

GOVERNMENT'S REPORT TO THE NATION

a people united for a better south africa and a better world

During this First Decade, we have made great progress towards the achievement of the goals we enunciated as we took the first steps as a newborn child. We also laid a strong foundation to score even greater advances during the exciting and challenging Second Decade ahead of us, as a people united to build a better South Africa and a better world.

— President Thabo Mbeki, State of the Nation Address, 6 February 2004

The RDP – at the heart of government's policies

Since 1994, government has set out in line with the Reconstruction and Development Programme (RDP) to change the society shaped by apartheid into a democratic one based on justice, non-racialism and non-sexism.

- build a united nation
- meet basic needs
- democratise the State and society
- build the economy
- develop human resources.

The past we have come from

Apartheid divided society along racial lines. Black people did not have the vote. The social exclusion and neglect of the majority was State policy.

The country was isolated and the economy was in crisis. Growth had come to a standstill in the early 1990s. Public-sector debt was out of control.

The police and justice system violated most human and civil rights and it was used to defend apartheid. The Defence Force was fighting the liberation movement. Right until after the 1994 elections, parts of the country lived in a state of war, with assassinations and bombings of democracy activists.

Government was largely shaped by a national security approach with little respect for the rule of law. The State became more isolated, more corrupt and more ungovernable, torn apart by division and conflict.

More efficient, people-centred government

The South African State has become a unified, democratic and people-centred State.

New democratic Constitution and laws

■ The new Constitution signed into law by President Nelson Mandela at Sharpeville in 1996 is one of the world's most progressive constitutions. Together with over 780 pieces of legislation it has created a framework for reshaping South Africa.

Transforming the Public Service

■ The separate Bantustan and central government civil services are now a single public service, much more representative of the country's people. African people are now 72% of the Public Service. But there should be more women in senior positions and more people with disabilities.

■ The Public Finance Management Act and the new medium term budget cycle have made government more accountable and improved budgeting and management of public finances.

■ Access to government services has been improved by Multi-Purpose Community Centres (MPCCs). There are now 46 MPCCs and by the end of 2004 there will be one in each district, growing to one in each municipality in the next 10 years. The introduction of Community Development Workers and Government's *Batho Pele* (People First) electronic Gateway will further improve access to government.

Better service delivery

■ Government now works in a more joined-up, integrated way, thanks to the clustering of departments, provincial co-ordination, the Integrated Development Plans in local government and the National Planning Framework. But there are still serious capacity problems affecting especially provincial and local service delivery, and middle management in central government.

■ Government's *Imbizo* outreach programme, including meetings with Provincial Executives, enables communities to interact directly with government to help speed up implementation of programmes to improve their lives.

Fighting corruption

■ A Code of Conduct for the Public Service is now part of the regulations for every public servant. The National Anti-Corruption Summit in 1999 created a powerful platform for the National Campaign Against Corruption. It helped establish whistle-blowing mechanisms, special corruption courts and the National Anti-Corruption Forum.

■ In 2003, South Africa signed the United Nations (UN) Convention against Corruption in 2003 and helped the UN develop a handbook for anti-corruption practitioners. New laws to fight corruption include the Promotion of Access to Information Act and the Anti-Corruption Bill.

■ About 80% of cases of corruption in government that are reported in the media are discovered by government itself. The South African Police Service (SAPS) and the National Directorate of Public Prosecutions have acted against corrupt officials and white-collar crime.



Ten years since our country's first democratic election, South Africans are taking stock of the progress that freedom has brought towards a better life for all.

Government has been looking at how far it has gone in building a caring society since the attainment of democracy. It has also been assessing the weaknesses in our experience and the challenges of the next decade, to 2014.

It is hoped that every sector of our society – sport, arts and culture, universities, professionals, trade unions, faith-based organisations and business – will assess what the past decade has meant for them. Together with government's review this will help the nation to evaluate itself in our First Decade of Freedom.

Pushing back the frontiers of poverty

Programmes to lessen poverty have helped improve the lives of millions.

Social grants to boost the income of the poor

■ Social grants have been equalised and extended to all in need who qualify. People benefitting have increased from 2.6 million in 1994 to over seven million now. The poorest 20% of households receive the largest amount. Government expenditure on grants went up from R10 billion in 1994 to R34.8 billion in 2003. The Child Support Grant is being extended to include children up to 14 years old by 2006, reaching 3.2 million more children.

Broader access to social services

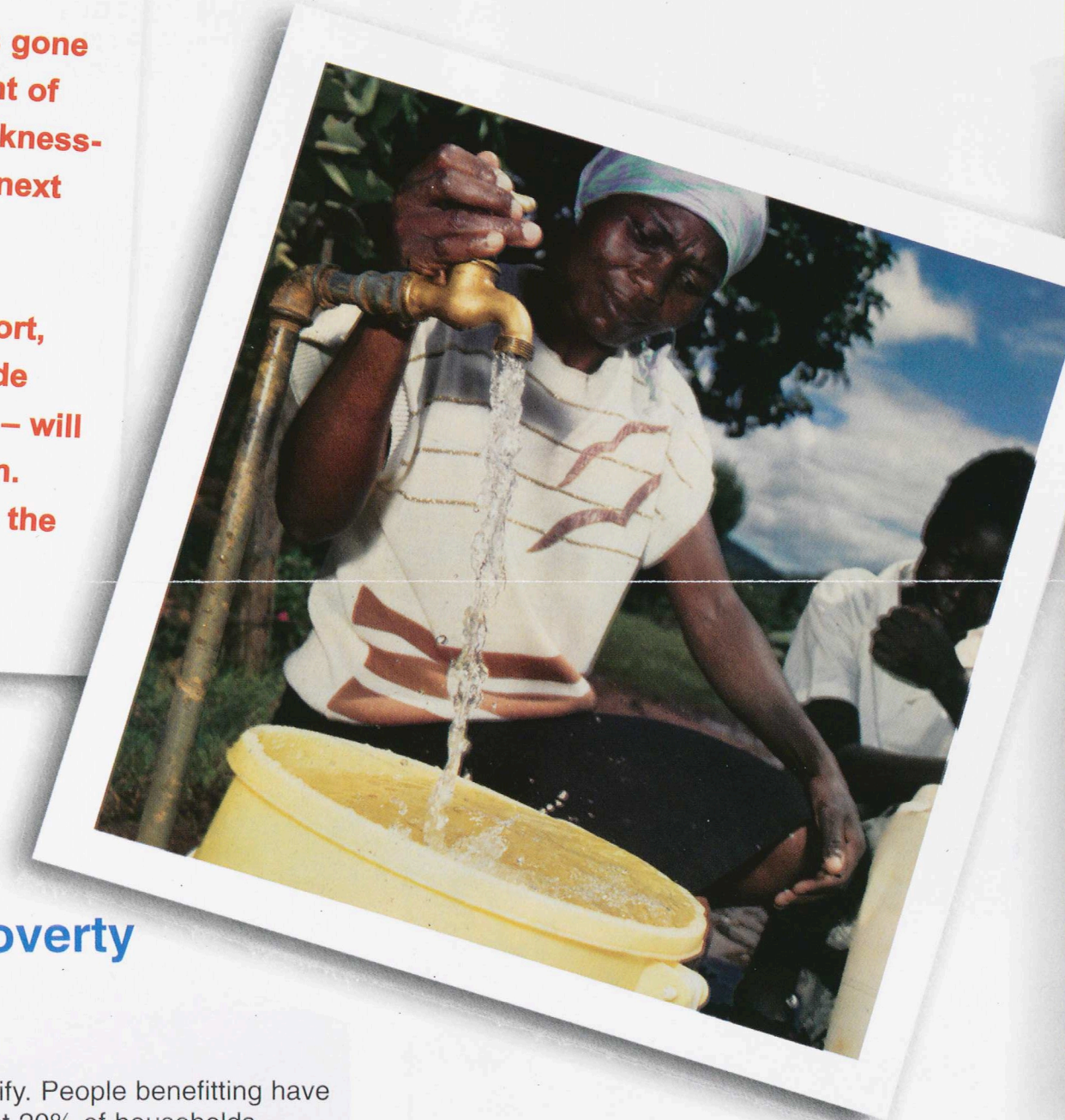
- Electricity, water and sanitation – Millions who once lacked these basic rights now have access.
- Education – The number of children with no schooling dropped from 16% to 7% between 1996 and 2001. Literacy amongst 15 – 24 year olds rose from 83% to 96% in the same period. The matric pass rate rose from 54% in 1996 to 73% in 2003.
- Health – Wider access and more facilities help improve the nation's health:
 - Primary healthcare has expanded with free healthcare for women and children under six. Upgrading and new clinic-building has brought 701 additional clinics.
 - The integrated nutrition programme which reached 89% of the targeted learners in 1994, now reaches 95% or 4,59 million children.
 - Government's comprehensive response to HIV and AIDS has expanded rapidly. Expenditure increased a hundred-fold from R30 million in 1994 to over R3,6 billion in 2003/04 as the comprehensive care and treatment programme is rolled out. HIV infection, after a rapid increase in the 1990s, stabilised from 1999 – 22,4% in 1999, 24,5% in 2000, 24,8% in 2001 and 26,5% in 2002. For pregnant women under 20 it has decreased for the last few years.
 - The TB control programme increased treatment rates from 60% in 1996 to 65% in 1999, although treatment interruptions and transfers have kept cure rates below the targeted 85%.

More ownership of assets and more opportunities

- Through the land and housing programmes, over R50 billion of assets have been transferred to the poor since 1994.
- Housing – Over 2,3 million subsidies have been approved for new houses. The 480 000 houses built during apartheid have been transferred to their occupants under the Discount Benefit Scheme.
- Land – Progress has been made with land restitution and redistribution (see table).
- Communications – Access to means of communication has grown rapidly. By 2001, 32% of households had access to cellphones, 42% to land lines, 73% to radios and 54% to television.

Addressing social exclusion

■ Discriminatory laws have been done away with. New measures will prevent people being excluded from society. This includes tenure and land reform. Steps towards equality between women and men include: recognition of customary marriages, employment equity, maternity rights, the recognition of surnames, affirmative action and laws against sexual harassment. Special programmes protect the elderly, people with disabilities, children and vulnerable workers like domestic and farm workers.



What difference is government making to the lives of the poor?

People's means of living depend on income from wages and other economic activity; together with the 'social wage' (the impact of social spending including social grants and access to social services – education; healthcare; water, sanitation, electricity and so on).

Since 1993, government's social spending has shifted to the poor. Between 1993 and 1997, social spending increased for the poorest 60% of households – especially the poorest 20% – and decreased for the 40% who are better off. It increased for African people and decreased for others. It increased in rural areas three times more than metropolitan areas and double other urban areas.

To see the impact of social spending, we must look first at distribution of income alone and then add the value of benefits from social spending.

Income inequality is measured by the Gini coefficient – 1,0 for extreme inequality and 0,0 for complete equality:

- in 1993, social spending made almost no difference to inequality as measured by the Gini coefficient
- in 2000, it was 0,57 for income alone, but becomes 0,35 when including social spending.

So, social services are improving the quality of life of especially the poor and reducing inequality.

A growing economy that expands economic opportunities

Government's economic policies have turned around an economy that was in crisis. Almost continuous growth since 1994 has created jobs, though not enough to keep up with more people looking for work.

Performance of the economy

- **Stability** – Government policies have freed up resources for social services by reducing the interest we have to pay on borrowed money. The deficit, or shortfall, in government's budget fell from 9,5% in 1993 to 1% in 2002/3, and public-sector debt was reduced from 60% to 50%.
- **Investment** – Investment has been low (16 – 17% of Gross Domestic Product) compared with successful developing countries, but the last three years have seen improvement.
- **Growth** – Shrinking per capita (per person) growth in the decade before 1994 has changed to real per capita growth of just over 1% per year since 1994. The economy has grown at 2,8% a year on average since then.
- **Employment** – Between 1995 and 2003, the number of people employed grew by two million from 9,6 million to 11,6 million. But the number of unemployed also grew because many more people (the 'economically active

population') were either employed or looking for work – 16,8 million in 2003 compared with 11,4 million in 1995. At the same time, while many unskilled workers are unemployed, there is a shortage of skilled workers in many areas of the economy.

- **Industrial and trade reform** – Government's industrial policy and efforts to change international trade relations to favour development have improved the country's trade position and helped shift exports to higher added value products, to the benefit of our country.
- **Labour laws** – New laws give employers and workers more certainty and security in their relationship. One result is a big drop in the number of days workers are on strike per year – from 3,6 million days in 1993 to 700 000 days in 2003. The rights of all workers have been strengthened, including domestic and farm workers.

Restructuring State enterprises

■ Restructuring has focused mainly on telecommunications, energy, defence and transport. The aims have been to give more people access to services, to lower costs for consumers and the economy, to raise income to reduce public debt and to promote Black Economic Empowerment and widen share ownership. In the process, R35,6 billion has been raised – but lowering costs and improving service quality will require further improvement in the regulatory system. However, in the process of introducing new technology

and improving business practices, jobs have been shed.

More job and training opportunities

■ **Small business development** – Initiatives like the Khula Enterprise Finance Corporation and Ntsika Enterprise Promotion Agency have made a difference – but their impact has been small.

■ **Skills development** – Government has directed resources towards skills development and set up Sector Education and Training Authorities (SETAs) for each sector of the economy. The SETAs need to move faster and employers need to take more advantage of them. But more unemployed youth will be trained by small businesses in 2004 because of the Employment Skills Development Agency Scheme. The Growth and Development Summit in 2003 created a climate that will speed up programmes to expand opportunities for skills development, especially among those most marginalised from the mainstream economy.

■ **Empowerment** – Empowerment in the workplace is continuing, although slowly. By 2001, 13% top management and 16% of senior management were Black people. Black ownership of public companies was 9,4% in 2002 compared with virtually nothing in 1994. The Broad-Based Economic Empowerment Act of 2003 will further promote participation of Black people and women in the economy.

A safer and more secure South Africa

The crime prevention system that once focused on maintaining apartheid has been transformed. This has helped to virtually end political violence, deal with terrorism and stabilise the crime situation. But the level of crime is still too high. For better service delivery, we need more capacity, citizen involvement and the rooting out of corruption. Moral renewal and nation-building are also necessary for effective crime prevention.

National Crime Prevention Strategy (NCPS)

The NCPS has several elements:

- The National Crime Combating Strategy (Operation Crackdown) is beginning to make a difference. Serious crime levels continue to come down or stabilise (as a proportion of every 100 000 of the population).
- Except for robbery and malicious damage to property, most of the 20 categories of serious crime have recently either stabilised or are decreasing compared to 1994.
- Since 1994, murder has decreased by 30,7%.
- Though robberies have continued to increase, almost 50% of robberies now relate to cellphone theft or misplacement, with high reporting rates for insurance purposes.
- High-profile robberies (vehicle hijacking, hijacking of trucks, cash-in-transit robbery and bank robbery) have come down significantly since they were first recorded in 1996 (see High Priority Crimes below).
- The Integrated Justice System has brought shorter cases, better quality dockets and higher conviction rates (up from 78% of cases before the courts in 1999 to 81% in 2002). Since the project started, the average time for a case in court has been reduced from 145 days to 74 days. The number of cases finalised with a verdict in the lower courts increased by 57% from 1999 to 2002. These improvements have been helped by the introduction in 2001 of Saturday and Additional Courts.
- Community Policing has made policing more effective through Community Police Forums. The partnership with Business Against Crime has reduced street crime by 80% in some targeted city centres. More needs to be done to attack causes of crime through moral regeneration and development programmes.
- Prison overcrowding is being eased through building new prisons, alternative sentencing, correctional supervision, an awaiting-trial prisoner project, parole and an improved rehabilitation programme. Escapes were reduced from 1 244 in 1996 to 325 in 2002.

High priority crimes

- Sexual assault crimes – Since 1994, government has prioritised fighting crimes against women and children. Many new laws deal with this and more than 40 specialised Sexual Offences Courts have been established. The incidence of rape increased 10% from 1994, stabilised for some years and then declined from 1999 to 1994 levels. Government and civil-society organisations are mobilising in growing numbers each year in the campaign for No Violence Against Women and Children.
- Organised crime and corruption – Action against criminal syndicates helped bring down vehicle hijacking by 33,7% and bank-related crimes by 52,2% since 1996. White-collar crime has been brought down by 24% since 1994. Out of 300 syndicates identified and investigated, over 200 have been neutralised.
- Border control – The South African National Defence Force (SANDF) has assisted the SAPS in controlling borders, resulting in confiscation of stolen vehicles and illegal firearms. New controls and upgrading of infrastructure at ports of entry will improve this work.
- Illegal firearms – Over 80 000 firearms have been destroyed. Measures have been introduced to regulate ownership of legal firearms and reduce the number of illegal firearms.
- Taxi violence – Violence in the taxi industry has been curbed by more effective regulation and prosecution of perpetrators. But sporadic attacks and extortion of funds from members of taxi associations continue.
- Terrorism – Urban terrorism in the Western Cape was ended by co-ordinated operations and the conviction of perpetrators and right-wing terrorist plans have been nipped in the bud. The Government is implementing UN resolutions relating to international terrorism.

KEY FINDINGS AND LESSONS OF THE FIRST DECADE

The challenges of the next decade arise from lessons of the First Decade and from new challenges created by the process of change and transformation itself.

Influence of the State

Government's successes have often, though not always, been where it has had significant control and less so where its influence has been indirect.

- There has been great progress in building a new constitutional democracy, three spheres of government and more integrated administration – but in many areas of service delivery there is a need for better performance by the Public Service.
- There has been a major extension of social services, with striking impact on women's rights. But many entitled to grants are still unregistered or poorly serviced. There are still many who have not been reached by services they need.
- Very good progress has been made in economic areas under government control but it has not been matched in areas where new agencies or partnerships are involved – such as small business, human resource development, restructuring of

State-owned enterprises and empowerment. Government has had even less success in matters that depend on the private sector and civil society – including investment and employment creation.

- National security has been enhanced, the rule of law established and institutions transformed. But, due to challenges of the social transition, insufficient civil-society involvement and new forms of organised crime, the gains in crime prevention could have been better.
- Internationally, government has made progress beyond its limited resources as the country reintegrated in the global arena.

The social transition

Four big social trends of the First Decade shape the challenges ahead.

More and smaller households

- From 1996 to 2001, the South African population grew 11% from 40,4 million to 44,8 million. But the number of households grew by 30% from 9,7 million to 11,8 million, as households became smaller. The average household size has dropped from 4,5 to 3,8 persons. So, government has to provide additional housing and services for instance, to almost three million instead of one million households.

Two economies in one country

- While all the main economic sectors grew between 1995 and 2002, there was a shift from public services, construction and mining to financial and business service sectors (where employment doubled). This is consolidating 'two economies' in one country. One is advanced and skilled, becoming more globally competitive. The second is mainly informal, marginalised and unskilled. Despite impressive gains in the first economy, the benefits have yet to reach the second economy, which could fall even further behind without decisive government intervention.

Increased rural migration

- There has been a shift from rural to big urban areas. Twenty per cent of people in the main urban areas are new migrants. This adds pressure on urban service delivery and economic opportuni-

ties and causes loss of people and opportunities in rural areas.

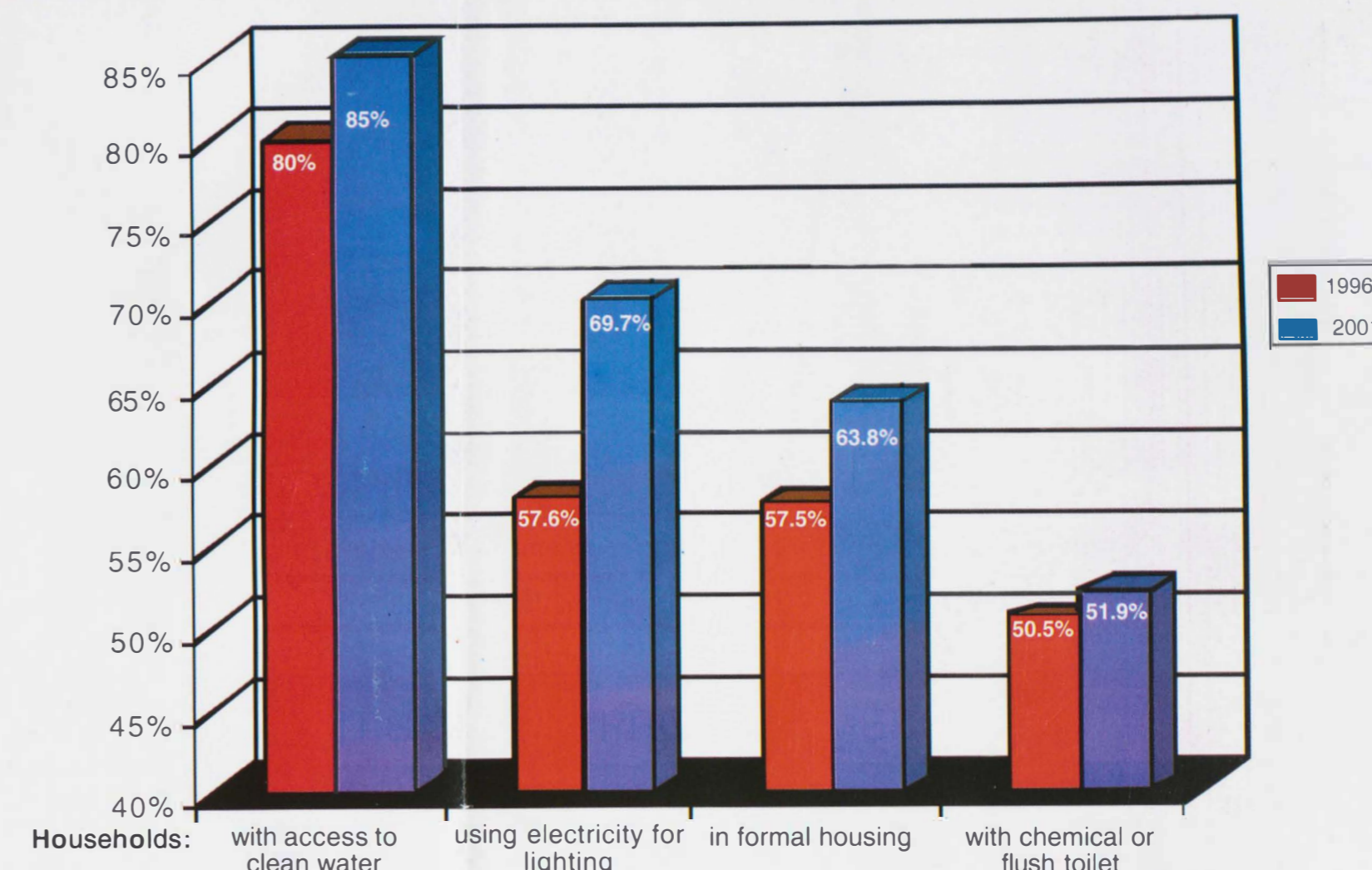
These trends, added to the apartheid backlog, help explain the scale of the past decade's challenges and some of the limitations in progress, for example in unemployment, poverty alleviation and the fight against crime.

The global setting

As we enter the Second Decade of Freedom, the global environment is uncertain, with increasing tension, unilateralism and unresolved international trade issues.

But there are also new opportunities for developing countries to assert their interests. While many developments could marginalise Africa, there are opportunities for the continent to mobilise itself for a more humane approach to its plight and that of other poor regions. Among governments and citizens of developed countries there is potential to focus attention on the common objectives of humanity contained in the UN Millennium Declaration. South Africa is equipped to play a critical role in this regard due to its location, the size of its economy in the continent and its current endeavours and outlook.

BROADENING ACCESS TO SOCIAL SERVICES (FROM THE CENSUS)



‘We will have to focus on the implementation of the measures we have identified to ensure that we achieve better value for the money spent on social delivery. Among other things, our successes with regard to both the First and Second Economies must create the conditions for us to reduce the numbers of our people dependent on social grants.’
– President Thabo Mbeki, State of the Nation Address, 6 February 2004

CHALLENGES AND OPPORTUNITIES IN THE SECOND DECADE OF FREEDOM

If we are to make continued and faster progress towards a united, non-racial, non-sexist and democratic society in the Second Decade of Freedom, then we should move to a higher growth and development path. To achieve this, we need a major intervention: to reinforce the consolidation of democracy with measures aimed at integrating all of society into a growing economy from which they can benefit. This will require:

- an encompassing framework and vision defining a shared approach by all sectors of society in partnership around common development objectives
- better performance by the State, with focus on efficient implementation and decisive intervention to unlock any delivery logjams
- addressing consequences of the social transition, by improving access to work opportunities and sustainable livelihoods in urban and rural areas and ensuring that, when people migrate, they have the skills and information to take advantage of opportunities
- improving the regional environment and implementing NEPAD, so we can weld together a number of southern African countries into a locomotive for faster growth in sub-Saharan Africa.

‘We will still have to contribute as much as we can to the common African effort to strengthen such institutions as SADC, the African Union and NEPAD.’
– President Thabo Mbeki, State of the Nation Address, 2004

Africa's renewal in a more peaceful world

South Africa's success in defining its place in the world is remarkable given its size and short history as a free country. It meant thoroughly revising the mission of national security and the principles of our international relations as well as transforming our institutions in line with democracy.

Diplomatic normality

- South Africa has normalised its relations with the world and promoted its interests and those of the South in all-important regional, continental and multilateral institutions.
- Democratic South Africa has hosted major international conferences and events, for instance:
 - 1998: Non-Aligned Movement Summit
 - 1999: Commonwealth Heads of Government Meeting
 - 2000: UN AIDS Conference
 - 2001: UN World Conference Against Racism
 - 2002: World Summit on Sustainable Development
 - 2002: African Union (AU) Launch Summit.

Marketing and branding South Africa

- The Government has since the late 1990s energetically promoted South Africa, both directly and by supporting initiatives like 'Proudly South African', by hosting landmark events and by creating the International Investment Council, the International Marketing Council and the International Task Force on Information Society and Development.
- Tourism has surged – from 5,7 million international tourist arrivals in South Africa in 1998 to 6,4 million in 2002.
- Our country has become a host for major international sporting events:
 - 1995: Rugby World Cup Final won by South Africa at Ellis Park
 - 1996: African Cup of Nations won by South Africa in Soweto
 - 1999: All Africa Games in Johannesburg
 - 2003: Cricket World Cup

- Several places in South Africa have been declared World Heritage Sites since 1994, including Robben Island, the Greater St Lucia Wetland Park; the fossil sites at Sterkfontein and the Mapungubwe Iron Age site.

International relations for growth and development

- Trade – Trade networks and markets have expanded, including through bilateral and multilateral negotiations and new relations with South America, Europe, Asia and Africa.
- Regional integration in Southern Africa – The democratic South Africa has promoted regional integration in the context of the Southern African Development Community (SADC) and New Partnership for Africa's Development (NEPAD). The restructuring of SADC will bring a comprehensive development agenda for the region.
- Continental affairs – South Africa played an active role in reconstituting the Organisation of African Unity (OAU) into the AU and developing NEPAD as the AU's development programme. The African Peer Review Mechanism has been established as a voluntary means of ensuring that the policies and practices of member states conform to democratic and good governance principles.
- Global affairs – Since 2001, South Africa has worked to keep Africa and the South on the G8 agenda and engaged with the international financial institutions to promote a global financial system more favourable to developing countries.
- Science and technology (S&T) – Some 30 bilateral S&T agreements have been signed since 1994. Several major S&T initiatives in South Africa have strong international participation, including the South African HIV/AIDS Vaccine Initiative.

Promoting human rights, peace, security and stability

- South Africa works with other African states and with multilateral organisations like the UN, AU and SADC to promote international respect for human rights, democracy and good governance. We have been part of regional and African initiatives to assist the Zimbabwean people resolve their problems. We have helped with peacekeeping in Ethiopia/Entrea, Democratic Republic of Congo and Burundi.
- In 1995, South Africa became the first African country to ban the production, use of and trade in anti-personnel landmines.

OUTPUT OF GOVERNMENT'S SOCIAL PROGRAMMES

From department reports		1994-98	1999-2003	Total since 1994
Water	People gaining access via community programme	3,0m	6,1m	9,1m
Electricity	Grid connections	2,3m	1,5m*	3,8m
Housing	Subsidised houses built or under construction	0,74m	0,79m	1,53m
Land redistribution	Hectares distributed	0,44m	1,12m	1,56m
	Households in transfers	30,061	107,460	137,521
Land restitution	Claims lodged	68,878	10,816	79,694
	Claims settled	3,964	38,592	42,556
	Hectares restored	297,396	273,836	799,479

* To December 2002

This publication is based on Government's Ten-Year Review. It updates a detailed report and summary published in October 2003. All these reports are available on Government Online: www.gov.za.

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