in 2006.

The aim is to double the number of learners passing higher grade Mathematics and Science in Grade 12 by 2008.

The Dinaledi initiative is part of the Accelerated and Shared Growth Initiative for South Africa.

Science and technology

South Africa's science and research are world-class. The Department of Science and Technology seeks to realise the full potential of science and technology (S&T) in social and economic development, through the development of human resources (HR), research and innovation.

The department's budget over the Medium Term Expenditure Framework (MTEF) has increased by 26%, most of which will be used to fund new scientific research infrastructure such as the Centre for High Performance Computing.

Strategies

The department's Research and Development (R&D) Strategy, which was launched in 2002, enhances the National System of Innovation through which a multitude of role-players collaborate to pursue the goals of economic development and progress.

Government has recommitted itself to the R&D Strategy of 1% of gross domestic product to be invested by both public and private sectors by 2008. This implies an additional R2-billion investment across both sectors.

The department continues to develop strategies in new areas of knowledge and technology. Strategies for indigenous knowledge, nanotechnology, astronomy and intellectual property, derived from publicly-funded research, have been developed.

Biotechnology innovation centres (Brics)

The National Biotechnology Strategy (NBS), which was launched in 2001, sets the agenda for the development of South Africa's biotechnology industry.

Other initiatives include establishing regional Brics, namely: BioPAD, Cape Biotech, LIFElab and the Plant Biotechnology

Fact:

The Southern African Large Telescope at Sutherland in the Northern Cape, is one of South Africa's flagship scientific projects. It is the largest single optical telescope in the southern hemisphere.

Innovation Centre (PlantBio). Brics were created to act as instruments for the implementation of the NBS.

The Brics' focus areas cover a wide spectrum of the subdisciplines in biotechnology. These include human and animal health, biopharmaceuticals, industrial bioprocessing, mining biotechnology, bioinformatics and plant biotechnology. One of the challenges facing the South African biotechnology sector is the public's lack of understanding and knowledge of biotechnology applications and benefits.

Another programme initiated due to the NBS is the Public Understanding of Biotechnology Programme, which provides South Africans with information to participate meaningfully in debates about biotechnology and to make informed decisions.

Nanotechnology

In April 2006, the Deputy Minister of Science and Technology, Mr Derek Hanekom, officially launched South Africa's National Nanotechnology Strategy.

It recognises the needs of local industry and focuses on the essential building blocks of nanoscience, namely synthesis, characterisation and fabrication. The strategy is aimed at increasing the number of nanotechnology characterisation centres in South Africa with an investment of R170 million over the next three years, with the initial R15 million invested in 2005/06.

Known as 'the technology of the very small' (i.e. about 1/80 000 of the diameter of a human hair), nanotechnology comprises a wide range of technologies, techniques and multidisciplinary research efforts for application in a range of cross-cutting industries and activities. These include aerospace, manufacturing and automotive industries; energy conversion, storage and distribution; the hydrogen

economy; chemicals; electronics and information processing; as well as biotechnology and medicines, among other things.

South African industry and researchers have been key players in nanotechnology and the practical application of nanoscience for a number of years, for example, Sasol's chemical processing by catalysis.

New generations of nanotechnology-based products that are emerging in the world today require that South Africa develops its ability to derive more benefits from global advances in this area. The National Nanotechnology Strategy positions South Africa as a global player in this emerging area of S&T and seeks to strengthen the integrated development focus of government.

The strategy's main objectives are to:

- support long-term nanoscience research that will lead to a fundamental understanding of the design, synthesis, characterisation, modelling and fabrication of nanomaterial
- support the creation of new and novel devices for application in various areas
- develop the required HR and supporting infrastructure
- stimulate new developments in technology missions such as material for advanced manufacturing, nanobiomaterial for biotechnology, precious metal-based nanoparticles for resource-based industries, and advanced material for information and communications technologies.

The biotechnology sector is attracting a fast-growing portion of research and development funding. Funding for genetic engineering grew by 360% between 2002 and 2004. Investment growth in the related fields of biochemistry, genetics and molecular biology, microbiology, genetic engineering and biotechnology exceeded 46%. South Africa has a very high level of commitment to biotechnology, underpinned by a vibrant research sector.

Fact:

South Africa has been shortlisted as one of two sites to host the ambitious Square Kilometre Array (SKA) radio telescope, which will have multiple receiving surfaces and will provide radio astronomers with one million m^2 of collecting area. The Northern Cape is an ideal location for the SKA's core array.

Supporting innovators

Technology for Human Resources for Industry Programme (Thrip)

The programme aims to increase participation by small, medium and micro enterprises (SMMEs), Black Economic Empowerment entities, black and female researchers and students; as well as to increase the share of the Thrip budget allocation to historically disadvantaged individuals and universities of technology.

The MTEF budget allocation for Thrip was R143 million in 2005/06.

Innovation Fund (IF)

The IF was created to promote technological innovation, increase networking and cross-sectoral collaboration, increase competitiveness, improve quality of life, ensure environmental sustainability and harness information technology.

Tshumisano

The Tshumisano partnership programme encourages a closer partnership between technology stations based at participating universities of technology and SMMEs. The Tshumisano Trust, a joint venture between government, the German Agency for Technical Co-operation and the Committee of University of Technology Principals, is generating stronger working relationships between the departments of science and technology and of labour.

The Department of Science and Technology's Centre for High Performance Computing will support a diverse base of researchers and scientists, and facilitate the collaboration and multidisciplinary approach needed to solve complex computational problems. Its research objectives will be to provide high-end computing expertise for all research in South Africa in natural science, medicine, engineering and social sciences. Its first major capacity will be located at the University of Cape Town.

The Tshumisano Technology Station Programme (TSP) is advancing technology transfer and skills development to enhance equitable economic development. In this regard, the Higher Education sector has a vital role in supporting SMMEs to become engines of growth. The Tshumisano Trust is collaborating with universities of technology in particular to promote the development of industries in manufacturing, chemicals and textiles, and by supporting innovation within SMMEs and student skills development.

The Tshumisano TSP has increased its stations from three in 2001 to 10 in May 2006. The sectors that the programme supports include:

- mechanical engineering and chemicals
- material and processing
- clothing and textiles
- electronics and chemicals
- metal casting
- metal value-adding
- reinforced plastics.

By June 2006, Tshumisano had handled more that 482 projects, trained 134 students in various aspects of technology transfer and supported 356 small and medium-sized enterprises in technology applications, of which many are owned and run by entrepreneurs who were previously excluded from the economic mainstream.

National research facilities

The National Research Foundation (NRF) manages South Africa's national research facilities. It promotes and supports basic and applied research.

The NRF oversees the following national research facilities:

- South African Astronomical Observatory
- Hartebeesthoek Radio Astronomy Observatory

Fact:

The national survey of financial and human resource input into research and development (R&D) found that South Africa spent about R12 billion, or 0,87% of gross domestic product (GDP), on R&D in 2004/05 representing an improvement on the 2003/04 R&D survey, which recorded R&D expenditure as R10,1 billion, or 0,81% of GDP. The Department of Science and Technology commissioned the survey.

- Hermanus Magnetic Observatory
- South African Institute for Aquatic Biodiversity
- South African Environmental Observation Network
- National Zoological Gardens
- iThemba Laboratory for Accelerator-Based Sciences (iThemba Labs).

Science councils

Council for Scientific and Industrial Research (CSIR)

The CSIR is one of the largest scientific and technology research, development and implementation organisations in Africa. The organisation undertakes and applies directed research and innovation in S&T to improve the quality of life of South Africans.

Mintek

Mintek, South Africa's national mineral research organisation, is one of the world's leading technology organisations specialising in mineral processing, extractive metallurgy and related areas.

SumbandilaSat, South Africa's new low Earth-orbiting satellite, was expected to be launched into space from a submarine in Russia in December 2006.

SumbandilaSat is part of a multimillion rand, three-year integrated national space programme developed by the Department of Science and Technology and carried out by the University of Stellenbosch, Sunspace and Information Systems, and the Satellite Application Centre. The University of Stellenbosch was responsible for managing the project and training students. Sunspace and Information Systems was tasked with building the satellite and the Satellite Application Centre was responsible for operations, telemetry, tracking, control as well as data capturing.

The programme will give South Africa affordable access to space technology and useful data, thus serving as a research tool to support in monitoring and managing disasters and determining the extent of floods, oil spills and fires, among other things.

The intensity of R&D expenditure (measured as the percentage of GDP spent on R&D) is a good indication of the competitiveness of a country's economy.

In South Africa, women researchers comprise 38,3% of all researchers. Most South African R&D is done in the major research field of engineering sciences (23,9% of total R&D), followed by the natural sciences (20,8%) and the medical and health sciences (14,8%).

Collaborating with industry and other R&D institutions, Mintek provides service testwork, process development, consulting and innovative products to clients worldwide.

Mintek is an autonomous statutory organisation and reports to the Minister of Minerals and Energy. About 35% of the annual budget of R275 million is funded by the State Science Vote, with the balance provided by contract R&D, sales of services and products, technology licensing agreements and joint-venture operating companies.

Human Sciences Research Council (HSRC)

The HSRC is South Africa's statutory research agency and conducts research that generates critical and independent knowledge relative to all aspects of human and social development. Alleviating poverty and developing and implementing policy are central to its research activities. The HSRC's research also extends beyond South Africa through projects and collaborations in other African countries.

Medical Research Council (MRC)

The MRC conducts research through six national programmes, and collaborates with most of the world's top health-research agencies to improve the nation's health status and quality of life.

The MRC disseminates research information through the National Health Knowledge Network. The council has established the African Biotechnology Information Centre in co-operation with various universities.

The MRC's National HIV and AIDS Lead Programme co-ordinates the South African AIDS Vaccine Initiative (Saavi).

Saavi has grown from a small core group of researchers into a large biotechnology consortium, which works on various aspects of developing and testing novel HIV vaccines.

Fact:

The International Science, Innovation and Technology Exhibition (Insite) was held in September 2006, six years after 119 countries, including South Africa, signed up for the millennium development goals (MDGs) at the United Nations. Insite 2006 focused on three themes that directly affect South Africa's ability to address the MDGs:

Agricultural Research Council (ARC)

The ARC is committed to promoting agriculture and related sectors through research and technology development and transfer.

Council of Geoscience (CGS)

The CGS supplies the country with geoscience data to establish a safe cost-effective physical infrastructure.

South African Bureau of Standards (SABS)

The SABS produces, maintains and disseminates standards. It promotes standardisation in business and government, and administers compulsory standards on behalf of the State. It also certifies international quality standards.

Other important research bodies and areas

The National Institute for Tropical Diseases in Tzaneen, Limpopo, continually assesses various malaria-control programmes.

The South African National Antarctic Programme manages three bases, one at Vesleskarvet, Antarctica; a second on Marion Island in the south Indian Ocean; and a third on Gough Island, a British territory in the South Atlantic Ocean.

In 2004/05, government allocated funds to the Pebble Bed Modular Reactor (PBMR) Project. Government wants to produce between 4 000 and 5 000 megawatt (MW) of power from pebble bed reactors in South Africa. This equates to between 20 and 30 PBMR reactors of 165 MW each. The project is factored into the country's future energy planning from about 2010 onwards. The PBMR will place the country at the forefront of energy technology.

- Science and Youth, emphasising educators, learners and careers in science and technology
- Science for Economic Growth, focusing on innovation, discovery and the capacity for science to stimulate economic growth
- Science for Sustainable Development, demonstrating how science can improve South Africans' quality of life and bring them prosperity.

South Africa is the only African country with a presence in Antarctica, and which is also conducting research there in physics, engineering, Earth sciences, and biological and oceanographic sciences.

The South African base, Sanae IV, is one of few country bases built on hard rock as opposed to the ice shelf, and is regarded as one of the more modern bases on Antarctica. The Department of Science and Technology has finalised the Antarctic Research Strategy for South Africa.

Mine-safety research

The Safety in Mines Research Advisory Committee aims to advance mineworkers' safety. It has a permanent research-management office overseeing research in rock engineering, engineering and occupational health.

Energy research

The Chief Directorate: Energy of the Department of Minerals and Energy manages a policy-directed research programme. This includes transport energy, renewable energy and energy for developing areas, coal, electricity, energy efficiency, energy economy and integrated energy-policy formulation.

Agricultural research

Agricultural research is conducted by the ARC, several universities and the private sector.

In September 2006, President Thabo Mbeki presented Selig Percy Amoils, Patricia Berjak and Lionel Opie with the Order of Mapunguwe, Silver class, for their contribution to the field of science.

Water research

Water research in South Africa is co-ordinated and funded by the Water Research Commission in Pretoria.

The organisations most active in water research are:

- universities and universities of technology (56,25% of the total number of contracts)
- professional consultants (16,6%)
- science councils (22,9%)
- water/waste utilities (2%)
- non-governmental organisations (2%).

Coastal and marine research

The Chief Directorate: Marine and Coastal Management advises on the use of marine living resources and the conservation of marine ecosystems, by conducting and supporting relevant multidisciplinary scientific research and monitoring the marine environment.

Environmental research

The Chief Directorate: Environmental Management of the Department of Environmental Affairs and Tourism annually finances several research and monitoring programmes.

The programmes focus on waste management and pollution, nature conservation, river management, the coastline and marine environment, and the atmosphere, among other things.

Housing

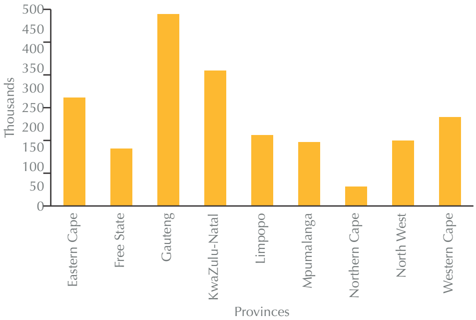
Access to housing and secure accommodation is integral to government's commitment to reducing poverty and improving the quality of people's lives.

Funding

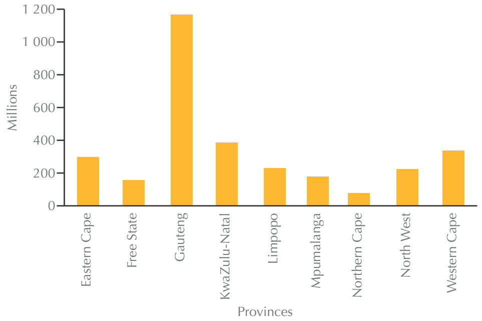
The Department of Housing's expenditure will increase from R4,2 billion in 2002/03 to R9,5 billion in 2008/09, representing an average growth rate of about 8% from 2002/03 to 2005/06 and accelerating to 21,5% from 2005/06 to 2008/09.

The Housing and Human Settlement Development Grant, representing transfers to provinces, has consistently taken about 93% of the total expenditure on the Vote. Expenditure on the grant would increase from R4,97 million in 2006/07 to R8,7 billion in 2008/09.

The department completed 115 175 sites and 137 657 units in 2005/06, using 95% of the grant.



Houses completed or under construction – April 1994 to June 2006



Subsidies approved (April 1992 to June 2006)

Government plans to spend R23 billion on subsidies for 500 000 housing units over the next three years, starting in 2006.

Comprehensive Housing Plan

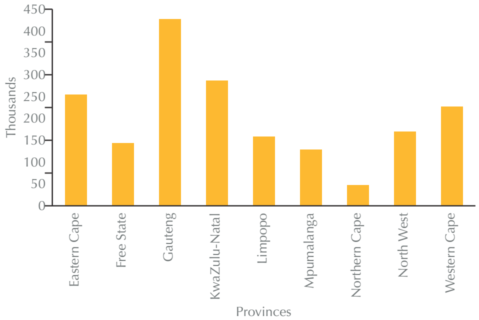
The Minister of Housing, Dr Lindiwe Sisulu, announced the Comprehensive Housing Plan for the Development of Integrated Sustainable Human Settlements in September 2004.

Cabinet approved the plan as a framework for housing programmes in the next five years, which aims to eradicate informal settlements in South Africa in as short a period as is physically possible.

It provides for comprehensive oversight by government in promoting the residential property market. This includes:

- developing low-cost housing
- medium-density accommodation and rental housing
- stronger partnerships with the private sector
- social infrastructure and amenities.

Despite delivering 1 831 000 new subsidised houses between 1994 and March 2005, with another 57 065 sites serviced and



Beneficiaries approved per province, June 2006

52 548 houses built between April and September 2005, the housing backlog continued to grow. To accelerate housing delivery, the department is simplifying the administration of housing subsidies by:

- collapsing the income-qualification categories so that qualifying households receive the same housing subsidy amount
- extending the reach of the housing programme by allowing households earning up to R7 000 a month (up from R3 500 per month) to qualify for housing subsidies
- upgrading informal settlements.

By mid-2006, the Comprehensive Housing Plan that will improve the living conditions of 103 000 households in informal settlements was being implemented through a pilot project in each province. The informal-settlement upgrading projects provide for phased, area-based development and fund community participation and project management as an integral part of housing projects. Eradicating or upgrading all informal settlements by 2014/15 is the prime target.

With the N2 Gateway Project, the biggest housing project ever undertaken, government is piloting the integration of communities and different income groups; auditing and updating the database of

In his Budget Speech on 15 February 2006, the Minister of Finance, Mr Trevor Manuel, announced the scrapping of transfer duties for houses costing less than R500 000. However, transfer duties of 5% will be payable on properties between R500 00 and R1 million.

housing needs to ensure the list and choice of beneficiaries is credible; building human settlements with basic economic and social amenities; and pursuing a new way of intergovernmental relations.

The project aims to build 22 000 units. The first phase of 705 units was ready at the end of August 2006, when Minister Sisulu announced that 30% of all units would go to backyarders and 70% to residents of informal settlements in Langa, Gugulethu, Bonteheuwel, Bokmakierie and Nyanga who had applied.

Another priority of the department is the Cosmo City Project in Johannesburg, where 441 families occupied their houses in December 2005. Other pilot projects in the provinces to which funds have been directed are Soweto-on-Sea in Port Elizabeth where 37 000 units are expected to be built, and Winnie Mandela in Tembisa where 8 206 units are to be built.

Key focus areas identified by the Comprehensive Housing Plan include:

- accelerating housing delivery as a key strategy for poverty alleviation
- using housing provision as a major job-creation strategy
- ensuring that property can be accessed by all as an asset for wealth creation and empowerment
- leveraging growth in the economy, combating crime and promoting social cohesion
- using housing development to break barriers between the First Economy residential property boom and the Second Economy slump

- using housing as an instrument for developing sustainable human settlements in support of spatial restructuring
- diversifying housing products by emphasising rental stock.

Rental housing for the poor

About 1,8 million South African households in the middle- to lower-income groups live in rented accommodation as opposed to about 5,2 million households that own property. At national level, 45% of households earn between R0 to R800 per month, while 45% of households at metropolitan level fall within the R801 to R3 200 income bracket.

Nationally, 71,14% of households rent accommodation and 71,76% of people renting in metropolitan areas live in formal structures. Black households are the largest percentage of renters followed by coloured renters. The demand for rental housing nationally was expected to increase by about 105 670 units per year until 2006 in the middle-to-lower income groups.

There is a dire need for public rental housing for the poor, which the department aims to address by means of various options.

The department has formulated an affordable rental-housing programme for people in the low-income bracket who may live in housing stock arising out of:

- public-sector hostels provided for the purposes of housing migratory labour in the previous dispensation
- municipal rental stock which has not been transferred to the households who inhabit these units and that will continue to be used as rental accommodation because of the low economic status of the households
- new high-rise housing stock that will be built for the specific purpose of accommodating low-income households in rental accommodation.

This policy framework was presented to management in July 2006 before being taken through the consultative processes.

Breaking New Ground (BNG) Programme

To ensure quality, innovation and choice, the National Home-Builders Registration Council (NHBRC) and Absa ran an innovation hub competition in which all registered home builders and contractors who use alternative building technologies exhibited them in Rosslyn, outside Pretoria.

During the competition, 17 show houses were completed, proving that quality houses can be built with the current subsidy of R36 000. Houses built under the BNG Programme were expected to be between 40 m^2 and 45 m^2 in size and would allow for a two-bedroom house with a bathroom, kitchen and dining room.

Capacity-building

The Department of Housing has undertaken several initiatives to support small housing enterprises and promote Black Economic Empowerment and gender mainstreaming.

Based on extensive consultation with stakeholders in the construction and housing industry, the department has developed a framework for supporting emerging contractors. Through the NHBRC, R10 million has been set aside to develop a pool of housing entrepreneurs who will enhance delivery of low-cost housing. By August 2006, tenders for Construction Education and Training Authority-accredited service-providers had been issued and the NHBRC had trained 1 740 emerging home builders, of which 610 (35% of the total) were women.

The NHBRC has committed R7 million to training the youth through the National Youth Service Project, which aims to support nation-building by involving young people in delivering crucial government services.

To give female contractors better access to housing projects, the department has ring-fenced 10% of provincial housing departments' allocations to projects undertaken by female developers or contractors. In 2005, provincial government departments allocated 288 housing-development projects worth R1,9 billion countrywide to emerging female contractors.

Delivery partners

The Department of Housing collaborates with various organisations towards breaking new ground in housing delivery.

- The National Housing Finance Corporation is now a housing bank and was expected to deliver at least 25 000 units in 2006/07.
- By the end of 2005/06, the National Urban Reconstruction and Housing Agency – a partnership between the Government and the Open Society Institute of New York – had financially supported the building of 153 897 houses.
- As a joint venture between the Department of Housing and the Council of South African Banks, Servcon Housing Solutions managed non-performing loans (NPLs) and properties-in-possession (PIPs) in areas where normal legal processes had broken down. By 28 February 2006, Servcon had normalised 32 233 properties, completing its mandate. By early 2006, plans were being initiated to transform Servcon into a land-acquisition vehicle.
- Thubelisha Homes, a not-for-profit company, helps the owners of PIPs or NPLs to relocate to more affordable homes. Thubelisha was appointed project manager and implementing agent of the N2 Gateway Project.
- Another not-for-profit company, the Social Housing Foundation, aims to build capacity for social housing institutions.

- The Rural Housing Loan Fund's main purpose, as a wholesale lending institution, is to enable retail institutions to provide loans to low-income earners to finance housing in rural areas.

Subsidies

A government housing subsidy is a grant provided by government to qualifying beneficiaries for housing purposes. Government does not give beneficiaries cash. The grant is used only for acquiring housing goods and services for the provision of complete houses that comply with the minimum technical and environmental norms and standards. The following subsidies exist:

- Consolidation subsidy
- Individual subsidy
- Project-linked subsidy
- Institutional subsidy
- Relocation assistance
- Discount benefit scheme
- Rural subsidies
- People's Housing Process.

Safety, security and defence

Cabinet's Justice, Crime Prevention and Security (JCPS) Cluster focuses on reducing serious and violent crime by between 7% and 10% a year. The JCPS Cluster is following a two-pronged crime-fighting strategy that confirms the central role of law-enforcement agencies in combating crime and acknowledges the principle of community involvement and establishing partnerships as primary instruments in preventing and combating crime.

The policy documents governing policing in South Africa include the South African Police Service (SAPS) Act, 1995 and the 1996 National Crime-Prevention Strategy.

The operational priorities of the department's strategic plan for 2005 to 2010 are:

- combating organised crime
- fighting serious and violent crime
- addressing crime against women and children
- improving on other SAPS priorities that affect basic service delivery.

In September 2006, the South African Police Service released crime statistics for 2005/06:

- attempted murder decreased by 16,6%
- serious and violent assault decreased by 9,6%
- common assault decreased by 15,6%
- robbery with aggravating circumstances decreased by 6,2%
- common robbery decreased by 18,3%
- drug-related crimes increased by 13,2%
- car hijackings increased by 3,1%
- murder decreased by 2%
- rape decreased by 1%
- indecent assault decreased by 3,7%
- driving under the influence of alcohol or drugs increased by 9,9%
- cash-in-transit heists increased by 74,1%.

Over the medium term, the department will support government's regional and continental objectives by implementing the Southern African Development Community Protocol on the Control of Firearms through the Southern African Regional Police Chiefs Co-operation Organisation (SARPCCO) and the African Union (AU) Convention on the Prevention and Combating of Terrorism. It will also provide operational support and institutional capacity-building to police agencies in southern Africa through SARPCCO to promote development, stability and security and to benefit policing in South Africa through information-sharing.

Reducing crime

Crime prevention in South Africa is based on the principles of community policing, that is, partnerships between the community and the SAPS. Partnerships between police officers (who are appointed as sector managers) and communities strengthen existing community policing fora (CPFs).

Sector policing was introduced in 2002/03 to increase the visibility and accessibility of police officers, particularly in areas that have

It was announced in October 2006 that government would distribute R73,8 million to several law-enforcement agencies and departments in forfeited assets.

This followed Cabinet approval for the distribution of funds deposited into the Criminal Assets Recovery Account (Cara), following asset forfeiture.

A number of assets, including motor vehicles, equipment and property would also be distributed to a number of law-enforcement agencies and government departments.

In terms of the Prevention of Organised Crime Act, 1998, the monies and properties in Cara may be used to render financial assistance to law-enforcement agencies to combat organised crime, money laundering, criminal gang activities, and the financing of terrorist and related activities.

The South African Police Service received R33,7 million from the fund.

limited infrastructure and high crime levels. The implementation of sector policing continues.

CPFs, which have been in place since 1993, are functioning well at most police stations. CPFs are actively involved in crime-prevention and awareness programmes, and allow police to mobilise and involve communities in the fight against crime. CPFs also assist police by mobilising partnerships with business and other stakeholders in communities to address crime concerns.

Additional funds have been allocated to the SAPS to increase the number of personnel to 178 910 by the end of March 2009. This labour input will be complemented by a concomitant expansion of the vehicle fleet, equipment supplies and information technology (IT) infrastructure.

By March 2006, the SAPS had 155 532 members.

By May 2006, police stations had a total personnel strength of about 95 000. It is envisaged that the personnel establishment for police stations will increase by almost 35 000, which will then be sustained at nearly 130 000 up to 2010.

By May 2006, closed-circuit television (CCTV) monitor systems were being expanded in KwaMashu, Inanda and Mafikeng. The existing Cape Town and Kimberley CCTV systems were being assessed for possible expansion.

Firearms control

The Firearms Control Act, 2000 and the Firearms Control Amendment Act, 2003 aim to assist the SAPS in preventing the proliferation of illegal firearms and removing them from society, as well as to control legally owned firearms. People seeking firearm licences are compelled to undergo a competency test and obtain a competency certificate before being granted a firearm licence.

In November 2004, the Minister of Safety and Security declared an amnesty for people in possession of illegal firearms and ammunition.

Fact:

During 2005/06, nine new police stations were completed and two existing ones upgraded. By mid-2006, 20 new police stations were under construction and four had been upgraded. The construction of another 26 police stations was expected to commence in 2006/07.

In terms of the amnesty, as defined in section 138 of the Firearms Control Act, 2000, illegal firearms and ammunition had to be surrendered at police stations nationwide from 1 January to 31 March 2005. This period was subsequently extended to 30 June 2005.

A total of 33 823 illegal firearms and 608 794 rounds of illegal ammunition were surrendered between 1 January 2005 and 30 June 2005 and 46 631 legal firearms and 821 527 rounds of ammunition were voluntarily handed in to the SAPS. The SAPS confiscated over 17 600 firearms and 370 180 rounds of ammunition between 1 April 2005 and 31 March 2006. During this period, 4 842 firearms were reported as lost and stolen, and 12 351 firearms were recovered.

Between 1 April 2005 and 31 March 2006, the SAPS accredited 586 non-official firearm institutions, of which 151 were shooting ranges and 232 were training-providers.

During the same period, the SAPS destroyed more than 107 460 firearms.

Forensic Science Laboratory (FSL)

The FSL in Pretoria is implementing revolutionary new technology that will quadruple the laboratory's capacity to process DNA samples.

Previously, some 200 samples were processed daily manually, but implementing the Automated Genetic Sample Processing System (AGSPS) is expected to ensure that 800 samples can be loaded into the system daily.

The AGSPS is the only one of its kind in the world and is a robotic system that combines engineering and science.

Between April and September 2006, DNA analysis had been done for over 2 000 cases.

Since the Ballistics Unit's implementation of the Integrated Ballistics Information System, more than 416 000 images had been captured on the database. Almost 5 000 hits (links between two or

In January 2002, the South African Police Service had 27 000 vehicles, whereas by March 2006 this figure had risen to 35 418 vehicles.

more cases) had been made, which implied linking almost 10 000 different crime scenes where there was no prior knowledge/ information that the same firearm(s) was/were used.

The FSL has acquired an infrared device to assist in differentiating between inks and documents, and detecting alterations, additions and obliterations on documents. It has also gained gas chromatograph mass spectrometers to assist in analysing drug-related cases. The Craig Micro Spectrometer was obtained for colour analysis of various material such as fibres and paint samples.

Criminal Record Centre

The Automated Fingerprint Information System (AFIS) palm-print extension and matcher upgrade was successfully implemented in December 2004 and became fully operational in January 2005. The palm-print extension contributed to crime-solving in the SAPS.

From July 2005 to December 2005, 4 200 crime-scene palm prints were identified (cases solved) with the assistance of the palm-print functionality.

In October 2006, government met with the Big Business Working Group and Business Against Crime in Pretoria. This followed an initial meeting held in Cape Town in August 2006, which resolved to re-energise the partnership between business and government in the fight against crime.

The meeting agreed to create a Leadership Forum, composed of leaders of the Justice, Crime Prevention and Security Cluster and business, to identify and mobilise 'stepchange' interventions necessary to turn around the crime situation in the country.

The specific initiatives prioritised for immediate action included:

- Reviewing and improving the criminal justice system. Both business and government will second senior executives to this initiative on a permanent basis.
- Reviewing and enhancing crime-prevention and combating initiatives undertaken by government departments.
- Providing specialist training and redeploying experts who had retired or joined the private sector.

The SAPS identified the need to implement and incorporate 108 live-scan booking stations in the SAPS AFIS. These devices have the ability to capture finger and palm prints electronically, which will in turn improve the quality of prints added to the AFIS database.

A total of 1 723 534 fingerprint forms were processed on AFIS during 2005, of which 618 178 were positively identified by the system.

Detective Service

The Detective Service is responsible for maintaining an effective crime-investigation service. It investigates crimes and gathers all related evidence required by the prosecuting authority to redress crime.

The Detective Service consists of the following components:

- General Investigations
- Organised Crime
- Commercial Crime
- Serious and Violent Crime.

Between 2002 and 2005, the SAPS trained 17 475 detectives.

In 2006/07, 1 000 newly trained members were expected to join the Detective Service, as part of an effort to reduce shortages in the service by deploying 30% of trained police constables directly after they have completed their basic training.

The career paths of detectives is being streamlined to retain experienced SAPS members in operations. They are promoted within a three-level system while continuing with functional police work, rather than being promoted into administrative managerial positions.

By October 2006, general investigators were attending multilevel specialised courses to give them the capacity to investigate all types of crime.

Building for security

- Community safety centres (CSCs) bring all relevant departments under one roof, including the SAPS and the departments of justice, of correctional services, of health and of social development. The focus is on deep rural and informal settlements. The first CSC was opened at Thembalethu near George in the Western Cape in 2000. CSCs are also operational in Ntsimbini in KwaZulu-Natal, Leboeng in Limpopo and Khutsong in Gauteng.

- By the end of March 2006, victim-friendly facilities had been established at 583 police stations, 21 of which were established between 1 April 2005 and 31 March 2006. About 387 police members were trained in victim empowerment. The SAPS aimed to establish an additional 150 such facilities in 2005/06. In new or upgraded police stations, provision is made for private facilities where victims can provide statements and access information.

Safer Schools Programme

The Safer Schools Programme is a partnership between the SAPS and the Department of Education to address issues such as drugs and firearms in schools, sexual offences and bullying. Its focus is on ensuring a safe learning environment.

Communities are involved in this programme through school governing bodies (SGBs) and school safety committees, ensuring the national roll-out of the Tiisa Thuto Programme in co-operation with Business Against Crime.

Tiisa Thuto aims to fight school community-based crime by inculcating a positive value system among the school community, heightening communities' sense of ownership of schools and creating conditions and/or a culture that is conducive to effective teaching, learning and support.

Tiisa Thuto's core beneficiaries are learners, educators, parents, and members of the SGBs.

Border control and security

The SAPS is taking over border control from the Department of Defence. SAPS members have been deployed at the borders between Limpopo and Zimbabwe, Northern Cape and Namibia/Botswana, North West and Botswana, Free State and Lesotho, Eastern Cape and Lesotho and KwaZulu-Natal and Lesotho.

The Border Control Co-ordinating Committee and the Department of Public Works are constructing and upgrading ports of entry. This includes installing modern technology with improved satellite and electronic surveillance systems.

Defence

The mission of the Department of Defence is to defend and protect South Africa, its territorial integrity and its people.

The department, under the auspices of the New Partnership for Africa's Development, participates in various initiatives to secure peace and stability on the continent.

The South African National Defence Force (SANDF) is an all-volunteer force consisting of a regular core force and a reserve force.

In July 2006, the first of 28 Gripen fighter jets bought from Sweden's Saab Aerospace company arrived at Ysterplaat Air Force Base (AFB) in Cape Town. The jet was expected to go to the air force's Test Flight Development Centre at AFB Bredasdorp in the Overberg, to be tested to validate its equipment to South African specifications.

The air force received its first two Hawk MK 120 fighter trainer aircraft in May, part of a multibillion rand arms deal package signed in 1999. The Hawks were flown to Makhado AFB, Limpopo, where the complete fleet of 24 aircraft – that was expected by mid-2007 – would be based.

The Hawk aircraft are unique in their ability to have their cockpits configured to represent any modern frontline fighter. They are an updated version of the Hawk 100 series, incorporating changes to the avionics suite and associated aircraft systems originally developed by BAE Systems for the Royal Australian Air Force.

In addition to military matters, the Department of Defence is involved in search-and-rescue operations, hydrography and securing national key points.

Uniformed members of the SANDF have the right to join trade unions. They may not, however, go on strike or picket.

Peace support

Based on the *White Paper on South African Participation in International Peace Missions*, the SANDF continues to participate in peace missions. Various members of the Department of Defence have been trained for participation in these missions. By May 2006, external deployments included Burundi, the Democratic Republic of Congo, the Sudan, Côte d'Ivoire, Ethiopia and Eritrea.

Requirement of main equipment

The SANDF's core capabilities will be maintained to allow it to execute its mandate and play a meaningful role in peace missions. The procurement of corvettes, submarines, helicopters and fighter and trainer aircraft will go a long way in ensuring credible defence capabilities.

South Africa is on track in building and re-equipping the SANDF for both its primary and secondary roles. Over the last five years, the SANDF has been building and equipping the air force and the navy. The focus is now on modernising armaments and equipment for landward defence.

By mid-2006, the Directorate: Army Acquisition was engaged in 32 capital projects at various stages of execution. The projects included upgrading existing equipment and several major new systems. A number of upgrading projects were also completed.

A major focus area is the armoured combat vehicles capability of the army. This includes Mamba, Casspir, Olifant main battle tank, Rooikat and G6 self-propelled gun systems that are all being upgraded to extend remaining life effectively, while the new infantry combat vehicle and supply-support vehicle programmes are close to completion.

Armaments Corporation of South Africa (Armscor)

Armscor's primary function is to acquire defence products and services for the SANDF, and to co-manage, with the Department of Defence, the development of technologies for future weapon systems and products. It also manages the disposal of excess, forfeited, redundant or surplus defence material for the SANDF and subsidiary companies, which directly support defence technology and acquisition strategies.

Armscor provides the department with tender-board functions, project security and arms-control compliance assurance.

Denel Group of South Africa

Denel is a profit-driven company wholly owned by the State. Fifty-one percent of its airmotive division, however, is owned by France's Turbomeca. It is recognised as a world leader in artillery systems.

Through offset deals, Denel supplies aerostructures for Gripen and Hawk aircraft to BAE Systems and Saab. It has started licensed manufacturing of the Agusta A119 Koala helicopters for AgustaWestland and provides parts to the Boeing Company.

Intelligence services

South Africa has two civilian intelligence structures: the National Intelligence Agency (NIA) and the South African Secret Service (SASS).

The NIA's mission is to provide government with domestic intelligence and counter-intelligence. The NIA's mandate has been divided into seven areas of interest: counter-intelligence, political intelligence, economic intelligence, border intelligence, terrorism, organised crime and corruption.

The SASS is South Africa's foreign-intelligence capacity. Executive control is exercised by a civilian ministry and a Cabinet committee.

The objective of the SASS is to forewarn, inform and advise government on real and potential threats to South Africa's security, and on socio-economic opportunities for the country.

Justice and correctional services

Judicial authority is vested in the courts, which are independent and subject only to the Constitution and the law. No person or organ of state may interfere with the functioning of the courts.

The courts

Constitutional Court

This is the highest court in all constitutional matters and deals only with constitutional issues. The court's work includes deciding whether Acts of Parliament and the conduct of the President and executive are consistent with the Constitution, including the Bill of Rights.

The court's decisions are binding on all persons including organs of state, and on all other courts. It consists of the Chief Justice of South Africa, the Deputy Chief Justice and nine Constitutional Court judges.

Supreme Court of Appeal

The Supreme Court of Appeal is the highest court in respect of all other matters. The court 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.

It consists of the President and Deputy President of the Supreme Court of Appeal and a number of judges of appeal determined by an Act of Parliament.

High courts

There are 10 court divisions and three local divisions which are presided over by judges of 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

Fact:

The Department of Justice and Constitutional Development's budget allocation for 2006/07 was R7,3 billion, of which R1,5 billion was for the National Prosecuting Authority, R2,4 billion for the court services programme and R986 million for chapter nine institutions. Chapter nine institutions are established by the Constitution and have as their general mandate the strengthening of constitutional democracy in South Africa.

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.

The Land Claims Court and the Labour Court have the same status as the High Court. In the case of labour disputes, appeals are made to the Labour Appeal Court.

Regional courts

Regional courts established in each regional division have jurisdiction over all offences, except treason. Unlike the High Court, the penal jurisdiction of the regional courts is limited.

Magistrates' courts

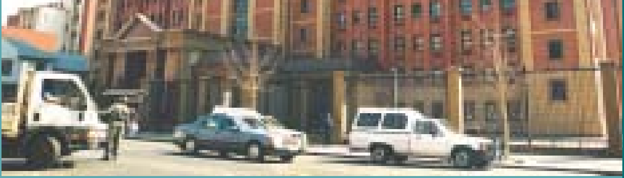
Magisterial districts are grouped into 13 clusters. By March 2005, there were 366 magistrates' offices, 50 detached offices, 103 branch courts and 227 periodical courts in South Africa, with 11 767 magistrates.

A magistrate's court has jurisdiction over all offences except treason, murder and rape.

Small claims courts

A commissioner in the Small Claims Court hears cases involving civil claims not exceeding R7 000. Thirteen new small claims courts, seven of which are in rural areas and townships, were opened in 2004.

By June 2006, there were 154 such courts throughout the country. The commissioner is usually a practising advocate or attorney, a legal academic or another 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. There is no appeal to a higher court.

There is a national programme that aims to strengthen and roll out small claims courts to rural and peri-urban areas by pursuing the strategic objectives of:

- providing access for all, especially the poor and the vulnerable
- establishing systems and rules of court that are accessible and easy to understand
- providing trained administrative support staff
- attracting and retaining commissioners.

Sexual offences courts

These specialised courts allow sexual offences cases to be handled with sensitivity to avoid secondary victimisation of traumatised victims.

Equality courts

By the end of 2005/06, 260 designated equality courts were expected to be functioning and dealing with matters of discrimination. Section 16(1)(a) of the Promotion of Equality and Prevention of Discrimination Act, 2000 provides that every high court is an equality court for its area of jurisdiction. Infrastructure is provided for this purpose as new courts are set up. Over 1 290 magistrates and 300 clerks of court have been trained in equality matters.

Fact:

The Thuthuzela care centres are 24-hour, one-stop service centres where victims have access to all services including police, counselling, doctors, court preparation and prosecutors. The main objectives of these centres are to eliminate secondary victimisation, reduce case cycle time and increase convictions.

Community courts

Modelled on the Hatfield Community Court in Pretoria, community courts focus on the appropriate handling of lower-court cases from the area, specifically offences such as handbag and cellphone theft, offences relating to drug and alcohol abuse, municipal by-law offences and petty offences.

By September 2005, there were 13 community courts, of which four were operational. The total number of cases finalised was 9 685, with a 96% conviction rate.

Specialised commercial crimes courts

In 2005/06, 935 commercial-crime trials were finalised with a conviction rate of 94,22% and with some courts averaging over six hours a day.

Court for Income Tax Offenders

In October 1999, the South African Revenue Service (Sars) opened a criminal courtroom at the Johannesburg Magistrate's Office dedicated to the prosecution of tax offenders. The court deals only with cases concerning failure to submit tax returns or failure to provide information requested by Sars officials. It does not deal with bigger cases such as tax fraud.

By September 2006, the National Prosecuting Authority had attained its target of finalising 5% more cases in a financial year. The number of cases that were diverted from the criminal justice system more than doubled in 2005/06 from an average of 1 208 cases diverted a month in 2004 to an average of 2 800 a month in 2005.

Implementing the diversion programme helped 89 425 children avoid the punitive justice system between 1999 and 2006.

The lower courts attained an 85% conviction rate in 2005/06 and case-cycle times rose from 17% to 19% of cases older than the target set by the Department of Justice and Constitutional Development.

Municipal courts

Municipal courts are being set up in the larger centres of South Africa in conjunction with municipalities. They deal only with traffic offences and contraventions of municipal by-laws.

Chief's courts

An authorised African headman or his deputy may hear and determine civil claims arising from indigenous law and custom, brought before him by an African against another African within his area of jurisdiction.

Litigants have the right to choose whether to institute an action in a chief's court or in a magistrate's court. Proceedings in a chief's court are informal. An appeal against a judgment of a chief's court is heard in a magistrate's court.

National Prosecuting Authority (NPA)

The NPA structure includes the National Prosecuting Services, the Directorate: Special Operations (DSO), the Witness-Protection Programme, the Asset Forfeiture Unit (AFU) and units such as the Sexual Offences and Community Affairs Unit, the Specialised Commercial Crime Unit and the Priority Crimes Litigation Unit.

By 2005, 54 sexual offences courts, with an average conviction rate of 62%, had been established. Many of those cases dealt with protecting the rights of children. Of the 54 courts, 26 were blue-print compliant and infrastructure is to be provided to make the remainder compliant. Permanent positions will be created with the Magistrates' Commission to capacitate sexual offences courts.

By May 2006, more than 50 000 victims had been prepared for court by 66 court preparation officials employed by the National Prosecuting Authority.

Asset Forfeiture Unit

The AFU was created in 1999 in terms of the Prevention of Organised Crime Act, 1998. The AFU can seize and forfeit property that was bought from the proceeds of crime, or property that has been used to commit a crime.

The AFU has two major strategic objectives, namely to:

- develop the law by taking test cases to court and creating the legal precedents necessary to allow for the effective use of the law
- build capacity to ensure that asset forfeiture is used as widely as possible to make a real impact in the fight against crime.

The use of asset forfeiture to fight crime has been one of government's most important innovations. Between 2000 and 2006, more than R1 billion in proceeds from crime was frozen and nearly R100 million paid into the Criminal Assets Recovery Account.

Special Investigating Unit (SIU)

The SIU works closely with government departments to deal with fraud, corruption and serious maladministration in state institutions. It was established in terms of the Special Investigating Units and Special Tribunals Act, 1996 and investigates cases referred to it by the President. It is the only institution that can conduct forensic investigations and consequently institute civil litigation to recover state assets or public money.

By July 2006, the SIU's investigation into irregular social-grant payments in the Department of Social Development, at the request of the Minister of Social Development, Dr Zola Skweyiya, and paid for by that department, had removed some R1,5 billion in irregular grants from the system.

The joint efforts of the Department of Social Development and the SIU resulted in 110 000 grants being cancelled, saving taxpayers over R400 million a year.

The next phase of the investigation would focus on private individuals receiving social grants fraudulently.

The corruption probe at the Department of Correctional Services' facilities led to a saving of R3,4 billion for the medical aid scheme at the department, and to 90 officials being criminally prosecuted and charged internally.

Sexual Offences and Community Affairs Unit

Various concrete steps have been taken to give effect to the national crackdown on sexual offences:

- Multidisciplinary rape-care centres, known as the Thuthuzela care centres, have been established. Here rape investigations are accelerated and 'humanised'.
- New child-witness rooms have one-way glass partitions enabling child witnesses to testify in a friendly and secure environment without the risk of being intimidated.

Integrated justice system

This system aims to use technology to improve the co-ordination of the activities of departments in government's Justice, Crime Prevention and Security Cluster.

In 2006, work on the Legal Services Charter continued. The charter seeks to address:

- access to justice by poor and uneducated communities
- quality and affordable delivery of legal services to citizens
- accessibility of legal services to communities
- entry requirements to the legal profession
- equal opportunities of legal services among legal practitioners
- access to legal work, including state and parastatal contracts by black practitioners
- the role of the legal profession in promoting equality in the judiciary
- transformation of governance structures of the legal profession
- a unified regulatory framework for the legal profession
- empowerment of historically disadvantaged black legal practitioners
- skills development, employment equity, ownership and management within the legal profession.

The system will entail, among other things:

- a virtual private network
- an automated fingerprint identification system and DNA database
- an integrated case-flow management system, including case, person (offender, victim and witness) and exhibits
- better tracking of people, including inmates.

Access to justice

The department continues to prioritise access to justice for vulnerable groups, including:

- implementing relevant legislation and enabling policy, for example, the Sexual Offences Bill that Cabinet approved in 2006
- ensuring assistance from prosecutors and public defenders for child maintenance
- enforcing the right of children to receive support from earning parents
- prioritising child justice and all cases involving children, especially those in prison awaiting trial.

Public Protector

The Public Protector investigates complaints from the public or on own initiatives against government at any level, its officials, persons performing public functions, corporations or companies where the State is involved and statutory councils.

The Public Protector's services are free and available to everyone. Complainants' names are kept confidential as far as possible.

The President appoints the Public Protector on recommendation of the National Assembly and in terms of the Constitution, for a non-renewable period of seven years.

The Public Protector is subject only to the Constitution and the law, and functions independently from government and any political party.

No person or organ of state may interfere with the functioning of the Public Protector.

The Public Protector has the power to report a matter to Parliament, which will debate it and ensure that the Public Protector's recommendations are followed.

Victims' charter

The Service Charter for Victims of Crime in South Africa and minimum standards for services for victims of crime, introduced in December 2004, are important instruments elaborating and consolidating rights and obligations relating to services applicable to victims and survivors of crime in the country.

The charter identifies the following rights of crime victims:

- to be treated with fairness, respect, dignity and privacy
- to offer information
- to receive information
- protection
- assistance
- compensation
- restitution.

By September 2006, some elements of the charter were in place, including:

- toll-free lines installed in all provinces
- training of victim-assistance staff who will assume duty at service-delivery points by 2007/08
- a set of complaint mechanisms.

Correctional services

The Department of Correctional Services strives to provide adequate correctional centre accommodation that complies with accepted standards. By March 2006, offenders were housed in 237 correctional centres countrywide, including:

> The Department of Correctional Services is rolling out a biometric security system and state-of-the-art fencing with closed-circuit television that both use the same control centre. By August 2006, the biometric security system had been launched in 62 of the targeted 66 correctional services sites. The system includes a biometric fingerprinting system that will manage inmate visitations.

- eight correctional centres for female offenders only
- 13 youth correctional facilities
- 129 correctional centres for male offenders only
- 87 correctional centres for both male and female offenders.

Three correctional centres were closed down for renovations.

In centres where male, female and juvenile offenders are accommodated, female and juvenile offenders are housed in separate designated sections.

Overcrowding in prisons

By 31 December 2005, South Africa's correctional centres collectively housed 160 213 inmates, while accommodation was available for only 114 354. This means that general overcrowding was in the region of 137,64%. Of the total population, 113 820 inmates were unsentenced.

The average cost of incarceration was estimated at R123,37 a day.

To alleviate overcrowding, unsentenced juveniles have been transferred to places of secure care, some sentences have been converted to correctional supervision, and facilities have been renovated or upgraded.

National and provincial action plans to fast-track all children awaiting trial from prisons and police cells, since October 2004, have led to a reduction in children awaiting trial. The number of children awaiting trail declined by 65% between December 2004 (over 1 700) and December 2005 (1 277).

Sentence length breakdown as at 31 March 2006

Sentence length	Number
< 6 months	5 088
>6 – 12 months	4 188
>12 – 24 months	3 815
2 – 3 years	10 423
3 – 5 years	10 642
5 – 7 years	8 831
7 – 10 years	18 060
10 – 15 years	23 901
15 – 20 years	11 287
>20 years	9 537
Life	6 803
Death	13
Other sentenced (Psychopath, corrective training, prevention of crime, habitual criminal, other mental instability, corporal punishment, security offender, reformatory, day parole, ordered by court as dangerous, period, fine)	1 232
Total sentenced	**113 820**

Source: Department of Correctional Services

No prisoners may be released before they have served at least half their sentence. The Criminal Law Amendment Act, 1997 provides for much harsher sentences for serious crimes. These changes are expected to place an even greater burden on prisons.

Since 2003, the offender population started stabilising and began to decline significantly in 2005, after exponential growth between 1995 and 2003 at a rate of about 10 000 offenders per year.

Statistics indicate that in 1995, there were 110 000 offenders, and in 2003, the number increased to 187 000. It dropped in 2005 to 156 000.

Bed space was increased by 697 in 2005 which had a limited albeit welcome impact on overcrowding, which stands at 137% nationally.

Awaiting-trial detainees decreased from 52 313 in January 2005 to about 46 327 in December 2005.

Fact:

In 2006/07, Samuel Beckett's play *Waiting for Godot* was staged at Pollsmoor by a cast drawn from inmates as part of the Arts in Prison Project run by the Department of Correctional Services in collaboration with the Department of Arts and Culture.

An independent judicial inspectorate regularly visits all prisons to report on conditions and prisoners' treatment.

The building of four new-generation prisons in Kimberley, Klerksdorp, Leeukop and Nigel is expected to be completed in 2008/09 and provide an additional 12 000 offender places. Similar facilities are expected to be built in East London, Allandale, KwaZulu-Natal and Limpopo. All eight prisons will have 3 000 beds each. Over the next three years, accommodation capacity in correctional services will be increased by 12 000 beds.

Inmates per security category as at 31 March 2006

Sentence categories	Women	Men	Total
Maximum security	261	37 341	37 602
Medium security	1 412	57 947	59 359
Minimum security	20	1 251	1 271
Total	1 693	96 539	98 232

Source: Department of Correctional Services

Social development

The aim of the Department of Social Development is to ensure the provision of comprehensive, integrated, sustainable and quality social-development services against vulnerability and poverty, and to create an enabling environment for sustainable development in partnership with those committed to building a caring society.

Legislation

The National Assembly passed the Children's Bill in December 2005 and the Older Persons Bill in March 2006.

The Older Persons Bill, which was passed in the National Assembly in March 2006, became law at the end of 2006.

The Older Persons Act, 2006 contains provisions to improve the lives of older South Africans. The main objective of the Act is to:

- maintain and promote the status, well-being, safety and security of older persons
- recognise the skills and wisdom of older persons
- promote participation of older persons in community activities to promote them as people.

The Policy Framework and Strategic Plan for the Prevention and Management of Child Abuse will ensure the swift implementation of the National Child Protection Register, which will link provincial and national databases of children under 18 years who have allegedly been abused.

Payment of social grants

Beneficiaries of social grants increased from 3,8 million people in April 2001 to more than 11 million in March 2006.

Fact:
By March 2006, grants were paid to 11 million South Africans, including foster care grants (300 119), care dependency grants (91 604), war veterans' grants (2 858), old-age grants (2 131 820), disability grants (1 312 726) and child-support grants (6 961 046).

Research studies have consistently confirmed that these grants not only reduce the occurrence of hunger and extreme poverty, but that they also facilitate household access to basic services and economic opportunities.

This has been the fastest-growing category of government expenditure since 2001, and amounts to R70 billion a year, which is about 3,4% of gross domestic product.

Social grants contribute more than half of the income of the poorest 20% of households and have doubled in real terms over the past five years.

Poverty relief

Eradicating poverty is the biggest priority in government's efforts to build a better life for all.

In addition to providing social assistance, the Department of Social Development also manages the Poverty-Relief Programme, which aims to assist communities in a range of developmental projects. The Independent Development Trust has been contracted to provide implementation support to these projects.

The programme entrusts state resources to communities to enable them to undertake and dictate development for themselves by themselves.

The programme emphasises access to economic opportunities for specific targeted groups and the establishment of local structures able to identify, own and manage the ongoing implementation of development initiatives in the community.

The programme focuses at the following objectives:

- youth development

- women's co-operatives
- HIV and AIDS
- food security
- older persons
- social finance.

Home- and community-based care

The social impact of HIV and AIDS is evidenced by an increase in the number of orphans and child-headed households, manifesting itself in the disintegration of families and communities.

About R4,2 billion was expected to be spent during 2006/07 on social-sector employment programmes. These include home-based community care and early childhood development, community health workers and social-development partnerships with non-governmental organisations. Care of child-headed households, strengthening of HIV and AIDS programmes and appropriate management of children in conflict with the law are among the social-service priorities.

The Home- and Community-Based Care and Support Programme teaches life skills to children and the youth and provides a range of care and support services focusing on families and on children orphaned through the AIDS-related death of their parents.

In 2005/06, the programme:

- identified 218 259 orphans and vulnerable children and extended appropriate services to them
- visited 26 623 child-headed households to provide counselling and support services
- referred 30 863 children for foster-care placements

Fact:

By July 2006, the social grants function had been moved from the provinces to the South African Social Security Agency (Sassa). Sassa is accountable and responsible for managing, administering and paying social grants. By July 2006, Sassa had completed a pilot project in three offices and was averaging

- assisted 268 382 affected families and distributed 170 184 food parcels
- established 600 child-care fora nationwide to identify orphans and vulnerable children.

National councils

The department strives to strengthen the capacity of civil society to actively engage in social and economic development, by supporting the following national councils:

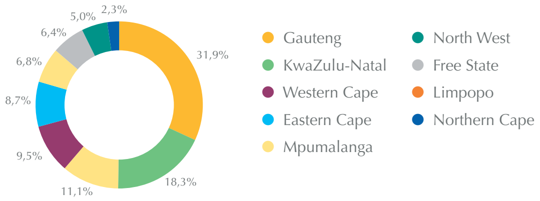
- National Council for Persons with Physical Disabilities
- Deaf Federation of South Africa
- South African National Epilepsy League
- South African Federation for Mental Health
- Cancer Association of South Africa.

Statutory bodies include the National Development Agency (NDA), relief boards and the Central Drug Authority.

Amounts of grants per month as at 1 April 2006

Grant type	Amount
Old-Age Grant	R820
Disability Grant	R820
War Veterans' Grant	R758
Foster Care Grant	R590
Care Dependency Grant	R820
Child Support Grant	R190
Grant-in-Aid	R170

a turnaround time of between one and three days in processing applications. Bids for the provision of mobile units in remote and rural areas to improve access to social-grants services were invited.



Percentage of registered non-profit organisations per province

National Development Agency

The NDA is a statutory funding agency that aims to contribute to the alleviation of poverty, address its causes, and strengthen the capacity of civil-society organisations to combat poverty.

The key strategic objectives of the NDA are, among other things, to grant funds to civil-society organisations to meet the development needs of poor communities; proactively strengthen organisations' institutional capacity for long-term sustainability; source funds for the NDA; and promote consultation, dialogue and the sharing of development experiences.

The Non-Profit Organisation (NPO) Act, 1997 mandates the Department of Social Development to contribute towards creating an enabling environment within which NPOs can flourish. The Directorate: NPOs was established in terms of this legislation to manage the registration facility and increase public access to information on registered organisations. The legal mandate requires that the directorate registers organisations within two months after receipt of a complete application and provide support for organisations to register and meet reporting requirements.

Fact:

In October 2006, Cabinet approved the National Drug Master Plan and Programme. The plan is in line with the Drug Dependency Act, 1992, which requires that government reviews such a plan every five years. The Prevention and Treatment of Substance Abuse Bill will provide for the transformation of

The registration and reporting of organisations has increased substantially since the inception of the Act in 1998. During 2005/06, 13 405 organisations applied for registration. Of these, 8 398 met the registration requirements. By March 2006, the total number of registered organisations was 37 532. Most registered organisations are in Gauteng (32%) followed by KwaZulu-Natal (18%). The Northern Cape (2,3%) has the least.

Social assistance and security fraud

To root out fraud and corruption, the department set aside R47 million in 2006/07 and maintained a co-operation agreement with the Special Investigating Unit (SIU).

Over 70 staff members were trained and used in the fight against fraud and corruption, and probed the details of all grant beneficiaries.

By May 2006, 829 cases of social grants fraud were brought to court, with 453 convictions. Half of the 12 000 public servants who have been found to be defrauding the system are expected to be prosecuted between 2007 and 2008.

The department, in collaboration with all national and provincial law-enforcement agencies, including the South African Police Service and the SIU, was expected to establish the Inspectorate for Social Security.

The department has set aside R25,5 million in 2006/08 for the establishment of the inspectorate and R19,4 million for the development of effective monitoring, evaluation and impact-assessment systems.

services in the field of substance abuse, for community-based interventions, the development of minimum norms and standards for different levels of service delivery for substance abuse and ensure registration and monitoring facilities. This Draft Bill was released for comment in January 2007.

Environment

In terms of its biological heritage, South Africa is recognised as one of the richest nations in the world. The overarching vision of the Department of Environmental Affairs and Tourism is a prosperous and equitable society living in harmony with its natural resources. The department manages the development and implementation of policies governing three interrelated components of South Africa's socio-economic development: tourism, the fishing industry and environmental management.

Government leads protection of the environment by example. At regional level, the provincial conservation agencies are major role-players, and independent statutory organisations such as South African National Parks (SANParks) and the South African National Biodiversity Institute (Sanbi) are valuable partners in the country's total conservation effort.

South Africa has taken several concrete steps to implement the United Nations' (UN) Agenda 21 on sustainable development. These include reforming environmental policies, ratifying international agreements, and participating in many global and regional sustainable-development initiatives.

Environmental heritage

South Africa enjoys the third-highest level of biodiversity in the world. It has between 250 000 and a million species of organisms, much of which occur nowhere else in the world.

While South Africa occupies about 2% of the world's land area, it is estimated that the country is home to 10% of the world's plants and 7% of the reptiles, birds and mammals. The southern African coast is home to almost 15% of known coastal marine species, providing a rich source of nutrition and supporting livelihoods of coastal communities.

Fact:

The Kirstenbosch-South Africa exhibit at the 2006 Chelsea Flower Show in the United Kingdom won a gold medal – the 28th medal out of 31 annual entries by South Africa to the show.

The country's three globally recognised biodiversity hotspots include the Cape Floral Region, which falls entirely within South African boundaries; the Succulent Karoo, which South Africa shares with Namibia; and Maputaland-Pondoland, which South Africa shares with Mozambique and Swaziland. The coastline meets the Atlantic, Indian and Southern oceans that provide exceptional habitats ranging from cool water kelp forests to tropical coral reefs.

The Cape Floral Kingdom has the highest recorded species diversity for any similar-sized temperate or tropical region in the world. It is a world heritage site.

Biomes

There are eight major terrestrial biomes, or habitat types, in South Africa. These biomes can, in turn, be divided into 70 veld types. The biomes are savanna, Nama-Karoo, succulent Karoo, grassland, fynbos, forest, thicket and desert. The fynbos biome is one of only six floral kingdoms worldwide.

By June 2006, the Department of Environmental Affairs and Tourism had created over 16 800 job opportunities, 254 permanent jobs and almost 103 000 training days in the preceding year with its social-responsibility projects and programmes.

It planned to launch a social impact study in 2006 to evaluate these programmes, and also aimed to create 12 500 more job opportunities, 300 more permanent jobs and over 130 000 training days.

The Thubaleth' Elihle (our good opportunity) community craft group, involving 80 rural women, is one of the initiatives launched to help local communities who are under increasing social and economic pressure to make sustainable use of environmental resources available to them. The women of Thubaleth' Elihle produce goods made from fabric woven from an indigenous water-loving sedge called 'ikhwane', which is the most abundant plant in the 400-hectare Mbongolwane wetland.

Co-ordinated by the South African National Biodiversity Institute, the exhibit featured 2 500 kg of semi-precious stones and flowers and had a waterwise theme.

The show has been an annual event since 1826 in Chelsea, London.

Conservation areas

South Africa is committed to meeting the World Conservation Union (IUCN) target of 10% of land area being under protection. There are a number of management categories of protected areas in South Africa, which conform to the accepted categories of the IUCN.

Scientific reserves

These are sensitive, undisturbed areas managed for research, monitoring and the maintenance of genetic sources. Access is limited. Examples are Marion Island and the Prince Edward islands near Antarctica.

Wilderness areas

These areas are extensive in size, uninhabited, underdeveloped, and access is strictly controlled. Examples are the Cedarberg Wilderness Area and Dassen Island in the Western Cape.

Because of the geographic spread and diversity of South Africa's plant and animal species – up to 80% of significant biodiversity lies outside existing protected areas – a traditional approach to conservation is inadequate. Biodiversity priorities have to be integrated with all citizens' policies, plans and programmes.

The Minister of Environmental Affairs and Tourism, Mr Marthinus van Schalkwyk, launched South Africa's National Biodiversity Strategy and Action Plan (NBSAP) in June 2006. The NBSAP aims to guide conservation and the management of biodiversity to ensure sustainable and equitable benefits for all communities.

It highlights five strategic objectives, such as the need for a network of protected areas that conserve a sample of all South Africa's biodiversity, and specifies how these are to be realised and sets five-and 15-year targets for each. It also provides for the entrenchment of biodiversity concerns in production sectors such as mining and forestry, by focusing on the inclusion of biodiversity priorities in guidelines and codes of best practice and on measures to encourage sustainable production practices.

Fact:

South Africa is home to seven world heritage sites, as determined by the World Heritage Committee. In 2006, there were 812 world heritage sites in 137 countries. Africa had 65 sites and South Africa had three cultural, three natural and one mixed site.

National parks and equivalent reserves

SANParks manages several national parks throughout South Africa's provinces. The system of national parks is representative of the country's important ecosystems and unique natural features.

Commercial and tourism-conservation development and the involvement of local communities are regarded as performance indicators. These areas include national parks proclaimed in terms of the National Parks Act, 1976, provincial parks, 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.

In June 2006, the Minister of Environmental Affairs and Tourism, Mr Marthinus van Schalkwyk, announced that in terms of priorities identified in the National Biodiversity Strategy and Action Plan, another 230 000 ha would be added to the national parks to ensure the inclusion of underrepresented biomes, such as grasslands. Among others, the Knysna forests and Soetkraal would become part of the Tsitsikamma, and the QwaQwa Nature Reserve would be added to Golden Gate Highlands.

During 2006/07, portions of the new Wild Coast National Park, located in a globally recognised biodiversity hotspot with more than 1 500 plant species alone, were expected to be declared. It is expected to draw more than 245 000 tourists by 2008 and 270 000 by 2013, thus creating some 3 260 direct and indirect new jobs.

The new Blyde River National Park was declared on Heritage Day, 24 September 2006. It lies in an area with over 2 000 plant species (of which 163 are Red Data plants), which is more than in the entire Kruger National Park. The park is in the Blyde River Canyon, which has one of the richest troves of plants and animals in southern Africa. Some R18 million has been allocated for infrastructure for the park

South Africa's National Parks
Ais-Ais/Richtersveld
Addo Elephant
Agulhas
Augrabies Falls
Blyde River
Bontebok
Camdeboo
Golden Gate Highlands
Kgalagadi
Karoo
Kgalagadi
Knysna National Lakes Area
Kruger
Marakele
Mapungubwe
Mountain Zebra
Namaqua
Table Mountain
Tankwa-Karoo
Tsitsikamma
Vaalbos
West Coast
Wild Coast
Wilderness

Source: SANParks

over the next three years, starting with a R10-million luxury hiking trail. The park was expected to boost the local economy by R500 million over the next decade.

A transfrontier conservation area (TFCA) is a cross-border region. The conservation status of the areas within it varies from national parks, private game reserves, and communal natural-resource management areas to hunting concession areas. Though fences,

1. Addo Elephant National Park
2. Agulhas National Park
3. Augrabies Falls National Park
4. Bontebok National Park
5. Golden Gate Highlands National Park
6. Karoo National Park
7. Kgalagadi Transfrontier Park
8. Knysna National Park
9. Kruger National Park
10. Mapungubwe National Park
11. Marakele National Park
12. Mountain Zebra National Park
13. Namaqua National Park
14. Ais-Ais/Richtersveld National Park
15. Table Mountain National Park
16. Tankwa Karoo National Park
17. Tsitsikamma National Park
18. Vaalbos National Park
19. West Coast National Park
20. Wilderness National Park
21. Camdeboo National Park

highways, railway lines or other barriers separate the constituent areas, they are managed jointly for long-term sustainable use of natural resources. Unlike transfrontier parks, free movement of animals between the components of a TFCA is not always possible.

TFCAs aim to facilitate and promote regional peace, co-operation and socio-economic development. The success of TFCAs depends on community involvement. In turn, TFCAs are likely to provide local communities with opportunities to generate revenue.

TFCAs are expected to allow tourists easy movement across international boundaries into adjoining conservation areas.

The six identified TFCAs are the:

- Ais-Ais/Richtersveld Transfrontier Conservation Park
- Kgalagadi Transfrontier Park
- Limpopo-Shashe TFCA
- Great Limpopo Transfrontier Park
- Lubombo Transfrontier Conservation and Resource Area
- Maloti-Drakensberg Transfrontier Conservation and Development Area.

The National Environmental Management: Protected Areas Amendment Act, 2004 protects South Africa's biosphere reserves, which are generally formed around existing core conservation areas.

Biosphere reserves include outstanding natural beauty and biological diversity, exist in partnership with a range of interested land owners and can incorporate development, as long as it is sustainable, while still protecting terrestrial or coastal ecosystems.

National and cultural monuments

These are natural or cultural features, or both, and may include botanical gardens, zoological gardens, natural heritage sites and sites of conservation significance.

In December 1999, Robben Island, the Greater St Lucia Wetlands Park and the Cradle of Humankind were proclaimed world heritage sites by the United Nations Educational, Science and Cultural Organisation (Unesco).

The Ukhahlamba-Drakensberg Park was nominated as a mixed site. In July 2003, the site of the Mapungubwe civilisation became

More than a million people visit the Kruger National Park every year. Comprising almost two million hectares, the park has over 500 bird, 336 tree and 147 mammal species. It also has 49 species of fish.

Climate of provincial capitals

Province	Capital	Average temperature (˚C) January	July
Eastern Cape	Bhisho	22,1	13,8
Free State	Bloemfontein	23,0	7,7
Gauteng	Johannesburg	20,1	10,4
KwaZulu-Natal	Pietermaritzburg	22,9	12,9
Mpumalanga	Nelspruit	24,0	14,8
Northern Cape	Kimberley	25,3	10,8
Limpopo	Polokwane	22,6	12,2
North West	Mafikeng	24,1	12,0
Western Cape	Cape Town	20,9	12,2

Source: Department of Environmental Affairs and Tourism, South African Weather Service

the fifth heritage site. The Cape Floral Region also became a world heritage site at the end of June 2004.

The Vredefort Dome in the Free State was declared South Africa's seventh world heritage site at the 29th session of the Unesco World Heritage Conference held in Durban in July 2005, when the body met in sub-Saharan Africa for the first time.

Makapan Valley in Limpopo and the Taung Cave in North West were declared extensions of the Cradle of Humankind.

Habitat and wildlife management areas

These areas include conservancies; provincial, regional or private reserves created for the conservation of species, habitats or biotic communities; marshes; lakes; and nesting and feeding areas.

Sustainable-use areas

These areas emphasise the sustainable use of products in protected areas such as the Kosi Bay Lake system in KwaZulu-Natal.

Wetlands

Wetlands include a wide range of inland and coastal habitats – from mountain bogs, fens and midland marshes to swamp forests and estuaries, linked by green corridors of streambank wetlands.

The Working for Wetlands Programme focuses on wetland restoration, while maximising employment creation, support for small, medium and micro enterprises and skills transfer.

Botanical gardens

There are eight botanical gardens in five provinces. The largest is Kirstenbosch in Cape Town. It houses 5 300 indigenous plant species, and was voted one of the top seven botanical gardens in the world in 1999. It receives more than 750 000 visitors a year.

The Pretoria National Botanical Garden houses the National Herbarium of South Africa, the largest in the southern hemisphere.

All the gardens are signatories to the International Agenda for Botanic Gardens in Conservation and are founding members of the African Botanic Gardens Network.

Zoos

The 80-ha National Zoological Gardens (NZG) of South Africa in Pretoria is one of the world's 10 best. It attracted more than 600 000 visitors in 2005. The national zoo is responsible for the breeding centres in Lichtenburg and Mokopane, and the satellite zoo and animal park at the Emerald Animal World complex in Vanderbijlpark.

The NZG was declared a national research facility, subject to the provisions of the National Research Foundation, in March 2004. The declaration of the zoo as a national research facility presents a remarkable opportunity for the zoo to reposition itself as one of the world leaders in breeding and researching endangered species.

On 1 April 2006, the zoo's collection included 2 889 specimens of 213 mammal species, 1 418 specimens of 221 bird species,

Fact:
The Maropeng (Setswana for 'the place where we once lived') visitors' facility at the Cradle of Humankind World Heritage Site helps tourists, schoolchildren and others explore the rich fossil heritage of the area by bringing to life the history of humankind in an entertaining and educative manner.

4 639 specimens of 217 fish species, 118 specimens of 12 invertebrate species, 529 specimens of 113 reptile species, and 90 specimens of seven amphibian species.

There are a number of zoological gardens in South Africa.

Marine protected areas (MPAs)

The MPAs are modelled on the success of the Greater St Lucia Wetlands Park – with strict zoning of both marine and coastal protected areas. The four MPAs are Aliwal Shoal on the south coast of KwaZulu-Natal, the coastal and marine environment next to Pondoland in the Eastern Cape, Bird Island at Algoa Bay, and the Cape Peninsula in the Western Cape.

Some of the protection measures to be implemented in the MPAs are restrictions for people who want to fish, as well as restrictions for stowing fishing gear when fishing from a vessel.

Marine resources

The sustainable exploitation of marine resources on the one hand and the demand for fish products from local and foreign consumers on the other, pose a growing challenge globally, and South Africa, with her 3 000 km-long coastline, is no exception. The Marine Living Resources Act, 1998 sets out the broad objectives of fishery management and access rights. It also sets empowerment and broad transformation objectives for the fishing industry.

South Africa's fisheries are among the best-managed in the world.

In September 2005, South Africa took delivery of the last of four environmental-protection vessels, the *Victoria Mxenge*.

The other three vessels, *Lilian Ngoyi*, *Sarah Baartman* and *Ruth First*, were received in September 2004, January 2005 and May 2005, respectively.

The patrol vessels – all named after women who showed courage, dedication and commitment to the struggle for freedom – are used in

The fossils are from sites in Gauteng and North West and are the remains of ancient animal forms, plants and hominids that were captured in a bed of dolomite deposited some 2,5 billion years ago. Visitors to Maropeng's interpretation centre can explore the history of the Earth and humankind.

assisting with high-speed disaster relief, search and rescue, evacuations, fire-fighting, pollution control, towing and other emergency operations. The *Florence Mkhize* speed vessel was introduced in June 2006 to assist in combating poaching.

South African beaches participate in the Blue Flag Campaign.

South Africa's coastal management policy is one of the best in the world, with the country being the first outside Europe to gain Blue Flag status for coastal management.

Some of the most popular beaches in South Africa are:

- Camps Bay, Western Cape
- Clifton, Western Cape
- Llandudno, Western Cape
- Muizenberg, Western Cape
- Hobie Beach, Eastern Cape
- Humewood Beach, Eastern Cape
- Margate, KwaZulu-Natal
- Umhlanga Rocks, KwaZulu-Natal
- Grotto Beach, Western Cape
- Marina South Coast, KwaZulu-Natal.

The Working for the Coast Programme was launched in October 2000. It has succeeded in upgrading the environment and improving the lives of many people living along the coast.

More than 55 teams of workers have been formed along South Africa's coast to upgrade the environment, with many of them having started their own small businesses.

Arts and culture

The Department of Arts and Culture is the custodian of South Africa's diverse cultural, artistic and linguistic heritage. It is directly responsible for several public entities including museums, art galleries, the National Archives and six playhouses.

A large proportion of the department's budget is dedicated to supporting and developing institutional infrastructure to showcase, restore and preserve South Africa's heritage for future generations.

The 2006 Budget increased the department's allocation to R84,1 million in 2006/07, R309,2 million in 2007/08 and R687,5 million in 2008/09.

National coat of arms

South Africa's coat of arms was adopted in 2000.
Symbolism
Rising sun: a life-giving force
Protea: beauty and the flowering of the nation
Ears of wheat: fertility of the land
Elephant tusks: wisdom, steadfastness and strength
Knobkierie and spear: defence of peace
Drum: love of culture.
The motto, *!Ke e:/xarra//ke,* written in the Khoisan language of the !Xam people, means 'diverse people unite'.

National anthem

The national anthem is a combined version of *Nkosi Sikelel' iAfrika (God bless Africa)* and *The Call of South Africa (Die Stem).*

The national anthem

Nkosi sikelel' i Afrika
Maluphakanyisw' uphondo lwayo,
Yizwa imithandazo yethu,
Nkosi sikelela, thina lusapho lwayo.

Morena boloka setjhaba sa heso,
O fedise dintwa le matshwenyeho,
O se boloke, O se boloke setjhaba
sa heso,
Setjhaba sa South Afrika –
South Afrika.

Uit die blou van onse hemel,
Uit die diepte van ons see,
Oor ons ewige gebergtes,
Waar die kranse antwoord gee.

Sounds the call to come together,
And united we shall stand,
Let us live and strive for freedom,
In South Africa our land.

National flag

The national flag of the Republic of South Africa was brought into use on Freedom Day, 27 April 1994. The design and colours are a synopsis of the principal elements of the country's flag history.

National symbols

South Africa's national symbols are:

National animal:
Springbok

National bird:
Blue Crane

National fish:
Galjoen

National flower:
King Protea

National tree:
Real Yellowwood

National orders

The Order of
the Baobab

The Order of
Mapungubwe

The Order of the
Companions of OR Tambo

The Order of
Luthuli

The Order of Mendi for
Bravery

The Order of
Ikhamanga

Fact:

2006 was an important milestone in celebrating South Africa's heritage. Apart from the 50th anniversary of the Women's March on the Union Buildings in Pretoria, it was also the centenary of the Bhambatha anti-poll tax rebellion; of Satyagraha – the technique of non-violent resistance pioneered by Mahatma

2006 South African Music Awards (Sama) winners

The Sama ceremony was held in May 2006. Some of the winners were:

Best Female Artist: Judith Sephuma *(New Beginnings)*

Best Male Artist: Jimmy Dludlu *(Corners of my Soul)*

Best Duo or Group: Bongo Maffin *(New Construction)*

Best Tsonga Music (XiTsonga) Album: Thomas Chauke *(Xidudla Kedibone)*

Best Maskandi Album: Phuzekhemisi *(Sthandwa)*

Best Newcomer: Brickz *(Face-Brick)*

Best Music Video: Lara Hollis/Zamajobe *(Magic)*

Best Instrumental Album: Wessel Van Rensburg and Mccoy Mrubata *(Kulturation)*

Best Jazz Album: Jimmy Dludlu *(Corners of my Soul)*

Best Kwaito Album: Brickz *(Face-Brick)*

Best Adult Contemporary Album (English): Arno Carstens *(The Hello Goodbye Boys)*

Best Adult Contemporary Album (Afrikaans): Anna Davel *(Godinne op die Grondpad)*

Best Adult Contemporary Album (African): Phinda *(Mbheka Phesheya)*

Best Pop Album: Watershed *(Mosaic)*

Best African Pop Album: Malaika *(Vuthelani)*

Best Rock Album: The Parlotones *(RadioControlledRobot)*

Best R and B Album: Ishmael *(Long Way Home)*

Best Dance Album: *Black Coffee*

Best Rap Album: Tuks Senganga *(Mafoko A Me)*

Best Contemporary Gospel Album: Soweto String Quartet *(Plays Gospel)*

Best African/Traditional Gospel Album: Rebecca *(Qaphelani)*

Best DVD: MIC *(Moving Pictures)*

Best-selling Album of the Year: Shwi Nomtekhala *(Wangisiza Baba)*

Most Popular Song of the Year: Ntando *(Dali Wam)*

Most Popular Artist of the Year: Ntando

Lifetime Achievement Awards: Piet Botha, Joe Correira, Al Debbo, Thandi Klaasen and Rex Rabanye

Gandhi while he was in South Africa; the 30th anniversary of the Soweto Students' Uprising; the 60th anniversary of the African Mineworkers' Strike; and the 10th anniversary of South Africa's Constitution.

Cultural industries

The Cultural Industries Growth Strategy capitalises on the economic potential of the craft, music, film, publishing and design industries. The Department of Arts and Culture provides support in the form of financing, management capacity, advocacy and networking, by developing public-private partnerships and other initiatives that use culture as a tool for urban regeneration.

It was announced in February 2006 that R100 million would be channelled into these creative industries, making a major contribution to closing the gap between the first and second economies.

The department also announced that it would launch hubs in the craft and music industries.

To promote literature in indigenous languages, the National Book and Publishing Strategy aims to promote the publication and export of local literature which is likely to result in more books being translated from indigenous languages into English, and vice versa.

In addition, the establishment of a black economic charter for the books and publishing industry is expected.

To address monopolies in the recording industry, the Department of Arts and Culture, through the Moshito Music Market and the South African Music Export Council, is creating an environment that encourages small-scale music recording labels to grow their number of artists.

These developments are expected to create employment for over 5 000 people in the next three to five years.

Fact:

Arts and culture in peri-urban and in rural areas has transformed the lives of many and contributed directly to the fight against poverty. By March 2006, the Department of Arts and Culture had created 1 612 new jobs. The overwhelming

Cultural tourism

Cultural festivals, African-cuisine projects, cultural villages, heritage routes and story-telling are areas that can benefit from South Africa's booming tourist industry.

Arts festivals

The National Arts Festival, held annually in July in Grahamstown, Eastern Cape, is one of the largest and most diverse arts gatherings in Africa. Other major festivals are held in Oudtshoorn, Johannesburg, Durban, Cape Town, Potchefstroom and Bloemfontein.

Theatre

South African theatre is internationally acclaimed as being unique and of top quality.

The theatre scene in South Africa is vibrant, with many active spaces across the country offering everything from indigenous drama, music, dance, cabaret and satire, to West End and Broadway hits, classical music, opera and ballet.

Music

While local music styles such as South African jazz have influenced African and world music for decades, gospel and kwaito are the most popular and most recorded styles today. Kwaito combines elements of rap, reggae, hip-hop and other styles into a distinctly South African sound.

In November 2006, South African music group Freshlyground became the first local act to win an MTV Europe music award. They received the Best African Act Award.

majority of beneficiaries (68%) were women; while 8,2% were people with disabilities. By mid-2006, they had performed 196 154 person days of work, 44 526 of which were devoted to training.

Orchestras

The responsibility for the funding of the KwaZulu-Natal, Cape and Gauteng orchestras has shifted to the National Arts Council. The council will also be responsible for funding the Cape Town Jazz Orchestra.

Dance

Contemporary work ranges from normal preconceptions of movement and performance art or performance theatre, to the completely unconventional. Added to this is the African experience, which includes traditional dance inspired by wedding ceremonies, battles, rituals and everyday life.

The Dance Factory in Johannesburg provides a permanent platform for all kinds of dance and movement groups, while the Wits (University) Theatre is home to the annual Dance Umbrella, a showcase for new work.

The Cape Town City Ballet is the oldest ballet company in the country.

Visual arts

South Africa has a range of art galleries that showcase collections of indigenous, historical and contemporary works.

In March 2006, South African David Goldblatt was named the recipient of the 2006 Hasselblad Foundation International Award in Photography, the most important photographic prize in the world.

The award came with US$70 000 and a gold medal. It was presented at a ceremony in Göteborg, Sweden, in November 2006. A new exhibition of Goldblatt's work, curated and organised by the Hasselblad Centre, opened at the same time.

Fact:

In an effort to promote the craft of writing, particularly in indigenous languages, the Department of Arts and Culture is collaborating with Umgangatho Media on the Xihlovo xa Vutivi (Fountain of Knowledge) Project that focuses on publishing emerging writers in all languages and across all genres. By April 2006, more than 300 manuscripts had been received and 21 books produced in different languages.

Universities also play an important role in acquiring artwork of national interest. These include, among others, collections housed in the Gertrude Posel Gallery of the University of the Witwatersrand, the University of South Africa Gallery in Pretoria, the Edoardo Villa Museum and other galleries at the University of Pretoria and a collection of contemporary Indian art at the University of Durban-Westville.

Crafts

The development of South Africa's crafts industry is an ongoing priority for government, through the Department of Arts and Culture. Numerous stakeholders are involved in various initiatives to develop this sector. The development policy focuses on addressing the co-ordination of the sector; preserving indigenous knowledge systems; acknowledging living treasures, product development and training; skills development; market access; access to information; raw material; and funding.

Film

The film and video sector generates around R518 million a year. Film production is actively supported by government; just one initiative is the Film and Television Production Rebate introduced by the Department of Trade and Industry.

During February and March 2006, some 60 works by the world-famous artist, Pablo Picasso, were exhibited at the Standard Bank Gallery in Johannesburg as part of the *Picasso and Africa* Exhibition. The exhibition was also hosted at Cape Town's Iziko National Gallery in April and May 2006.

In addition to Picasso's works, a selection of African sculptures, similar to those with which Picasso may have been familiar, were also exhibited.

South Africa offers foreign producers world-class film facilitation, logistics, facilities, talent and administration-management services.

Television production accounts for more than a third of total film/television revenue, with local-content quotas increasing the demand for programming.

The National Film and Video Foundation develops and promotes the film and video industry in South Africa. It is also involved in the development of projects that appeal to targeted audiences and have greater commercial returns. It ensures a South African presence at major international film markets, festivals, trade fairs and exhibitions.

In 2005, the foundation disbursed grants to the value of R28,6 million for developing and producing feature films, short films, television series, documentaries and animation projects, as well as for 74 bursary students. The grants also ensured a South African presence at major local and international film markets, festivals and exhibitions.

In March 2006, South Africa's official entry for the 2006 Academy Awards, Gavin Hood's *Tsotsi,* won the coveted Best Foreign Language Film Oscar.

Tsotsi, based on the novel by Athol Fugard, is about six days in the violent life of a young Johannesburg gangster.

Tsotsi stars Presley Chweneyagae, Terry Pheto, Bonginkosi ‘Zola’ Dlamini, Kenneth Nkosi, Mothusi Magano, Rapulana Seiphemo and Zenzo Ngqobe, among others.

South African-born actress Charlize Theron was nominated for Best Actress for her role in *North Country.*

Legacy projects

Cabinet approved these projects as a mechanism to establish commemorative structures to celebrate South Africa's past.

Some of the initiatives include:

- the Women's Monument
- the Chief Albert Luthuli Legacy Project
- the Nelson Mandela Museum
- Constitution Hill
- Freedom Park.

The construction of the first phase of Freedom Park was completed in March 2004, namely the Garden of Remembrance, access routes and parking, water and sanitation, and power and telecommunications. The second phase will include the building of a museum and interpretation centre.

The Samora Machel Monument in Mbuzini, Mpumalanga, was unveiled on 19 October 1998. South Africa's provincial and national arts and culture departments will spend R11,2 million on upgrading a monument marking the site where the late Mozambican President died. A statue of Machel will also be commissioned.

In May 2006, the Cabinet agreed to the proposed development of the following legacy projects:

- Mangaung Hall in Bloemfontein, where the African National Congress was founded
- the homes of Bram Fischer and JR Tolkien.

Museums

More than 300 of the approximately 1 000 museums in Africa are in South Africa. The Department of Arts and Culture subsidises most museums, which are otherwise autonomous.

The department pays an annual subsidy to 13 national museums, ensuring the preservation of artefacts and collections that are important to all South Africans.

National Library of South Africa

The construction of the new building in Pretoria that will house the National Library of South Africa started in January 2005. By mid-2006, extensions to the value of R700 million had been approved. The project is planned for completion in November 2007.

Some R1 billion will be made available over the next three years to find public libraries.

Tourism

Often described as 'a world in one country', South Africa offers the visitor a breathtaking variety of scenery, from desert and lush forest, to soaring mountains and vast empty plains. Culturally as diverse as the landscape, many visitors are drawn to experience for themselves the miracle of the peaceful overthrow of apartheid. Others are attracted by the endless golden beaches, big game, and activities such as diving or snorkelling, or birdwatching. Whatever their reasons, visitors will find South Africa positively inviting, with world-class infrastructure, transport and accommodation.

In 2005, international tourism to South Africa surge to record levels, with 10,3% more foreigners visiting the country than in 2004.

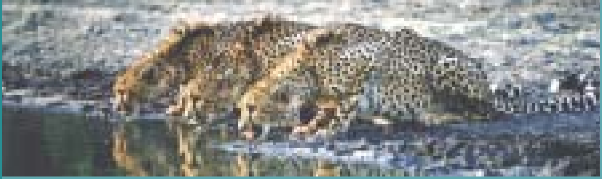
Some 7,4 million people from other countries visited South Africa in 2005.

With just over 2,7 million arrivals from January to April 2006, the 2,5 million target was reached for the first time. There was a 16% increase in arrivals across all territories compared with the same period in 2005, translating into almost 377 000 more visitors.

South Africa's business tourism potential is vast. In 2006, the global conference and meetings sector was expected to make up 10% of the estimated US$672 billion generated from travel and tourism. This overall total was expected to double by 2013 at an annual rate of 3,7%.

Many delegates to conferences and meetings spend generously and, if accompanied, go on pre- and post-conference tours.

By August 2006, South Africa was listed 32nd among the International Congress and Convention Association's top 40 leading conference destinations in the world. The country attracted 63% of all conferences in Africa, business tourism supported 12 000 jobs and contributed R2,6 billion a year to gross domestic product.



Top 10 tourist attractions

1. Kruger National Park
2. Table Mountain
3. Garden Route
4. Cape Town's Victoria & Alfred Waterfront
5. Robben Island
6. Beaches
7. Sun City
8. Cultural Village
9. Soweto
10. The Cradle of Humankind

Source: Department of Water Affairs and Forestry

The largest component of this growth came from Africa and the Middle East region, with visitor numbers being 21,9% higher. The number of visitors from Asia and Australasia was the second-largest at 7,1%, while the United Kingdom, Germany and the United States of America (USA) remained South Africa's most important long-haul markets.

Tourism continues to contribute significantly to job creation, with a direct increase in employment in the tourism sector totalling 539 017 in 2005.

Tourism has the potential to achieve the goals of the Accelerated and Shared Growth Initiative for South Africa (AsgiSA), which are to boost economic growth to 6% by 2010 and halve poverty and unemployment by 2014. The strategy has identified tourism as one of the key economic sectors with excellent potential for growth. As part of the growth platform targeted by AsgiSA, tourism has been set some very steep goals for the next five years: 500 000 new jobs, 8,5 million international arrivals annually and a contribution to gross domestic product of at least R100 billion a year.

Travel formalities

- Foreign visitors should check before arriving whether a visa is required. Visas are issued free of charge.
- Visitors must have at least one blank page in their passports.
- Tourists must have return or onward tickets.
- Visitors from yellow-fever areas must have proof of inoculation.
- Foreign tourists may have their value-added tax refunded upon departure.
- For safety, emergency and other information, phone 083 123 2345 (24 hours a day) when in South Africa.

Tourism in the provinces

Western Cape

The Western Cape continues to be one of the most favoured destinations for foreigners. Everyone wants to see Cape Town, one of the world's most beautiful cities.

Some attractions in Cape Town are:

- the Victoria and Alfred Waterfront
- the Company's Garden
- the District Six Museum
- the houses of Parliament and the South African National Gallery
- a boat trip to Robben Island, 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 a majestic backdrop to the vibrant and friendly 'Mother City'. The top of the mountain can be reached by an ultra-modern cableway.

Newlands is home to the world-renowned Kirstenbosch National Botanical Garden, and the well-known rugby stadium.

In April 2006, two of the Cape's finest restaurants made it into the top-50 list of Penfold's World's Best Restaurants for 2006.

La Colombe in Constantia clinched the 28th spot, while Le Quartier Français in Franschhoek came in at 38.

La Colombe, which made the list for the first time, was also named Best Restaurant in the Middle East and Africa. Le Quartier Français made the Top 50 list in 2002 and 2005. Both restaurants are in the Western Cape's winelands.

Cape Point, part of the Table Mountain National Park, offers many drives, walks, picnic spots and a licensed restaurant. The park has a marine protected area encompassing almost 1 000 km^2.

Hout Bay is well-known for its colourful working harbour. Seafood outlets, round-the-bay trips to the nearby seal island, and a harbour-front emporium attract many visitors.

The wine routes outside Cape Town offer 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.

Garden Route

The Garden Route has a well-developed tourist infrastructure, spectacular scenery and a temperate climate, making the region popular all year round.

Not to be missed

- The city of George is at the heart of the Garden Route and the mecca of golf in the southern Cape. It is home to the renowned Fancourt Country Club and Golf Estate.
- Knysna, nestling on an estuary, is one of South Africa's favourite destinations, famous for its indigenous forests, lakes and beaches.

- Just 26 km from Oudtshoorn, the ostrich-feather capital of the world, are the remarkable Cango caves, a series of 30 spectacular subterranean limestone caverns. The cave system is 5,3-km long.

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.

Key attractions

- Matjiesfontein, a tiny railway village in the middle of nowhere, offers tourists a peek into the splendour of colonial Victorian England.
- 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 gold-mining activities in the 19th century.
- The museum in Beaufort West, birthplace of heart surgeon Prof Chris Barnard, depicts the story of the world's first heart transplant. The Karoo National Park on the outskirts of the town is also worth a visit.

Northern Cape

The Augrabies Falls National Park, with its magnificent falls pressing through a narrow rock ravine, remains the main attraction of the Northern Cape. Game drives reveal a variety of bird life and animals such as klipspringer, steenbok, wild cats and otters.

Fact:
South Africa has seven world heritage sites, namely: Robben Island, the Greater St Lucia Wetland Park, uKhahlamba-Drakensberg Park, Mapungubwe, Sterkfontein Cradle of Humankind, the Cape Floral Kingdom and the Vredefort Dome.

Key attractions

- The Big Hole in Kimberley is the largest man-made excavation in the world. The Kimberley Mine Museum is South Africa's largest full-scale open-air museum. Underground mine tours are a big attraction. The Freddy Tate Golf Museum at the Kimberley Golf Club was the first golfing museum in Africa. The Kimberley Ghost Trail has become a popular tourist attraction.
- The Robert Sobukwe House in Galeshewe was once the residence of Robert Sobukwe, an important figure in South African history and a major role-player in the rise of African political consciousness.
- The Orange River Wine Cellars Co-op in Upington offers wine-tastings and cellar tours. The South African Dried Fruit Co-operative is the second-largest in the world.
- Moffat's Mission in Kuruman is a tranquil place, featuring the house of missionary Robert Moffat, who was also the father-in-law of explorer David Livingstone.
- Namaqualand, the land of the Nama and San people, puts on a spectacular show in spring when its floral splendour covers vast tracts of desert in a kaleidoscope of colour.
- A cultural centre at Wildebeestkuil outside Kimberley features !Xun and Khwe artwork for sale and a tour of rock engravings by these indigenous people.
- The 100-m high, 9-km long, and 2-km wide white sand dune at the Witsand Nature Reserve near Postmasburg should not be missed.

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 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.

Not to be missed

- Clarens, the jewel of the Free State, is surrounded by spectacular scenery and boasts many art galleries.
- The Golden Gate Highlands National Park outside Clarens has beautiful sandstone rock formations.
- The King's Park Rose Garden in Bloemfontein boasts more than 4 000 rose bushes.
- The Vredefort Dome, a world heritage site, is the oldest and largest meteorite impact site in the world. It was formed an estimated two billion years ago when a giant meteorite hit the Earth.

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.

What to see and do

- The rugged beauty of the Wild Coast, including Hole in the Wall.
- Port Elizabeth, sunshine capital of the Eastern Cape, with its friendly people and excellent beaches.
- The Tsitsikamma National Park, forests and rivers.
- East London, South Africa's only river port, originally established as a supply port to serve the military headquarters at King William's Town.
- The village of Qunu, former President Mandela's childhood home.

- The world's highest bungee jump (216 m) at the Bloukrans Bridge on the Storms River.
- Outstanding, and varied game reserves, including the Addo Elephant, Mountain Zebra and Mkambati parks.

The Department of Environmental Affairs and Tourism has partnered with organisations such as the Business Trust in establishing initiatives like the Tourism Enterprise Programme (TEP) to create links and working relationships between small firms and established businesses. Between 2004 and April 2006, the department contributed about R32 million to the TEP, which in six years had assisted almost 3 100 small, medium and micro enterprises to grow their revenues by more than R2,1 billion, creating more than 30 500 jobs. Over the next three years, it will be investing another R185 million in the TEP. This will be boosted by more than R41 million from the Business Trust.

Limpopo

Limpopo is well-endowed with cultural diversity, historical sites and tourist attractions. This is an excellent destination for a get-away-from-it-all holiday in the bush – with first-class accommodation and service.

Not to be missed

- The Mokopane vicinity has several nature reserves. The Arend Dieperink Museum offers a fine cultural-historical collection, while the Makapan caves are famous for their fossils. The Makapan Valley is the only cultural-heritage site of its kind. It reflects the history of the Ndebele people and resistance wars dating back 151 years. South Africa's application for the extension of the fossil hominid sites of Sterkfontein to include Makapan Valley was approved in July 2005.
- The Thabazimbi district is one of the fastest-growing ecotourism areas in South Africa, thanks to its outstanding game reserves.

- Bela-Bela is well-known among South Africans, and increasingly foreigners, for its hot springs, fun water slides and scenery.
- The Waterberg mountain range is rich in indigenous trees, streams, springs, wetlands, bird life and dramatic vistas.
- The Modjadji Nature Reserve, north of Tzaneen, is named after the legendary Rain Queen, Modjadji, the inspiration for Rider Haggard's *She*.
- Phalaborwa has one of the country's top-rated golf courses – just watch out for animals on the fairways!
- The Schoemansdal Voortrekker Town and Museum, west of Makhado, is built on the site of an original Voortrekker village and depicts their lifestyle in the mid-18th century.
- the Big Tree in the Mutale Municipality is the largest known baobab in southern Africa.

North West

The province abounds with attractions, including wild animals and fun nights at the famous Sun City and Lost City resorts.

Key attractions

- The Historic Route of Mafikeng includes the town which was besieged during the Anglo-Boer/South African War.
- The Groot Marico region, mampoer (moonshine) country, is famous among South Africans for story-telling.
- The Hartbeespoort Dam is a popular spot for weekend outings, breakfast runs and yachting. There are numerous golf courses in the area.
- The Pilanesberg National Park supports over 7 000 head of game, including the Big Five and 350 bird species.
- 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.

- South Africa's application for the extension of the fossil hominid sites of Sterkfontein to include the Taung skull fossil site was approved in July 2005. The site marks the place where in 1924 the celebrated Taung skull – a specimen of the species *Australopithecus africanus* – was found.
- Madikwe Game Reserve is home to 66 large mammal species including the Big Five, and about 300 resident and migrant bird species. It is one of South Africa's largest game reserves.

Mpumalanga

Mpumalanga – the place where the sun rises – is situated in the north-eastern part of South Africa, bordered by Mozambique to the east and the Kingdom of Swaziland to the south-east.

Scenic beauty and wildlife are found in abundance.

Tourist attractions

- Historical sites and villages, old wagon routes and monuments mark the lives of the characters who came to Mpumalanga seeking their fortune. The town of Pilgrim's Rest is a living monument reflecting the region's gold-fever period.
- The Blyde River Canyon Nature Reserve near Graskop has striking rock formations and a rich diversity of plants.
- Within the Blyde River Canyon Nature 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, the only green canyon in the world.
- The southern section of the Kruger National Park falls in this region. The park draws a million visitors a year.
- An annual frog-watching festival is held at Chrissiesmeer, South Africa's largest freshwater lake.
- Dullstroom has become a popular destination for trout- and fly-fishing enthusiasts.

Gauteng

Gauteng, the economic heart of southern Africa, offers a vibrant business environment and many tourist attractions, including a rainbow of ecological and cultural diversity.

Key attractions

- The Vaal Dam covers some 300 km^2 and is a popular venue for water sport. Numerous resorts line the shore. The dam is also popular with birders and anglers.
- The Sterkfontein caves near Krugersdorp are the site of the discovery of the skull of the famous Mrs 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 Walter Sisulu 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, the Tswaing Meteorite Crater, left by an asteroid 200 000 years ago.
- The National Zoological Gardens in Pretoria is considered to be one of the 10 best in the world.
- Constitution Hill Precinct is set to become one of South Africa's most popular landmarks.
- The old mining town of Cullinan is the place where the world's biggest diamond, the 3 106-carat Cullinan diamond, was found.
- A guided tour of Soweto makes a lasting impression of this vast community's life and struggle against apartheid.
- The Apartheid Museum in Johannesburg tells the story of the legacy of apartheid through photographs, film and artefacts.

- The Union Buildings in Pretoria, was the venue for the inauguration of presidents Nelson Mandela and Thabo Mbeki.

The first annual report on domestic travel, based on monthly surveys of incidence travel in South Africa in 2005, was released in 2006. Some 36,2 million domestic trips were undertaken in 2005, resulting in R21,2 billion of direct spending with an average of R585 being spent per trip. A record of 154,9 million bed nights was achieved with an average length of stay of 4,3 nights. In 2005, KwaZulu-Natal was the most-visited province.

KwaZulu-Natal

Also known as the Zulu Kingdom, KwaZulu-Natal is a combination of natural wonders, fascinating culture and ultra-modern facilities.

Durban's Golden Mile skirts the main beaches of the Indian Ocean. Drawcards include an amusement centre, paddling pools, paved walkways and fountains.

Enticing attractions

- The uShaka Marine World theme park comprises an oceanarium, dolphinarium and oceanographic research institute and is situated on Durban's Point.
- Spot dolphins or laze the days away on the coastline between the Umdloti and Tugela rivers – the Dolphin Coast.
- The Hluhluwe-Umfolozi Park, one of the largest game parks in South Africa is home to the Big Five, as well as cheetah and wild dogs.
- The eMakhosini Valley, birthplace of King Shaka and the Valley of Zulu Kings give visitors insight into the history and culture of the Zulu nation.

- The Greater St Lucia Wetland Park is one of the highest forested dunes in the world, and boasts an abundance of fish and birds.
- The Banana Express runs between Umkomaas and the Wild Coast.
- The Royal Natal National Park offers many scenic highlights, including the Amphitheatre, Mont-aux-Sources and the Tugela falls.
- The Battlefields Route in northern KwaZulu-Natal has the highest concentration of battlefields and related military sites in South Africa.
- Every year around June/July, millions of sardines leave their home on the Agulhas banks and move up to the coast of Mozambique. Thousands of dolphins, Cape gannets, sharks and game fish follow the 'Sardine Run' northwards.

The Minister of Environmental Affairs and Tourism, Mr Marthinus van Schalkwyk has launched the official Tourism Black Economic Empowerment (BEE) Charter.

The charter will affect all companies involved in the tourism industry, and aims to include black people in the industry.

It will rate businesses that operate in the industry on seven levels – similar to standard BEE principles. These include ownership, strategic management, employment equity, skills development, preferential BEE procurement, enterprise development and social development.

The charter includes measurement tools to help participants in the industry identify their current BEE levels, gaps in their BEE profile, and how to improve their rating on a balanced scorecard.

In accordance with the legislative framework on BEE, the Department of Environmental Affairs and Tourism has established a council for the implementation of the BEE Charter, which has been in operation since 2005.

Things to see and do in South Africa

Just a few of the attractions that make South Africa an exceptional destination:

- breathtaking Cape Town nestling at the foot of Table Mountain
- Cape Point
- Cape Town's laid-back, welcoming attitude and fabulous nightlife
- Robben Island in Cape Town's Table Bay where former President Mandela was incarcerated
- the delights of Sun City and the Lost City, and many other first-rate casino resorts
- walking in the spectacular Drakensberg mountains
- the chance to learn how to say 'hello' in 11 official languages
- the country's Blue Flag beaches
- the variety of national parks and transfrontier conservation areas
- seven world heritage sites
- the lilac-breasted roller, the blue crane and the other 900 bird species 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
- battlefields on which imperial Britain fought Zulus, Xhosas and Boers
- the dazzling floral displays which carpet Namaqualand once a year
- 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
- fly-fishing in stunning scenery with first-class accommodation
- fabulous golf courses that produced the likes of Gary Player, Ernie Els and Retief Goosen
- an array of cultural villages, arts festivals, rock paintings and museums
- the adrenaline rush of the many adventure-tourism opportunities available in the country.

Health

One of the challenges to government has been the reform of the health system. This has included creating a single, unified national health system and strengthening institutional capacity at national, provincial and district levels.

In 1994, government started providing free public primary healthcare (PHC) services for children under six years, and pregnant and lactating women. During the same period, government initiated a programme that resulted in more than 1 300 clinics being built or upgraded between 1994 and 2004.

Where necessary, patients with complications are referred to higher levels of care, such as hospitals.

PHC services include immunisation, communicable and endemic disease prevention, maternity care, screening of children, integrated management of childhood illnesses and child healthcare, health promotion, counselling, management of chronic diseases, and diseases of older persons, rehabilitation, accident and emergency services, family planning, and oral health.

By September 2005, 21 000 community members had participated in a number of healthy lifestyle activities initiated by the Department of Health during 2005/06.

More than 2 000 people underwent eyesight, oral health, blood glucose, blood pressure and body mass index screenings during these campaigns.

The budget for the public health sector grew from R33 billion in 2002/03 to R51,7 billion in 2006/07 and is set to increase to R60,8 billion in 2008/09.

During 2006/07, the Healthy Lifestyles Campaign was expanded to districts and local municipalities, schools and places of work. Thousands of schools will be assisted to establish school-based food gardens, to implement tobacco-control programmes, and to implement the strategy on diet, physical activity and health. Health promoters will be trained in all provinces to implement this strategy. The programmes were expected to reach 5 000 schools during 2006.

Health-delivery system

The major emphasis in developing health services at provincial level has been the shift from curative hospital-based healthcare to that provided in an integrated community-based manner.

Provincial-hospital patients pay for examinations and treatment in accordance with their income and number of dependants. A provincial government may partly or entirely finance patients' treatment.

Clinics

A network of mobile clinics run by government forms the backbone of primary and preventive healthcare.

There were 3 380 health professionals allocated to community service in 2006.

- dentists – 184
- pharmacists – 473
- medical doctors – 1 324
- clinical psychologists – 104
- dieticians – 161
- environmental health practitioners – 208
- occupational therapists – 244
- physiotherapists – 280
- radiographers – 274
- speech therapists – 128.

Malaria cases and deaths in South Africa from 1999 to 2005

Year	Total cases	Total deaths	CF (%)*
1999	51 444	406	0,8
2000	64 622	458	0,7
2001	26 506	119	0,4
2002	15 649	96	0,6
2003	13 459	142	1
2004	13 399	89	0,6
2005	5 351**	40**	0,7475**

* CF = case fatality

** Data not available for August to December 2005

Source: Department of Health

Hospitals

By June 2006, there were 400 public hospitals in South Africa serving more than 43 million people. The private health sector takes care of seven million principal members of the medical aid schemes.

The budget allocation for the Hospital Revitalisation Programme is R1,4 billion in 2006/07; R1,7 billion in 2007/08; and R1,9 billion in 2008/09.

The programme aims, among other things, to retain health professionals, especially in the remote underserved areas of South Africa, by improving their working environment. With 48 hospitals enrolled in the programme, the state-of-the-art George Hospital in the Western Cape was one of the facilities to benefit from it.

The total cost of the revitalisation of this hospital was R90 million. This 265-bed facility serves 550 000 people in the region. It was officially opened in June 2006.

In addition, by mid-2006, eight new hospitals were being designed, bids had been invited for another 16 and 24 were being constructed. Two were expected to be opened in Limpopo and the Eastern Cape respectively in 2006.

Four had been opened, including the Kimberley and Chief Albert Luthuli hospitals.

There were 357 private hospitals in 2004, according to the Health Systems Trust. Private hospital fees are generally higher than those of provincial hospitals.

Emergency medical services (EMS)

EMS, including ambulance services, are run by the provinces, but training is nationally standardised.

Private ambulance services also provide services to the community. Some of these also render aeromedical services.

Registered medical interns, practitioners and dentists, 2002 – 2006

	2002	April 2006
Dentists	4 560	4 799
Medical interns	2 306	2 864
Medical practitioners	30 271	33 220

Supplementary healthcare practitioners, April 2006	
Basic ambulance assistants	26 924
Ambulance emergency assistants	5 100
Environmental health practitioners	2 718
Medical technologists	4 895
Occupational therapists	2 886
Optometrists	2 603
Physiotherapists	4 892
Psychologists	6 059
Radiographers	5 395

Source: Health Professions Council of South Africa

Registered and enrolled nurses, 2003 – 2005

	2003	2005
Registered nurses	96 715	99 534
Enrolled nurses	33 575	37 085
Nursing auxiliaries	47 431	54 650
Students in training	23 661	27 481

Source: South African Nursing Council

Legislation

The National Health Act, 2003 provides a framework for a single health system for South Africa. It highlights the rights and responsibilities of health-providers and users, and ensures broader community participation in healthcare delivery from a health facility up to national level.

The Traditional Health Practitioners Act, 2004 provides, among other things, for the establishment of a council for traditional health practitioners.

The Department of Health has established a directorate on traditional medicine. It will develop and implement policy on traditional medicine, and co-ordinate the activities of the National Reference Centre for African Traditional Medicine.

The South African Government has identified telemedicine as a strategic tool for facilitating the delivery of equitable healthcare and educational services, irrespective of distance and the availability of specialised expertise, particularly in rural areas.

In 1998, the Department of Health adopted the National Telemedicine Project Strategy.

In 1999, the department established 28 pilot sites in six provinces. The initial applications were teleradiology, tele-ultrasound for antenatal services, telepathology and tele-ophthalmology. By 2006, South Africa had 57 telemedicine sites.

The Nursing Act, 2005 addresses developments in nursing education and classification of nurses into categories. This Act will also assist in introducing the nursing profession to the community-service programme, which already covers all other categories of health professionals.

The Mental Healthcare Act, 2002 enforces the culture of human rights within the mental-health service and ensures that mental-health patients are treated with respect and dignity.

Health team

The core team consists of:

- 33 220 registered doctors (April 2006)
- 4 799 dentists (April 2006)
- 10 971 pharmacists (August 2006)
- 99 534 registered nurses (2005).

South Africa has a shortage of health professionals such as physiotherapists, dieticians and radiographers.

National Health Laboratory Service (NHLS)

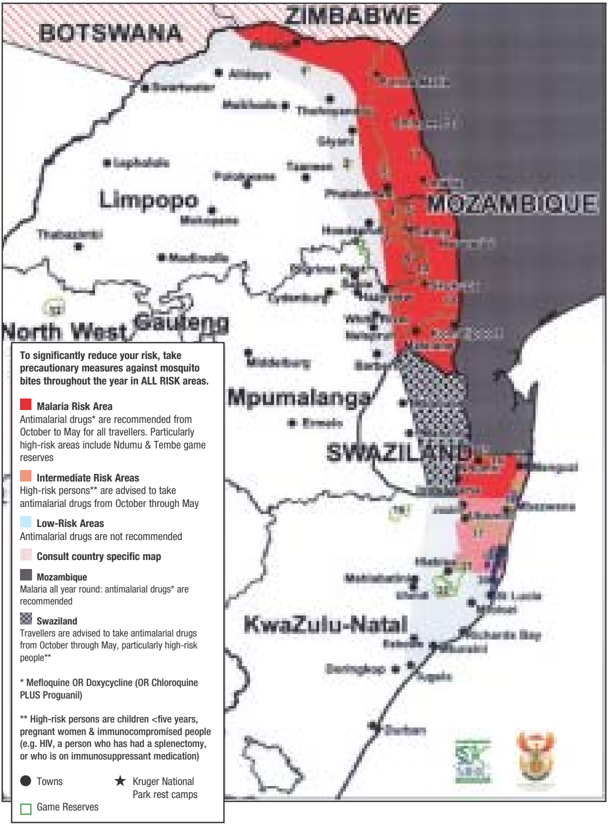
The NHLS is a single national public entity. With over 250 laboratories serving 80% of the country's population, it is the largest diagnostic pathology service in South Africa. All laboratories provide laboratory

The Department of Health has established a directorate to oversee the country's first comprehensive forensic pathology service. An assessment of the existing service was conducted and challenges in capacity to deliver quality service identified.

An emergency maintenance and upgrading project includes acquiring urgently required equipment and vehicles with a budget of R72 million.

A modernisation plan to improve the quality of the forensic service has been developed. The plan includes refurbishing selected mortuaries and building new ones. More than R1,5 billion has been allocated for implementing the plan over the next three years.

Malaria risk areas



diagnostic services to the national and provincial departments of health, provincial hospitals, local governments and medical practitioners.

The NHLS conducts health-related research appropriate to the needs of the broader population, including research into HIV and AIDS, tuberculosis (TB), malaria, pneumococcal infections, occupational health, cancer and malnutrition. The NHLS trains pathologists as well as medical scientists, technologists and technicians in pathology disciplines, and occupational health practitioners.

Medical schemes

The Council of Medical Schemes regulates more than 160 registered private medical schemes, with a total annual contribution of about R35 billion.

Community health

The most common communicable diseases in South Africa are TB, malaria, measles and sexually transmitted infections.

In South Africa, it is recommended that children under the age of five be immunised against the most common childhood diseases. Immunisation should be administered at birth, six weeks, 10 weeks, 14 weeks, nine months, 18 months and five years of age. Childhood immunisations are given to prevent polio, TB, diphtheria, pertussis, tetanus, *haemophilus influenzae* type B, hepatitis B and measles.

The set routine immunisation coverage target for fully immunised children under one year is 90%. In 2006, the overall routine immunisation coverage for South Africa was less than 80%, but

By September 2006, more than 1 060 health professionals had been recruited to support government's comprehensive programme to deal with HIV and AIDS. Some 7 600 health professionals have been trained in the management, care and treatment of HIV and AIDS. Government is also improving working conditions so that it can recruit and retain more health professionals. This includes providing a scarce skills allowance for certain categories of health professionals (doctors, pharmacists and specialist nurses) and a rural allowance for health professionals working in less developed parts of the country. This is in addition to steadily improving salary packages.

some districts were still lagging behind with less than 60% immunisation coverage.

In October 2006, the Reach Every District Strategy was launched to help improve childhood-immunisation services.

The last confirmed case of polio was reported in 1989.

Malaria is endemic in the low-altitude areas of Limpopo, Mpumalanga and north-eastern KwaZulu-Natal. About 10% of the population lives in malaria-risk areas. The highest-risk area is a strip of about 100 km along the Zimbabwe, Mozambique and Swaziland borders.

The success of the country's malaria-control programme has not been limited to affected areas in South Africa but extended to other countries in the Southern African Development Community region, where South Africa initiated joint efforts in malaria control with its neighbours.

The department has strengthened the roll-back malaria strategy in KwaZulu-Natal, Limpopo and Mpumalanga, where malaria is

Government's AIDS-prevention programmes are implemented by private-sector, non-governmental and civil-society initiatives. A new phase of the awareness campaign started in September 2002, joining government with partners like loveLife, and focusing on prevention among youths, support for orphans and vulnerable children, and living positively.

The Khomanani (Caring Together) Campaign. a multimedia mass communication campaign, supports all aspects of the comprehensive programme.

In 2005/06, the distribution of male condoms increased to 386 million and of female condoms to 1,3 million.

By the second half of 2006, the prevention programme included prevention of mother-to-child transmission, with 3 000 facilities in operation, covering 87% of health facilities. Post-exposure prophylaxis is provided in almost all hospitals and trauma centres for sexual-assault survivors and health professionals exposed to HIV.

Health facilities providing voluntary counselling and testing increased from 3 369 in 2004/05 to 4 930 in 2005/06.

endemic. Between 2004 and 2005, the number of malaria cases and number of deaths dropped by 46% and 38% respectively.

The decline in the number of malaria cases as well as fatalities is due to the increase in the number of houses covered by the indoor residual spraying programme using DDT and improved collaboration with neighbouring countries. Coverage with indoor residual spraying increased to 83% during 2004/05, and was expected to increase further to 90% during 2006/07.

Child and maternal health

In 1998, the infant mortality rate was measured to be 45,4 per 1 000 live births. This decreased in 2003 to 42,5 per 1 000 live births.

The proportion of births attended to by either a nurse or doctor increased from 84% in 1998 to 92% in 2003. This could be attributed to increased access to health services both in terms of availability of health facilities in various communities and free health services for pregnant and lactating women, as well as for children under the age of six years.

Tuberculosis

In 2005, 300 000 people were suffering from TB. Free testing is available at public clinics countrywide.

Countrywide efforts have now been brought to bear on this disease. These efforts include:

- implementing the Directly Observed Treatment Strategy
- establishing a national TB team
- a countrywide reporting system
- a TB crisis-management plan, launched in 2006.

HIV and AIDS

The Government's Comprehensive Plan for Management, Care and Treatment of HIV and AIDS centres aims at preventing the spread of

HIV-infection and improving the health system to enable it to provide a series of interventions to improve the lives of those infected and affected by HIV and AIDS.

By September 2006, progress had been made in the various aspects of the plan:

- each of the 53 health districts in the country had at least one service point providing comprehensive HIV- and AIDS-related services, including antiretroviral treatment (ART), from prevention to terminal palliative care
- 250 laboratories had been certified to provide support to the programme
- three pharmacovigilance centres had been established to monitor and investigate adverse reaction to treatment.

By the end of September 2006, over 213 000 patients had been initiated for ART. By September 2006, 273 facilities were implementing the comprehensive plan across all districts. Forty-three CD4 count, 11 viral load and seven PCR machines were operational in laboratories across the country.

The South African AIDS Vaccine Initiative is a holistic vaccine-development initiative that has three locally-developed products that are going through the regulatory process preceding Phase 1-trials.

Sport and recreation

South Africans have more than made their mark in international sport. The country has successfully hosted major international soccer events, as well as the rugby, cricket and women's golf world cups and will be sure to impress when it hosts the *Fédération Internationale de Football Association* (Fifa) World Cup in 2010.

Sport in South Africa is a multibillion rand industry and contributes more than 2% to the country's gross domestic product.

Sport and Recreation South Africa (SRSA) aims to improve the quality of life of all South Africans by promoting participation in sport and recreation in the country, and through the participation of sportspeople and teams in international sporting events.

Taking part

The Syiadlala Mass Participation Programme was launched in 2005 to facilitate access to sport and recreation by as many South Africans as possible, especially those from historically disadvantaged communities. The SRSA launched the programme with a budget of R20 million. The department entered the third year of the programme with a budget of R79 million. The SRSA expanded the programme that it launched in 36 activity hubs involving 200 000 participants around the country in 2004/05 to 131 hubs involving 1 239 363 people in 2005/06. In 2006/07, another 133 were expected to be added. The aim, eventually, is to ensure that no child has to walk more than five kilometres to access an activity hub anywhere in the country.

International achievements in 2006

Commonwealth

In March 2006, Team South Africa returned from Melbourne, Australia,with 38 medals in total - including 12 gold. They finished in fifth position overall on the medals table. This is the best-ever performance by a South African team. The medal winners were:

Gold

- Aquatics
  - South Africa 4 x 100 m freestyle relay (Roland Schoeman, Ryk Neethling, Lyndon Ferns, Gerhard Zandberg)
  - Roland Schoeman (50 m butterfly)
  - Roland Schoeman (50 m freestyle)
  - Natalie du Toit (100 m Elite Athlete with Disability [EAD] freestyle)
  - Natalie du Toit (50 m EAD freestyle – world record in heats and final).
- Athletics
  - Sunette Viljoen (javelin)
  - Janus Robberts (shot put)
  - Elizna Naude (discus throw)
  - Anika Smit (high jump)
  - LJ van Zyl (400 m hurdles).
- Boxing
  - Bongani Mwelase (welterweight division, 69 kg).
- Shooting
  - Diane Swanton (trap shooting).

Silver

- Aquatics
  - George du Randt (200 m backstroke)
  - Ryk Neethling (100 m freestyle).

Ten stadiums will be used for the Fifa Soccer World Cup in 2010.

There will be five new stadiums, while five existing stadiums will be upgraded for the world's most popular sporting event.

Three existing stadiums in South Africa's major metropolis, Gauteng, will be upgraded. These are Soccer City (FNB stadium), and Ellis Park in Johannesburg, and Loftus Versfeld in Pretoria. The Royal Bafokeng Stadium in North West will be upgraded, as will Vodacom Park in Mangaung (Bloemfontein) in the Free State.

Five new stadiums will be built or rebuilt. In Limpopo, the Peter Mokaba Stadium in Polokwane will host World Cup games.

New stadiums will be built at Mbombela in Mpumalanga, and in the Nelson Mandela Metro (encompassing Port Elizabeth) in the Eastern Cape.

Kings Park Stadium in Durban and Cape Town's Green Point Stadium will be rebuilt for the event, becoming multisports facilities.

- Athletics
  - Geraldine Pillay (100 m)
  - Hilton Langenhoven (100 m T12 EAD)
  - Alwyn Myburgh (400 m hurdles)
  - David Roos (200 m T46 EAD)
  - Khotso Mokoena (triple jump)
  - 4 x 100 metres relay (men)
  - 4 x 400 metres relay (men).
- Boxing
  - Jackson Chauke (flyweight, 51 kg).
- Cycling
  - David George (cycling road race).
- Shooting
  - Esmari van Reenen (50 m rifle 3)
  - Byron Swanton (double trap shooting).

Bronze

- Aquatics
  - Suzaan van Biljon (200 m breaststroke)

– Roland Schoeman (100 m freestyle)
– Lize Mari Retief (50 m butterfly)
– Gerhard Zandberg (50 m backstroke)
– Troyden Prinsloo (1 500 m freestyle).

- Athletics
  – Geraldine Pillay (200 m)
  – Chris Harmse (hammer throw).
- Gymnastics
  – Francki van Rooyen (Women's artistic, floor event).
- Lawn bowls
  – Neil Burkett, Eric Johannes, Gideon Vermeulen (Men's trips)
  – Lorna Trigwell (Women's singles)

Sports of most interest to adult South Africans, June 2004

Sport	June 2004 % Multi-mention	Feb 2003 % One only	June 2000 % One only	May 1999 % One only
Soccer	78	45	49	47
Rugby	47	10	14	12
Cricket	39	16	14	16
Wrestling	25			
Athletics	22	4	1	3
Tennis	22	2	2	3
Boxing	18	2	1	4
Motorsport	12			
Golf	12			
Netball	11	4	3	3

Source: SABC Markinor

In May 2006, South African wheelchair racing athlete Ernst van Dyk won the Laureus Sportsperson of the Year Award for an athlete with a disability at a gala function in Barcelona.

The 'Oscars of Sport' are awarded annually, chosen by 42 sporting greats who make up the Laureus World Sports Academy.

Van Dyk is a six-time winner of the Boston Marathon, and is the world record holder in the wheelchair marathon.

In the past year, besides winning the Boston Marathon, he won the New York and Los Angeles marathons in record time, the Paris Marathon and the Oita Marathon in Japan.

- Shooting
  - Allan MacDonald, Daniel van Tonder (25 m centre fire pistol pairs)
  - Allan MacDonald, Daniel van Tonder (25 m standard pistol pairs)
- Weightlifting
  - Babalwa Ndleleni (Ladies 75 kg category)

Other

- In January 2006, Giniel de Villiers, driving a Volkswagen Touareg 2 Prototype, made history when he achieved second place in the 15-day, 9 000-km Lisbon-to-Dakar Rally, finishing only 17 minutes after the leader.
- In January 2006, Ryk Neethling won three gold medals at the Fina World Cup meeting in Stockholm, Sweden.
- In February 2006, David George of the South African national team won Malaysia's Le Tour de Langkawi, the first time a rider from a non-trade outfit claimed Asia's biggest cycling title.
- In February 2006, South African Rory Sabbatini claimed victory in the Nissan Open at the Riviera Country Club, pocketing \$918 000 – his biggest pay cheque yet.
- In March 2006, South Africa smashed 438/9 at the Wanderers in Johannesburg to beat Australia and win the One-Day International series 3-2.

- In April 2006, Neethling won the opening gold medal of the World Short-Course Swimming Championships in Shanghai. Neethling, who led from the outset, won the 200 m freestyle in 1 min 43.51 sec. He also won the 100 freestyle in 47.24.

A mere 40 minutes later, Neethling lined up for the 100 m Individual Medley which he won in a championship record of 52.42.

In April 2006, South African wheelchair athlete Ernst van Dyk recorded his sixth consecutive victory in the prestigious Boston Marathon

In May 2006, South Africa's Hendrik Buhrmann won his maiden title in Asia, seizing the inaugural US$400 000 Aamby Valley Asian Masters.

In May 2006, Durban ski paddler Clint Pretorius won the gruelling Molokai Challenge, beating 11-time champion Oscar Chalupsky. The 21-year-old finished the tough 55 km crossing from Molokai to Oahu just one minute short of the race record.

In June 2006, South Africa won the rugby test series against Scotland 2-0.

In June 2006, Cassius Baloyi achieved an important milestone for South African boxing, knocking out Manuel Medina in the 11th round of the IBF and IBO junior-lightweight unification bout to claim both world titles.

South Africa has hosted a number of international sporting events since 1994:

- Rugby World Cup 1995
- African Cup of Nations 1996
- IAAF World Cup in Athletics 1998
- All Africa Games 1999
- Cricket World Cup 2003
- President's Cup 2003
- Women's World Cup of Golf 2005, 2006 and 2007
- Women's World Cup of Cricket 2005
- World Amateur Golf Championships 2006

In July 2006, Hank McGregor bagged the biggest purse in surf-ski racing after a thrilling duel with Dawid Mocke in the Surf-Ski World Cup in Durban.

In July 2006, Trevor Immelman claimed his first US PGA Tour title. He held off Tiger Woods and Matthew Goggin to claim victory by two shots.

In July 2006, Ricky Basnett from Durban won the Six Star World Qualifying Series surfing event, becoming South Africa's first winner since the legendary Shaun Tomson back in 1978.

In August 2006, Roland Schoeman set a world record in the 50 m freestyle while also winning the 100 m individual medley at the Deutsche Ring Aquatics Short Course Competition in Hamburg.

He became the first man in history to break the 21-second barrier in the 50 m freestyle, touching in 20,98 to shave 0,12 seconds off the previous mark.

In August 2006, Cape Town-based team CSC/CVT's Abdelbasset Hannachi became the Arabian national road cycling champion after winning the under-23 elite and elite categories in Dubai.

Team CSC/CVT beat Team HSBC to win top team honours in the six-stage five-day Tour de Maurice, which took place between 30 August and 3 September 2006 in Mauritius.

In August 2006, South African athletes returned from the 15th African Athletics Championships in Mauritius after retaining their number one spot in Africa and increasing their medals tally.

The youthful team, half of whom competed in international competition for only the first or second time, won 10 gold, 12 silver and five bronze medals in difficult, windy conditions.

The female athletes won six of the gold medals with outstanding performances from Janice Josephs in the heptathlon and newcomer René van der Merwe, who won gold in her first international competition for high jump.

Justine Robbeson (javelin), Elizna Naude (discus) and Janet Wienand (400 m hurdles) won individual gold medals while the

4x400 m relay team of Amanda Kotze, Estie Wittstock, Heide Seyerling and Janet Wienand were also victorious.

Chris Harmse won gold in the hammer throw with a season's best of 77,55 m, setting a new Africa record.

Okkert Brits won gold in the pole vault.

LJ van Zyl beat his compatriot and training partner Alwyn Myburgh to take gold in the 400 m hurdles while Gerhardus Pienaar won gold in javelin.

Mbulaeni Mulaudzi, who competed in the 4th IAAF World Finals of 2006, achieved his fifth consecutive win in recent races, winning R210 000 and ending the year as the world's undisputed number one.

His time of 1 min 43.09 sec was the fastest of the year.

In 2005, Sport and Recreation South Africa (SRSA) concluded an agreement with the Department of Education for the resuscitation and revitalisation of school sports and Physical Education programmes. In the 2006/07 budget, more than R85 million was set aside for SRSA's two school sport programmes. Great progress has been made with regard to the sports programme, however, more can be done to resuscitate Physical Education in the schools. Physical Education as a compulsory school subject constitutes the very basis of participation and often provides the reluctant participant with his/her first 'sports' experience that could dispose them more positively toward participation. In future, Physical Education will feature in the life orientation programme of the school curriculum.

SRSA has also introduced programmes that have led to more young people competing more regularly and on more equal grounds. In 2006/07, 798 schools would participate in 56 clusters comprising schools close to one another to facilitate regular interaction between the 200 000 learners involved in this initially. Financial constraints prevented this programme from extending to a larger number of people. The aim was to eventually involve 27 000 schools countrywide in the project. The programme would need the involvement of many teachers, volunteers and learners.

South Africa won the annual canoeing Tri-Nations competition in Australia in August 2006 during the Multiplex Avon Descent, with Sven Bruss and Abbey Miedema winning the men's and women's kayak sections in extremely low river conditions.

After losing their away games in the Vodacom Tri-Nations, the Springboks scored a 21-20 win over New Zealand's All Blacks in Rustenburg in September 2006. A week later, the Springboks beat Australia 24-16 in the final test of the Vodacom Tri-Nations.

In September 2006, Shaun Rubenstein became the canoeing marathon world champion when he beat six-time world champion Manuel Busto Fernandes in the men's K1 World Championship on the Dordogne River in Termolat, France.

Five South African athletes competed in African colours on the opening day of the IAAF's 10th World Cup meeting in Athens on 16 September 2006. LJ van Zyl recorded his third successive second place in a major international meeting in several weeks when he completed the 44 m hurdles in a time of 48.37. Justine Robbeson won a bronze medal for her throw of 61,38 m.

South African Adrian Zaugg made his debut in and won the A1 Grand Prix sprint at Zandvoort in the Netherlands at the end of September.

In October 2006, Retief Goosen shot a final round one-under par 71 to defend his Volkswagen Masters title in Sanya, China. At the end of October 2006, 49 women's teams participated in the World Amateur Team Championships at the De Zalze and Stellenbosch golf clubs. South Africa won the female championship.

In October 2006, Hendrick Ramaala captured the Great North Run half-marathon for the third time in London in a time of one hour, one minute and three seconds.

In October 2006, Bafana Bafana beat Zambia, scoring the only goal in a crucial African Nations Cup 2008 qualifier. The win lifted South Africa to the top of the African Cup of Nations qualifying group 11.

South African sports awards

The South African Sports Awards recognise and honour individuals and teams who have excelled both on and off the field each year.

In September 2006, President Thabo Mbeki presented Ryk Neethling (swimming), Roland Schoeman (swimming), Sibusiso Vilane (mountaineering) and Oscar Pistorius (athletics) with the Order of Ikhamanga for their contribution to and achievements in sport.

Sports Tourism Project

The SRSA launched the Sport Tourism Project at the Durban Tourism Indaba in May 2006. The primary motivation of the project is to exploit the substantial benefits that the tourism industry presents for job creation in South Africa.

It combines the Veza route-finder tool developed by the Council for Scientific and Industrial Research with sports information, enabling users to plan attendance of sports events, including mapping the route to the venue, booking accommodation and selecting restaurants and other tourist attractions in the vicinity of the venue or elsewhere in South Africa.

Tourism is widely recognised as a major growth sector internationally and it is estimated that 30% of all tourism comprises sports tourism.

The SRSA aims to enhance the sustainability of the project by:

- promoting 'home-grown' events such as the Dusi Canoe Marathon and Argus Cycle Tour, which attract large numbers of international participants and spectators
- working closely with South African Tourism and the Department of Environmental Affairs and Tourism to promote more attractive tourist packages for spectators who want to accompany touring sports teams to South Africa

- assisting agencies, in line with a major events strategy and the hosting and bidding regulations, to attract major international sports events to South Africa
- marketing South Africa's sport and recreation facilities abroad
- producing an interactive CD-ROM to provide information on sport and recreation events and associated information on South Africa.

Sports administration

The South African Sports Commission (SASC) Act, 1998 provided for a commission to administer sport and recreation under the guidance of the Minister of Sport and Recreation. By May 2005, a Repeal Act was before Parliament to de-establish the SASC. The functions of the SASC are now shared between the SRSA and the South African Sports Confederation and Olympic Committee (Sascoc).

South African Sports Confederation and Olympic Committee

Sascoc has assumed functions relating to high-performance sport that were carried out by the following controlling bodies: Disability Sport South Africa, the National Olympic Committee of South Africa, South African Commonwealth Games Association, SASC, South African Student Sports Union, and the United School Sports Association of South Africa.

Sascoc also:

- affiliates to and/or is recognised by the appropriate international, continental and regional sport organisations for high-performance sport
- initiates, negotiates, arranges, finances and controls multisport tours to and from South Africa

- ensures, and if necessary, approves that the bidding process relating to the hosting of international or any other sporting events in South Africa complies with the necessary rules and regulations
- facilitates the acquisition and development of playing facilities, including the construction of stadiums and other sports facilities
- ensures close co-operation between government and the private sector relating to all aspects of Team South Africa
- ensures the overall protection of symbols, trademarks, emblems or insignia of the bodies under its jurisdiction.

South African Institute for Drug-Free Sport (Saids)

Saids is the South African national anti-doping organisation. It is a public entity established by the Drug-Free Sport Act, 1977 and funded by the SRSA, with a mandate 'to promote participation in sport free from the use of prohibited substances or methods intended to artificially enhance performance, in the interest of the health and well-being of sportspeople'.

Saids is responsible for developing anti-doping policy and implementing a national anti-doping programme across all South Africa's sports codes. It has 54 part-time, accredited doping-control officers based throughout South Africa, who are trained to international standards, who conduct in- and out-of-competition testing on athletes from 57 sporting disciplines, with 76 trained and accredited chaperones to assist the doping-control officers.

Saids is one of the few national anti-doping agencies worldwide with ISO 9001:2000 certification in compliance with the International Testing Standards. This is the internationally recognised benchmark for quality assurance and excellence, and represents world best practice in doping control in sport.

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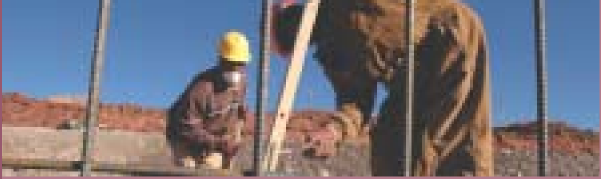

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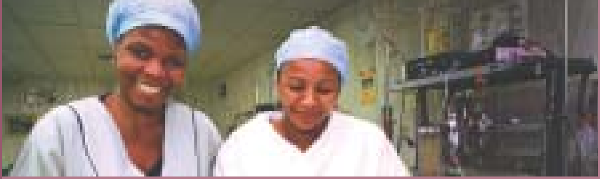

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