

# **AFRICAN PEER REVIEW MECHANISM**

## **PROVINCIAL REPORT WESTERN CAPE**

**MARCH 2006**



## ACKNOWLEDGEMENTS

The Human Sciences Research Council (HSRC) has co-ordinated the updating of an existing draft report by a team of research experts, as well as supervising the finalisation and editing of the final report. These functions were overseen by Adrian Hadland, Executive Director and co-ordinated by Pumla Dineo Gqola, Chief Research Specialist, both in the Society, Culture and Identity Research Programme of the HSRC.

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## **EXECUTIVE SUMMARY**

The African Peer Review Mechanism (APRM) is a method introduced by the African Union to enable African countries to analyse and improve their systems of governance. South Africa's participation in the APRM is voluntary. This report is the final Western Cape Provincial submission to the National APRM team and the Ministry of Public Service and Administration. It will inform the Country's Self Assessment Report and Programme of Action, which will be handed over to the APRM Secretariat.

The report synthesised information from submissions received through province-wide consultations with civil society, government and individuals. A multi-disciplinary and multi-institutional research team has been responsible for collating the Western Cape Provincial APRM submission in a process whose finalisation was overseen by senior staff from the Society, Culture and Identity (SCI) Research Programme at the Human Sciences Research Council.

South Africa was the only country to duplicate the National Governing structures across its nine provinces, and this was done to allow for the expression of local and province-specific responses.

The report outlines the importance of participation at Provincial level, maps the APRM consultation process and context within the Western Cape, and presents responses to the APRM questionnaires. It presents these responses and their analysis according to inputs under each of the APRM key focus areas.

## **DEMOCRACY AND POLITICAL GOVERNANCE**

Surveys are able to capture and convey valuable information pertaining to people's perceptions of governance and service delivery. However, the data needs to be interpreted with caution because the survey results represent the interpersonal subjective responses of individuals and are difficult to validate. There is methodological variation in the different surveys used and biases in terms of sample size, gender, and urban areas persist.

Participation in elections at the national level is higher and less ambiguous than that of the local level. It is problematic and simplistic to interpret the huge support given to the ANC in racial identity terms because recent studies indicate a strong national identity. People make a distinction between their political support for the ruling party and the level of satisfaction with service delivery and the realization of their socio-economic rights. In other words, they make a distinction between representative and substantive democracy.

The report suggests that people's participation in the constitutional institutions designed to protect their socio-economic and human rights remains quite weak. Similarly, the attempt to



ensure that local government engages citizens as social partners in service delivery and local economic development has been far from successful. Greater efforts to ensure community involvement and participation in policy formulation and implementation are clearly crucial. Encouraging the development and participation of civil society organization in constructive social dialogue with the objective of reducing poverty and ensuring a better life for all remains an urgent task as South African enters its second decade of democracy.

## **ECONOMIC GOVERNANCE AND MANAGEMENT**

The section on economic governance and management reflects that good economic governance and management will stimulate economic development, reduce poverty, increase employment levels, enhance human capital development initiatives and further cement social cohesion. South Africa has undergone tremendous political transformation; it has built good economic institutions that have enabled sound economic environment. Today, South African foreign policy advocates for African economic development and economic growth. Regional economic integration is seen as vital for the continent's economic trajectory. However, the country is faced with the challenge of how to deepen and stabilize its internal socio-economic environment, to reduce unemployment and win the war against the HIV/AIDS epidemic. Internationally, within an African context it should 'tread' cautiously not to be seen as 'America in Africa'.

South Africa has built sound economic and financial institutions that have potential to facilitate economic benefits for the broader society. Now that the country has achieved so much in the economic field, economic performance benefits need to change the material well-being of ordinary South Africans especially vulnerable groups such as women, youth, disabled people, lesbian and gay people, and rural populations. Government policies and programmes need to be monitored and evaluated in order to identify policy gaps. Greater public participation in policy and legislation development process offers legitimacy benefits and eliminates social transaction costs in policy implementation.

## **CORPORATE GOVERNANCE**

Despite improvements in the regulatory environment the previously disadvantaged people because of a lack of finance, skill and excessive red tape still find it difficult to start up businesses. The implementation of the provisions sector transformation charters needs to be fast tracked. Big business must be 'forced' to comply with legislation with regards to the disabled and disadvantaged communities through effective and actively managing punitive measures.

The Employment Equity Act needs to be reviewed to have some form of enforcement mechanism in place as companies are currently just paying the fines (or not). Environmental impact assessment must include assessments on disability-causing elements and agents. The Disability Sector should lobby for the inclusion of a disability specific provisions in the



current review process of the National Sustainability Strategy to address some of these issues. All companies must comply with disability equity targets.

Companies should account for both environmental damage and impact. Companies should implement the provisions in the EEA on reasonable accommodations, which will enable disabled people to participate equitable as “real” stakeholders. The Dept. of Labour should reject company reports on EEA that do not contain a report on the status of disabled employees. Disabled people must be encouraged to become shareholders instead of just being employees proper monitoring of businesses’ and government is needed. More public education about corporate governance and its framework is required.

## **SOCIO-ECONOMIC DEVELOPMENT**

The NEPAD declaration conceptualizes socio-economic development as the continuous improvement in the well-being and in the standard of living of all people. Education, health, HIV/AIDS, gender equality, finance (including micro finance), access to water, energy, housing, resources, as well as markets.

The government needs to develop a strategy that encourages the people of the Western Cape Province to grow self-reliant. An Integrational Nutritional Project should address food security or food insecurity within the province. A National Development Programme should address the six basic principles, namely, an integrated and sustainable programme; a people-driven process; peace and security for all; nation-building; link reconstruction and development; democratisation of South Africa. It should be an integrated programme that provides peace and security for all and builds the nation, links reconstruction and development, and deepens democracy.

Some submissions from civil society referred to a Basic Income Grant, which ensure that the poor receive a minimum monthly grant of R100 per month. This may be of particular benefit to those poor communities with high unemployment levels. There is a need to combat poverty and unemployment. A clear plan for poverty eradication is necessary. The role of big business in job creation and poverty eradication needs to be examined. The absence of a submission towards the APRM process by Business interests within the Western Cape was particularly notable. Even more noteworthy is the continued increase of job losses through retrenchments within the province, especially within the clothing and textile sector.



## **INTRODUCTION**

The Western Cape has embraced the historical opportunity to form part of the African Peer Review Mechanism (APRM), a process that holds significance for at least 23 other African countries.

The report consists of a brief background to APRM, it outlines the importance of participation at Provincial and Local level, sketches the Regional, National and Provincial Policy Framework and context in which the African Peer Review Process is taking place, and provides information on the responses of the different stakeholders on the themes and questions outlined in the APRM questionnaire.

## **BACKGROUND AND POLICY CONTEXT**

### **Background of APRM**

#### *What is APRM?*

The APRM is a voluntary self-monitoring tool that was agreed upon by member states of the African Union in the 6<sup>th</sup> Summit of Heads of States and Government Implementation Committee of NEPAD. South Africa is among the first five countries to embark upon this historical process. A Panel of Eminent Persons appointed by the APRM Secretariat is tasked with overseeing its implementation throughout Africa.

The African Peer Review Mechanism commits African countries to exercise true democracy, respect for human rights, peace and good governance. This commitment is informed by the realization that development is impossible without the accompanying alignment to policies and practices that conform to the agreed declaration of the African Union on democracy, political, economic and corporate governance, and socio-economic development objectives, values, standards and codes.

#### *Strategic objectives*

South Africa's strategic objectives include establishing benchmarks for future peer review processes. The review will also contribute to the strengthening of national mechanisms for assessing government's performance. It intends to build and popularise a broader sense of ownership for the People's Contract. The review will support the building of African-based experience and knowledge systems.

### **Regional Context**

It is important to understand the African Peer Review Process in its proper context within the African continent and in relation to the structures within the African Union. One of the Key Priority Action areas of the New Partnership for Africa's Development (NEPAD) is to



operationalise the African Peer Review Mechanism. The APRM should therefore be situated within the broader framework of the African Union and NEPAD.

### *African Union and NEPAD*

The African Heads of States at the African Union inaugurated the New Partnership for Africa's Development (NEPAD) as the programme for "African ownership and leadership, as well as broad and deep participation by all sectors of society." NEPAD is designed to address the current challenges facing the African continent. Issues such as escalating poverty levels, underdevelopment, and the continued marginalisation of Africa, needed a new radical intervention to develop a new vision and strategic framework that would guarantee Africa's Renewal, spearheaded by African leaders.

NEPAD is a programme of the African Union designed to meet its development objectives. The highest authorities of the NEPAD implementation process are the Heads of State and Government Summit of the African Union, formerly known as the OAU.

NEPAD Primary Objectives are:

- To eradicate poverty;
- To place African countries, both individually and collectively, on a path of sustainable growth and development;
- To halt the marginalisation of Africa in the globalisation process;
- To enhance its full and beneficial integration into the global economy; and,
- To accelerate the empowerment of women.

In order to achieve these objectives, good governance principles and standards should be institutionalised within the policies and practices of African countries, hence the importance of the African Peer Review Mechanisms as a self-monitoring and a peer review tool in the African context. South Africa subscribes to these principles and therefore opened itself up to assessment within the context of the African Peer Review Mechanism.

### **South African National Context**

#### *South Africa's Strategic Approach*

The strategic objectives underlying South Africa's implementation of the APR process are:

- To establish benchmarks that can be used in future review processes;
- To contribute to strengthening national systems for assessing government's performance in delivering on its development objectives;
- To build and popularise a broader sense of ownership for the People's Contract and government's national development priorities; and,
- To support the building of African based knowledge and experience in utilising the Peer Review Mechanisms.



The South African approach seeks to ensure that while government leads the review process, non-State actors should also endorse it so that it can be participatory, and also to enable a broad base of South Africans to own the outcome of the process. Intergovernmental and civil society engagement should take place throughout the process and it should also come together in the Governing Council.

The approach aims to avoid the proliferation of structures by using already existing bodies, and where bodies have to be created, their purpose and lifespan are clearly defined by the needs of the review process. The procedure followed also seeks to ensure that operational support is provided by already existing bodies so that the various deliverables are produced timeously.

#### *The importance of participation at national, provincial and local level*

South Africa's APRM Self Assessment Report and Programme of Action will be developed through a participatory and inclusive process. A range of mechanisms has been employed to ensure that all citizens have a fair opportunity to contribute to the process. These include the establishment of focal points at provincial level to drive APRM processes towards a provincial conference, as well as engaging and building capacity with community development workers to facilitate consultative processes at local level.

South Africa was the first country to establish Governing Councils at Provincial level. This decision was motivated by the need to building ownership and with a view to civilian increasing participation at provincial and local levels.

#### *Commitment to be Reviewed and Assessed as a Country*

The Memorandum of Understanding on APRM was endorsed on July 2002 to promote and enhance the quality of governance in Africa. All signatories to this document were governments that voluntarily acceded to be reviewed. South Africa's adoption of the memorandum of understanding on the APRM was signed on 11 November 2005 by President Thabo Mbeki on behalf of the Government of South Africa and by Prof Adedeji, Eminent member of the APR Panel, on behalf of the APR Forum. By virtue of this signature our President irrevocably committed the country to the African Peer Review Process.

#### *Institutional Arrangements*

South Africa's APRM process is overseen by the National Governing Council that consists of ten members from civil society and five from government. South Africa was the first country to duplicate this structure across its nine provinces in order to facilitate ownership and provide room for creativity in expressing provincial and local specific responses and processes. The APR Governing Council in the Western Cape is still in the process of being established.

The overall responsibility of the APRM is vested with the Forum of Participating Heads of State and Government. A Panel of Eminent Persons will oversee the conduct of the APRM process and ensure its integrity. Secretarial, technical, co-ordinating and administrative



support services to the APR Panel will be provided by the APR Secretariat. The APR will lead the APR process.

The respective APR teams comprise of a pool of technical expertise to review progress with each country's National Programme of Action. In addition, Country Support Missions have been established to ensure common understanding of the philosophy, rules and processes of the APRM, as well as to support the participating countries with processes should such a need be shown.

Each participating country has a Focal Point, in which the overall co-ordinating responsibility for the national APRM process rests. In South Africa, the President has assigned the Minister of Public Service and Administration, Minister Frazer-Moleketi as the national focal point.

### **Western Cape Provincial Context**

The Western Cape Provincial focal point, the Premier's Office, has assigned two departments, Department of the Premier as well as the Department of Local Government and Housing, to drive the governmental provincial process. The selection of the Department of the Premier ensures the involvement of provincial government at the highest level, whereas the choice of the Department of Local Government and Housing is motivated by location of the Community Development Workers project within that department.

A steering committee that was elected at the first provincial consultative meeting is driving the APRM process until the Provincial Governing Council is established. When such a time arrives, the steering committee will hand over power to the Governing Council and continue to work with latter in a supportive capacity.



**Table 1: Profile of the Western Cape Province**

Indicator	Western Cape Province
Population Growth or Shrinkage	1996 – 2.8 million 2001 – 3.2 million
Life Expectancy	1996 – 64.0 2002 – 62.7
Adult Literacy	More than 60% of adults do not have a matric qualification
Unemployment (Total number) and rate in percentage)	26.1% according to Census 2001 and 18.4% according to the Labour Force Survey (LFS) September 2001
Foreign people & ethnic Groups (in percentage)	2.4% of the people living in Western Cape were not born in South Africa
Key Industries in the province	Manufacture (25%), Trade (23%), Finance (19%) and Services (17%) are the key growth sectors (IDP 2002)
People below poverty line	The percentage of people living below the poverty line increase from 7.5% in 1995 to 8.5% in 2002
Average Size of households	1995 – 3.9 2001 – 3.7
Budget of the City	CT Unicity has an annual municipal budget of R9.7 billion (2002/03)
People employed by municipal services	26 517 municipal employees (2002)

### *Background and Demography of Western Cape*

The Western Cape is the third largest Province geographically, and the fifth largest in terms of population. Its land area is 129 386 km which constitutes 10.6% of South Africa's total land area. The Western Cape is situated on the south-western tip of the African continent, and is home to a population estimated at 4.5 million, almost 10% of the national total. The Western Cape has been recorded as the fastest growing province in the country with the third-highest contribution to the country's GDP and as a leading tourist destination.

The demographic structure of the Province is ethnically and socio-economically markedly different from other provinces in South Africa. Its population is comprised of four ethnic groups, historically classified as Africans (Blacks), Coloureds, Whites and Indians (Asians). Most of its residents (53.9%) are Coloured by a considerable majority with Black Africans comprising the second largest group (26.7%). The White and Indian groupings are 18.4% and 1% of the total population of the Province, respectively. The three official languages are Afrikaans, Xhosa and English. The gender split in the province is 48% male and 52% female.



The population of the Western Cape Province has grown from less than 4 million in 1996 to over 4.5 million in 2001 a total increase of 14.3% (Western Cape MTBPS 2004-2007: 4). The Western Cape Province percentage share of the total South African population increased from 9.7% in 1996 to 10.1% in 2001. The City of Cape Town (CCT) makes up approximately 64-70% of the total population of the Western Cape Provinces (IDP 2004/05: 64). According to IDP (2002/03: 24) the population is relatively young with 50% of the population below the age of 26 years, 27% of the Province's population is younger 15 years, while only 5% of the population is equal to or more than 65 years old.

Although the Province is highly urbanised (>90%) these positive attributes resulted in the Province having the second fastest provincial population increase after Gauteng over the period 1996-2001. This is due in part to the Province's proximity to the Eastern Cape which is only 40% urbanized and with which it has close kinship ties, particularly among the African population. The Province receives national migrants from across the income spectrum as well as a significant number from abroad attracted by the Province's climate and natural beauty, particularly in the coastal regions.

The CCT is the main destination of most migrants to the Province, but there are also significant flows to the Southern Cape region of Eden, as well as to the Overberg District Municipalities and Saldanha-Vredenburg. These pressures highlight a number of constraints faced by the Province at the national level. The western part of the Province has been identified as the national region most susceptible to global climate change. This area is likely to experience an average decline in rainfall, more frequent droughts and greater volatility of weather events such as storms and flooding. The major catchment area in this part of the Province, the Berg River, has also reached capacity in terms of its yield. These factors point to the need for a provincial urbanisation strategy that highlights opportunities for population and economic growth in other parts of the Province that have potential in this regard. It also highlights the need to ensure that settlements in the Province are structured so that they function as efficiently as possible, ideally decreasing their demand for resources.

#### *Economy and household income structure*

During the period between 1995 and 2001 the Western Cape Provincial economy grew by an average of 3.3% (Western Cape MTBPS 2004-2007: 2). According to the SAHDR (2003: 281) the GDP per capita of the Western Cape Province increased from R12 934 in 1994 to R13 790 in 2003, a growth which is higher than the national South African estimates for the same period. The per capita of the Western Cape Province and the CCT is relatively larger than that of other provinces and metropolitan municipalities in South Africa.

#### *Inequality, Poverty Levels and Unemployment*

The Gini Coefficient for the Western Cape Province increased from 0.602 in 1996 to 0.625 in 2001 and is higher than the national South Africa gini coefficient that increased from 0.56 in 1996 to 0.57 in 2001 (Western Cape MTBPS 2004-2007: 5). This suggests an increase in inequality in the Province.



The Human Development Index (HDI) of Western Cape is higher than the national HDI for South Africa but displays a similar declining trend for the period 1994-2003 (SAHDR 2003: 282). According to SAHRC (2002/3: 5 and 24-25) life expectancy decreased nationally from 56.0 in 1996 to 52.5 in 2002 and in the Western Cape from 64.0 in 1996 to 62.7 in 2002.

Poverty increased in the Western Cape Province for the period 1995-2002. The percentage of people living below the poverty line rose from 7.5% in 1995 to 8.5% in 2002. Similarly, the data for the percentage of people living on less than 1US\$ a day also indicate an increase from 0.4% in 1995 to 1.3% in 2002. According to the CCT IDP (2002/03: 6), 26% of households earn below the household subsistence level (HSL). According to the CCT (IDP (2004/05: 9) this figure has now increased to about 33% of households that are estimated to earn incomes below the HSL.

CCT contributes 10% to national and 66.6% provincial employment and accounts for 6% of national and 73% of provincial unemployment (IDP 2004/05: 61 and 64). Within the CCT formal sector, employment has declined from 77% in 1991 to 64% in 2000 (IDP 2002). According to the 2001 Census, the unemployment rate at provincial level is 26.1%. Youth make up 82% of the unemployed in the Province (Western Cape MTBPS 2004-2007: 4). However, the CCT (IDP 2002) suggest that unemployment has decreased from 10% in 1991 to 8% in 2000.

#### *Households and services delivery*

The average household size in the Western Cape Province is smaller than the South African national and KwaZulu-Natal average household size (Census 2001 and SAHDR 2003: 266 and 272). The number of household members in Western Cape Province declined from 3.9 in 1995 to 3.6 in 2001. According to the IDP (2002/03: 25), there are approximately 800 000 households within the municipal area. Of these, approximately 240 000 are considered in need of housing. In other words, the housing backlog is approximately 250 000, increasing by 1000 each year. Currently, about 15% of the City's population lives in informal settlements (Contact June/July 2003: 6)

According to the IDP (2002/03: 45), the levels of access to water, electricity and sanitation are relatively high. Approximately 90% of households have access to piped water in their dwelling or on-site, electricity and flush toilets. These services exclude illegal settlements and informal settlements on private land. The Government has put an indigent policy in place to guide the support of those that cannot afford basic municipal rates and services (IDP 2002/03: 12)

According to the City of Cape Town State of the Environment Report Year 4 (2001: 37), Statistics South Africa (2003) and the 2001 Census, there has been no improvement in the water service delivery rate; 20% of the CCT's population remains without piped water in the dwelling. The IDP (2002/03: 18) estimates that 99% of the total population in formal houses and about 83% in informal household settlements within the metropolitan areas of Cape Town



(January 2002) are served with water. According to the IDP (2002/03: 12) an allocation of water (6kl/month) is supplied by CCT Municipality.

The CCT is a distributor of and user of electricity and generates very little of its own electricity the vast majority is purchased from Eskom. Households are responsible for 15% of CCT total energy consumption. The municipality provides twenty kw/h per month of free electricity as part of the indigent policy leading to an increase in electricity supply and household (IDP 2002/03: 12 and 17).

### *Political Profile*

The parliament is housed in Wale Street, Cape Town. In December 2005, there were 42 members of parliament and the majority seats, which amount to 19 are currently held by the African National Congress. The rest of the seats were held by the other contending political parties 12 by the Democratic Alliance (DA) 5 by the New National Party, 3 by the Independent Democrats (ID), 2 by the ACDP, and 1 by the United Democratic Movement (UDM). The premier was Mr Ebrahim Rasool. The Provincial Government Western Cape (PGWC) consists of 12 Departments. It is a challenging province in the sense that the political leadership has changed three times over the past few years which made it difficult to develop consistent policies and programmes. The province is also in the process of dealing with the challenging problem of political conflict that has strong racial overtones. This happens between opposition parties but also among certain sections within the ruling party.

### *Political Economy*

The provincial economy has four main productive sectors: agriculture, manufacturing, financial services and tourism. It is not as vulnerable to international commodity price movements as provincial economies based on mining. The global city of Cape Town with its backdrop of Table Mountain is an internationally celebrated tourist destination.

Unskilled labour in the Province generally enjoys higher wage rates and lower unemployment rates than their colleagues in other Provinces. The official unemployment figure for the province, 18.4%, is substantially lower than that of most other parts of the country. The clothing and textile industry sector is the single most significant industrial source of employment in the Western Cape, with over 170 000 people employed. The Western Cape lacks the strong mining component that dominates the economies of many other Provinces. This challenge is compounded as many of the unemployed are illiterate and unskilled at a time when most of the shortages experienced in the growing sectors of the economy are for highly skilled professions.

### *Provincial Policy Framework: iKapa Elihlumayo or "Home for All":*

The APRM process in the Western Cape should be contextualised within the strategic framework and vision of the province. Several framework documents exist to shape the vision, strategic framework and policy context of the Province, including the "Home for All" or



“iKapa Elihlumayo” strategy, the Growth and Development Strategy, and the Provincial Spatial Development framework.

The “iKapa Elihlumayo” strategy is the umbrella framework that seeks to promote accelerated shared growth and development in the Western Cape. Shared growth is a development strategy, also promoted at national level, that views poverty reduction and economic growth as independent goals. This means simultaneously growing the economy and addressing the vast inequalities in the medium and long term. IKapa Elihlumayo is a practical strategy for change - a strategy that describes how we will achieve growth, development and prosperity through strategic interventions in the medium to long term. iKapa Elihlumayo is about hard choices and committed cooperation. The iKapa Elihlumayo strategies outlines how the Western Cape government aims to attain the goals of higher economic growth, higher levels of employment, lower levels of inequality, and a sustainable social safety net. The concept of the “Growing Cape” was introduced in 2003; in 2004 it was developed into concrete strategies and 2005 saw the strategies begin to be implemented. In the near future, the strategies will be monitored and evaluated to ensure that the desired impacts are achieved and identified barriers to implementation are rectified.

The broad policy and spending priorities of the Western Cape government are contained in its iKapa Elihlumayo vision, which has four general outcome goals, namely:

- Increasing economic growth;
- Increasing employment and economic participation;
- Reducing geographical and socio-economic inequality; and,
- Providing a sustainable social safety net.

Eight key developmental priorities have been identified for the Province and approved by Cabinet under the iKapa Elihlumayo vision. These are discussed below.

### **Building Social Capital with an emphasis on Youth**

Increasing evidence shows that social cohesion – social capital – is critical for poverty alleviation and sustainable human and economic development. High crime, high poverty rates, early school leaving, slow delivery of appropriate housing, community building projects and the after-effects of the pre-1994 cultural, political and economic divide, all point to the necessity of building social capital in our communities. Such an intervention should aim to strengthen social ties and integration. While this imperative involves a number of other departments, Social Services and Poverty Alleviation have to take the lead.



## **Building Human Capital with an emphasis on Youth**

Human capital is a significant impediment to realising the goals of iKapa Elihlumayo. In both South Africa, generally, and in the Western Cape, specifically, unemployment has a very strong youth dimension; the youth cohort makes up 82% of all unemployment. Government will implement a Human Resource Strategy with an emphasis on preparing the youth for employment. The strategy will emphasise the acquisition of opportunities through technical and vocational education, entrepreneurship, learnerships, apprenticeships and internships. Education will take the lead as one of the largest service providers in the Province.

## **Strategic Infrastructure Investment**

The challenge is to spend strategically on infrastructure where its economic and social returns will be highest. In this regard Government commits itself to maintaining and developing economic and social infrastructure in a manner that addresses the spatial dimension of development. In close consultation with the Department of Housing, the Department of Transport and Public Works will take the lead in developing a Strategic Infrastructure Plan.

## **Micro-Economic Strategy**

The key challenge in formulating the micro economic strategy is that it should support priority sectors in the Province to achieve a better fit between what the provincial economy has to offer and what global and domestic markets demand. The goal of the micro-economic strategy is to improve the livelihood and quality of life of all the citizens in the Province through economic growth that creates high quality jobs, generates wealth and investment and helps to ensure the Province's long term fiscal health. This strategy will be co-ordinated and integrated with the human resources development, equity, competitiveness and infrastructural interventions as well as with the job-creation and poverty alleviation aspects of the social capital strategy. Economic Development and Tourism will take the lead, while Agriculture, as a key player will participate through its land reform, farmer settlement, rural development and other value driven initiatives of the total agricultural sector.

## **A Spatial Development Framework**

A Provincial Spatial Development Framework was developed to ensure an integrated and effective approach to economic and social development so that government's infrastructure investment and development spending has better spatial outcomes than are currently being achieved. The spatial development framework set out a path towards sustainability that meets the objectives of our triple-bottom line through development that promotes socio-economic justice, environmental integrity and economic growth. This framework will guide and be a key



component of both the infrastructure and micro-economic strategies and will aim to achieve the following:

- To deconstruct the Apartheid structure of our urban settlements;
- To reduce spatial discrimination and inefficiencies;
- To conveniently locate urban activities and promote public and non-motorised transport;
- To align future settlement patterns of the Western Cape Province with the location of environmental resources and economic opportunities;
- To deliver human development and basic needs programmes wherever they are required;
- To strategically invest scarce public resources where they generate the highest returns;
- To support land reform and ensure sufficient environmental capital for future generations;
- To protect biodiversity and agricultural resources; and,
- To minimise consumption of scarce environmental resources.

### **Co-ordination and Communication**

The Province faces many challenges at the same time that resources with which to address these challenges are limited. It is important that government's resources be utilised in order to provide maximum benefit. Cabinet Committees and Administrative Clusters have been established at Provincial level to facilitate coordination and integration and to minimise duplication. This will also ensure the optimal use of limited resources within the Province. The Department of Local Government will play a key role in facilitating this process. The Province's role in co-operative governance is to administer social (education, social grants and health) as well as enabling functions. Provinces are also obliged to oversee and support municipalities. The Provincial Government has to ensure that the Municipal Integrated Development Plans (IDPs) are integrated with the Province's Growth and Development Plan. This will also result in the vertical integration of municipal priorities with the functional departmental strategies, which, in turn, will create ample opportunity and scope for inter-and intra-governmental integration, co-ordination and cooperation between spheres to focus resources on agreed upon priority areas.

### **Improving Financial Governance**

The Province's most important tool in pursuing its developmental priorities is the provincial budget and the services that are funded by it. The iKapa Elihlumayo vision translates into a strategy to use the provincial budget as a whole as well as a series of strategic partnerships to stimulate the economy and to open it up to wider participation. The Provincial Treasury will



take the lead to further improve financial governance in order to facilitate overall efficiency of resource use.

### **Provincialisation of Municipally Rendered Services**

The key challenge here is to find a way for the Province to take over the responsibility for certain services currently rendered by municipalities on its behalf from 2007 onwards. The above developmental priorities were derived from an overview of development challenges in the Province (the Socio-Economic Review). The process also included assessments of Provincial service delivery, (MTEC-Bilaterals, Efficacy reviews and Efficiency reviews) and thorough deliberations through the process that culminated in the Provincial Growth Development Summit, where all the social partners pledged their commitment to developing their Province. The Human Resource Development Strategy, the Micro Economic Strategy and the Social Capital Strategy all give direct expression to the three themes mentioned in the Mission of the Province while the rest of the priorities provide transversal support for these three.

### **Provincial Growth and Development Strategy**

The Premier hosted the first Provincial Growth and Development Summit in January 2005. The purpose of the Summit was to develop a Provincial Growth and Development Strategy to be revised on a three-yearly basis. The strategy consists of medium term goals towards the economic growth and development of the province, which will, in turn, address the social and economic inequities of the past and be directed to transformation that should form the basis for sustainable growth and development.

As an outcome of the Summit, the social partners committed themselves to make the Western Cape a world-class region that provides a safe and secure social and economic infrastructure and environment, a well integrated, managed, transparent and accountable public sector and a vibrant social society to meet the basic needs of its citizens. These aims will be realized within a Cluster context through co-operative governance between and within the three spheres of government, as well as between and within our social partners (civil society, labour and business) and our public entities. Currently in its drafting stage, the Provincial Government Development Strategy draws upon and brings together all the iKapa Elihlumayo strategies in order to come up with an overarching strategy for growth and development in the Province.



## **APRM PROVINCIAL PROCESS**

### **National Level**

At a national level, the APRM consists of many stages that help shape the provincial processes. These stages are:

#### *Stage 1:*

- The development of a country self-assessment report and a programme of action. This is based on a questionnaire that focuses on four themes: Democracy and Good Political Governance, Economic Management, Corporate Governance and Socio-Economic Development.

#### *Stage 2:*

- Once the country has developed a Self Assessment Report and a Programme of Action, these documents are submitted to the APRM Secretariat.

#### *Stage 3:*

- A Country Review Team led by the Panel member responsible for South Africa will visit us to consult a wide range of stakeholders on the Report.

#### *Stage 4:*

- The Country Review Team writes a response to our report and all the Reports are all submitted to the APR Forum and later publicly released.
- Progress by countries in implementing their Programmes of Action is reviewed in later years. The point is to encourage African countries to plan a way forward for themselves and to implement their plans.

### **Provincial Level**

The Western Cape started its provincial participation at the end of September 2006. Premier Ebrahim Rasool of the Western Cape was part of a telephone conference that Minister Fraser-Moleketi, who Heads the National Focal Point of APRM, held with all nine Premiers. This telephone conference established that the Premiers would be focal point of APRM in all provinces. Two departments, Department of the Premier and the Department of Local Government and Housing have been assigned by the Premier to drive the process in the Province.

#### *Initiation of Process:*

The process was implemented in the Western Cape in the following as follows:



In response to an invitation from Minister Fraser-Moleketi to the province, two representatives from the Western Cape, Gayle Kaylor from the Department of the Premier and Peter Mpuang from the Department of Local Government and Housing, attended the first National Consultative Conference in Midrand, Gauteng on 29 September 2006. The President emphasised the importance of reaching as many grassroots people as possible at the first National Consultative Conference through consultation in the APRM process. The two provincial representatives were tasked with reporting back to the province and initiating the APRM process in the Western Cape.

The first provincial consultative meeting was held on 06 October 2005 at the City of Cape Town. Different sectors including youth, women, NGOs, academic institutions, government departments, and civil society organisations were invited to this meeting, where a steering committee was elected. This committee was chosen in order to assist the provincial secretariat to drive the process until the announcement of the Provincial Governing Council. The meeting decided that by 12 October 2005, the sectors should send their draft action plans to the secretariat. These plans were then consolidated into a provincial plan for rolling out the APRM.

A budget was developed for the Province and submitted to the Office of the Premier, and weekly steering committee meetings were held in preparation for the provincial conference. To further facilitate the process, a full-time provincial coordinator was employed on a six-month contract on 7 November 2006 to ensure the implementation of the process in the Western Cape.

#### *First Round of Consultations and Meetings:*

The Department of Local Government and Housing has built a partnership with Community Development Workers to ensure that as many people as possible at grassroots level are informed about the APRM, and that they consulted about their responses to the questions contained in the APRM questionnaire. The questionnaires were translated, simplified and made available in the three official Provincial languages. Community Development Workers were trained to hold workshops at community level.

Six consultative workshops were held at District Level in each of the District Municipalities between 11 and 14 November 2005. These were followed by the Provincial Launching Conference, hosted by Premier Ebrahim Rasool, on 21 November 2005. At this gathering, the Premier requested nominations from sectors to serve onto the APR Provincial Governing Council.

A further stakeholder discussion hosted by the National secretariat took place on 7 December at the Holiday Inn in Cape Town for the APRM Country Support Team. The Western Cape organised the sectors and the logistics, and the country support team was invited to address the Cabinet and to join Cabinet for luncheon afterwards.



### *Provincial Governing Council*

Nominations were received from civil society sectors to Provincial Governing Council from 01-09 December 2005. Thereafter, summarised motivations were submitted to the Office of the Premier and organized according to the sectors and gender of the nominees.

The Provincial Governing Council, which consists of ten (10) civil society and five (05) government representatives, was announced on 16 February 2006. The office of the Premier notified the newly elected PGC members.

The following members were appointed as the Provincial Governing Council by the premier based on the nominations from civil society:

<b>NAME</b>	<b>SECTOR</b>
Minister Ramatlkane	Government
Gayle Kaylor	Government
Peter Mpuang	Government
Rhoda Bazier	Government
Lokiwe Mpwazi	Government
Rev Roger Roman	Religious
Imam Ali Gierdien	Religious
Sandile Mankayi	Business
Andrew Peterson	Civil Society
Leon Pretorius, PhD.	Academic
Thembelani Minchlife Mgobozi	Civil Society
Lonwabo Maplisa	Rural, Civil Society
Ezelle Bianca Mankay	Youth
Gillian Burrows	Disability
Francisco Jeromie Fields	Civil Rights

The PGC will be expanded to include all outstanding sectors as alternates based on advice from the National Governing Council.

The Project manager and provincial coordinator participated in the DPSA APRM Public Conversation in George on 8-10 December 2005, where the four key thematic areas were debated at length by various stakeholders.



### *Communications and Coordination*

A provincial website, [www.capegateway.gov.za/aprm](http://www.capegateway.gov.za/aprm), was developed so that stakeholders could readily access information on the Provincial APRM process and events as well as submit their questionnaires. Liaison with stakeholders, CDWs, and government departments within the Province took place regularly beyond the website.

Contact with the larger APRM process was also maintained as the project manager and other steering committee meetings attended the national meetings on behalf of the province. To ensure the widest participation in the process, APRM leaflets and posters were distributed through the ongoing conferences and workshops. Copies of these materials were also sent to the civil society sectors for distribution to their constituencies.

A provincial coordinator was appointed on a six-month contract to ensure that the activities are effectively implemented.

### *Second round of consultations and meetings:*

On 10 February 2006 the APRM sectoral meeting took place with two representatives of sectors in civil society including labour. The purpose of the meeting was to ensure that the consultative process culminating in the civil society sectoral consultation in the Western Cape included all the stakeholders. The meeting also served to mobilize sectors to start facilitating the process of developing a submission from their respective sectors.

The last district consultative workshop was held in the Cape Town Metro 11 February 2005, and an APRM government workshop was held on Tuesday, 21 February in Cape Town. All government departments were invited to this workshop at which the questionnaire sections were distributed.

Another workshop was held with government departments on 1 March 2006 to consolidate individual department contributions into the final government submission. A similar meeting was held on 2 March 2006, with civil society sectors to consolidate the civil society submission. This culminated in a sectoral workshop held with representatives from 10 representatives from each sector on 8 March 2006.

### *The Provincial Report*

The reports from the district consultative workshops received from the Department of Local Government and Housing were integrated into the provincial report on 23 December 2005. The same was done to the contributions from the provincial conference.

However, since the Western Cape consultation process was still incomplete on the first deadline, 31 December, the Province did not submit a report. The consultations were ongoing and sectors had not yet made their input since their constituencies were on year end holidays. The deadline for the report was then extended at a national governing council meeting to 10 March 2006.



The Human Sciences Research Council was contracted to write the final report from the existing draft report and including the outstanding data from the second round of consultations and submissions. This report was completed on 10 March 2006 and formally handed over at the National Governing Council Meeting on 13 March 2006.



## **THEMATIC FOCUS AREAS**

It must be emphasised that the main purpose of the questionnaire is to assist countries to undertake their self-assessment and subsequently draft their *Preliminary Programme of Action*. The questionnaire is also intended to promote national dialogue on development issues and to facilitate the evaluation of countries on the basis of the realities expressed by all stakeholders. It is therefore important that there be broad based representation at the National structure coordinating the APR Process as well as wide dissemination of the questionnaire and active participation of all stakeholders in providing responses to the questionnaire. Taking into account possible capacity constraints in participating in the APRM, and, specifically responding to the questionnaire, the APR Panel will lead a support mission to each country prior to the commencement of the self assessment process to explain the philosophy, rules and processes of the APRM and the objectives and appropriate use of the questionnaire.

The Questionnaire is divided into four major sections which correspond to the four focus areas in the “Objectives, Standards, Criteria and Indicators for the APRM” document:

- A. Democracy and Good Political Governance**
- B. Economic Governance and Management**
- C. Corporate Governance**
- D. Socio-economic Development**

### **Objectives**

The objectives define the essential elements of the overall goal that must be achieved in a measurable way.

### **Questions**

The questions serve to focus on what the country has done in relation to the objectives and the codes, how it does it and with what results.

### **Indicators**

The indicators are the type of evidence that is expected in the responses of countries. The indicators serve to highlight aspects of the objective, standard or code that are generally recognised as measures of performance and results.



## **Standards and Codes**

The Standards and Codes are those that have been approved by African countries, individually or collectively, on how they govern themselves and manage their societies, economies and socio-economic development. The standards and codes are provided for guidance and reference only and countries will not be marked against whether they adhere to these or not. The purpose is to ensure their familiarity with these standards and codes and the extent of their application.



## **SECTION A: DEMOCRACY AND POLITICAL GOVERNANCE**

### **Introduction**

It is generally acknowledged that development is impossible in the absence of true democracy, respect for human rights, peace and good governance. With the *New Partnership for Africa's Development* (NEPAD), Africa undertakes to respect the global standards of democracy, the core components of which include political pluralism, allowing for the existence of several political parties and workers' unions, and fair, open and democratic elections periodically organised enabling people to choose their leaders freely.

This section focuses on issues concerning constitutional democracy and political governance, in the Western Cape Province, in particular, and in South Africa, more generally, during the period 1994-2005. It reviews the constitutional and legislative framework governing democracy in South Africa by providing information on the sources of inter and intra-conflicts in the Western Cape Province. Empirical data from a number of surveys and reports from various constitutional institutions, academic, private sector and non-government-organizations are used as evidence. Caution is required when interpreting data because of the different methodologies employed in surveys and across data sets.

### **Objective 1: Prevention and reduction of intra and inter state conflicts**

#### **Question 1A: Does fighting or violence affect you in any way?**

The tension, violence and conflicts in the province originate from a plurality of sources and are multi-dimensional. Although the Provincial Department of Safety and Security indicates that the Western Cape Province is not under threat from external forces, civil society organizations suggests that the migration of people in the form of refugees and immigrants from countries such as Nigeria and Zimbabwe presents a source of tension with origins external to South Africa.

However, tensions also arise from factors internal to South Africa and the Western Cape Province. For example, xenophobic conflicts arise when South Africans migrate between provinces as is the case with movements from the Eastern Cape to the Western Cape. The Provincial Department of Safety and Security also notes that the Western Cape is experiencing sporadic incidences of intra-conflict primarily driven through organized crime in the form of gangsterism. These include sporadic taxi violence and poaching of sea resources (abalone and grayfish).

Another source of local community based conflicts includes conflicts over access to housing provided by the provincial government and infrastructure and service delivery provided by the city and local municipalities. Communication and consultation between provincial and municipal functionaries with the community needs to be enhanced.



## Indicators

- Increase/decrease in xenophobia against people moving to into the Western Cape;
- Increase/decrease in ethnic and/or racial tensions around housing, jobs and access to fishing quotas;
- Increase/decrease (data required) in tension among labour tenants on the farmlands of the Western Cape;
- Increase/decrease in Labour strikes around unilateral restructuring and retrenchments by SOE (e.g. SACTU and the Teachers Strike, SAMWU in the Public Sector and SATAWU in Transnet);
- Increase/decrease in crime, drugs and gang violence (eg Khayelitsha, Gugulethu, Mitchells Plain, Hanover Park, Mannenberg and Elsies River, etc); and,
- Disputes relating to sport and recreation about sport and recreation boundaries/demarcations within the province, alleged misappropriation of funds intended for sport and recreation development transformation, good governance of sport and recreation.

## Racial tensions, crime and gansterism

According to the SARBS (2003: 12) class and racial divides were the biggest divisions that needed to be addressed. However, the evidence under the period of review yielded no significant change in the divisions identified by the public. This conclusion is corroborated by the statistics highlighted above by the SAHDR (2003). SARBS (2004: 41) noted that despite studies by Whiteford and Van Seventer (2000), and Seekings and Natrass (2003), indicating that increasing differentiation is occurring among the African population as a consequence of black economic empowerment, the racial composition of the country's poor has remained largely black and the overwhelming majority of the country's black citizens have remained poor. The SARBS (2004: 49) is of the view that income inequalities are the result of systemic problems rooted in apartheid.

Surveys by various researchers and research bodies yield varying results. The HSRC (2002: 4) claims that a majority (42.1%) of the respondents surveyed believe race relations in South Africa to have improved since 1994, a view that is most prevalent among Indian (58.9%) and black (42.9%) respondents. The SARBS (2004: 3) survey, on the other hand, suggests that the opposite is true: fifty five percent of South Africans never socialize with people of another race. Furthermore, about 40% of South Africans surveyed find members of other races inherently untrustworthy.

The Provincial Department of Safety and Security in the Western Cape suggests that the decrease in the incidences of murder and increases in the incidence of rape and indecent



assault (see submission for detailed stats) may be a consequence of past underreporting. They further attribute the reduction in crime to the increased removal of guns, the heightened emphasis on law enforcement and growth in criminal justice agencies designed to address organized crime. All of this has meant improved relations with the community.

The effect of these tensions, violence and conflicts is an undermining of the social cohesion in the Western Cape Province. Other negative effects include the fragmenting rather than integration of community; the threat to economic stability; and violence infringes on the benefits of freedom and threatens security.

### **Civil society submissions and responses**

- Very little is being done to combat social and gang violence and the effects are very bad. Violence affects the community very much it has a negative affect on the lives of children. Due to their anxiety level their schooling suffers and is not good for the youth. Very bad, small children are very aggressive.
- When people die because of violence it hurts a lot.
- It does not have a major impact on me; as long as it does not happen within my space it does not bother me.
- We constantly live in fear and anxiety.
- People show little interest in politics.
- It is not good to fight in front of children.
- Violence instills fear within the community.
- It affects ones human dignity.
- Corruption
- It drives me to the grave.
- It is upsetting, unhealthy and destructive.
- I feel upset when people fight.
- Nerve wrecking for children as we did not grow up with violence.
- Causes anxiety for the future.
- Tired of robbery.
- Alcohol and drugs is in many cases part of the problem.
- It upsets me.
- My freedom has been taken away due to crime in the community.
- Violence has negative impact on the emotional growth of the community.
- Violent people/criminals are searching for love, but show it in a wrong manner.
- Violence within the community will lead to more violence against children and women in the future.



- Violence gives me gray hair.
- Violence divides the community.
- As a teacher I am worried.
- I feel depressed.
- It makes me angry.
- I think it is good for people to fight.
- Will I have a future?
- It angers me as nothing is being done about the violence.
- There is disrespect among the community.
- Political violence takes place due to the elections.
- I also feel like fighting.
- I experience violence at school.
- I am interested in knowing how it started.
- Rural areas do not experience lots of violence.
- There is a need for the Police Services to get more involved within the communities.
- It does not affect me, but if two or more of my mates fight, I help them with pleasure.
- I feel uncomfortable and develop feelings of hatred.

## **Standards and Codes**

The response of the province is guided by its compliance with the following codes, laws and protocols:

- Laws on UNO Human Rights Charter - Refugees and Immigration;
- Policies in respect of gang membership;
- Dispute resolution protocols implemented as intervention programmes by the transformation and dispute sub-directorate of the Western Cape Sports and Recreation Sector; and,
- The SADC Treaty and Protocol on Conflict Prevention and Management.

## **Objective 2: Constitutional democracy, including periodic political competition and opportunity for choice, the rule of law, citizen rights and supremacy of the constitution**

### **Question 1B: How fair is our political system?**

This section provides information about the implementation of constitutional democracy, including periodic political competition and opportunity for choice, the rule of law, citizen rights and supremacy of the constitution.



## Indicators

- the number of national/provincial elections in the Western Cape;
- the number of times political control of provincial government changes hands to a different political party/ies;
- the increase in the number of parties participating in elections;
- the increase in the number of people on the voters registration role (see **Table 1**);
- the decrease in the number of people that actually voted;
- the decrease in the number of complaints, allegations and litigations against the free and fair elections;
- the increase/decrease in the number days before elections are officially declared; and,
- Policy on Media and observers and monitoring of elections.

## Standards and Codes

The response of the province is guided by compliance with the following codes, laws and protocols:

- SADC Principles and Guidelines Governing Democratic Elections (2002)
- Independent Electoral Commission Act 51 of 1996
- IEC Electoral Code of conduct (2006)
- Constitution of the Republic of South Africa Act 108 of 1996

## Electoral systems and accountability

The Constitution provides for universal adult suffrage, a national common voters role, regular elections and a multi-party system of democratic government to ensure accountability, responsiveness and openness (CRSA, Chapter 1, Clause 1, 1996). An indicator of the quality of democratic processes and political stability is the regularity with which free and fair multiparty elections in which citizens can periodically choose their political representatives for a fixed term of office are held.

Since 1994 South Africa has held regular national and local government elections under the control of the constitutionally empowered Independent Electoral Commission (IEC). These elections were observed and monitored by representatives of international governments, civil society and various media organizations (national and independent) to enhance transparency of these elections and ensure compliance with the free and fair principle in an environment free of violence and intimidation.



The electoral system used in South Africa tries to be fair to minority parties but in the process weakens direct accountability to constituency community. At the national and provincial government level South Africa uses the classic proportional representation (PR) system which is suitable for countries with a complex multiracial composition as it gives minority parties a chance to be represented in parliament. Proportionality is achieved by the use of the Party list system, where electors vote for a party rather than a candidate and parties receive seats in proportion to their overall share of the national vote. Winning candidates are taken from the political party list in order of their respective position. The PR system increases the power and influence of political parties relative to the community.

The advantage of the PR system in terms of the principles of equality and fairness is that it reduces the disparity between a party's share of the national votes and its share of the parliamentary seats. A disadvantage of the PR system is that the level of accountability of elected representatives is stronger to a clearly identified political party and weaker to a nebulous and unspecified voting constituency. This weakness is particularly apparent at the level of local government where the mixed-member proportional representation (MMPR) system is used. A proportion of the representatives are elected using the List PR system and the remaining portion of councilors is elected using the constituency based system. A common complaint prevalent nationally and in the Western Cape Province is that candidates and councilors are more loyal to their party than directly to a particular community constituency.

The extent to which the representatives remain accountable to the electorate is influenced by the manner in which they are elected. The PR system as practiced in South Africa presents problems that may undermine or weaken the accountability of elected representatives to its electorate. The provision for elected candidates from national, provincial and local government to defect to other political parties without losing their seats in the national assembly or NCOP or local authority undermines the candidate's accountability to the original party constituency that elected them. Floor crossing is potentially problematic since it may be motivated by the expediency of the elected representative to pursue and satisfy individual career choices.

In the Western Cape Province and metropolitan local authority the crossing of the floor has led to the eventual dissolution of the NNP which has mainly privileged the large majority ANC party and smaller parties such as the DA and FF+ as well as some new small parties like the ID. Johnathan Faull (September 2005) argues that floor crossing threatens democracy. There is a negative correlation between floor crossing and the level of voters' apathy. In 2004 provinces such as the Western Cape Province and KwaZulu Natal which were most affected by the 2003 national and provincial defection period, registered the lowest levels of voter turnout in South Africa, 73.05% and 73.51% respectively.



## Voters' registration and voting patterns

Elections are organized around two independent and separate voters' registers; the first is the national and provincial voters register, while the second is the local government voters' register. The institutions of "national and provincial government" and "local government" and their elected political representatives are separate, autonomous and are accountable to people registered on different voters registers. This explains the oft-cited differences in perceptions and voting patterns of the electorate concerning national and provincial elections and local elections.

**Table 1: Comparison of Certified Voters Rolls for the 1999 & 2004 Elections**

Age	1999 Elections			2004 Elections		
	Female	Male	Total	Female	Male	Total
16-17	8606	8820	17426	0	0	0
18-19	351063	348977	700040	314006	283184	597190
20-25	1553742	1462159	3015901	1535762	1385453	292215
26-35	2653638	2298253	4951891	2997762	2677671	5675440
36-39	906075	780858	168933	1034707	868834	1903541
40-49	1756741	1548616	3305357	2197401	1860107	4057508
50-59	1139756	940739	2080495	1433349	1192775	2626124
60-69	869839	526269	1396108	963037	649584	1612621
70-79	468825	274968	743793	606042	312150	918192
80 +	187084	87723	274807	251955	111140	363095
<b>Grand Total</b>	<b>9895369</b>	<b>8277382</b>	<b>18172751</b>	<b>11334028</b>	<b>9340898</b>	<b>20674926</b>

**Source:** Independent Electoral Commission (IEC)

**Table 1** above provides a gendered comparison of the certified voters register for the 1999 and 2004 national and provincial elections. The number of people that registered to vote increased from 18.2 million in 1999 to 20.7 million in 2004. There were more women than men on the voters register. The people that participated most actively in the elections were in the age groups of 20-25 years, 26-35 years, and 40-49 years. The percentage of people who voted in the 1999 elections was higher (88%) than that of the voter turnout for the 2004 election (77%).

**Table 2: Provincial distribution of the 2004 elections poll**

	Total Registered Voters	Number of Votes	% Poll
National	20 674 926	15 863 558	76.73%
Eastern Cape	2 849 486	2 259 903	79.31%



Free State	1 321 195	1 027 401	<b>77.76%</b>
Gauteng	4 650 594	3 452 225	<b>74.23%</b>
Kwazulu-Natal	3 819 864	2 782 565	<b>72.84%</b>
Mpumalanga	1 442 472	1 129 484	<b>78.30%</b>
Northern Cape	433 591	323 894	<b>74.70%</b>
Limpopo	2 187 912	1 636 461	<b>74.80%</b>
North West	1 749 529	1 321 787	<b>75.55%</b>
Western Cape	2 220 283	1 582 503	<b>71.27%</b>

**Source:** Independent Electoral Commission, 2004

**Table 2** above indicates that the number of people participating in the 2004 national and provincial elections in the Western Cape Province (71.27%) was the lowest in the country.

**Table 3** below indicates the distribution of votes per political party across the national and provincial assembly in the 2004 national elections. The party that received the largest number of votes is the ANC (69.68% in the National Assembly and 69.21% in the Provincial legislators) attained a 2/3<sup>rd</sup>s majority. This was an increase from 62.65% in 1994 to 66.35% in 1999 in the National Parliament and from 62.29% in 1994 to 65.85% in 1999 in the Provincial Legislatures.

**Table 3: Political Party votes for National Assembly and Provincial Legislators April 2004**

Party	National Assembly			Provincial Legislators		
	Votes	%	Seats	Votes	%	Seats
<b>ACDP</b>	250.272	1.60	6	242.924	1.59	8
<b>ANC</b>	10. 878.251	69.68	279	10.591.064	69.21	304
<b>DA</b>	1.931.201	12.37	50	1.846.540	12.07	51
<b>ID</b>	269.765	1.73	7	245.277	1.60	6
<b>IFP</b>	1.088.664	6.97	28	1.119.530	7.32	32
<b>NNP</b>	257.824	1.65	7	275.185	1.80	7
<b>UDM</b>	355.717	2.28	9	349.504	2.28	10

**Source:** <http://electionresources.org/za/2004>

The party with the second largest amount of votes was the DA with 12.37%. The number of votes cast for opposition parties declined from 1994 and 1999. At the national and provincial level the gap between the ANC and the DA (official opposition) continues to rise, demonstrating that there is no viable parliamentary opposition in South Africa.



**Table 4: Registered and actual voter turnout across provinces and wards, 2000 Municipal elections**

Provinces	Registered Voters	Ward	PR	Total voter turnout (%)
Eastern Cape	2 552 287	1 354 360	1 427 678	55.96
Free State	1 227 578	601 295	602 526	49.09
Gauteng	4 375 578	1 888 734	1 891 213	43.23
Kwazulu-Natal	3 508 154	1 623 504	1 635 207	46.67
Mpumalanga	1 419 315	625 486	635 371	44.77
Northern Cape	452 218	252 411	255 060	57.61
Northern Province	1 758 593	730 405	745 441	42.46
North West	1 263 004	559 560	565 760	44.79
Western Cape	1 955 454	1 116 512	1 124 478	57.87
<b>Total</b>	<b>18 511 975</b>	<b>8 752 223</b>	<b>8 882 734</b>	<b>48.06</b>

**Source:** Independent Electoral Commission December 2000

**Table 5**, below, indicates the leading party had the most votes, municipalities and seats won compared to others in different provinces during the 2000 local elections. The ANC received the majority of votes in municipalities in 6 of the 9 provinces, the exceptions being Gauteng, KwaZulu Natal and the Western Cape.

**Table 5: Leading Party report per municipality/Western Cape**

Western Cape			
Party Name	No. of Municipalities won	Total No. of Seats won	Percentage Support
DA	13	308	50.69
ANC	4	93	40.27
Other			9.05
Total			100

**Source:** Independent Electoral Commission: 1 March 2001

Because of the secret ballot system, no official figures on voting patterns according to race or gender exist. However, SALGRC (2000) and IDASA estimates (1999), both of which were based on polls, implied that race would continue to be a major force in determining party loyalty in the Western Cape Province.



## Civil society submissions and responses

- It benefits only Black citizens. Only Blacks have access to jobs.
- It benefits certain racial groups. Educated young citizens are unemployed.
- The ruling party only delivers for its constituency/people.
- Affirmative Action is unfair.
- Murderers are being released from prison within two month's time.
- Do not bother to vote.
- Our political system is unfair.
- Stop making promises.
- More communities should be helped in eradicating poverty.
- Speak about politics often, but does not like politics.
- Empty promises, lies.
- Hope for the best after the Local Government Elections.
- Fair. It benefits now the previously disadvantaged communities.
- Fair. We have access to housing and basic services.
- Needs are being addressed.
- Unfair. More should be done to eradicate poverty.
- More should be done for pensioners and youth.
- There is still corruption.
- Unemployment leads to crime.
- Unfair towards those who matriculated unemployed.
- The community suffers through poverty due to unemployment.
- Do not have opportunities and access to tertiary education.
- "Coloureds" feel marginalized.
- We are regarded as outsiders within the community and is economically deprived.
- Service delivery is very slow, accessible housing still a problem.
- Fair. Democracy and the right to vote for whom you want to.
- Unfair. Why do affirmative action policies have to apply for so long?
- The fact that the Scorpions can investigate people. The state is afraid the Scorpions discover more corruption within this Democracy.
- It is unfair to give one person meat and the other dry bread.
- Leaders should not only address their own needs.
- Leaders become more capitalist in their approach.
- There is a need to look at policies.
- Abuse of powers and corruption is at the order of the day.



- The ruling party will do anything to stay in power. It reminds me of the Zanu PF in Zimbabwe under the leadership of R. Mugabe.
- The politicians apply Black Economic Empowerment and employ illiterate people although White people are better qualified.
- Whites are being prejudiced.
- Many Blacks are in power and Whites can do nothing about this.
- It is unfair for Blacks and Coloureds to benefit and Whites have no benefits.
- Unfair. Coloureds want to take over.
- The quota system is unfair.
- Through Black Economic Empowerment, Apartheid is still being applied.
- It is unfair to have a right to vote only at 18 years old, already mature at 16.
- Give all citizens a fair chance, do not allow 70% Blacks, 20% Whites and 10% Coloureds to be employed at the same work space.
- Non-Whites has a greater chance to further their studies and to secure jobs than Whites.
- White people are at the bottom of the Food Chain, although our generation was not part of Apartheid.
- South Africa is one of the best countries in the world.
- Why do prison warders earn more than police officers?
- Unfair. Civil servants, e.g. teachers and prison warders do not earn enough.
- Fair. Men and women are equal.
- Racism still plays a major role.
- People still class their fellow citizen according to color and money.
- Some people are still treated better than others.
- There is room for improvement.

**Question 1C: Where are most of the important decisions made? In a central place or in many places, close to affected people?**

While people participate in elections once every 5 years as a formal expression of democracy, good governance also requires participation in Constitutional institutions designed to implement democratic practices. This section provides information about centralization or decentralization practices; security services subject to rule of law; and, an oversight of civil society and institutions and practices that enable participatory democracy.



### *Parliament's role of oversight and supervision*

Parliament comprises the executive (cabinet), legislatures (National Assembly and National Council of Provinces) and judicial arms. The legislature and judiciary provides checks and balance against the power of the executive.

Judith February (November 2005) from IDASA has raised queries concerning the oversight functions of Parliament suggesting that it was weak. She indicates that National Assembly and NCOP are more than just law-making production lines; they play an important oversight function.

The NCOP legislature component of parliament ensures that provincial interests are taken into account in the national sphere of government through its participation in the national legislature. However, the NCOP suffers from work overload. For example, NCOP permanent members serve on 8 different NCOP select committees whereas their NA counterparts only serve on 4 committees each. Consequently, the quality of their output, and the degree of scrutiny or oversight is compromised, a problem that is further aggravated by a combination of insufficiently skilled NCOP members and poor functioning committees. There appears to be very little space left for effective debate on NCOP provincial interests because issues are seen to be already articulated at the NA and MinMec's forum. The practice as it stands potentially privileges the executive over the legislative and to that extent undermines the democratic process in its failure to observe the separation of powers. Given the dominance of the majority governing party in parliament, the danger exists that the executive could dominate the legislative arm of parliament in the NA and NCOP.

### *Decentralization of institutions and provision*

The Constitution of the Republic of South Africa, 1996, Act 108 of 1996 is the basis of the liberal democratic political system in South Africa. It is generally seen by government, citizens and international observers as one of the more important achievement of the decade (SARBS 2004: 49).

This constitution places great emphasis on the concept of cooperative government that is distinctively South African. Co-operative government requires a paradigm shift in the values of governance, as well as the development of intergovernmental structures to enable municipalities and provinces to simultaneously relate to each other and to the national government in ways that promote the achievement of the key national goals of socio-economic development, poverty reduction and nation building.

The Constitution gives local government specific developmental objectives such as the primary responsibility for the delivery of basic service (e.g., water, electricity, sanitation, sewerage, and municipal infrastructure) in conjunction with the other spheres. The provinces are responsible for supporting and overseeing the effective delivery of services by municipalities at the local level. According to Powell (2001: 254), the system of intergovernmental relations in South Africa is highly integrated, a peculiarity of countries with



multi-sphere systems of governments. In practice, the development of instruments for smooth interaction between these spheres has been less effective at the provincial and local levels than at national level (Powell 2001: 259).

The Forum of South African Directors-General (FOSAD), the Presidential Coordinating Council (PCC), the restructured Cabinet Committees and the Integrated Development Plans (IDP) programme are designed to effect better coordination of policy-making, programme implementation and coordination. The PCC brings together the President, the Minister for Provincial and Local Government with the nine provincial Premiers to discuss high-level cross-cutting policy matters to achieve more coherent public policy and more effective service delivery in compliance with the constitution. This will also ensure the establishment and maintenance of an environment that enables local economic development to take place. This approach is crucial for transforming South Africa's system of government from the inherited fragmented and divided system to a unified democratic system of government.

Since 1994 over 789 laws or Amendments Acts aimed at reconfiguring South African society were adopted. For government the emphasis has shifted from policy formulation to a greater focus on implementation.

#### *Substantive democracy participation and decision making*

The HSRC (2002: 8-9) distinguishes between representative and substantive democracies; the latter depends on the performance of government institutions and on the efficient functioning of constitutional and societal institutions. Constitutional institutions charged with the responsibility of defending citizen's interests – such as the Public Service Commission (PSC) and the South African Human Rights Commission (SAHRC) – took too long to be established and to reach optimal functioning levels, and most South Africans are either unaware of or do not know how to utilize these institutions.

#### **Indicators**

- Adherence to the separation of powers; and,
- The protection and independence of the judiciary (prevention of the abuse of power, accountable institutions and efficient civil service).
- Working and widely used Chapter 9 institution, Independent Election Commission (IEC);



**Objective 3: Promotion and protection of economic, social and cultural rights, and civil and political rights as enshrined in African and international human rights instruments**

**Question1D: Are human, socio-economic, cultural, civil and political rights being protected and promoted?**

The purpose of Chapter 9 Institutions such as the Human Rights Commission, the Gender Commission, the National Prosecuting Agency and the Auditor General's Office was to encourage and protect our democracy. This section provides information about how these rights are accessed and protected.

*Delivering on human, cultural and socio-economic rights*

Indications are that the Constitution and the law make provision for many rights referred to above. The key competencies of provinces include the provision of school education, health services, social welfare and development services and housing. The key competencies of municipalities include electricity, water and sanitation, refuse removal, and the building and maintenance of specified roads and streets.

In many instances people of the Western Cape are able to enjoy many of these, even if only partially. With respect to the Government's record in delivering on the socio-economic rights, the survey results are mixed. The SAHRC (2003a: xii-xv) reports apparent success in increasing access to water including the provision of free basic water on the one hand, and an increase in infant mortality (from 45 in 1998 to 59 in 2002) on the other. This means that more children under the age of one died in 2002, compared to 1998. The mortality rate of children younger than 5 has risen from 61 in 1998 to 100 in 2002. Similarly, the maternal mortality ratio shows a steady increase since 1998 and is currently estimated to be 150 per 100 000 live deaths. Whilst the rising number of HIV/Aids and TB infections has increased the number of people using public health care facilities, there are insufficient medical and support staff to deal with the workload (SAHDR 2003: 32).

In general, the SAHRC Report (2004c: 55) notes that very few departments reported on their monitoring and evaluation systems in any detail. Some of the problems and constraints identified include the non-alignment of national and provincial areas, ineffective coordination mechanisms within and across levels of government and inadequate human resource capacity. The SAHRC (2003a: 3) noted that the delivery of social services has not been efficient in some parts of the country as a result of maladministration. Complaints of violations of human rights have been steadily increased (SAHRC 2002/3: 6 and 22). The bulk of complaints received continue to be in the area of equality.

According to the South African Year Book (2003/04: 653-4) household access to water increased from 80% in 1996 to 85% in 2001. By June 2003, 78% of the country's municipalities were implementing the Government's water policy, providing more than 27



million people with free basic water. However, according to the 2001 Census, approximately five million people still need access to the basic supply of water.

According to IDASA (March 2004: 4) 84% of the respondents surveyed identified unemployment as the most important problem facing the country. Only 9% felt that government is handling the issue fairly or very well. People were also unhappy about government's efforts to narrow the income gap between the rich and the poor. Since 1993 unemployment has increased from 15% to 30% and there has been a rapid fall in income from work (SAHRC 2003a: 3). The SAHDR (2003: 20) observed that between 30 to 42 percent of the labour force is caught in a vicious cycle of unemployment. The official unemployment rate among Africans is 2.6 times higher than the combined rate of other population groups in 2002 (36.8% compared to 14.1%). Data pertaining to the number of people (or households) in low income and expenditure categories suggests that even among those that work there are many working poor people (SAHRC 2003a: 31; (SAHDR 2003: 21).

According to the SAHRC (2003a: xv), most provincial departments of social development indicated that the allocated budget was not enough and that the number of grant beneficiaries was constantly increasing, thereby resulting in overspending for social security. Citizens with disabilities are confronted by barriers that prevent them from fully participating in society on a daily basis. People with disabilities continue to be systematically denied equitable access to their rights. The SAHRC Report *Towards a barrier-free society* (2002) highlighted the fragmented nature of existing legislation to protect the rights of persons with disabilities.

Civil society groups raised problems experienced mainly with the implementation and access to these rights. In particular participants noted the unevenness with which these rights particularly the socio-economic rights are implemented or provided. Stark inequalities still prevail; Khoisan people feel that they are not recognized in terms of their culture and land. Another example is that even though the different languages are recognized and protected in terms of the Constitution, not all are equally promoted. In many instances constraints to accessing these rights were a consequence of:

- A lack of information
- Inadequate capacity and training of service providers
- Lack of financial and human resources

Civil society organisations suggest that there is a need to conduct education and advocacy programmes to provide public information, education and to raise awareness.

### **Civil society responses and submissions**

- The state should recognize the existence of the Indigenous People.



- Our politicians should respect the Khoisan recognition by the UN and should be ratified by our Democratic government.
- In State institutions, the forms still reflect the word “Coloured”, which is a very dehumanising term for many people. Changes should be brought to these forms and officials within the government must be educated accordingly.
- The Khoisan languages should be recognized.
- The acknowledgement by the UN member states of Human Rights and Fundamental Freedom of the Indigenous people’s should be respected.
- The official languages should be reviewed in order to include Nama.
- The land question should be discussed at an Indigenous level.
- Change the government forms to accommodate the Khoisan.
- According to the Permanent Forum Indigenous issues should be discussed in terms of the following criteria: Economic and Social Development; Environment; Health; Culture; Human Rights; Education

**Objective 4: Uphold the separation of powers, including protecting the independence of the judiciary and an effective legislature**

**Question 1E: How good are our judges at making their own decisions?**

This section provides information about the separation of powers, the protection of judiciary independence and enshrining an effective legislature.

*Protecting the independence of the judiciary*

A hallmark of democratic states is the respect and protection of the independence of the judiciary. The independence of the judiciary entails enforcing a strict application of the principle of separation of powers between the judiciary, legislative and executive arms in order to avoid interference and abuse from the executive. The need to transform and democratize the judicial system inherited from apartheid has led to the Draft Constitution Fourteenth Amendment Bill, and the recent tabling of the Superior Courts Bill currently before parliament. Some of the proposed changes in these Bills and the manner in which they have been introduced to parliament, without much input from civil society, have provoked concern about the separation of powers and the independence of the judiciary (Seedat 2006 and Moya 2006).

The Constitution Fourteenth Amendment Bill, for example, gives the Minister of Justice the final authority over the administration and budget of all courts. The implementation of these Bills necessitates making constitutional changes a practice not to be encouraged without exhausting other options. The extent of administration and financial control is a major issue in ensuring the protection of the independence of the judiciary from the executive. According to Fikile-Ntsikelelo Moya (2006) the judges argue that vesting administration of the courts, and



therefore control of the purse strings, in the Ministry of Justice violates the principles of the separation of powers.

The proposal to scrap the labour courts has been criticized by COSATU because it means that the already overburdened and inefficient courts will also have to accommodate labour issues. This may lead to further delays in workers accessing due justice, and result in human rights violations. This would compromise the principles of transparency, equality and fairness. At the local level the perception exists that the principle of innocent until proven guilty seldom applies. People cannot financially afford to challenge the decisions of the courts/judges and are often not aware of the NGOs and other organizations that can assist them with legal matters and proceedings. There is a need to develop satisfactory jurisprudence and making access to justice more efficient.

### *Respect for state institutions and the rule of law*

According to the Afrobarometer (Jan 2003: iv), two thirds feel that instruments of State authority such as the Courts (68%), Police (67%) and the Revenue Service (60%) have the right to make people abide by their decisions and rules. Furthermore the SARBS (2004: 27 and 49) note that about a third of all South Africans admitted to choosing an extra-legal route to solving problems rather than waiting for a legal outcome, whilst about a quarter think they do not have to obey laws that were not made by the political party they support. A third of the people surveyed have disregard for the law based on the grounds that it is ineffective.

### **Indicators**

- More than 50% of the judges and more than half the magistrates appointed since 1995 are black.
- Nine of the 11 heads of courts are black even though there exists a need for more black and women judicial officers.

### **Civil society submissions and responses**

- Judges support the criminal more than the victim.
- Judges support the government/state
- Judges support political parties.
- Women and children, as well as the criminal.
- Lots of criminals are free.
- Child rape victims
- Kidnapping of children.
- Corruption
- Not always on the side of the community.



- They support certain people, nothing happen.
- Vulnerable people.
- Judges' laws are good.
- A judge can make you or break you.
- Judges are impartial.
- No justice due to a lack of funding for the poor to protect their rights within courts.
- The Judges support their own race.
- They support Blacks and Coloureds.
- The judges support Blacks to get them at equal footing with the rest of the country.
- Government does not feel sorry for Whites.
- The poor and Whites who are poor.
- Judges side with the political parties who sometimes bribe them.
- The judiciary is slowly, but surely collapsing.

### **Objective 5: Ensure accountable, efficient and effective public office holders and civil servants**

#### **Question1F: How good is government at delivering its services?**

In this section we highlight people's perceptions of how the South African government institutions function and their capacity to deliver as reflected in various surveys. These views are supplemented by reports of various constitutional institutions such as the South African Human Rights Commission (SAHRC) to which government departments are constitutionally obliged to report on progress. This is an assessment and commentary on the quality of democratic governance and provides information about ensuring transparent, accountable, efficient and effective public office holders and civil servants within the public service.

#### *Transforming the public service for improved service delivery*

A major task of the Government since 1994 has been the transformation of the fragmented Public Service into an integrated efficient service. The purpose is to replace the apartheid administration with a service orientated-public service which is representative of the South African population and capable of delivering quality services to all sections of the country's population. According to the Government, this process is complete and the implementation of a competency framework and performance management system for the senior management service (SMS) is in the process of being implemented.

The Public Service Commission (PSC) and South African Human Rights Commission (SAHRC) are two of many constitutional structures that examine the public sector, give



citizens a voice, and promote compliance with the “*Batho Pele*” principles laid down in the 1997 White paper on the Transformation of Public Service Delivery (see Box on page). According to the PSC Report (2004: 4) the public service has shrunk by approximately 15% since 1994. Although the number of public servants has steadily decreased from 1.2 million in 1994 to just over 1 million in 2001, there is evidence that the number of employees have again increased slightly in recent years. The South Africa Year Book (2003/04: 356) observed that during the period December 2001 to December 2002 this workforce increased by 8 912 people, raising the total number of employees to 1 040 506. Therefore, despite the decrease in the total number of employees during the period 1994-2002, in real terms total expenditure on wages and salaries has increased.

The new local government dispensation also introduced new instruments of governance, including mechanisms for participatory democracy such as the integrated development planning programmes. Steps to improve service delivery in line with the *Batho Pele* principles have had uneven success. In the Government’s view, most of the institutions operate effectively. Community monitoring and evaluation of government’s performance has also been strengthened by the publication of the Government’s programme of action on the governments website, as well as the public reporting of progress through media briefings and regular postings of progress updates on the site (Governance: Batho Pele programme given teeth ANC Today Vol 4, No. 34 27 August 2004).

Government, however, has identified two areas of weaknesses. These include poor senior management involvement in the monitoring of the implementation of the principles driving *Batho Pele* and a lack of public involvement in the enforcement of these principles.

The PSC’s Citizen Satisfaction Survey of 2003 on Public Service and Administration, which was conducted in the Departments of Education, Health, Housing and Social Development across the nine provinces, indicates that generally citizens felt that their expectations were being met (South Africa Year Book 2003/04: 358). The Afrobarometer (Jan 2003: iv) also indicates that in general all South Africans are becoming more positive about the overall democratic regime and more optimistic about where it will be in ten years time. Fifty four percent now give an overall positive mark to “our current system of government” up 18 points since 1995 when only 36% did so. Forty six percent of whites offered a positive assessment compared to only 12% in 1995. Furthermore, 74% of all respondents (including 44% of whites) offer an optimistic evaluation of how they believe the political system will be in 10 years time. These results were also confirmed in the IDASA Report (March 2004: 2-3) and the Markinor Survey (2004).

The Citizen Satisfaction Survey (2003) measures actual service delivery against expectations in order to identify gaps and to determine the citizen’s perception of the quality of services being offered. According to the Citizen Satisfaction Index (CSI) the results are mixed. According to the Afrobarometer (Jan 2003) 57% feel that government can solve “all” (17%) or most (40%) of the country’s major problems. 11% felt that government could solve very few of



these problems, and 2% felt that none of the problems could be solved. While people are confident that government can solve the major problems facing the country, not everyone is convinced that it has the capacity to enforce its rules.

People's experiences in obtaining services from government also indicate important problems with state capacity. Their experiences and the interaction they have with one government department clearly influence their perceptions and expectations of overall government performance. In general, citizens were unaware of complaints processes and procedures and, of those who were aware, a small proportion actually lodged complaints. Many of those who complained remain dissatisfied with the handling of their complaints.

Furthermore unskilled officials/councilors and lack of capacity hamper service delivery. Poor participation of communities in the IDP processes and local government decision-making more generally has served to undermine the kind of participatory democracy envisaged for local governance. Many municipalities have not passed by-laws facilitating community participation in the IDP and other processes. Many IDPs have been produced by outside consultants with little community consultation or participation. This situation needs to be seriously addressed if communities are to be more than mere rubber stampers for law making and governance at the local level.

## **Standards and Codes**

The response of the province is guided by compliance with the Access to Information Act

### **Objective 6: Fighting corruption in the political sphere**

**Question 1G: How much of a problem is corruption in our political system? Is enough being done to combat corruption in politics?**

#### *Combating Corruption*

The Public Service Commission (PSC) in conjunction with the Department of Public Service and Administration recently conducted an audit of anti-corruption capabilities in national and provincial departments (PSC 2004). Corrupt employees are blacklisted from employment in the Public Service, and government uncovers 80% of the cases reported in the media first. The perception that nepotism is still high in local government institutions persists.

According to Afrobarometer (Jan 2003: v) public assessments of the extent of official corruption have improved significantly over the past two years. While a large majority still thinks that corruption exists in government, most seem to agree that the Government is taking action and that the level of corruption is declining. The proportion of respondents saying all or most government officials are involved in corruption fell from 50% in 2000 to 27% in 2002. For



MPs the decline was from 45% to 22% and for the President's office from 25% to 13%. Five percent of respondents claimed that they had been victimized in the past year by corrupt officials while trying to obtain government services. Only 1% reported encounters with corrupt officials in the Free State and Northern Cape, compared to 6 percent in Gauteng and KwaZulu-Natal, and 13% in Limpopo.

According to the Department of Cultural Affairs and Sport, corruption in the sport and recreation sector in the Western Cape is minimal because of risk analysis and management priorities ensure good governance. The Transformation and Dispute Resolution Sub-directorates intervenes as and when corruption is detected within the sector.

### **Indicators**

- Has corruption increased/decreased?
- Reporting of crime and corruption incidences.

### **Standards and Codes**

The response of the province is guided by compliance with the following codes, laws and protocols:

- Prevention of Corrupt Activities Act
- Protected Disclosure Act
- Prevention of Organised Crime Act
- SADC Protocol Against Corruption
- African Union Convention on preventing and Combating Corruption
- United Nation Convention Against Corruption

### **Objective 7: Promotion and protection of the rights of women**

#### **Question 1H: Are women given the support they need to be able to participate fully in society?**

This section provides information about how the women's rights are promoted and protected and there participation is encouraged.

#### *Increasing women's representation and participation*

The public service has come close to meeting the targets set out by the Government in its 1995 White Paper on the Transformation of the Public Service on representivity, particularly with respect to race. The South Africa Year Book (2003/04: 365) notes that, as of 31 March



2003 Africans make up 72.5%, whites 14.7% Coloured 8.9% and Asians 3.6% of the Public Service at all levels. 52.5% were female and 47.5% male. 56% of senior managers were African, 25.6% were White, 10.1% were Coloured and 8.2% were Asian. The gender breakdown for senior management was 22.1% female and 77.9% male. In state-owned enterprises, the composition of the boards was: 63% African, 25% Asian, 9.9% Coloured and 24.7% White; the boards' gender break-down was 76.5% male and 23.5% female. At senior management levels, 56.5% of employees were White and 43.5% Black with a gender breakdown of 75% male and 25% female.

Notwithstanding the continuing skewed gender representation, Gouws (2004) and others have observed a significant increase in the representation and influence of women in all spheres of government. Women constitute 32.8% of the National Assembly. Of the ministers and deputy ministers appointed after the April national elections, 41% are women, as are three of the nine premiers. South Africa's place in the measure of women parliamentarians has changed from 141<sup>st</sup> in the period before 1994, to 7<sup>th</sup> in the world currently. Nevertheless, data from the South African Year Book (2003/04) and the SAHRC Reports (2002: 35) indicates that the number of women in senior positions in the public and private sectors needs to increase. So too does the number of people with disabilities in all forms of employment.

### **Standards and Codes**

The response of the province is guided by compliance with the following codes, laws and protocols:

- Targets of 30% for women in public service and parliament and 50% for women in local government services; and,
- The Employment Equity Act 1998
- The Family Maintenance Act (1997) and Maintenance Act (1998)

### **Objective 8: Promotion and protection of the rights of children and young people**

#### **Question 11: How well are our children protected?**

This section provides information about the promotion of the wellbeing and protection of children.

According to the Department of Cultural Affairs and Sport, development intervention programmes are mainly focused on children and youth aged 0-18. There are dedicated components of the directorate that cater for the sport and recreation needs of people with disabilities, and physically challenged visitors that have 85% access to our related museums.



## Indicators

- An increase in the number of women appointed and employed in the public sector; and,
- An increase in women representation and equity issues.
- An increase/decrease of violence and abuse against children
- An increase in the number of children receiving education

## Standards and Codes

The response of the province is guided by compliance with the following codes, laws and protocols:

- Laws on the protection of children
- Child Care Act (1983) and child Care amendment act (1999)
- Child Justice Bill (2003)
- The Family Maintenance Act (1997) and Maintenance Act (1998)

## Conclusion

Although the province is not at war, social and community tensions are prevalent. These tensions are exacerbated by unemployment, difficulty in accessing social economic rights, and poverty. The form community based conflicts take are xenophobia and inter-ethnic or racial. The multi-party democratic political system is perceived to be free and fair and elections are hosted regularly. Participation in these elections is very high by international standards with more women than men registered to vote. Parliament takes most of the important political decisions which are not easily communicated and implemented at lower levels of political society.

The separation and balance of powers between the executive, legislatures and judiciary are observed and the judiciary is perceived to be independent. The promotion and protection of civil and political rights are accessed much more easily than the economic and social and cultural rights. Despite progress in transforming the public service delivery remains a problem. Constraints such as corruption, skilled human resources and greater transparency are being addressed. Women comprise the majority of the population but are generally under represented but higher in political than economy institutions of the province. Children, disabled people, refugees and other marginalized groups are theoretically protected by law but are, in practice, still vulnerable.



## SECTION B: ECONOMIC GOVERNANCE AND MANAGEMENT

### Introduction

This section provides views and opinions on how South Africans (individually and organizationally) view the Western Cape Provincial or National Government's track record on economic governance and management. Western Cape inhabitants believe that good economic governance and management will stimulate economic development, reduce poverty, increase employment levels, enhance human capital development initiatives and further cement social cohesion.

### **Objective 1: Promote macro economic policies that support sustainable development**

#### **Question 1: To what extent is your country's macro-economic policy framework sound and supportive of sustainable development?**

The submission of the Association of the Disabled People-SA had this to say: "On the whole government is managing the economy well. The country has developed lots of relevant legislation to effect the transformation of the economy. This is evident by the reduced inflation and interest rates, which benefits both the consumer and business". The University of Stellenbosch based Bureau for Economic Research's publication, *The South African Economy: A 10 Year Review*, states that South Africa's growth performance of the past ten years 1994-2003 represents a substantial improvement over that of the previous 10 years. However, this growth is found to be much lower than the country experienced in the 1960s and early 70s. Furthermore, in international comparative terms, South Africa's real GDP growth and GDP per capita growth was "substantially lower than that of its peer groups".

**Table 1: SA economic performance between 1994-2003 and 1984-1993**

	1984-1993	1994-2003
Real GDP growth	1.0	2.8
Real GDP per capita growth	-1.1	0.7
<u>Sectoral Growth</u>		
Primary	1.1	0.1
Secondary	-0.3	2.5
Tertiary	1.6	3.4
Investments	-3.2	4.6
Employment	0.8	0.8
Inflation	14.3	7.2



Deficit before borrowing	(1993)7.3	(2003)2.4
<u>Source of Growth</u>		
Capital	0.6	0.6
Labour	0.4	0.4
TFP	0.0	1.8

**Source:** BER, University of Stellenbosch, 2004

**Table 2: Current State and Short-Term Prospects for the Western Cape Economy**

Western Cape Economy	South African Economy
<p>The current economic performance shows solid foundations and the potential to move to a higher level</p>	<p>The economic indications reflect a strong domestic economic performance that continued during the second half of 2005</p>
<p>Regional real GDP growth is estimated to reach 5% during calendar 2005, 4.5% in 2006: and 3.9% in 2007.</p>	<p>Business confidence moved to a higher level during the third quarter compared to the second quarter, and remained constant in the fourth quarter</p>
<p>Business confidence has increased, noticeably between the 2nd &amp; 3rd quarter-moving from 76 to 86 in line with national average</p>	<p>The real GDP growth rate could be above 4.3% in 2005</p>
<p>Business confidence noticed in Retail sector, but was more sustained in the Construction (residential and non-residential construction continue to expand) and Service sectors</p>	<p>GDP growth re-accelerated from 3.5% (annualized) in the first quarter to 5% in the second quarter. Manufacturing sector recovering to 7.3%. Suffering on declining of exports, but maintaining domestic market share (Rand strength)</p>
<p>Manufacturing remains a challenge as confidence is less optimistic compared to national counterparts with possible <i>retrenchments</i> that could affect <i>employment creation</i>, whilst employment creation occurred in retail and construction</p>	<p>Business Confidence: strong on retail: 82, construction: 92, motor trade: 92 and services: 82, wholesale: 90 and manufacturing (60-68). Jobs are being created in these performing sectors (excluding manufacturing). In 2005 March, 111 000 jobs were created on net basis</p>
<p>Food and beverages sectors benefited from domestic spending and have experienced less pressure from import competition. Clothing and textiles remain under pressure: vulnerable as it is an import competing industry. Key challenge: Rand strength and cheap Asian products (domestic and export sales have declined),</p>	<p>Domestic market continues to boom as a result of low interest rates, reduction of personal tax rates, social transfers from government and higher consumer confidence.</p>
<p>Positive business confidence in the property development and construction could be affected by possible hike of interest rates as industry players become more pessimistic-interest rate hike. But recent report on inflation figures (October 2005) suggests otherwise, but skills shortage in the building and construction sector could affect sector performance</p>	<p>Fixed investments remain strong, Public and Private investment that could drive growth in the short and medium term. SA fixed investment remains low (17% of GDP from 14% GDP) according to international standards, but it is estimated to rise.</p>



Financial services sector continues to show positive growth, benefiting from favourable interest rates. Sustained low inflation and interest rate will augur well for fixed investment rate. Foreign investment also sustained high growth remains exposed to the interest rate cycle. In the short term, no cyclical slowdown is evident either nationally or provincially. If the Rand softens that could add a recovery and strengthen the manufacturing sector. Inflation is under control although high oil prices remain a challenge.

Although the current account deficit is widening (4% GDP), the quality of capital inflows to finance the deficit is improving.

In 2006/7 GDP growth performance will reach a 4% real GDP.

**Table 3: Macro-economic outlook for South Africa**

	Ave: 1999-2004	2004F	2005F	2006F	2007F
<b>Expenditure on GDP (real % change):</b>					
Household consumption					
Fixed investments					
Gross Domestic expenditure (GDE)					
Exports	3.7	6.1	5.7	3.9	3.3
Gross Domestic Product (GDP)	3.7	9.4	7.9	7.9	9.2
	<b>3.6</b>	<b>6.3</b>	<b>4.4</b>	<b>4.6</b>	<b>4.4</b>
	2.3	2.9	6.0	6.1	5.5
	<b>3.2</b>	<b>3.7</b>	<b>4.3</b>	<b>4.1</b>	<b>3.9</b>
<b>Inflation, Interest rates and Exchange rate</b>					
CPIX inflation	6.9%	4.3	4.1	5.0	4.7
PPI inflation	6.7%	0.7	3.1	5.2	4.9
Prime overdraft interest rate					
R/\$	14.71%	11.00	10.50	11.50	10.50
R/Euro exchange rate	7.70	5.66	6.60	7.15	7.70
	7.85	7.53	7.85	7.94	9.39

**Source:** Bureau for Economic Research (2005)

The adoption of Gear in 1996, as a macro-economic policy of Government raised mixed reactions from government social's partners, the trade union movement and organized business. The former criticized Gear as a submission to the dictates of the Bretton Woods institutions (IMF, World Bank). According to organized labour, Gear has barely contributed to employment and economic growth, whereas the organized business sector hailed Gear for building a firm foundation for economic growth and sustainable development because this sector attributed economic stability (low inflation rate, decline in public debt, manageable



levels of the budget deficit, low interest rates a private sector favourable tax structure favours private sector. All these could result in economic growth and sustainable development.

According to the Provincial APRM consultation processes, South Africa has managed under difficult conditions to stabilize and consolidate its economic environment, even though this has accrued social costs. The Provincial Economic Review and Outlook, 2005 (Western Cape PER&O, 2005) had this to say “....many South Africans contend that economic restructuring has left many without work”. The document further states that unemployment continued to increase steadily over the entire post-apartheid era. In 1995, the national unemployment rate was around 17% and the expanded unemployment stood at 30%. By 2000, these rates stood at 26% and 36% respectively. In 2003 the unemployment rate stood at 28% and 41% (expanded definition). Among such social costs are unemployment, especially for the unskilled, increasing inequality and poverty levels.

Although some believe (trade union movement, Cosatu’s response on APRM) that the monetary and fiscal stance adopted by the country in the first phase (stabilization and consolidation) led directly to South Africa’s social crisis, generally, the monetary and fiscal policy framework has been hailed as a key catalyst which has accelerated the normalisation process.

The key challenges identified are as follows:

- To make the economy grow faster than the current levels;
- To fight unemployment and boost skills levels;
- To overcome obstacles such as HIV/AIDS;
- To enhance social capital development initiatives; and,
- To boost infrastructural investments in order to bring all groups into the mainstream economic activity. The youth and rural communities received particular attention.

**Question 2: On what basis does the government formulate macro-economic projections?**

South Africa’s Constitution empowers the Central Bank, the South African Reserve Bank (SARB) with the responsibility of protecting the country’s currency and ensuring economic stability. What is central to government’s macro economic policy is to stabilize the economy and to thus to control inflation.

The independence of the Central Bank led to the adoption of inflation targeting. When macro-economic projections are conducted:

International macro economic trends are measured against developments in developed countries, particularly South Africa’s major trading partners such as EU countries and the US;  
External shocks are taken into consideration (forecasting supply side shock like oil);  
Micro economic developments are forecasting in the domestic economy;



Labour market conditions are focasted;  
Experts' opinions are taken into account;  
Statistics as provided by Stats-SA are observed and reflected;  
The Bureau for Economic Research Macro-Economic Modelling results are observed;  
Central Bank Macro-Economic Modelling uses econometric techniques; and,  
Government key socio-economic considerations are also aligned within the macro-economic framework.

The labour movement advocates that the use of inflation targeting as monetary instrument to curb inflation compromises other economic variables like economic growth and job creation (employment), as the Reserve Bank is more obsessed with targeting inflation at the expense of employment. Advocates of inflation targeting attribute the country's macro economic stability to inflation targeting (SA inflation range: 3%-6%). Inflation targeting is hailed for bringing certainty, transparency and predictability in the economy and thus enabling investor confidence in the economy.

**Question 3: What sectoral and macro economic policies has your country developed and implemented to promote economic growth and sustainable development?**

At the Provincial Level, the Western Cape Government introduced IKapa Strategies in a quest to broaden economic participation, build social cohesion and enhance human capital. The IKapa strategies led to the development of the Micro-Economic Development Strategy, better known as MEDS. The MEDS is informed by National Government policy frameworks such as the Micro-Economic Reform Framework, the Integrated Manufacturing Framework, and now is in the process of being aligned with the Accelerated Shared Growth Initiative for South Africa-ASGI-SA, which aims to accelerate the economic growth to between 6%-8% by 2014. This economic framework is seen as a sign that demonstrates government commitment to eradicate poverty and to fight unemployment. The perception of provincial growth as "jobless growth" is buttressed through allusion to the unevenness of the benefits. The services sector has enjoyed growth and increased employment opportunities. Another common example cited in support of this perception points out that the economy has shifted from traditional employment absorbing sectors like the clothing and textile manufacturing sectors towards service sectors. Between 1995 and 2003, the transport and communication recorded 7.0%, whole sale and retail trade and hotels 5.2% and financial and business services 5.0%, and this sectoral economic performance was relatively high compared to national performance however the employment performance reflected a much poorer signs (Western Cape PER&O, 2005). The document reveals that employment has dramatically declined in the manufacturing industry from 1996 (-3.5% average annual growth between 1995 to 2003), while employment has increased rapidly in financial and business services (4.3%), informal sector (4.9%) and 'other producers' (including domestic workers) (4.5%). The Western Cape PER&O, 2005, further states that manufacturing employment has generally declined in the country (at -1.6% per annum on average) while in the Province it declined (at -3.5% per annum). The picture depicted in this, shows a shift in emphasis to the areas of services. This structural shift of the economy was influenced by global economic factors beyond the control



of national economies. The goal of the micro-economic strategy is to improve the livelihood and quality of life of all the citizens within the Province through:

- Economic Growth;
- Ensuring the sustainability of the economy;
- Creation of high quality jobs (employment creation);
- Fighting underdevelopment and eradicating poverty;
- Attracting foreign direct investment;
- Improving competitiveness and efficiency of the Sectoral Industries;
- Complementing Strategic Infrastructural Investment Initiatives
- Supporting Social Cohesion and stability; and,
- Human Capital Development

### Indicators

- Averaged GDP growth rate of above 6% (2010);
- A Gini-Coefficient of under 0.55;
- Per capita GDP in the top quartile for developing economies;
- Increasing high rate of participation;
- Ownership patterns that reflect the demography of the province; and,
- Ensuring that the Western Cape remains an attractive destination for business and leisure.

The MEDS overall goal is to provide guidance and direct provincial government involvement in the economy in an attempt to boost provincial economic growth, to reduce unemployment, eliminate inequalities and eradicate poverty. In order to achieve the overall goal, the document identifies and addresses global and national economies, as well as sector and industry specific blockages and opportunities. According to the Provincial Economic Review and Outlook, 2005, the Western Cape economy is broad base and diversified according to its industry sectors as well as promising industries or 'niches'. The province core sectors are agriculture, manufacturing, trade and financial and business services, which are well diversified and thus reduce the risk of over-dependence on any single industry or sub-sector. In addition the province has a "well-developed tourism, reasonably strong and dynamic construction, fishing, professional services, higher education and transport sectors" with a very small mining base.

The National government has initiated and enacted several policies and legislations that will ensure broader participation of the society in the mainstream economy. Nationally, these include:

- The adoption of the Black Economic Empowerment Act, coupled with the adoption of sectoral charters that seek to broaden black participation in their respective industries (Financial Sector Charter, Mining Charter, Tourism Charter, with strong emphasises on women, youth and rural communities;



- The establishment of SMME support institutions (e.g., Khula Development Agency);
- The establishment Umsobomvu Youth Fund to encourage youth participation in enterprise;
- Passing the Co-operatives Act: Banking and Housing to foster community participation in the economy;
- Regulating the micro credit lending industry (e.g., Credit Act);
- The establishment of Agricultural support institutions to broaden black participation in commercial farming;
- Refining the Land Bank focus to meet socio-economic imperatives;
- The Growth Employment and Redistribution (Gear);
- Competition Act, to foster competition and ensure black participation and SMME development and support;
- The Integrated Manufacturing Reform Strategy; and,
- Accelerated and Shared Growth Initiative for South Africa (ASGI-SA).

Within the Western Cape Province, these endeavours include:

- MEDS initiative;
- Die Plek Plan focus on Local Economic Development; and,
- The Workforce Development Unit.

The South African government has adopted the Environmental Management Framework. This framework lays the basis for:

- The National Environment Management Act which has the effect of catalysing the awareness of sustainable development;
- The Environment Conservation Act;
- The Protected Areas Act;
- The Biodiversity Management Act;
- The Air Quality Management Act; and,
- The National Spatial Development Perspective.

According to the Western Cape Department of Environmental Affairs and Development Planning, all the above environmental and conservation Acts are being implemented in the Western Cape. The Department states: “Our experience in the Western Cape Province has indicated that there is relatively high awareness of environmental issues and environmental legal compliance among the members of bigger industries”. This view is highly contested by ordinary people who feel the effects of economic development negative externalities. The Disabled People-SA submission had this to say: “In order for the small business to contribute towards the growth of the economy, the support of entrepreneurship should be made more efficient and effective” and “specific support mechanisms must be put in place to support disable entrepreneurs”.



### *Key Challenges*

To ensure that women, youth, people with disabilities and rural communities effectively participate in the mainstream economy;

Infrastructure Investments (roads, rail, telecommunication and energy) and ensures that government has necessary skills to carry the infrastructural investment programme; and,

Creating the necessary capacity for policy implementation.

### **Indicators**

- Reduced Crime Rate;
- Empowerment: Improving % of Top management held by black, % top management held by women, % black ownership of public and private companies. Net creation of SMMEs operating in rural areas;
- Inequality: Gini Coefficient, MEDS suggest a Gini Co-efficient of less than 0.55. Halve the proportion of people whose income is less than US \$1 a day. Use of Purchasing Power Parity (PPP);
- Improve economic growth rate;
- Ensuring the sustainability of the economy;
- Creation of high quality jobs (employment creation);
- Fighting underdevelopment and eradicating poverty;
- Attracting foreign direct investment;
- Improving competitiveness and efficiency of the Sectoral Industries;
- Science, Engineering and Technology (SET) Graduates as a % of all graduates (Males and Females); and,
- Percentage (%) Matrics studying Maths and Science in order to improve the province competitiveness
- %GDP expenditure on strategic Infrastructural Investment
- Infrastructure investment: Unit cost of telephone use for both local and international calls (taking into consideration rural areas (MDG);
- Telephone lines and cellular subscribers per 100 population (MDG); and,
- Proportion of net income spent on transport: lowest income quintile (poorest 20% of population).

### **Question 4: What has been done to increase domestic resource mobilization including public and private savings and capital formation and reduce capital flight?**

The first phase of economic and financial stabilization and consolidation introduced tight fiscal and monetary and exchange i and corporate tax structure to enable private sector companies to boost investments and to entice citizens to save a portion of their personal disposable income. Coupled with that the adoption of inflation targeting as a monetary instrument to curb inflation resulted in the lowering of inflation; the low interest rates have further opened room for capital investments (interest on capital borrowed is cheaper). An environment with low



interest rates is viewed as a stimulus for direct investment and thus encourages domestic investment.

Now that the macro-economic (fiscal) environment has stabilized and consolidated, and the public deficit has been reduced, there is a governmental shift to an expansionary fiscal policy stance that will boost infrastructural investment (roads, electrification, and telecommunication and energy).

The post-1994 political governance paved a way for international economic governance. The country shifted from an inward oriented trade policy to a more open trade policy. Furthermore, the country shifted its foreign exchange control regime and thus de-regulated the foreign exchange control regime. Internationally, capital controls are seen as an indicator of abnormal socio-political circumstances within the society.

Market liberalisation of the economic environment was seen as best policy choice in accordance with government macroeconomic strategy. After 1996, South Africa gradually implemented the relaxation of capital controls.

It appears that the objective of government was to achieve maximum stability with ongoing relaxations along the path of market reforms. For as long as there were movements in market normalization, this strategy gathered credibility. Even though de-regulation of foreign exchange raised mixed reactions, raising fears that the domestic currency will be exposed to speculative attacks that could weaken its value, government remained on a course to gradually relaxing exchange controls in a quest to integrate South Africa into the global financial market benefits (capital inflows that could benefit South Africa investment trajectory).

By early 2003, the combination of favourable global conditions and much improved local sentiments made it possible to take great leaps in the relaxation of the remaining controls. In his Budget Speech, 2003, the Minister of Finance announced a major package of foreign exchange normalisation. The package included:

- A globally benchmarked set of prudential measures for the South African institutional investors who aim to internationally diversify their assets;
- The introduction of an amnesty for those South African who illegally held assets overseas; and,
- The removal of tax on foreign dividends.

Today, foreign individuals and companies are not subjected to foreign exchange controls. It is widely accepted that the foreign exchange market cannot be isolated from the broader socio-political conditions of the society and its government. It is believed that the South African political and economic governance environment has significantly improved, and that economic and political systems are more predictable. This combination allays the fears of international investors, and especially those of market speculators. Generally, South African fiscal and monetary policies are perceived as sound and they are seen to add value to international investor confidence.



## Indicators

- Outcome on the removal of foreign exchange controls: %FDI into SA
- Level of Political stability
- Adherence on the Rule of the Law; Protection of Property Rights
- South African Constitution, Act of 1996
- Level of compliance with Acts that govern private and public corporation in South Africa
- Crime Rate in South Africa

### **Question 5: To what extent is South Africa vulnerable to internal and external shocks?**

Like any small open market economy, South Africa is exposed to global financial volatility. Coupled with this, the South African domestic currency is denominated in terms of US\$, and the South African economy is mostly connected with US economy. As South Africa financial markets are linked or integrated to global markets, so when global financial markets snoozes then South Africa economy gets affected, like the effects of the Asian financial crisis. Oil prices also have an effect; they cause inflationary pressures to the SA economy.

Many economists believe that South Africa's macro economic framework mitigates the level of exposure. The adoption of inflation targeting by the SA Reserve Bank is seen as one of major contributors in managing the damage that could be caused by the failure of international markets and major international trading partner economies (public debt deficit) like US and EU.

Internally, the South African macro-economic framework has created an enabling environment; inflation is curbed at relatively low levels that could boost economic growth as result of private investments. Furthermore, public debt-deficit is at low levels.

Key challenges include making regulation investor friendly, addressing the shortage of skills and addressing certain governance issues such as corruption and inefficiency of government economic delivery institutions and productivity levels. In order to reduce the cost of doing business in South Africa, it is advocated in some quarters (business sector), the labour market conditions must be investor friendly whilst supporting the rights of workers, and boosting infrastructural investment into areas such as transport, communication, technology, as well and energy.



## Indicators

- The Performance of South Africa exchange rate vs exchange rate of major trading partners;
- Effectiveness of domestic micro-economic policies to the SA economy;
- South Africa's export performance
- South African balance of trade (measuring SA balance of trade-deficit or supply)
- Performance of SA domestic production
- Crime rate in South Africa

## **Objective 2: Implement sound transparent and predictable government economic policies**

### **Question 6: What has been done to make the public administration, legislative system and fiscal authorities work effectively and in a transparent manner?**

The major transformation of the institutional and legal framework that South Africa embarked on, post 1994 enabled the country to create space for an effective fiscal management regime. After 1994, the Department of the Finance and Department State Expenditure were merged to form a single entity: the National Treasury. The establishment of the single entity conferred full control of, and responsibility for, budgeting and expenditure management and effectiveness of government spending to the Director General. As a result, the Public Finance Management Act was enacted as a governing statute that would ensure that fiscal management went beyond procedural accountability for finances to include other forms of accountability including value for money, performance accountability (outputs and outcomes), and impact analysis. The Public Finance Management Act, 1999, (PFMA) advocates for greater emphasis on accountability for results. The overarching aim of PFMA is the improvement of operational efficiency of government spending.

Most workshop participants believe that better financial spending and management will improve national competitiveness. It will attract external investors since a country's financial risk profile is a key investment assessment indicator. The introduction of MTEF further enhanced government financial expenditure, while the establishment the intergovernmental fiscal relations system and realignment of sectoral policies placed greater emphasis on the allocative efficiency of public resource allocation. In addition, the PFMA requires that government departments reach maximum output for service delivery with least resources used (operational efficiency).

The Municipal Finance Management Act (MFMA) is the PFMA counterpart in the local government sphere. Budget reforms cannot succeed unless they are supported by complementary public management reforms. The PFMA and MFMA essentially locate



budgeting and financial management within a performance management framework. Both pieces of legislation outline:

- The establishment an appropriate link between strategic objectives and expenditure plans;
- The assurance of fiscal discipline within the constraints of what can be afforded;
- The promotion of the efficient use of resources, by decentralising and delegating decisions to where they are best made;
- The improvement of incentives and empowerment of managers to make effective decisions, while at the same time keeping public sector executives accountable for their managerial decisions.
- The introduction of transparency and the promotion of accountability; and,
- The introduction of accessibility of information and budget estimates.

The general consensus is that despite the positive impact of the above-mentioned Acts, government still needs to improve public sector expenditure in order to fulfil government developmental agenda. Government is required to “stop wasting so much money, especially on officials” (input from the Overberg Region, mid November 2005).

### Indicators

- Level of SA compliance with the Public Finance Management Act;
- Level of SA local government compliance with the Municipal Finance Management Act;
- How well is government institution adhere to Batho-Pele Principles;
- Effectiveness of Medium Term Expenditure Framework (MTEF) in terms of ensuring government spends resources in an effective and efficient manner

### Question 7: What measures have been taken to make economic policies predictability?

In the period 1996-2000, South Africa’s democratic government embarked on the process of stabilising and consolidating an enabling economic environment. Contractionary fiscal and tight monetary policies were adopted in a quest to stabilise the macro-economic environment. All components of macroeconomic policy (i.e. labour, trade, fiscal and monetary policies) have undergone fundamental reforms. In general, macroeconomic policy management has played a critical role in creating a credible and sustainable platform for growth and development. Given the prevailing global financial crises, creating a credible macroeconomic framework was the first task. Without it, no amount of fiscal engineering would have much chance of success due mainly to the lack of policy credibility.

The first priority of the newly elected democratic government was to accelerate the unveiling of a coherent macroeconomic policy. The expansionary phase of fiscal policy commenced in February 2003, although as early as 2001, some elements of the policy were technically



expansionary (i.e., tax breaks to lower income households, reduction in company taxes, and real increases in social welfare spending). The most significant indicator of fiscal expansionary phase is resource allocation to public sector capital projects.

With the advent of the fiscal expansionary phase a unique and troublesome period of the country's history is now carefully brought to an end. Numerous challenges and hazards have been successfully overcome. One eternal challenge of fiscal management, however, remains that of ensuring sustainable expansion.

### Indicators

- Level of corporate tax reduction
- Level of personal Income tax reduction
- %GDP/ %GDPR expenditure on social expenditure
- %GDP/ %GDPR expenditure capital formation

### **Question 8: What are the main challenges with respect to coordinating the efforts of various government departments in implementing sound, transparent and predictable economic policies?**

The Western Cape Department of Agriculture advocates for the inclusion of Government social partners (business, labour and civil society) in the policy making process. This approach is seen as an effective way to overcome social transaction costs during policy implementation. During the development of a Provincial Agriculture Strategy, The Department of Agriculture established a Steering Committee that included all stakeholders from the agricultural sector in the province. Furthermore the process of developing a Micro Development strategy of the Province has been developed through the involvement of government social partners. This approach will yield legitimacy in the government policy development process.

With the exception of the department of Agriculture, Western Cape inhabitants still believe that government does not clearly communicate its policies and programmes to the level of ordinary people. Gathering from the inputs of people who were able to attend and respond on APRM exercise, government needs to improve on policy advocacy, and clear perceptions that it is doing nothing even though there are achievements. Government communications need to be balanced and to reflect successes, challenges and set-backs.

Government needs to:

- Improve government relations with civil-society organizations, including the media; and,
- Inform the media on a regular basis; and,



- Be open to criticism as this would enable government to identify policy gaps resulting in the improvement of policy implementation.

Social partners need to listen to each other, compromise and forge a common purpose. Co-operation amongst social partners is vital, as it deepens stakeholder democracy and, further, adds weight and improved implementation of government policies and programmes. Government structures need to improve communication with the broader society, to promote and encourage public participation. Information should be made available to the broader society, especially to the rural communities. The President's iimbizo are seen as an enabling tool that will harness public participation in the policy and legislation development process.

Government is required to put a tracking system in place to monitor the impact of past and current activities (input from the Overberg Region, mid November 2005). The initiative undertaken by the Presidency, rolling out monitoring and evaluation system, will boost government machinery in implementing government policies and programmes to ensure resources are utilized in an efficient and effective manner. This will further ensure that policy/programme achievements or failures are appropriately identified and it will send early warning signals to ensure policy interventions to close policy gaps, and it will ultimately overcome social and economic costs.

### **Indicators**

- Effectiveness of Government imbizo in ensuring public or community participation
- Performance of Social Dialogue forums like (Nedlac) in the National level, Western Cape context (Provincial Development Council)
- Level of Public Participation in policy and legislation development: Submissions in Parliament, Provincial Legislatures, Local Government Councils
- Influence of State of Nation and Province addresses, including Budget Statements in public policy debate

### **Objective 3: Promote sound public finance**

#### **Question 9: What has been done to promote sound public financial management?**

This section is largely drawn from a paper by Iraj Abedian entitled, Fiscal and Monetary Policy Management in South Africa 1994-2005. All South African government departments and constitutional institutions are required to operate in a manner which is open to public scrutiny and one which places their actions above question. This is captured in the Public Finance Management Act and the Municipal Finance Management Act. These two pieces of legislation require that all spheres of government should adhere to high ethical standards in conducting



government business and also ensure that public resources are effectively and efficiently utilised to ensure accelerated social and economic development.

Sound debt management is one of the key pillars of any sustainable fiscal framework. South Africa's government debt has been reduced to acceptable levels judging by international standards. Until recently, the opportunity cost of inappropriate debt management, measured against money not spent on social sectors, was rising every year, a situation which has now been reversed. Has it gone unchecked, this budgetary item was set to rise, creating financial and political crises for the new dispensation.

In addition to fiscal concerns, this debt configuration also had macroeconomic implications. The local capital market was dominated by the government's financial needs, the private sector was crowded out, and interest rates were pushed up accordingly. A sustainable future path required a change in the term structure of government debt as well as developing a strategy to enable the fiscus to tap the global capital market, thereby reducing pressures on the local cost of capital.

From 1996 onwards, the overall debt to GDP ratio declined steadily, and the composition was gradually, but consistently, altered to reduce the share of domestic capital used to finance Government's revenue shortfalls. In the process, (in no small part due to the rising creditworthiness of the country), the cost of borrowing overseas declined too. Nowadays, the debt servicing costs comprise 15.3% of the total annual budget, a sharp decline from 21.2% in 1998/99. The savings generated in this way are made available for other public service requirements.

As South Africa moves up the sovereign credit rating scale, the cost of borrowing in the global capital market declines steadily. Setting a new benchmark for South Africa's global creditworthiness has important socio-economic consequences. It reduces not only the cost of finance for Government, hence enhancing Government's ability to meet its service delivery objective, but, as importantly, the improved credit rating benefits the country's corporate sector, facilitating its ability to access international lines of credit and finance at declining costs. Declining borrowing by the National Treasury in the domestic capital market creates space for the private sector to access capital and does so at a declining cost. The reduction of the public debt also benefited South Africa corporate, which has caused an increase in the private sector investment and enhanced the country's growth performance.

The result of a much improved debt management capability, a more professional debt management infrastructure at the National Treasury together with rising creditworthiness of South Africa is best captured by the continuous fall in the risk premium attached to the country's global sovereign debt issues in the international capital markets. The National Treasury's reputation is enhanced and with rising management credibility, the cost of borrowing declines even further. In the global context, South Africa is amongst a handful of developing nations that have taken proactive measures to better their positions in the



domestic and international capital markets. A key element of these initiatives relates to better investor relationship management on the part of the National Treasury. The consequence of better investor relations is the ability of the country to secure a much wider and deeper set of long-term investors.

The introduction of the Medium Term Expenditure Framework has allowed government to set credible goals for service delivery over time, not from year to year. From a financial requirement perspective, it is not enough to offer vague estimates of potential monetary allocations. Instead, each department should be able to assess the financial implications of its delivery plan for the outer years of the medium term framework. At the aggregate level, the National Treasury should be in a position to project and evaluate the overall fiscal conditions in the medium term. This is essential for sustainability analysis, risk management and minimising macroeconomic instability.

A heavy dose of political leadership combined with extensive training and re-skilling across the national and provincial government departments since 1997 have helped institutionalize and operationalise MTEF as the *modus operandi* of public resource allocation in government departments. Yet much remains to be done to refine the technical underpinnings of an effective MTEF. At present the mandatory application of MTEF by each government department at the national and provincial levels augers well for its effective evolution over time. The establishment of an 'activity costing unit' at the National Treasury is a welcome development in this regard. The importance of the remaining tasks can hardly be over-emphasised.

The economic reforms in South Africa, as guided by the overall macro-economic policy objectives, was a sustained reduction in budget deficits, from its high of 9,2% in 1994 declining to an actual deficit of 1.4% in 2002. The deficit/GDP ratio continued to fall, then the continued improvement on tax collection by the South African Revenue Services (SARS) complemented government efforts to maintain an upward overall expenditure trend; coupled to this, the economy started to pick up. In other words, government spending on major social expenditure such as health, education, housing and social welfare improved although there is still room for improvement.

### Indicators

- Level of budget deficit
- Level of SA Creditworthiness
- Performance of SA in terms of tax collection/ revenue collection
- Effectiveness of MTEF
- Level of compliance with Municipal Finance Management Act
- Level of compliance with Public Finance Management Act
- Level of State capacity to spend budget



## **Question 10: What measures have been taken to develop an effective system of fiscal decentralization?**

South Africa has three spheres of government: National (Central Government), Provincial, and Local government. The central government has the sole responsibility to determine macro-economic policy (monetary and fiscal policy). To a certain extent the other spheres of government have a role to play in determining the spending of resources in order bring sub-national governments and local authorities closer in decision making on resource allocation, and to pave a way for greater accountability and transparency. The constitution obliges the central government to allocate 'an equitable share' of national revenue to other spheres of government. The process of allocation, or the division of national revenue, is the outcome of a consultative process among the three spheres of government. The allocation process is determined by national government policy priorities, the capacity of each sphere to raise revenue and the responsibilities that are attached to each sphere. The last stage of the division process is when each province and local government is allocated its share using an equitable share formula that takes into consideration specific circumstances of each province. This formula is hailed because it favours poorer provinces and it is, consequently, termed redistributive. The sub-national governments have a prerogative to distribute budget as determined by their social needs and constraints.

The Budget Council and the Budget Forum coordinate intergovernmental financial relations between the national and provincial governments, and between the national government and local government. These structures are regarded as critical bodies that facilitate and enhanced fiscal decentralisation due to its broader representation (all spheres of government are represented). The Medium Term Expenditure Committee chaired by the Director General of National Treasury, is responsible for evaluating budgetary proposals in consultation with various spending department (Provincial Treasuries) in an attempt to reconcile the expenditure proposals with the Medium Term Expenditure Framework (MTEF).

### **Indicators**

- Efficacy of Intergovernmental Relations Act, 2005
- Effectiveness of Budget Council and Budget Forum in public expenditure co-ordination and resource allocation
- Efficacy levels of the Division of Revenue-on equitable bases
- Level of compliance with the South African Constitution, Act, of 1996



## **Objective 4: Fight corruption and money laundering**

### **Question 11: What is prevalence of corruption in the public administration and what measures have been taken in this regard?**

The Report published jointly by the United Nations Office on Drugs and Crime and the Department of Public Service and Administration gave refuge to many in the Country and in the Province. The Report recognises that South Africa has made progress in combating corruption in the public administration although the country is still faced with challenges. Corruption is one of the challenges that need to be addressed in order for the country to meet its developmental objectives and priorities. Hence, a concerted effort in partnership with government by civil society, business and international community is required.

The establishment of the Joint Anti-Corruption Task Team (JACTT) by the government to fight corruption in the Eastern Cape is seen as a sign of government's commitment to fight corruption. The JACTT shared and maximized the capacities of the SAPS; the National Prosecuting Services' Scorpions; the National Intelligence Agency and the Office of the Auditor General. The adoption of the Public Service Anti-Corruption Strategy also adds weight on the commitment of government in the fight against corruption and thus takes societal perceptions about the significance of corruption in the public administration into consideration.

In the case of the Western Cape, the current Marais/Malatsi trial sheds light on the level of government's commitment to fighting corruption in the public sector. The utilization of the Asset Forfeiture Unit had effects on the substantial recovery of amounts in the case of the former Goodwood College Rector and the Accounts Administrator to the Provincial Department of Housing.

### **Indicators**

- Improved government institutional structures' efficacy in handling corruption and further expanding their focus on prevention strategies;
- Level of corruption in the executive government and senior administration;
- Corruption cases heard by the courts that involved government and private sector official, include the rate of convictions
- Level of corruption's effect on FDI to economic growth and social expenditure
- Effect of corruption on service delivery
- Implementation of legislation and Policies that seek to eliminate corruption
- The extent of Public Education and Awareness on corruption-outcomes



## Standards and Codes

- The Protected Disclosure Act
- The Promotion of Access to information Act
- The Promotion of Administrative Justice Act
- The Financial Intelligence Act
- The Prevention of Organize Crime Act
- The Prevention and Combating of Corrupt Activities Act and
- The Public and Municipal Finance Management Acts
- The Municipal Management Act
- The Executive Members Ethics Act

### **Question 12: What is the prevalence of money laundering and what has been done in this regard?**

If South Africa does not tighten its legislative framework in an attempt to fight money laundering, the country has the potential to become one of the top money laundering centres globally. One of disadvantages of developing countries like South Africa is their vulnerability to attract money-laundering activities; this is further exposed with the country's adopted approach to liberalising markets and thus integrating South Africa financial market into global markets. In response to this, South Africa adopted and implemented some of the legislations that seek to curb and prevent money laundering.

The Financial Intelligence Centre Act was enacted to deal with money laundering. The FICA has resulted in the establishment of the Financial Intelligence Centre. The primary objective of the FIC is to assist in the identification of the proceeds of unlawful activities and the combating of money laundering activities. The FIC is required to avail information to other investigating agencies, the National Intelligence Agency and the South African Revenue Services in order to enable these institutions to administer and enforce the laws of South Africa. Furthermore, it is required to exchange information on money laundering activities with similar financial intelligence units in other countries. The general consensus is that South Africa has a sound framework for money laundering control, even though there is room for perfecting the system. The key challenge is to implement the system more effectively; if done correctly the system could contribute to the development of the South African economy as well as the combating of crime in the country. South Africa needs to develop money laundering tools that will address the abuse of the informal economy by lenders. Therefore, regional cooperation becomes more important in sharing expertise.

## Indicators

- Compliance level with Financial Intelligence Centre Act
- Cases heard by the Commercial Crimes Courts



- Efficacy of the Micro-Lenders Association

**Objective 5: Accelerate regional integration by participating in the harmonisation of monetary, trade and investment policies**

**Question 13: Is South Africa a member of any regional economic integration arrangement and what are the benefits and challenges of such membership?**

South Africa cannot become an island of opulence in a sea of poverty. The country has availed its human and material resources to ensure that the southern part of Africa is economically prosperous.

**Indicators**

- South Africa has been a major player in regional economic integration initiatives through:
  - Southern African Development Community (SADC)
  - Southern African Customs Union (SACU)

Healthy intra-regional trade could further boost South Africa's exports into the region, and the elimination of trade barriers amongst member states would equally benefit all member states (advocate for outward trade policies rather than inward trade policies). Currently, South Africa exports dominate the regional market with fewer imports from the region entering into the South Africa market. This could be interpreted as inequity in regional trade and if it continues unaltered South Africa's image could be tainted as a dominant force (another 'America in Africa'). South Africa needs to support equitable trade policy regimes because this effect will support broader economic growth and development in the region.

The key challenge is to ensure that other member states:

- Diversify their product offering in order to meet South Africa consumer market;
- The region should take investment in infrastructure (roads, rail, telecommunication, energy) as an integral part of the regional economic integration plan since this will support acceleration movement of goods and services; and,
- Free movement of labour.

Countries like South Africa should offer expertise in an effort to boost production capacity in the region. Furthermore, there is a need for political, social and economic stability in the region. The political and economic crisis in Zimbabwe is seen as a major threat even though South Africans generally support initiatives that are geared to substantive 'land redistribution' in the region for social and economic development.



**Question 14: What measures have been taken to ensure that national policies including policies in respect of intra African trade and investment promotion are consistent with and supportive of regional economic integration objectives?**

The post apartheid approach to regional economic integration shifted from South Africa's 'hegemonic regional trade' to a more co-operative approach. As a signatory of international trade agreements under the guidance of the World Trade Organization (WTO), the democratic government recognized a need to open up its market and to do away with import (substitution trade policies). With this new paradigm in mind, South Africa began to look at other regional states as equal partners. The promotion of a SADC free trade area is seen as a vital point in ensuring economic integration.

South Africa is an important direct investor in other SADC countries and continues to increase trade with its neighbours. Through the New Partnership for Africa's Development, the role played by the South African President, has encouraged private and state owned corporations to take advantage of favourable foreign exchange relaxation to invest in Africa. Countries like Mozambique, Namibia and Zimbabwe and the Democratic Republic of Congo have received most foreign direct investments (FDIs) from South Africa. As the continent further commits itself to adhering to international best practices, investment flow will increase and regional countries will further benefit.

The greater role that can be played by South Africa Industrial Development Corporation and the Development Bank of Southern Africa need to expand their role and facilitate investment on infrastructure: roads, communications and energy that could lead to regional economic growth and development and further enhance regional economic integration. What remains to be a challenge is the monitoring of the impact of those investments in terms of changing social lives of the SADC inhabitants.

**Indicators**

- Abolition of Import Substitution (inward trade policy) to an outward trade policy-supporting intra-regional trade
- The degree to which Trade Tariffs are relaxed
- The degree to which trade and investments in Africa are improved
- The effectiveness of the fight against theft and corruption
- Evidence of the successful intervention of the Industrial Development Corporation (IDC) and the Development Bank of Southern Africa in facilitating investment in infrastructure



**Question 15: What measures have been taken to ensure effective implementation of decisions and agreements made within regional economic integration arrangements? Has SA adopted measures that will promote regional monetary harmonisation, cooperation and coordination?**

The SADC Trade Protocol (Protocol) was signed in August 1996 and came into effect in on 1 September 2000. The Protocol operates in accordance with WTO precepts. It attempts to reduce regional trade barriers. The challenge faced by regional members is to ensure that by 2008 all trade barriers have been eliminated. South Africa has rectified the Protocol.

South Africa is in a position to offer technical assistance to enable member states to comply with trade agreements, and also boost infrastructure investments in the region. South Africa could influence other member states to fast track trade liberalisation.

The South African currency is accepted as a trading currency by regional countries such as Namibia, Swaziland, Lesotho and Zimbabwe. The infrastructural investment, an example of which is the construction of the Maputo Corridor, will facilitate regional integration and improve movement of goods and services within the SADC region. The South African Reserve Bank plays a critical role in ensuring that the SADC region has a common monetary regime that functions similarly to the lines of the European Central Bank.

### **Indicators**

- The extent to which Trade tariffs have been removed
- The performance of South Africa as signatory of SADC trade protocol
- The performance of South Africa as a member of SACU
- Infrastructure investment-Maputo Corridor
- The extent of regional labour liberalization
- Performance in terms of SA and the Region with regard to production capacity and product diversification
- To what extent is regional countries adopted Competition Policy
- Establishing sound regional financial institutions
- Regional monetary regimes

### **Conclusion**

Participants believe that South Africa has complied and ratified all the Political, Social and Economic requirements prescribed by NEPAD for good governance. They believe that the country further extended its definition of good governance to incorporate ethical governance. There are, nonetheless, challenges around ensuring that economic growth benefits spread widely to the broader concerns of the society in order to reduce poverty and unemployment,



both of which are concerned raised by civil society organizations and school leavers and graduates, especially.

South Africa has undergone a tremendous political transformation. It has built good economic institutions that have enabled a sound economic environment. Today, South Africa no longer regards its neighbours as enemies. The country's foreign policy advocates for Africa economic development and economic growth. Regional economic integration is vital for the continent's economic trajectory. However, the country is faced with the challenge of how to deepen and stabilise its internal socio-economic environment, reducing unemployment and winning the war against the HIV/AIDS epidemic.



## SECTION C: CORPORATE GOVERNANCE

### Introduction

Corporate governance refers to how the system of corporations are managed, directed, controlled and held accountable. These conventionally apply to private sector companies but may also apply to state-owner enterprises (SOE) such as parastatals, e.g. Eskom, Telkom, Transnet and SABC. In addition corporate governance is also applicable to the management of government institutions such as municipalities and public institutions such as universities for example. Furthermore the application of the notion of corporate governance can also be applied to non-government social, cultural and sport organizations such as the management of South African Rugby Union (SARU).

### **Objective 1: Promote an enabling environment and effective regulatory framework for economic activities.**

#### *Improved regulatory environment and awareness*

The legislative framework for encouraging good corporate governance and best practices in South Africa received a major boost with the publication of the King 11 Report on Governance for South Africa (commonly referred to as King 11) and complements the South African's Company Act (1973) and its amendments. The King 11 Codes compulsory applies to all companies with shares listed on the JSE Securities Exchange South Africa (JSE), including banks, financial and insurance entities as defined by South African financial services sector laws. However the King 11 Codes can also be applied voluntarily to all private sector companies. The Protocol on Corporate Governance in the Public Sector applies to all public sector enterprises that fall under the Public Finance Management Act (1999) and the Local Government Municipal Finance Management Act (2003). These include any department of state or administration in the national, provincial or local sphere of government or any institution that exercises power or performs a function in terms of the national or provincial constitution.

The principles for good management and corporate governance advocated by the King 11 Code include: transparency; discipline, fairness, accountability, independence, communication and social responsibility. These codes, laws and principles together constitute a framework to promote an enabling environment for conducting healthy and effective economic activities. Corporate governance is an essential element of a healthy risk-management process and is crucial to financial, shareholder and employee security.



### **Question 3A: How easy is it to start up and do business in South Africa?**

In the Western Cape Province the main industrial sectors include the:

- primary sector the fishing and agriculture
- secondary sector the manufacturing sector is mainly clothing and textile and a growing automotive sector.
- tertiary or service sector such as tourism, oil and gas as well as ICT call centres.

#### **Indicators**

- How many companies or start up businesses are registered in Western Cape?
- What proportion of these are small companies (SMMEs eg employ less than fifty employees)?
- How long does it take to register a company in South Africa?
- What is the success and/or death rate of these companies?

#### *Constraints to starting small business enterprises*

Participants at the Western Cape provincial conference indicated that there were barriers to entry and starting up a business in the province. These barriers were mainly difficulties with accessing finance and a vehicle within government should be provided to assist entrepreneurs with finance issues. Large companies have outsourced different functions which follow the tender process and emerging entrepreneurs must follow that process. Companies should allow opportunities to those who are waiting to enter the market. Tenders are awarded to ex-employees or friends. The disabled people don't even stand a chance. For example emerging farmers require funding and there is a need to speed up the application process. Collaterals are required and previously disadvantaged people lack finance and require access to grant funding which is a lengthy procedure.

#### **Civil society submissions and responses**

- Professional services within the knowledge economy are not supported by the SMME legislative framework (it is more for manufacture and agriculture), it is therefore difficult to access professional services. Government provides for street vendors and not for professional services.
- There are more support mechanisms for big business in place then for small and medium size businesses. For example, it is easy to get finance from the bank if you are a big business with a track record. It is not easy to start a business in SA because the country is still in the process of transforming apartheid business laws and this has a direct impact on the duration on starting up a business. About 17% of SMME start-up



are successful. Small businesses, especially the historically disadvantaged file for bankruptcy due to lack of funds.

- It is quite difficult for previously disadvantaged South Africans to start up a business even though it might be easier for youth because of assistance by the “Umsobomvu Fund” to young people. There are policies in place make it easier for foreigners to start up and do business in South Africa. South Africa has BEE and EE legislation which should make it easier for previously disadvantaged people but it does not work. Emerging Small Business Tender allocation still requires businesses to have a proven track record before they are granted a tender whilst small businesses in most cases do not have this track record.
- Business costs such as telecommunications, banking, transport, and other business services are very expensive especially for small business who cannot afford to negotiate rates. Other assistance to encourage previously disadvantaged people to start up a business, include for example Ntsika, and Kula. However there is a need to and to constantly review and evaluate there effectiveness.
- There is a thin line between promoting business activities in the country and ensuring investment in social issues hence some of these challenges exist when it comes to setting up of companies. There is an increase in social spending to accommodate the increasing numbers of dependent poor people at the expense of providing access to finance to up and coming business people.

## Standards and Codes

The response of the province is guided by the following laws, standards, codes and protocols including the:

- King Report on Corporate Governance (1994). (King I)
- King Report on Corporate Governance for South Africa 2002. (King 11)
- The Public Finance Management Act (PFMA) (Act No 1 of 1999) and the
- Municipal Finance Management Act (MFMA) (Act No 56 of 2003)
- The Prevention and Combating of Corrupt Activities Act (Act No 12 of 2004)
- The Executive Members Ethics Act (Act No 82 of 1998)
- Companies Act (61 of 1973) and Amendment Bill



**Objective 2: Ensure that corporations act as good corporate citizens with regard to human rights, social responsibility and environmental sustainability**

**Question 3B: Do big companies show respect for ordinary people especially their workers and nearby communities?**

*Sustainable development and the triple bottom line approach*

How can we ensure that corporations act as good corporate citizens with regard to human rights, social responsibility and environmental sustainability?

Good corporate governance has become an essential component of a sustainable business. The South African Chamber of Business (Sacob) supports the triple bottom line approach to corporate governance advocated by the King 11 Code. Recently the JSE Securities Exchange SA (JSE) introduced a socially responsible investments (SRI) index as a benchmark for reporting on aspects of the triple bottom line (ie environment, society and economy). This suggests that it is no longer acceptable for companies to merely make profits at the expense of the environment and society (communities) in which they operate. These indicators are incorporated into “the best company to work for survey” conducted by Deloitte in conjunction with the Financial Mail and highlights company practices and conditions of employment. They emphasize ethical and sustainable practices of employers and concern for the environment and communities in which the companies operate. However the majority of South African business still issue separate corporate responsibility reports instead of integrating it with the company’s annual financial statements (Business Day 28 June 2005).

Socially responsible investment is a growing challenge for South African companies as stakeholders seeks to address challenges of reducing unemployment and poverty. This requires a partnership between large companies, government and other stakeholders to play a positive role in creating opportunities to address these challenges. The Business Day (14 October 2005) suggests that most big companies are willing to play a positive role in a value adding strategic partnership with other key role players to deal with the development challenges. Partnerships of trust contribute significantly to the creation of a democratic and political stable environment by reducing areas of potential conflicts. Companies participating in such partnerships with community organizations and government conform to a model of good corporate citizenship. This requires a commitment to innovate and transcend superficial and fashionable notions of social investment and corporate responsibility. In the process communities need to be resourced and empowered to adequately participate and monitor the partnership.

**Indicators**

Opinions about the South African corporate governance landscape are mixed opinions on the performance of South African companies in this regard range from favourable to dismal.



South African companies are held in high esteem by international business observers in terms of contractual trust relations this same enthusiasm is not necessarily shared by other social stakeholders such as government, labour and community organizations. Business Day (19 May 2005) indicates that because of compliance with the King 11 Code JSE Securities Exchange SA listing is sufficient to persuade shareholders and others stakeholder of respectable corporate governance. Business Day (23 June 2005) observed that in the 2004 World Economic Forum survey of trust in business, South African business score among the highest in the world, because they were seen to be trying to deal with issues such as HIV/Aids in the workplace and black economic empowerment. In the latest survey by the forum, South Africa scored similarly and its business were related as even more trustworthy than South Africa's government leaders.

In contrast Business Day (19 May 2005) indicate that a review of the JSE's Top 40 Companies reveals that 33 have written codes of ethics or governance. Of the 19 top 40 companies associated with corporate transgressions in the past four year, 15 have documented corporate codes. The transgressions include; exposure to risks; breach of confidentiality; corruption of board members; fraud and over reporting of value; inflated executive remuneration; conflicts of interest; anticompetitive practices; nondisclosure of information; dubious pricing policies; lack of due diligence; and not keeping the board informed of business practices.

A survey of 53 JSE-listed companies by Ethics South Africa found that companies were falling short on some central issues of ethics and governance management, including; a lack of effective communication on ethics by top management; non-compliance with the ethics code; lack of maintenance of a theft free corporate environment; lack of adequate ethics education; and confusion about where an ethics function should be in the organization (Business Day 19 May 2005). Trade unions also indicate that these corporations implementation of social responsibility programmes and attitude towards workers is not always desirable. Big and small companies constantly violate workers rights and ignore worker grievances.

### **Civil society submissions and responses**

- Big business' main aim is to make big profits and even make use of cheap labour to make profit. Mechanisation of the industry leads to job losses and the buying of cheap property from small rural communities. Farm Worker Development was established to address the needs of farm worker communities in partnership with land-owners and other civil and government organizations. Very little is being done for small communities.
- The annual recurring sport summit within the Western Cape sport and recreation has led to the adoption of the Transformation Charter and Dispute Resolution Protocols, which serves the purpose of boosting sector integrity and accountability within the Province.



- Disabled people have great difficulty. Companies are willing to invest socially in the development of disabled people but not to procure goods and services from businesses owned by disabled people. They don't want to accommodate disabled people in employment. They have a negative attitude toward disabled people almost like they fear disability. Environmental access for disabled business people is a constraint to their integration. Lack of environmental management increases disabilities due to industrial toxins and pollution.
- There is a relatively high awareness of environmental issues and environmental legal requirements among the members of the bigger industries. However there are still transgressions that result in environmental degradation being committed by these big industrial corporations but the tendency is towards meeting their environmental responsibilities. Non-compliance with environmental laws (e.g. illegal discharges of effluent and air emissions) among the medium to small industrial sectors tends to be higher. Reasons for this are usually a lack of awareness, a lack of expertise and capacity and cost.
- It is important to note that as a provincial government department, whose core functions are environmental management and land development management, we have various programmes and projects such as environmental impact assessment, pollution and waste management, sustainable development, the environment economy, and land planning. Our Department has an entire programme dedicated to the implementation and the administration of the Environmental Impact Assessment (EIA) regulations. In terms of the EIA regulations certain development activities have to undergo an EIA and receive approval before that development activity can be commenced with.
- Cleaner technology and Recycling Programmes: There has been an increase in the level of awareness in the application of cleaner production and the use of cleaner technology in corporations. This can largely be attributed to the efforts of both national and provincial Departments dealing with environmental affairs. Pilot projects funded by these government departments, research and development institutions and international donors in key industrial sectors have over the last five years have had the significant effect of mainstreaming cleaner production and technology, including recycling, in various sectors.
- Cleaner Production and Recycling Programmes in the public sector is slowly starting to be mainstreamed. The Department of Environmental Affairs and Tourism's *Assessment of the Status Quo of Cleaner Production in South Africa Report* (August 2004), provides a comprehensive account of the application of cleaner production and technology in South Africa. National Environmental Management: Air Quality Act (Act 39 of 2004) that incorporates provisions of cleaner technology and the use of the best



environmental management option would further drive the application of cleaner production and technology. The National Environmental Management Act, which provides for sustainable development principles, has had an effect of catalysing the awareness of sustainable development in corporations.

- There is excellent awareness with respect to recycling throughout society, including corporations. Through the cleaner production programmes, in-house recycling is encouraged and takes place. Corporations also implement recycling initiatives as part of the social responsibility programmes and donate the recyclables to charities and schools, which in turn use it as a source of revenue. Recycling infrastructure for voluntary recycling in society is however lacking at the municipal level, but through proper integrated waste management planning, which has recently commenced, this situation should improve. At this stage our Department does not have a specific programme that focuses on environmental rehabilitation.
- The Employment Equity Act needs to be reviewed to have some form of enforcement mechanism in place as companies are currently just paying the fines (or not). Big companies do not market their products in a manner that is accessible to disabled people. All employers (companies) are forced by legislation to report annually on their employment equity status but many of them don't report on disability.

## Standards and Codes

The response of the province is guided by the following laws, standards, codes and protocols including the:

- Environmental Management policy framework of SA - This policy framework starts with the Constitution and moves on to the National Environmental Management Act (1998),
- Environment Conservation Act,
- Protected Areas Act,
- Biodiversity Management Act, the Air quality Management Act,
- National Spatial Development Perspective and several other acts and policies.

All these national acts are implemented within the Western Cape Province. We also have our own legislation and policies that supplement the national legislation and policies. These include the Land Use Planning Ordinance and the Provincial Spatial Development Framework and so on.



### **Objective 3: Implement sound transparent and predictable government economic policies**

#### **Question 3C: Do big companies act honestly and fairly?**

Corporate integrity and honesty and trust relations are important. What is the overall assessment of corporate integrity in the country?

#### **Indicators**

An independent review of corporate governance within the five largest banking groups in South Africa has found that corporate governance is sound and that no serious breaches exist vigilance is nevertheless requires to ensure continued compliance (Myburgh Sc 30 April 2003). Furthermore the South African Reserve Bank (September 2005) also published a "General Report on the Standard of Corporate Governance in South African Registered Banks and Mutual Banks" its findings include the following: The banks are committed to adherence to and application of high standards of corporate governance but compliance was still a concern. The Bank Supervision Department took the responsibility to provide information and training to address any weakness identified by the report.

In South Africa the increase or growth in economic crimes (eg fraud, theft, bribery and corruption) suggests an unhealthy and unethical business environment (Mail and Guardian 5 December 2005). The Price Waterhouse Coopers survey revealed that among the 100 top companies surveyed 60% of which were listed on the JSE Securities Exchange 83% of companies had experienced economic crimes. A KPMG survey conducted in 2005 indicate that 68% of 237 companies expected an increase in fraud, while 64% considered fraud a major problem. There is a need for education and training about codes of ethics in business and the workplace.

According to Business Day (21 - 27 September 2005) the World Bank raised concerns that many South African companies view corporate governance as an impediment. It is also not clear to what extent South African companies are actually implementing these changes. For example the King 11 Code make recommendations for appointments to the board of companies by separating the role of chairman and the CEO but not all South African companies (eg JD Group and Brait JSE listed Companies) are complying.

#### **Civil society submissions and responses**

Civil society participants were of the opinion that:

- Big business is always searching for new ways to pay less tax.



- In the history of the existence of our Department of Environmental Affairs we have only had one successful conviction of a large corporation for environmental non-compliance with the Environmental Impact Assessment in terms of the Environmental Conservation Act. The corporate convicted was Shell South Africa. They were fined R50 000.00 and their Directors were given a suspended sentence that covered non-compliance with environmental legislation at any Shell South Africa facility throughout South Africa.
- Companies should account for both environmental damage and impact. Companies should implement the provisions in the EEA on reasonable accommodations, which will enable disabled people to participate equitable as “real” stakeholders. The Dept. of Labour should reject company reports on EEA that don’t contain a report on the status of disabled employees. Disabled people must be encouraged to become shareholders instead of just being employees. Environmental impact assessment must include assessments on disability-causing elements and agents. The Disability Sector should lobby for the inclusion of a disability specific provisions in the current review process of the National Sustainability Strategy to address some of these issues. All companies MUST comply with disability equity targets.
- The implementation of the provisions in the Financial Sector Charter needs to be fast tracked. Big business must be ‘forced’ to comply with legislation with regards to the disabled community through effective and actively managing punitive measures.
- Proper monitoring of businesses’ and government is needed. More public education about corporate governance and its framework is required.

**Objective 4: Ensure that corporations treat all their stakeholders in a fair and just manner**

**Question 3D: How well do our company laws protect the rights of shareholders? And the rights of other stakeholders?**

**Indicators**

*Increasing shareholder activism*

There is an increase in shareholder activism by trade unions and individuals that champion the rights of minority shareholders. Sacob supports the enlightened shareholder approach towards corporate governance. As a share holder on SOEs government has moved to improve corporate governance in the public sector. Corporate and accountability in the public enterprises or SOE received a significant boost when government signed a shareholder



compact with Transnet and other major states corporations. As a shareholder government strengthened the SOE board and required full disclosure of the conditions of employment of all executive and non-executive directors in the annual reports of SOE's.

In South Africa municipalities have not always performed well according to the Report of the auditor-general on the submission of financial statements by municipalities for the financial year ended 30 June 2005 only 148 (52%) of 284 municipalities complied with the submission date as prescribed by the MFMA (2003).

### **Civil society submissions and responses**

Civil society participants were of the opinion that:

- Shareholders should be allowed to make an input on executive salaries and be provided with criteria for judging their performance. Particularly relevant for SOEs.
- The rights of all affiliated members of recognized sport and recreation bodies to non-marginalisation in so far as sustainable sport promotion and development opportunities, is an ongoing advocacy within the Department. This good governance framework oversight is executed by the Transformation and Dispute resolution Sub-Directorate of the Department.
- Society expects of the Agricultural Economics component concrete activities focusing on at least three classifications of periods. These are the future, present and past. It is important to recognise that the future cannot be predicted, especially not over a ten-year period.
- Government's intervention in marketing and agribusiness must be approached very systematically and carefully. History has taught us that long-term direct Government interventions in markets will inevitably lead to structural inequalities and eventual failure. Government as catalyst may create opportunities and facilitate the uptake of such opportunities through short-term direct interventions and by creating the right institutional infrastructure. These interventions can make a direct contribution to higher economic growth and, through the correct structuring of the interventions and incentives, also to higher levels of employment and lower levels of inequality.
- Without an effective system of data gathering storing, and analysis, the progress towards the achievement of the economic, employment and social goals as envisioned by the iKapa elihlumayo strategy cannot be evaluated. It is important that a system is implemented through which continuous monitoring of the economic, social and environmental success of the land reform process can take place.



- Due to the fact that the disabled employees are not accommodated appropriately within companies, they often do not see themselves as “real” stakeholders.

## Standards and Codes

The response of the province is guided by the following laws, standards, codes and protocols including the:

- The Promotion of Access to Information Act (Act No.2 of 2000)

### **Objective 5: Provide for accountability of corporations, directors and officers**

**Question 3E: Do our company rules and laws make sure that business reports properly on important issues? Do they clearly define the responsibilities and accountability of company boards?**

#### Indicators

##### *Increasing transparency and accountability*

The South African Regal Bank collapsed and was placed under curatorship because of a lack of good corporate governance (Business Day 27 Feb 2006). There is a need for good corporate governance and sound management because in its absence there is no accountability

People serving on boards of companies as chairpersons and directors need to be independent of management and need to be accountable to shareholders. Interlocking directorships are discouraged because they may promote their self interests. Similarly in the public sector councillors and municipal and provincial officials as well as members of parliament need to declare their interest in order to avoid conflicts of interest.

Equity is an important element of sustainability and good corporate governance practices. A business association census on leadership survey conducted by Memela Pratt & Associates in 2005 about the leadership role of women in the South African corporate sector indicate that while women make up 52% of the adult population in South Africa they constitute only 10.7% of all directors and 19.8% of all executive managers in the country. Of the chairpersons sitting on of boards of companies surveyed 357 were men and only 15 were women and of the CEOs of companies participating in the survey 364 were men and 8 were women. A survey of a 100 South African auditing committees by Ernst & Young reveals that more than 80% of SA’s auditing committees are dominated by white males over the age of 45 while this reflect



experience there is a need for transformation in the area of age, gender and race (BD 1 Feb 2006).

### **Civil society submissions and responses**

Civil society participants were of the opinion that:

- The South African company rules and laws require companies to report annually through an annual report and the provision of audited statements. These reports provide some measure of accountability and a means for combating corruption. Through compliance with internal management reports and auditing of budgets. At this stage there is no statutory obligation on any corporation to report on their environmental performance other than to meet the reporting requirements of the various pieces of legislation that governs environmental management.
- In the Western Cape Province many of the larger corporations and industries have voluntarily adopted the triple bottom line to reporting. In other words they report not only on their economic well-being, but also on their social responsibility and their environmental performance. Corporations have voluntarily adopted international environmental performance measurement standards such as ISO 14000 series of standards etc. Our experience is that the same cannot be said for the majority of the medium to small industries and corporations. The main prohibitive factor once again being cost and lack of expertise in these sectors.
- Annual reports which are related to company reports, however no monitoring mechanism. Annual reports don't report on environmental and industrial disasters and injuries cause as a result. They also don't report on their disability status truthfully. Behaviour of Directors: E.g. declared insolvent directors are not listed anywhere, which means these are taken on by different companies who have no idea about their status.
- The good corporate governance framework does not only secure the rights of those already involved and affiliated to recognized sport and recreation bodies, but also make provision for the access into sport and recreation opportunities within the Western Cape sector by those that should be accommodated into the sectors mainstream.

### **Standards and Codes**

The response of the province is guided by the following laws, standards, codes and protocols including the:



- King Report on Corporate Governance (1994). (King I)
- King Report on Corporate Governance for South Africa 2002. (King 11)
- The Prevention and Combating of Corrupt Activities Act (Act No 12 of 2004)
- The Promotion of Access to Information Act (Act No.2 of 2000)
- The Promotion of Administrative Justice Act (Act No 3 of 2000)
- The Protected Disclosures Act (PDA) (Act No 26 of 2000)
- The Public Finance Management Act (PFMA) (Act No 1 of 1999) and the
- Municipal Finance Management Act (MFMA) (Act No 56 of 2003)
- The Finance Intelligence Centre Act (FICA) (Act No 38 of 2001)
- The Executive Members Ethics Act (Act No 82 of 1998)
- The National Environmental Management Act (1998)
- Companies Act (61 of 1973) and Amendment Bill
- Accounting and Auditing Standards

## Conclusions

In July 2003 the World Bank and the IMF completed and published a Report on the Observance of Standards and Codes (ROSC) in South Africa. They conclude that the legislative and regulatory framework dealing with corporate governance practices in South Africa is undergoing substantial changes. The more serious problems are compliance and enforcement and the key recommendation for policymakers is to strengthen the enforcement of powers of the securities regulator.

Despite improvements in the regulatory environment the previously disadvantaged people because of a lack of finance, skill and excessive red tape still find it difficult to start up businesses. The implementation of the provisions sector transformation charters needs to be fast tracked. Big business must be 'forced' to comply with legislation on the disabled and disadvantaged communities through effective and actively managing punitive measures.

The Employment Equity Act needs to be reviewed to have some form of enforcement mechanism in place as companies are currently just paying the fines (or not). Environmental impact assessment must include assessments on disability-causing elements and agents. The Disability Sector should lobby for the inclusion of disability specific provisions in the current review process of the National Sustainability Strategy to address some of these issues. All companies must comply with disability equity targets.

Companies should account for both environmental damage and impact. Companies should implement the provisions in the EEA on reasonable accommodations, which will enable disabled people to participate equitable as "real" stakeholders. The Dept. of Labour should reject company reports on EEA that do not contain a report on the status of disabled



employees. Disabled people must be encouraged to become shareholders instead of just being employees proper monitoring of businesses' and government is needed. More public education about corporate governance and its framework is required.



## **SECTION D: SOCIO- ECONOMIC DEVELOPMENT**

### **Introduction**

The NEPAD declaration conceptualizes socio-economic development as the continuous improvement of people's well-being and their standard of living. The socio-economic development section will highlight efforts and progress made in designing appropriate policies and delivery mechanisms in key social development areas. Such key areas include education, health, HIV/AIDS, gender equality, finance (including microfinance), as well as access to water and energy resources and to markets.

### **Objective 1: Promote self-reliance in development and build capacity for self-sustaining development**

#### **Question 1: To what extent does the country have effective ownership of the orientation and design of national development programmes?**

The broad approach of the Western Cape Province's iKapa eLihlumayo strategy is to pursue the systematic reduction of unemployment and participation in the economy. There is acceptance that the iKapa Elihlumayo strategy cannot succeed without pursuing it in an integrative and targeted approach. It comprises an integrated intervention into the lives of the poor and the vulnerable. Government has had varied success in giving real expression to integration. This strategy however requires integration between different spheres of government, the private and public sector and communities to become a reality. The Provincial Growth and Development Strategy is a national instruction, with the IKapa Elihlumayo strategy providing the base to give impetus to this strategy.

To further support and entrench the IKapa Elihlumayo strategy, the Western Cape Provincial Government has adopted the African Peer Review Mechanism as a progressive step in affirming a Provincial programme of action. The country self-assessment, through the African Peer Review Mechanism, enables the Western Cape Provincial Government to engage all the Departmental stakeholders, particularly those whose work relate to issues within the identified focus areas of the review mechanism.

The various policies that make up the National Development Programme are the Policy for Social Welfare, Water Supply and Sanitation Policy and the National Water Policy (which in itself consists of a draft National Water Bill).

The programmes addressed in the RDP, whose motto is "War on Poverty, A Better Life for All", include land reform, housing, service provision, water and sanitation, energy and electrification, telecommunications, transport, environment, nutrition, health care, social security, social welfare and education and training.



The Integrated Nutritional Project, which aims to improve the nutrition and production of goods, ensures cheaper and environmentally friendly products. The National Housing Programme makes provision for housing and services, and at the same time it creates job opportunities for the unemployed, as well as providing training.

### **Civil society submissions and responses**

- In 1994, soon after the first democratic elections, there was widespread anticipation that the Reconstruction and Development Program (RDP) would address the legacies of inequity and poverty.
- Churches adopted a policy relationship of “critical solidarity” with government in the belief that such a relationship with democratic government would expedite government’s plan of socio-economic transformation.
- In 1996 the dominant economic framework of “belt tightening” was defined by government’s Growth, Employment and Redistribution (GEAR) policies.
- By 2004, South Africa began to witness the results of government increasing fiscal commitment to the poor through a more expansionary budget, SACC member churches began speaking of the need for a relationship defined as one characteristic of “critical cooperation”.
- The National Forum for Social Relief and Assistance was neither adequate nor an effective mechanism for conveying social security and addressing poverty. In order to give expression to its relationship with the state as “constructive cooperation” it sought to address the matter of poverty through a “new relationship” or partnership with government that enhanced a model of “development” rather than a structure in which the Churches were mere channels of relief and welfare.
- A decision to set up a mechanism to communicate to Portfolio Committees and other relevant government structures the interests of the SACC member churches on matters relating to social, economic and political justice.
- The SACC has combined its energies with COSATU and SANGOCO in the creation of the Peoples’ Budget Campaign, commenting on how all policies impact on the poor.
- Government expenditure on social development has been welcomed, but the general consensus remains that much more still needs to be done in addressing the legacy of poverty and inequality generated through colonialism and successive apartheid regimes.
- The adoption of GEAR in the mid nineties at the expense of the RDP has resulted in minimal impact on “national development” with fiscal prudence predominating over social expenditure.
- After 2000, the government adopted a more “developmental” stance, and possibly after the challenges of the Growth and Development Summit that government expenditure began to meet the challenges of unemployment.



- The national development programme requires a strategy that builds economic participation inclusive of the poor

## **Question 2: How is the national development programme funded?**

The National Development Programme is funded by different Ministries, which are, in turn, funded by National government.

## **Sub-question 4A: Is our vision for the future shared and owned by all South Africans?**

The submissions demonstrated that people were uncertain about what the Province's vision is and how it translates into specific socio-economic redress. Although the vision of "A better life for all" is shared by many in the province, and there is a great emphasis on reconciliation, there was confusion about whether the vision should be "a plate of food for every child or work creation. There is a need to educate communities about the country's and province's vision as set out both in the Constitution and in the Home for All/IKapa Elihlumayo strategy.

## **Indicators**

- Western Cape government's "Ikapa Elihlumayo" strategy (meaning growth and development for all)
- The Provincial Growth and Development Strategy
- Policy for Social Welfare
- Water Supply and Sanitation Policy
- National Water Policy / National Water Bill
- Reconstruction and Development Programme
- GEAR Policies
- National Housing Programme
- Integrated Nutritional Project
- The People's Budget Campaign



**Objective 2: Accelerate socio-economic development to achieve sustainable development and poverty eradication.**

**Question 3: What is the country doing to accelerate socio-economic development and achieve sustainable development and poverty eradication?**

It is a key priority of government to ensure that it functions collaboratively in achieving common objectives and outcomes to speed up socio-economic development. Nationally, a Programme of Action has been implemented to assist the country to achieve its Millennium Development goals.

Aligned to these national initiatives are the Provincial Strategic goals that are rooted in the iKapa Elihlumayo (Home for All), the Western Cape government's Strategy. This strategy comprises the key elements discussed below.

One of the initiatives requires the building of the Social Capital Formation Strategy (SCFS), spearheaded by the Department of Social Services and Poverty Alleviation to build social cohesion. The strategic plan submitted in March 2005 identified the following issues as its core business:

- Services to the disabled;
- Integrated provincial Poverty Reduction Strategy;
- Early childhood development;
- Youth development;
- Increased accessibility of government services, information and resources; and,
- Integrated response for HIV/AIDS services to children and families and substance abuse services.

Consequently, the Department has registered more than 23000 children under the age of seven years for child support grants. Doctors have been appointed to assess the backlog in disability assessment to accelerate the processing of disability grants. Further, six memoranda of understanding have been signed with Local Government regarding the implementation of the Provincial Poverty Reduction Strategy.

The gender programme of the department has made significant strides and has thus been given further assistance due to the increased participation of women in the National Women's march. The Community Builder of the Year Awards provided recognition to those women whose work impacted significantly on their communities.



Systematic monitoring and evaluation have highlighted the need for a shift in the allocation of resources. For example, the appraisal of the current status of homes for older persons has been fast tracked in order to re-allocate services from over-resourced areas to those of the greatest need.

The work of this department is prescribed by various legislative mandates that govern its existence and operations.

### *Health*

The Department of Health is one of various departments grouped together in the Social Sector Cluster that is responsible for driving Social Capital Formation. The Department of Health in emphasizing the Primary Health Care approach in Health Care 2010 is *de facto* committed to iKapa elihlumayo and by extension to a social capital formation strategy.

Following National and Provincial elections in May 2004, the newly instituted Cabinet embarked on a drive to improve short-term service delivery. This initiative included strengthening the management structures at Primary Health Care facilities, adequate and timeous availability of medicines for patients with chronic conditions and providing ART for 6000 HIV patients.

The comprehensive programme for the care, management and treatment of people living with HIV/AIDS was strengthened through the Global Fund. The Province also introduced the dual therapy prevention from mother to child transmission regimen.

The Department also demonstrated its preparedness when outbreaks of measles in 2004 were rapidly contained and immunization coverage was improved. Also commendable was the boosting and significant rejuvenation of the emergency ambulance fleets, as well as the tightened security at various hospitals after the invasion of faculties by gangs and other criminal elements. Furthermore, in a forward looking move, the training of nurses has been boosted to meet the personnel requirements in terms of Healthcare 2010.

The second element to the iKapa Elihlumayo strategy is Building Human Capital Development Strategy (HCDS), led by the Department of Education. The key principles of this strategy are transformation, access, redress and equity, with special emphasis on meeting the needs of our poorest learners.

### *Early Childhood Development (ECD)*

- The WCED devised a strategy for coordinating the ECD activities of provincial departments of Education, Health and Social Services, to improve access to ECD for children aged 0 to 6.



- The WCED launched special Grade R kits, which were designed to assist these learners in achieving Grade R curriculum outcomes.
- By increasing its daily per capita subsidy from R3 – R6, for Grade R learners, ECD access is improved in poorer communities.

#### *General Education and Training (GET)*

- The WCED introduced the Revised National Curriculum statement for the Foundation Phase in 2004. 7 780 intermediate phase teachers and 1840 school managers were trained in 2004 for gradual implementation in 2005.
- Literacy advisors distributed 100 books to every Foundation Phase classroom in the Western Cape.
- The WCED took over the Primary School Nutrition Programme from the Department of Health in 2004. This feeding scheme has been extended from 156 days (national norm) to 170 days.

#### *Further Education and Training (FET)*

- In 2004, the WCED entered the second year of a three-year programme to prepare for the introduction of the new FET curriculum in schools, starting with Grade 10.
- FET colleges have introduced a wide range of new courses designed to meet the needs of the Western Cape. The WCED increased the budget for student loans at the colleges by 100%.

#### *Teacher Support*

- The WCED, launched a telephone counseling service for teachers and officials in 2004, as part of the Department's Wellness Programme. Counselling is provided on issues like depression, stress, alcoholism, debt, gambling, HIV/AIDS and family-related matters.

#### *Technology*

- Generally, the Department is constantly updating and improving the quality of education by using information and communication technologies (ICT)
- The Khanya project is one such project that has attended national and international recognition for excellence.
- The WCED aims to ensure that every high school in the Province has a computer laboratory by end of 2005.

The strategic objectives of this Department are based on the following constitutional and legal mandates:



- The Constitution of South Africa, 1996 (Act No 108 of 1996)
- The Constitution of the Western Cape Province 1997
- The South African Schools Act (SASA), 1996 (Act no 84 of 1996) as emended
- The National Education Policy Act 1996 (Act No 27 of 1996)
- The Further Education and Training Act, 1998 (Act no 98 of 1998)

### *Strategic Infrastructure Plan (SIP)*

Currently the Strategic Infrastructure Plan and the Provincial Spatial Development Framework (PSDF) are the two main planning tools to guide policy and implementation in the area of infrastructure development. These two strategies provide a framework for the built environment in the Western Cape which can result in investment in infrastructure, housing, transport and public facilities that have the intended effect of creating safe, live-able and sustainable communities.

### *Outcomes in the SIP*

- In 2006, three large projects in the Cape Town metropolitan area will provide a focus for housing, transport and infrastructure development over the medium term.
- The N2 Gateway housing project has been implemented. Will deliver 22 000 housing units.
- The Klipfontein corridor is being constructed. This involves the development of a public transport corridor linking the economic centre of the city to the poor areas in the city. It also provides a spatial framework for the creation of new economic opportunities on the Cape Flats in anticipation of the 2010 FIFA Soccer World cup.

### *Provincial Spatial Development Framework (PSDF)*

The PSDF provides the foundation for the development of a series of strategies and plans that will form the hallmark of a Provincial Growth and Development Strategy.

### *Outcomes in Area*

- Socially and economically mixed development has already occurred.
- Densification –
- Development outside the urban edges. In this regard developments have been limited to those whose primary role is the support of biodiversity conservation.
- Sustainable resource use via things like the grey water re-use and solar water heaters.
- Clustered development around nodes and corridors.

### **Indicators**

- Aged Person's Act, Act 81 of 1967



- National Welfare Act, Act 100 of 1978
- Child Care Act, Act 74 of 1983
- Adoption Matters Amendment Act 1996, Act 55 of 1988
- Probation Services Act 1999, Act 116 of 1991
- Social Assistance Act, Act 59 of 1992
- Welfare Laws Amendment Act 1997, Act 106 of 1997
- Public service act 1994, Act no 1 of 1999

## **Standards and Codes**

- Aged Person's Act, Act 81 of 1967
- National Welfare Act, Act 100 of 1978
- Child Care Act, Act 74 of 1983
- Adoption Matters Amendment Act 1996, Act 55 of 1988
- Probation Services Act 1999, Act 116 of 1991
- Social Assistance Act, Act 59 of 1992
- Welfare Laws Amendment Act 1997, Act 106 of 1997
- Public service act 1994, Act no 1 of 1999
- Prevention and Treatment of Drug Depending Act 1992, Act 20 of 1992.
- Health Act 63 of 1977
- Hospitals Ordinance 18 of 1946
- Honorary Medical Staff of Provincial Hospitals Regulations
- Communicable Disease and Notification of Notifiable medical condition Regulations

## **Question 4: What are the outcomes of the policies and mechanisms to achieve sustainable development and poverty eradication?**

### **Government submissions**

Central to the province's strategy to address poverty is the emphasis on youth, especially youth employment initiatives.

- 50 youths have been included in the second intake of the Community Development Worker learnerships in partnership with Umsobomvu's National Youth Service Program.



- Department envisages to assist municipalities with the establishment of Local Youth Units.
- The Department has also developed a building learnership for youth in partnership with local government and the Department of Labour.  
Over the training period the 150 youths on learnerships will build 750 houses. At least 40% of these will be women.

The intended impact of these youth initiatives is as follows:

- Youth employability
- Entrepreneurial skills development
- Life skills development
- Localising and institutionalisation of youth development.
- Creating an environment for civil society youth to advocate, lobby and influence decision making at municipal level.

The Department of Cultural Affairs and Sport's Funding policy guidelines pertaining to the facilities provisioning programme favours labour intensive methods as a mechanism to create temporary employment opportunities for the unemployed within grant benefiting communities.

- The implementation of the sport and recreation Mass Participation Programmes for communities and schools also provide opportunities for unemployed youth to earn monthly stipends for assisting in the implementation of these programmes.
- Museums are revisiting core function strategies and enhancing these by creating job opportunities within museums e.g. museum shops, restaurants, etcetera.
- Free information availability and Library Business Corners to stimulate SMME's.
- Due to capacity building intervention programmes embedded in the volunteerism association with the implementation of the Mass Participation Programme projects, many of the youth are able to secure employment as a result.

#### *Challenges in achieving Socio-economic development in Western Cape*

- While a number of initiatives have been implemented to reduce poverty, poverty relief programmes are scattered and not properly co-ordinated, hence it has a limited impact on the lives of ordinary citizens.
- Some of these poverty relief programmes are not sustainable and therefore creates dependency.
- The quality of the services provided to the poor needs to be consistent.



## **Civil society submissions and responses**

- Many disabled people from the rural areas live in very poor conditions. Government needs to look at women and children with disabilities.
- Government needs to assess whether economic policies are addressing the needs of the poorer sectors of society.
- The issue of how crime impacts on the economic stability of communities need to be address.
- Provision for unemployment in the country is insufficient. Government needs to create labour intensive work for the unemployed. Government needs to look at how unemployment is defined as this does not accurately reflect the numbers of unemployed people. Job centres need to be created to record databases on the unemployed.
- Expanded public works need to be more permanent and sustainable.
- More houses need to be built as a lack of housing leads to more social problems.
- Communities need to be educated regarding the country's vision for socio-economic development. The issue of corruption within government at all levels causes communities not to share government's vision.
- Government officials do not understand government policies and do not adhere to it.
- Government needs to develop capacity strategies for communities to become more sustainable.
- There should be more effective monitoring of service delivery. Basic service provision should not be privatized. Local government slow w.r.t. service delivery.
- Government should provide accessible transport for persons with disabilities. More disabled people should be part of community development work programmes. More effective rollout of chronic medication and hospital services should be available to persons with disabilities.
- Space should be created for the informal economy.

### **Objective 3: strengthen policies delivery mechanisms and outcomes in key social areas including education and combating of hiv/aids and other communicable diseases.**

For the purpose of this Objective a focus on combating HIV/AIDS and access to education will be the main focus.



**Table 1: The Western Cape Progress on health related MDG's 2000–2005**

Millennium Development Goal	MDG Objective	Indicator	2000	2001	2002	2003	2004	2005	% change 2000-2005
Reduce Child Mortality:	Reduce <5 mortality by two thirds by 2015	IMR/100 000	39	31	30	29	28	27	31% decrease
		Child (<5y) Mortality Rate/100 000 <sup>1</sup>	46	46	46	46	45	44	4% decrease
		Measles coverage under 1 year	Not available	Not available	Not available	84.9	78.1	91.7	8% increase
Improve Maternal Health	Reduce maternal mortality ratio by 75% by 2015	Maternal Mortality Rate/100 000	58.72	45.02	70.3	70.7	Not available	Not available	20% increase (to 2003)

According to the UNDP (1998), South Africa's first report on Human Development focuses on "the devastating impact of HIV/AIDS on the new South Africa and its potential to reverse recent gains in human development". The main message is one of hope that the further spread of the epidemic can be contained if national leadership combined with the active participation of people living with HIV/AIDS and all other civil society and public service partners to fight the spread of HIV/AIDS. It further states that "The basic tenets of human development are enshrined in the Constitution of the new South Africa, reflected in its Bill of Rights. They are the primary objectives around which strategies for reconstruction and development have been established".

A report by the UN Integrated Regional Information Networks (2004) estimates that 100,000 people in the Western Cape Province are infected with HIV or have AIDS-related diseases.

**Question 5: What measures has government taken to strengthen policy delivery mechanisms and monitor outcomes in order to make progress towards the social development targets?**

In May 2001 a Medicins Sans Frontieres (MSF) and Western Cape Health Department project started providing people at an advanced stage of AIDS with Antiretrovirals at three HIV/AIDS clinics in Khayelitsha township, outside Cape Town. By the end of 2001, 100 patients were on



ART. This increased to 300 by the end of 2002, just 17 months after the programme began. By the end of 2003, a total of 776 patients, including 84 children, were receiving treatment.

Lessons learned from the MSF Khayelitsha programme will be integrated into the provincial scale-up. Over the next three years, the challenge will be to transfer responsibility for the Khayelitsha programme to the Western Cape Department of Health.

The Western Cape Health Department forwarded this submission based on the Millenium Development Goals:

Combat HIV/AIDS & other diseases	Halve new infections by 2015	HIV Incidence	Not available	Not available	0.7%/y <sup>1</sup>	Not available	0.9%/y	Not available	(two different sources of data)
		HIV Prevalence in agegroup <20y	4.9	6.3	7.3	8.7	8.1	Not available	65% increase
		Number of maternal HIV and AIDS orphans under 15 y	1876	3097	4871	7325	10572	14682	683% increase
Ensure Environmental Sustainability:	Halve by 2015 proportion of people without access to safe drinking water	Proportion of the population with water on premise	Not available	Not available	Not available	92.2%	89.9%	98.5%	7 % increase
		Proportion of the population with water Within 200m	Not available	Not available	Not available	6.3%	8.6%	Not available	37% increase



Have achieved, by 2020, a significant improvement in the lives of at least 100 million slum dwellers	Proportion of the population with access to improved sanitation <sup>1</sup>	Not available	Not available	Not available	89%	90%	Not available	
	Flush	Not available	Not available	Not available	.9%	.5%	Not available	
	Chem	Not available	Not available	Not available	1.4%	1.7%	Not available	
	VIP	Not available	Not available	Not available				

## Notes:

1. This increase in maternal mortality is attributable to mainly communicable diseases and in particular HIV/AIDS.
2. The HIV prevalence for the <20 year age group showed a marginal decline between the years 2003 and 2004 from 8.7% to 8.1%. It would be premature to interpret this marginal decline as stabilization. This marginal decrease may be attributed to the overall decrease in the proportion of the <20 age group participating in the survey over the last few years, resulting in fluctuations due to small sample size or due to the updated sampling in 2004. Other factors that may influence this include a decline in age of sexual debut, in fertility levels and in utilization of public health services by this age cohort. It would be important therefore to closely monitor HIV trends in this cohort over the next few years.

## QUESTION 2: What are the outcomes of the policies and mechanisms on social indicators?

Describe the trends in social indicators over the past 5-10 years with regard to:

- (i) Health, especially with respect to infant mortality and malaria;

*See table above for IMR*

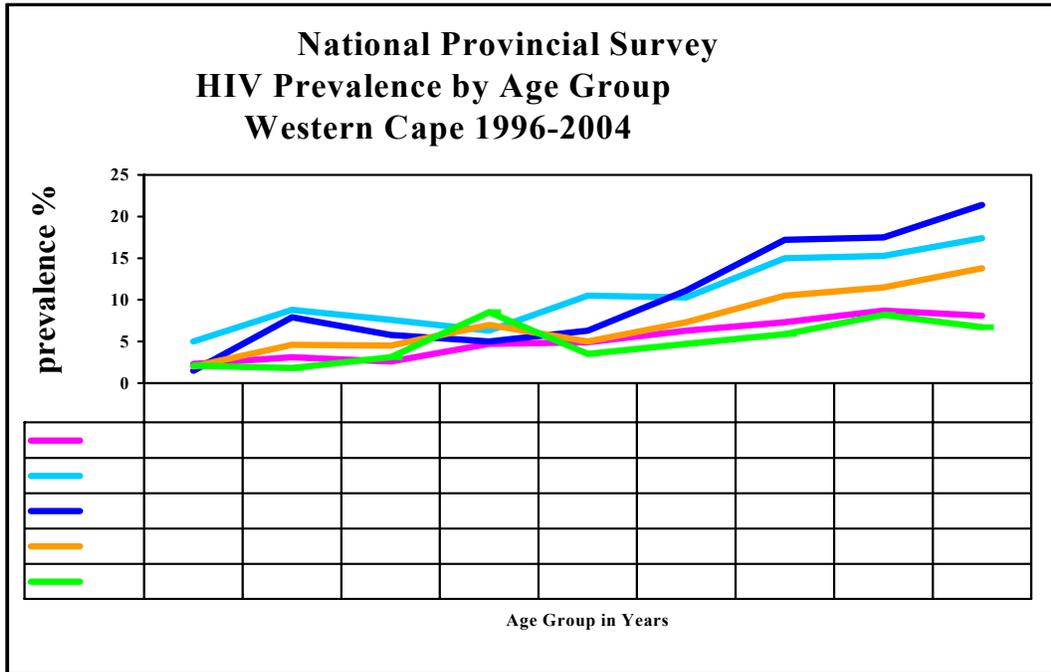
- (ii) Prevalence rates for HIV/AIDS and other communicable diseases disaggregated by gender, and between rural and urban areas;

The Western Cape Antenatal Survey report for 2004 showed a marginal decline in HIV prevalence for the <20-year age group between the years 2003 and 2004. The authors report that it would be premature to interpret this marginal decline as stabilization as it may be attributed to the overall decrease in the sample size of this age group, or a decline in age of sexual debut, in fertility levels and in utilization of public health services by this age cohort. It would be important therefore to closely monitor HIV trends in this cohort over the next few years. The fluctuation in HIV prevalence in the 35+ age groups is also largely attributed to the small sample size. Fertility rates in this age group are lower and this, combined with the declining fertility due to HIV, may partly influence the fluctuation in rates.

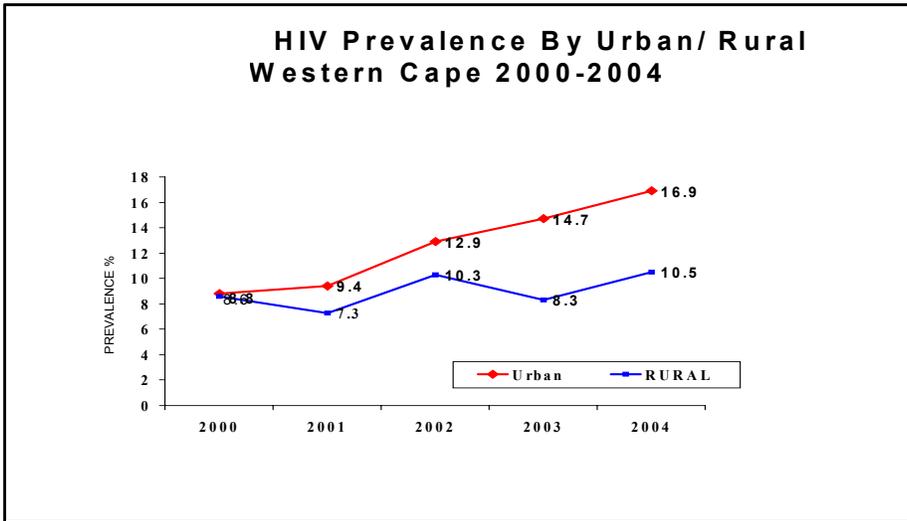
<sup>1</sup> Acceptable sanitation is flush, chemical and VIP toilets



**HIV Provincial Survey HIV Prevalence by Age Group**



Examining the HIV trends by urban versus rural location, it is clear that the urban areas showed a consistently higher HIV prevalence than rural areas. It is also noted that the HIV prevalence has increased more rapidly in urban than rural areas, leading diverging trends over time



The 2004 district survey results are presented in **Table 2**. The HIV prevalence for the year 2004 varied considerably at the district level, ranging from 1% in the Blaauwberg district to 33% in the Khayelitsha district.



**Table 2: HIV Prevalence By Health District 2003-2004.**

Region	District	HIV prevalence (95%CI)	
		2003	2004
Cape Metropole	Blaauwberg	4.4±3.0	1.2±1.0
	Cape Town Central	11.6±5.0*	13.7 ±4.7
	Greater Athlone	10.1±4.4	16.4 ±3.6
	Helderberg	19.1±4.2	18.8 ±3.3
	Khayelitsha	27.2±4.2	33.0 ±3.5
	Mitchells Plain	6.3±4.0	12.9 ±3.
	Gugulethu/Nyanga	28.1±4.2	29.1 ±2.8
	Oostenberg	16.1±4.3	14.8 ±3.3
	South Peninsula	9.3±3.8	10.8 ±3.2
	Tygerberg Eastern	7.9±3.9	12.7 ±3.6
	Tygerberg Western	8.1±3.3	15.1 ±4.0
Boland /Overberg	Bredasdorp/Swellendam	1.1±2.1	10.0±5.0*
	Caledon/Hermanus	14.2±4.6	12.5±3.2
	Ceres/Tulbagh	7.5±5.1*	10.5±3.7
	Worcester/Robertson	3.9±2.6	8.4 ±3.3
West Coast / Winelands	Malmesbury	10.7±4.8	6.2 ±3.7
	Paarl	10.1±3.9	8.9 ±3.0
	Stellenbosch	8.5±4.9	17.8±6.1*
	Vredenburg	10±4.5	13.0 ±4.1
	Vredendal	3.9±3.4	5.8±4.0
South Karoo	Cape Knysna/Plettenberg	15.6±4.0	17.4 ± 3.6
	Bav	5.4±3.2	6.5±4.4
	Mossel Bay/Langeberg	13.3±4.8	12.5 ±3.2
	George	11.6±3.7	13.3 ±3.4
	Central Karoo	6.5±4.4	8.9 ±4.6

### *Burden of Disease in General for Western Cape*

In the Cape Town cause of death and premature mortality report, 2001, HIV/AIDS accounted for 8% of all deaths and other communicable diseases, maternal, perinatal and nutritional causes accounted for 17% of all deaths. Non-communicable Diseases accounted for 58% of deaths and injuries for 17%. Women experienced a disproportionately higher burden of HIV/AIDS compared to men (10% compared to 7%). On the other hand men experienced a disproportionately higher burden of injuries (23% compared to 10%).



When comparing the data from the City of Cape Town (CT) found in the Cape Town cause of death and premature mortality report and one of the Rural Districts Boland/Overberg, it was found that the proportion of communicable diseases was higher in the Boland (18%) than CT (13%). HIV proportion was lower in the Boland 6% compared to 10% in CT. The proportion of non-communicable diseases was higher in CT 53% compared to 46% in the Boland. Injuries were the same at 17%. However a proportion of ill-defined natural causes of death is almost double that of CT in the Boland 13% compared to 7% therefore these results should be interpreted with some caution.

In the South Africa's Learning Cape aspirations, Shirley Walters (2005), questions whether "lower or middle income countries can become or contain learning regions". Her main is to identify whether it is possible for the Western Cape Province, which represent the rich and the poor, black and white within the province to become a life-long learning region.

The Western Cape Province, one of nine provinces nationally, aims to be a learning province.

*The characteristics of a learning region are:*

- World-class education and training systems at all levels, with high participation rates.
- High levels of collaboration, networking and clustering within and across economic and knowledge sectors;
- World-class systems for collection, analysis, management and dissemination of information;
- Constant challenging of traditional knowledge categories to suit rapidly changing social and economic realities;
- The provision of frequently updated, easily-accessible information and counseling services to enable citizens to maximize their learning opportunities;
- High value placed on formal, non-formal and informal learning throughout life expressed in tangible improvements in the learner's employment and community situations;
- Learning support for high levels of social cohesion across social class, ethnicity, gender, ability, geography and age within a society of limited social polarities.

The Western Cape, being the second wealthiest province in South Africa, has a 26% unemployment rate. The Western Cape economy is based on manufacturing, clothing sector the biggest, agriculture and tourism. The province therefore has a large number of semi-skilled and unskilled workers, which can be regarded as a contributing factor as to why the economy is still in the hands of the rich and the poor becomes poorer (Western Cape Development Framework, 2005).



### *GDPR*

Primary Industry 5.4%, Secondary 24.1%, tertiary 61.6%

Since 1995 the primary and secondary share has decreased by 5%  
(Western Cape Provincial Territory, 2003)

### *Population Age*

67.5% of working age (15 to 65 years) (Statistics South Africa, 2001)

### *Income*

67% of wage earners earned below the poverty line (Provincial Department of Social Services and Poverty Alleviation, 2005, p. 11) and 42% of households had annual income of less than US\$ 3,000 (Statistics South Africa, 2001)

<b>Education</b>	<b>Level of schooling</b>	<b>2001 (%)</b>
	No schooling	5.7
	Some primary	15.2
	Completed primary	7.9
	Some secondary	36.5
	Grade 12	23.4
	Higher	11.2
	<i>Total</i>	<i>100</i>

*Source:* Adapted from Western Cape Provincial Treasury (2005, p. 61) based on Statistics SA Census 2001.

### *ECD*

22% of children under five years old attend an early childhood center (Provincial Department of Social Services and Poverty Alleviation, 2005, p. 14)

### *HIV/AIDS*

Incidence of 12.4% (Provincial Department of Social Services and Poverty Alleviation, 2005, pp. 13-17)

### *Children*

Social Services currently has 4,400 cases of child abuse on their books, knows of 780 street children and report an average 2, 223 youth arrested per month (Provincial Department of Social Services and Poverty Alleviation, 2005, pp. 13-17)

### **Further and higher education**

- Four Higher Education Institutions (national competence)
- Six Further Education and Training (FET) colleges (provincial competence), each with a number of campuses.



The key socio-economic statistics for the Province is as follows:

26% unemployment (Statistics South Africa, 2001) breaks down as:

- 41% for Black African and 6.9% for whites (Provincial Department of Social Services and Poverty Alleviation, 2005, p. 10)
- 46% of age group 16-25 years (only 17% of the employment market) (Western Cape Provincial Treasury, 2005, p.8)
- The majority of white 17-year-olds and coloured 19-year-olds, but less than 30% of Black Africans, had ever worked (Western Cape Provisional Treasury, 2003, p. 50)
- 51 per cent of employed people earn less than USD 200 per month while 5% earn more than USD 1 900 (Statistics South Africa, 2001)
- Estimates are that 75% of white new labour market entrants will get jobs compared with 29% of Black Africans (HSRC, 2003)
- Infant mortality in the South Peninsula (middle class) is 13 per 1 000 live births; in Khayelitsha (working class) it is 44 per 1000.

The above factors would make it difficult for social cohesion and will affect a positive learning region within the province.

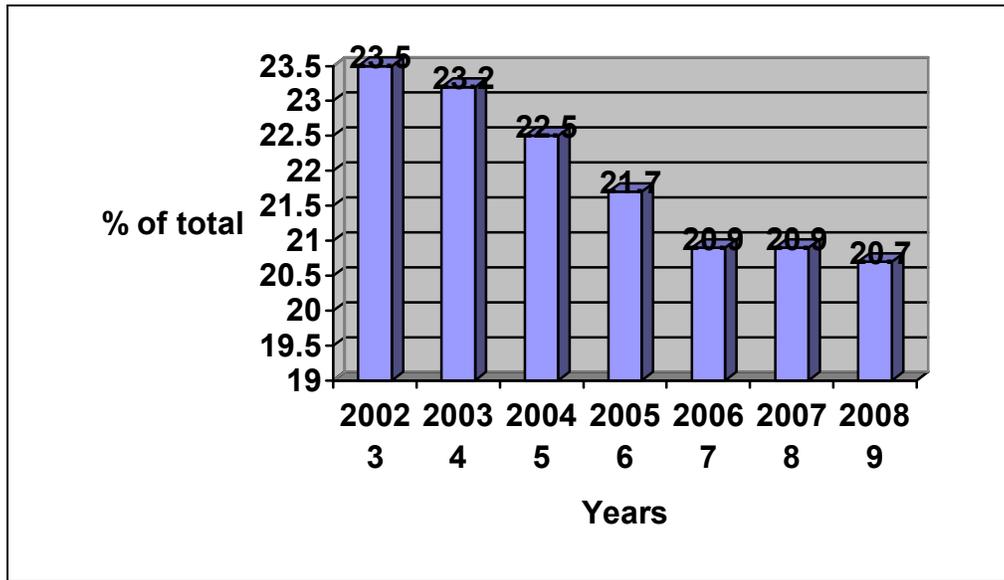
- A 3- year project on the improvement of farm worker health and safety systems, which involve the training of 4000 farm workers has been approved with a budget of R 131 000,00
- HIV/Aids project for the testing and counselling of 500 farm workers along the West Coast.
- Combat HIV/AIDS and other diseases.
- An allocation of R12.4 billion was given to finance the strengthening of the HIV/AIDS programme.
- R 1.25 million has been allocated over the next 4 years for the training of farm workers, which include women (seasonal farm workers) and their children.
- Only R1,9 billion had been earmarked for conditional grants associated with roll out of the National treatment plan approved by Cabinet.
- Government needs to back up and complement its decision to make ARV's more widely available through the public health system and more speedily.
- A Foetal Alcohol Syndrome-prevention training project, has been approved for the training of 3000 children and adults over a period of 4 years with a budget of R 205 200,00.
- Targets towards addressing poverty are on track as it is based upon the Millennium Development Goals, which aim to halve poverty and unemployment by 2014.
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- Rallies for Women, Youth and Worker's Day was held for farm workers to a total cost of R 93 800,00, and reached 1150 farm workers during these events
- The National Department of Land Affairs invested about R 380 million in 112 projects to buy land which benefited 10 300 beneficiaries
- Promotion and protection of the rights of woman - All agricultural policies incorporate the preference to support women.
- Two programmes, namely land reform and food gardens address the need to support women in agriculture, and start to address the food security within households.
- Rural areas where 70% of poor children live contain only 40% of all ECD facilities.
- This ranged from 8 and 10% in two of the poorest, rural provinces to 25 and 26% in the wealthiest and most developed Western Cape and Gauteng provinces.
- Access to services increases with age with only 5% of children under 3 in centres compared with 15 % of children aged 3- 5 years and 21% aged 5 to 7 years.
- A report from The Rural Family Support Project in the Free State (Cecilia Tsoenyane) notes: "Most farms have no pre-school facilities.
- The lack of access to ECD facilities, including Grade R in many rural areas, have been noted by provincial education departments as an issue requiring intervention.
- The discontinuation of the Early Childhood Development conditional grant is worrying. In our review of the Estimates of Expenditure we have found no indication that government will support ECD in other ways.
- Early intervention is not systematically applied in Grade R classes at public schools, this is at the discretion of the education support services. In rural areas there is a general lack of access with the closest resources often 3 to 4 hours away.
- Difficulty getting birth registrations impacting on grants and later on school access.
- Education is an area that perhaps disappoints the most. First, the share of education as a percentage of the budget continues to decline.



**Education as a percentage of spending**



The work referred to in this ensuing section is the product of current People’s budget reflections on the 2006 People’s Budget detailed statement, forthcoming. Please acknowledge “Peoples’ Budget Campaign “and “NALEDI” as the source of information in the event of use as reference.

- The declining share of education is significant and unacceptable, given that education is perhaps the top priority for our country.
- Lack of skilled teachers
- Lack of infrastructure and support services
- Consolidated spending on education

	Audited Outcome			Revised Estimate	Medium-Term Estimates		
Education	2002 3	2003 4	2004 5	2005 6	2006 7	2007 8	2008 9
	62012.2	70130.1	75485.1	83437	91994.8	101145.4	110236
		13.1	7.6	10.5	10.3	9.9	9.0

**Table 2** shows areas at a national level where comparisons can be made on educational spending. There are several worrying trends: (Taken from SACC Submission)

- The decline in Adult Learning and School Enrichment – itself an odd combination – is worrying, given the challenge of illiteracy in South Africa, and the need for skills



development in the economy. The increase over the MTEF is also very small in comparison to needs.

- Modest increases in grants for the school nutrition programme is also an area that would make for excellent budget growth commensurate with equally good development outcomes.

## Indicators

- UN Integrated Regional Information Networks (2004)
- Millenium Development Goals
- Cape Town Mortality, 2001
- National Provincial Survey on HIV/AIDS, Western Cape, 1996-2004
- Western Cape Antenatal Survey report for 2004
- Western Cape Health Department
- White Paper on the Knowledge Economy (PAWC, 2001)
- Division for Lifelong Learning, 2001
- The Learning Cape Festival (Four years in existence)
- The Learning Cape Indicators Project
- General Education
- Family
- Early Childhood Development
- ABET
- Workplace learning
- Higher Education
- Trade Union Education
- Western Cape Development Framework, 2005

## Question 6: What are the outcomes of the policies and mechanisms on social indicators?

- There is lack of capacity within institutions that are supposed to monitor the implementation of these targets.
- The roll out is problematic because they are being implemented in an unsystematic manner, which hampers effective monitoring.
- Indications are that the Western Cape land reform program (LRAD) compared favourably to the international success rate benchmark of 19%.
- The PDA has received several awards for excellence over the last three years i.e. Premier's Gold award for excellence service for a training initiative, Impumelelo awards for different natural resource management projects. Unqualified audit reports for the last 8 years.



- There is as yet no comprehensive public programme to educate and support families in the rearing of their young children though many excellent programmes have been pioneered by NGOs.

**Question 4C: How clear are our social development targets? How good are the systems for measuring and achieving these targets?**

- There is a need for administrators to be trained to understand the national priorities and then plan accordingly.
- Systems need to be developed to collect data for the implementation of national priorities.

**Indicators**

- Prevention and Treatment of Drug Depending Act 1992, Act 20 of 1992.
- Health Act 63 of 1977
- Hospitals Ordinance 18 of 1946
- Honorary Medical Staff of Provincial Hospitals Regulations
- Communicable Disease and Notification of Notifiable medical condition Regulations.
- The Constitution of South Africa, 1996 (Act No 108 of 1996)
- The Constitution of the Western Cape Province 1997
- The South African Schools Act (SASA), 1996 (Act no 84 of 1996) as emended
- The National Education Policy Act 1996 (Act No 27 of 1996)
- The Further Education and Training Act, 1998 (Act no 98 of 1998)

**Objective 4: Ensuring affordable access to water, sanitation, energy, finance, markets, ICT, shelter and land to all citizens, especially the rural poor.**

**Question 7: What policies and strategies has the government put in place to ensure that all citizens in particular the rural and urban poor have affordable access to basic needs?**

**Policies and strategies taken by Department of Social Services:**

- The department increased their 14 district offices from 14 to 16.
- A transformation plan was developed for implementation in all districts that included that of ensuring access to services.



- District offices had to identify areas of need and assess availability and access to services by those who need it.
- Baseline data was gathered and analysed and will inform the Department of Social Services' accommodation plan in future.
- One of the transformation imperatives is that of ensuring access to services.
- The Department of Social Services entered into SLA's with Local Government for Multi-purpose Centres to be established in areas to facilitate access to services.

### **Governmental submissions and responses**

- A big emphasis needs to be placed on the training of engineers to ensure that they are sensitive to the needs of disabled people.
- Agricultural service delivery is a concurrent function between National and Provincial Government.
- Provincial departments of Agriculture (PDAs) are tasked with implementation of National agricultural policies.
- Agricultural policies and standards are developed by the National Department of Agriculture (DoA) and is an inclusive process. In theory oversight by the DoA should ensure alignment between policies and implementation processes and systems.
- Farm Worker Development within the Department of Agriculture Western Cape, started delivering on expectations and needs of farm workers.

### **Question 4D: How well does the Government deliver basic services like water and shelter? Is enough being done to make sure poor people receive these services?**

#### **Civil society submissions and responses**

- The ideal number has not yet been reached, but significant strides have been made towards meeting these targets of basic service delivery.
- The specific needs of disabled people has not been taken into consideration in the provision of basic services e.g. accessibility of RDP Housing, the accessibility of taps, toilets and the provision and allocation of free electricity does not take into account the use of electricity for assistive devices by disabled people.
- The disability sector needs to collaborate with the institutions that provide services to ensure a clear understanding of the varying disability needs when providing services.
- The delivery and access to clean water is not good enough.
- Service delivery is good.
- The delivery of basic services is quite bad.
- There is room for improvement with regards to service delivery.



- There are still people without access to water and sanitation, especially those living on the streets.
- The reason for poor delivery of services is because of corruption.

### **Social Indicators:**

- The Millennium Development Goals:
  1. Reduce Child Mortality:
    - a. Reduce <5 mortality by two thirds by 2015
  2. Improve Maternal Health:
    - a. Reduce maternal mortality ratio by 75% by 2015
  3. Combat HIV/AIDS & other diseases:
    - a. Halve new infections by 2015
  4. Ensure Environmental Sustainability:
    - a. Halve by 2015 proportion of people without access to safe drinking water and proper hygiene
  5. Eradicate poverty & hunger:
    - a. Halve proportion of people suffering from hunger by 2015
  6. Achieve universal primary education:
    - a. All children able to complete primary schooling by 2015
  7. Promote gender equality & empower women:
    - a. Eliminate gender disparity in all education by 2015
  8. Development global partnership for development:
    - a. Deal comprehensively with the debt of poor countries

Provide access to affordable, essential drugs in developing countries

### **Objective 5: Progress towards gender equality in all critical areas of concern, including equal access to education for girls at all levels.**

#### **Question 8: What measure has the country taken to mainstream gender equality and with what results?**

Since 1994 a number of critical advances were made towards building a non-racial and non-sexist society. Gender refers to the economic, social and cultural attributes and opportunities associated with being male and female (Jordan – Western Cape Department of local



Government.) The Constitution of the Republic of South Africa, Act 108 of 1996, Chapter 2: Section 9 emphasizes equality of mankind. It prohibits unfair discrimination against anyone on the basis of race, gender, sex etc. The constitution provides specifically for gender equality, affirmative action, freedom and security of the person and socioeconomic rights.

Parliamentary Acts that have been passed to ensure that the position and conditions of women are changed include:

- The Choice of Termination of Pregnancy Act (1997)
- The Domestic Violence and the Maintenance Act (1998)
- Customary Law Act (1998)
- Customary Marriages Recognition Act (1998)
- The Labour Relations Act (1996)
- The Basic Conditions of Employment Act (1998)
- The Employment Equity Act (1999)
- The Skills Development Act (1999)

In terms of National Government, a number of processes and mechanisms were adopted to advance the country towards gender equality. The principle structures of the national machinery are

- The Office of the Status of Women (OSW)
- Gender Focal Points (GFP) in national departments
- Commission for Gender Equality (CGE) and
- Other organs of civil society (NGO, religious bodies, Catralesa, Salga)

The National Gender Machinery as a framework is in line with the South African National Policy Framework on Women's Empowerment and Gender Equality. Although the policy framework does not provide explicit recommendations for the institutional arrangement at local government level, it is proposed that this framework serve as a guideline for local government.

The South African Local Government Association's (SALGA) Gender working group was formed in 1996, in order to ensure the strategic presence of women and gender issues in local government.

The Women's Development Foundation (WDF) is an NGO whose objective is to prepare women to taken on positions of political leadership, and to support them while in office. The new Municipal Structures Act defines gender equity as a developmental outcome and thus makes the empowerment of women a local government responsibility.



The Western Cape Department of Local Government has committed itself to draft provincial gender priorities and to align itself to national, regional and internal gender guidelines and conventions.

The proposed gender strategy of the Department of Local Government concerns itself with gender mainstreaming. Its focus is on the equity of access and opportunity, as well as fair treatment of all employees and clients. The Department's strategy includes mechanisms to monitor and evaluate progress in order to re-design its organizational activities.

The Internal Goals (2003-2007) of the Western Cape Department of Local Government's Gender Strategy

- To implement the national gender policy framework
- To monitor and evaluate departmental projects and programmes in line with the national policy framework.
- To reflect gender considerations in the strategic plan, business plan, service delivery plan, communication strategy and MTE7 budget of the Department.
- To ensure the department provides and uses gender disaggregated data in their work.
- To strive towards a situation where all Departmental committees confirm to gender equality (e.g. Tender Committee, Training Committee)
- To design gender indicators in order to evaluate the effectiveness of gender initiatives to facilitate gender training and education for all staff.
- To ensure that women and men are empowered equally in managerial and supervisory positions.
- To create a dedicated human resourced capacity inter alia: the appointment of a Transformation manager (Gender, Youth, Disability and HIV.)

External Goals (2003 – 2007)

- To encourage municipalities to establish mechanisms in order to link and liaise with civil society, CBOs and NGOs on Gender issues.
- To participate in the research of gender issues in the local government environment.
- To engender the service delivery plan and communication Strategy of the Department.
- To monitor the performance of municipalities w.r.t. gender equality.

#### *Outcomes of gender mainstreaming*

Based on a document from the Office of the status of women and gender equality: 10 years of freedom – what has it meant for women in the Unicity – Cape, the following emerged:



- Increasing numbers of women have successfully applied for bonds.
- There has been an increase in the number of employment opportunities for women.
- Jobs in which mathematics, engineering and science are key elements are still dominated by males.
- Adult education needs to be made more accessible to women and mothers.
- Too few companies have embarked on a process of gender restructuring.
- Women should have greater access to information regarding job opportunities.
- While legislative mandates have been implemented regarding gender-based violence, in South Africa, one in four, four women is abused by her intimate partner, while femicide figures show that every six hours a woman is killed by her intimate partner (Medical Research Council, 1999, 2004)

### *Challenges*

- More rigorous implementation and monitoring needed.
- Gender should incorporate men as well.
- Escalating incidence of gender-based violence.
- Internalized oppression based on cultural and gender stereotypes.

### **Indicators**

- The Choice of Termination of Pregnancy Act (1997)
- The Domestic Violence and the Maintenance Act (1998)
- Customary Law Act (1998)
- Customary Marriages Recognition Act (1998)

### **Objective 6: Encourage broad based participation in development by all stakeholders at all levels.**

#### **Question 9: What mechanisms have been put in place to promote and encourage effective participation in development processes by key stakeholders.**

The value of the iKapa Elihlumayo strategy is embedded in its connectedness and uniqueness as a collaborative development approach. Its directive appeal builds partnerships and dialogues across society limiting business, investors, government, workers and communities through a social contract that commits all to work together for a “Home for All”.



A provincial public entity the Provincial Development Council (PDC) was entrusted with the institutional responsibility for leveraging multi-sectoral, thematic and institutional social groups. This council is responsible for a Provincial Growth and Development Summit to be held every three years. PGDS review meetings are held annually, while the PDC Council meets quarterly.

The PDC facilitated the establishment of five multi-stakeholder commissions – economic participation, enterprise development and employment creation, human resource and social development, infrastructure, spatial development and governance, planning and integration; institutional arrangements and social dialogue. These multi-stakeholder commissions channeled, focused and cemented an inclusive process of social dialogue on issues, policies strategies and intention with government, business, labour and civil society representatives.

- Community For a have been established on IDP's, Ward Committees and Business Fora, Disability For a, Women Groups, Youth Commission, Community Police For a, National and Provincial Summits, Youth Parliament, national Economic Development and Labour council.
- Imbizos are used to ensure community participation
- NGOs are recognized as partners in development
- Open media days hosted by government
- Radio talk shows
- Presidential and Premier Advisory Councils/Committees
- Organised Agriculture
- Organised Business
- Organized Labour
- Organized Civil Society

Within the Department of Community Safety, Community Liaison is involved with mobilization of all communities in the province in the fight against crime. Communities are mobilized to form anti-crime structures which communities are mobilized to form anti-crime structures which translate into Community Police Fora (CPFs), community watches and Community Safety For a (CSF's). Some of these community members have been encouraged to volunteer as members of Bambanani.

The Disability sector commented that various systems are available for people to participate in processes that affect them. However, disabled people do not have access to these systems due to a lack of support services such as discussion documents and other devices to enable them to participate.



The Department has put a number of measures in place to encourage effective participation by:

- Entering into memoranda of agreements with macro governance structures of sport and recreation regarding sustainable development of sport and recreation in the province.
- Entering into Service Level Agreements with recognized sport and recreation bodies regarding roles and responsibilities pertaining to sport and recreation development in the province.
- Implementing community and school Mass Participation Programmes that target children and youth.
- Reviving and implementing indigenous games in both communities and schools within the Western Cape as a mechanism of expanding the sport and recreation participation scope within the province.
- Equity targets are set in all spheres of museum work, museum programmes and museum participation in community outreach programmes.

### *Challenges*

- The notion of the active citizen is not a recent invention or one that can be naively applied. In much of local development experience however, thinking about citizen participation has reminded at a very idealistic and ideological level. It has lacked analytical tools, practical methods and theoretical framework.
- Poor response and participation in various fora.
- Poor communication between Government departments.
- Delayed delivery/provision of services due to the enormous legacy of apartheid system of government.

### **Indicators**

- The Labour Relations Act (1996)
- The Basic Conditions of Employment Act (1998)
- The Employment Equity Act (1999)
- The Skills Development Act (1999)

### **Conclusion**

The NEPAD declaration conceptualizes socio-economic development as the continuous improvement in the well-being and in the standard of living of all people. Education, health, HIV/AIDS, gender equality, finance (including micro finance), access to water, energy, housing, resources, as well as markets.



The government needs to develop a strategy that encourages the people of the Western Cape Province to grow self-reliant. An Integrational Nutritional Project should address food security and/or food insecurity within the province. A National Development Programme should address the six basic principles, namely, an integrated and sustainable programme; a people-driven process; peace and security for all; nation-building; link reconstruction and development; democratisation of South Africa. It should be an integrated programme that provides peace and security for all and builds the nation, links reconstruction and development, and deepens democracy.

Some submissions from civil society referred to a Basic Income Grant, which ensure that the poor receive a minimum monthly grant of R100 per month. This may be of particular benefit to those poor communities with high unemployment levels. There is a need to combat poverty and unemployment. A clear plan for poverty eradication is necessary. The role of big business in job creation and poverty eradication needs examination. The absence of a submission towards the APRM process by Business interests within the Western Cape was particularly notable. Even more noteworthy is the continued increase of job losses though retrenchments within the province, especially within the clothing and textile sector.



## CONCLUSION

The findings of the report reveal a society with an enabling network of institutions, strategies, plans and Statutes. At the same time that clear successes are evident in the implementation of the National Development Plan, and iKapa eLihlumayo/Home for all, there are various challenges that continue to plague the Western Cape Province, and the country as a whole.

People's participation in constitutional institutions designed to protect their rights is weak. This can be remedied by more local government engagement of civil society on service delivery, reducing poverty, policy making and strengthening democracy. Unemployment and poverty have been linked to conflict, especially when scarce resources lead to competition within poor communities. Such competition gives rise to gang related, xenophobic, ethnicist and racial conflict.

While good economic institutions have been built and South Africa continues to pursue healthy economic environments and exchanges within the SADC region and the larger continent, challenges within its borders remain. These are linked to the difficulty of deepening and stabilizing the internal economic environment. HIV/AIDS and other communicable diseases have financial implications. The policies that are currently in place require more stringent enforcement and monitoring by government if the benefits of sound economic policies are to filter through to the most vulnerable groups within the Western Cape's population.

Additionally, while the Province, and country, has an improved regulatory environment previously disadvantaged groups still battle to access the requisite resources to enter the business world. Start-up capital is difficult to secure, and the skills shortage suggests an urgent need to fast track the transformation of the financial sector. Government needs to pursue more ways to enforce compliance with the Employment Equity Act and other sector transformation charters. Currently, too many players in big business and other institutions simply pay the fines for non-compliance. Disability equity targets need greater and more visible enforcement, and there is a pressing need for increased public consciousness on public governance.

Finally, the report disclosed that within the Western Cape Province, people are not growing more self-reliant. Food security and food insecurity continue to be pressing needs. The Basic Income Grant came through as an important measure from various submissions, with some arguing for a minimum of R100/per month. Such a grant would make a significant difference to poor communities ravaged by HIV/AIDS, poverty and high unemployment rates. A clear poverty eradication plan is necessary, and big business should play a significant role in its implementation. Government should urgently consider what such a role would be. This is particularly pressing given the absence of submissions from big business in the Western Cape, especially at a time when the biggest employer in the region, the clothing and textile sector is facing large scale job losses.



## RECOMMENDATIONS

- A national and provincial development programme is urgently required to address the tensions and conflict which is exacerbated by increase in poverty and unemployment.
- Much more needs to be done to educate people with regards to their constitutional human rights, socio-economic rights and cultural rights as well as the vision to end poverty.
- No basic services such as water, sanitation and electricity should be privatised, but should remain in the hands of government and implementation of delivery needs to be accelerated.
- Access to water, sanitation and the economy need to be increased through an approach that takes gender into account and is sensitive to the needs of people with disabilities.
- Economic development in peri-urban and rural communities should be encouraged.
- More people should be encouraged to access loans to start small businesses and become self-sustainable. Enforcement of compliance with good corporate governance principles must be strengthened.
- The business enterprises and the community should be educated about information such as the Red Door Economic Empowerment Programme and how to access funds.
- The Public Works Programme should become more sustainable.
- A clearer Poverty Alleviation Plan is necessary.
- The Western Cape government should formulate a clear programme to address food (in)security in the Province.



## ABBREVIATIONS AND ACRONYMS

ANC	African National Congress
APRM	African Peer Review Mechanism
CSI	Citizen Satisfaction Index
DA	Democratic Alliance
DPLG	Department of Provincial and Local Government
FF	Freedom Front
FOSAD	Forum of South African Directors General
GCR	Gender Commission Report
HDI	Human Development Index
HSRC	Human Sciences Research Council
IDASA	Institute for Democratic Alternative for South Africa
IDP	Integrated Development Plan
IEC	Independent Electoral Commission
IFP	Inkatha Freedom Party
MTEF	Medium Term Economic Framework
MTSF	Medium Term Strategy Framework
NCOP	National Council of Provinces
NEDLAC	National Economic Development and Labour Council
NEPAD	New Partnership for African Development
NNP	New National Party
PAC	Pan -African Party
PCC	Presidential Coordinating Council
PR	Proportional Representation System
PSC	Public Service Commission
SAHDR	South African Human Development Report
SAHRC	South African Human Rights Commission
SALGA	South African Local Government Association
SALGRC	South African Local Government Research Center
SARBS	South African Reconciliation Barometer Survey
UDM	United Democratic Movement
WDR	World Development Report



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### **Input papers from sectors**

Overberg Region CDW, mid November 2005

Cosatu Response paper on APRM, 2005

Disabled People of South Africa Association response on APRM, 2005

