

COMMERCE GENERAL — 1995

JANUARY ~~MARCH~~ MAY

Release of dismissed Spar staff demanded

27/4/1995
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JOHANNESBURG. — About 250 people surrounded the Roodepoort police station last night to demand the release of 10 people arrested for incidents at Spar supermarkets in the town earlier yesterday.

At the Florida Spar yesterday morning, dismissed workers allegedly stole goods and caused damage of about R45 000, police said.

During the incident, the owner was assaulted and shelves overturned.

The group then marched to a Spar at Wilropark in Roodepoort and later gathered outside a Spar outlet in Ouklip Road.

Three people were arrested.

The crowd threw bricks at police. Some policemen were also reported to have been sjambokked before the Roodepoort dog unit was called in. Seven more people were arrested.

The 10 appearing at a bail application last night were due to appear again today. — Sapa

Fabcos approves government approach to small businesses

(30) 10/11/95
■ BY THABO LESHILO

The Foundation for African Business and Consumer Services (Fabcos) has praised the government's proposed strategy for the development of small, medium and micro enterprises (SMMEs).

Secretary-general David Moshapalo said yesterday an integrated approach, advocated by the Department of Trade and Industry (DTI), was a must for the full development of SMMEs.

"We are very supportive. This is how the government should play its role," said Moshapalo, reacting to the DTI's discussion paper on strategies for the development of an integrated SMME policy.

Like the department, Fabcos was opposed to the establishment of a separate government ministry for SMMEs.

Moshapalo said Fabcos favoured the establishment of SMME business associations to formulate policies on the role business organisations should play in the government's envisaged National Small Business

Council (NSBC), provincial SMME desks, regional agencies and Local Services Centres (LSC).

Moshapalo said the associations should also streamline central and provincial government policies for SMMEs.

He hailed the proposed LSCs as the best medium for the dissemination of information and to facilitate education and training.

Fabcos preferred the NSBC to be a statutory body, headed by a chief director, to act as either a chairman or chief executive officer.

Membership of the council should be compulsory and open to SMME associations, support structures, research and development bodies and implementation agencies.

Fabcos believed the bodies supporting SMME development lacked impact because of poor co-ordination.

"In this instance, we support the establishment of a commission to influence the enactment of laws that will have bias towards SMMEs both nationally, provincially and locally," he said.

Govt grants small business export guarantees

GOVERNMENT had approved 10 applications from small and medium-sized enterprises for export finance guarantees worth R23,6m under the export finance scheme since June 1994, the Trade and Industry Department said yesterday.

The finance guarantee scheme was announced in June by Trade and Industry Minister Trevor Manuel to assist small and medium enterprises with pre- and post-shipment export finance.

A R20m guarantee fund was established in June to facilitate additional exports by exporters who did not have necessary funds or loan facilities.

JOHN DLUDLU

The fund guaranteed the cost of materials and services for the production of exports and supplied short-term credit to exporters for financing export trade debtors.

A detailed investigation in SA by the World Bank into ways of enhancing short-term finance for small business was carried out after the establishment of the fund.

The bank's report was later referred to the outgoing National Economic Forum which subsequently set up a steering committee for proper evaluation.

The department said the forum steering committee's report, which was submitted to it towards the end of the year, would be assessed by Trade and Industry, the State Expenditure Department and Credit Guarantee.

The report contained recommendations on implementing measures to increase short-term export finance for small business.

The department said a R20m fund for export finance "is far too small to unlock the full export potential and consideration for its replenishment" would be given.

BD 12/1/95

(30) (44)

Traders block roads

ANGRY Matatiele businessmen, crippled by a five-day consumer boycott, retaliated yesterday by blocking roads leading to the town to prevent outside traders from selling to boycotters.

Matatiele mayor Mr Libby Sorour denied reports that the boycott had been lifted and said the KwaZulu-Natal town had lost more than R6 million as a result of the boycott called by about 2 000 squatters who were forcibly removed from council land last week.

"I am totally against any boycotting in the town. It is irresponsible and causes hardship to its residents," he said.

Day long talks

A local trader said day-long talks involving African National Congress chairman Mr Jacob Zuma and top party officials from KwaZulu-Natal and the Eastern Cape had only succeeded in resolving a split in ANC ranks over their support for which province should get Matatiele and the surrounding East Griqualand.

He said they had failed to address the boycott and the plight of the 2 000 or so people left homeless as a result of their eviction from the town common.

Action committee

"Local shopkeepers have formed an action committee to prevent shops outside of town from buying here and reselling goods to boycotters across the Eastern Cape border. They are also turning away hawkers who intend selling their goods on the streets," he said.

He said businessmen had lost faith in the politicians trying to resolve the issue and that Zuma had reconvened talks yesterday. — *Ecna*.

Tensions high as businessmen

(30)

(205)

blockade town

ARCT 2/1/95

MATATIELE. — Tensions ran high in the Kwa-Zulu-Natal border town of Matatiele as scores of local businessmen blockaded roads leading to Maluti and Mount Fletcher in retaliation for a selective consumer boycott in the town.

Squatters who were forcibly moved from municipal land they illegally occupied embarked on the boycott last week and announced that people would be allowed to buy from only one shop and one garage in the town.

In a tit-for-tat protest, businessmen stopped all vehicles travelling out of Matatiele yesterday and checked for goods before anyone was allowed through the blockade. Several truckloads of goods were turned back and drivers told to return goods to the store where they had been bought.

Placard-waving shopkeepers, their wives and children were taken aback by residents who arrived and shouted racist remarks.

Matatiele mayor Libby Sorour stood on the back of a pick-up videotaping the events.

Hundreds of residents and commuters demanded the opening of the road and African National Congress officials were called in. But the business community said it would not lift the blockade until the consumer boycott was called off.

Police spokesman Rigard Venter promised residents and commuters that members of the Internal Stability Unit were on their way. However, police did not arrive.

When the first vehicle successfully forced its way through the blockade, businessmen watched in defeat as other loaded vehicles followed suit.

Strong words were exchanged among squatters, residents and businessmen but no fighting occurred. The businessmen then moved away for a private meeting. — Sapa.

Squatters, businessmen in talks on Matatiele boycott

ARL 13/11/95 (30)

DURBAN. — White businessmen in Matatiele continued their roadblock outside the southern KwaZulu-Natal town today while negotiations resumed to try to end a consumer boycott of their shops.

"The situation is still the same as yesterday. The relevant parties are in talks now," police spokesman Warrant-Officer Ashley Keal said.

Businessmen set up the roadblock this week in response to a selective consumer boycott of white and coloured-owned shops.

The businessmen prevented

the movement of goods, to stop boycotters from purchasing at black-owned stores.

The boycott began last week after squatters, mostly from the Eastern Cape, invaded vacant farmland next to Matatiele and were ejected by the council.

The governments of the Eastern Cape and KwaZulu-Natal both lay claim to the town, which falls within the disputed East Griqualand region. The KwaZulu-Natal government claimed the invasion was a "land grab".

Talks scheduled on Monday

between the premiers of both provinces, chaired by Deputy President Thabo Mbeki, were cancelled this week because a cabinet meeting was planned the same day, according to Thembinkosi Memela, spokesman for KwaZulu-Natal Premier Frank Mdlalose.

"The premier is watching developments in Matatiele closely but he was hoping the issue could be taken one step further at Monday's talks. Unfortunately the talks are off," Mr Memela said.

Meanwhile, a Matatiele businessman who asked not to be named said he expected the consumer boycott to end today.

"We're close to a solution. The problem now is they want us to lift the roadblock first but we want them to put in writing that the boycott is over," he said.

Police said they had not acted against those who had set up the roadblock yet, and were awaiting the outcome of today's talks. — Reuter.

Now it's the turn of businessmen to blockade Matatiele

WOM 13-19/1/95

Stuart Wright in East London

THE East Griqualand town of Matatiele was under siege this week as local businessmen retaliated against a consumer boycott by blocking outside traders from selling to boycotters.

The businessmen, hard hit by a five-day consumer boycott which has cost the town more than R6-million, blocked three roads to the town on Wednesday morning in a bid to choke the supply of goods to boycotters in and around the town.

About 2 000 squatters who had illegally occupied council land called the boycott after they were forcibly evicted last week. The council saw the occupation as part of an Eastern Cape campaign to seize the kwaZulu/Natal town and surrounding East Griqualand.

A local trader said the blockades to prevent outside traders from exploiting the consumer boycott were removed on Wednesday afternoon.

He believed the businessmen, who have formed an action committee, have made their point. "If people from the Eastern Cape can boycott and block roads and the police do nothing, we can do the same," he said.

According to the trader, the protest by local businessmen was not without confrontation.

At one stage, "in the conspicuous absence of police", about 500 outside traders who had bought goods in Matatiele to sell to boycotters across the Eastern Cape border threatened to overturn vehicles.

He said the blockading of roads was phase one of their protest and unless scheduled talks with ANC officials from kwaZulu/Natal and the Eastern Cape later in the week were fruitful, the town's traders would embark on phase two — which at this stage, he said, remains a secret.

The ANC's Jacob Zuma met party officials in the town on Tuesday and Wednesday but traders said the talks had failed to tackle the consumer boycott or the plight of the homeless squatters. The talks, the traders said, dealt only with the split in ANC ranks over which province should get East Griqualand.

While Matatiele mayor Libby Sorour condemned the blockades, he said that "as long as the Eastern Cape continues its boycott I will support any steps to end it".

Sorour has repeatedly claimed that the invasion of council land, mainly by people from the Eastern Cape, was orchestrated by the Eastern Cape as part of its campaign to win East Griqualand.

The Bisho government — which sees the relative wealth of kwaZulu/Natal as a beacon of hope for the region's economic ailment — has made no bones about its intention to have its border shifted into its neighbour's territory to include East Griqualand.

Last year Eastern Cape Premier Raymond Mhlaba declared the kwaZulu/Natal town of Kokstad one of his regional capitals.

Mhlaba is due to meet his kwaZulu/Natal counterpart, Frank Mdlalose, on Monday to discuss the territorial dispute which prompted President Nelson Mandela to appoint Deputy President Thabo Mbeki and retired ANC chairman Walter Sisulu to seek an amicable solution last year.

To date no concrete steps have been taken to resolve the two provinces' differences and tensions are mounting in what is traditionally a peaceful corner of the violence-plagued kwaZulu/Natal province. — Ecna

Talks to end town's blockade break down

(30) CT 13/1/95
MATATIELE. — Yesterday morning's meeting to resolve problems in blockaded Matatiele in kwaZulu/Natal, failed to achieve a result.

A Matatiele police spokesman said the blockade of the road to Cedarville and Kokstad by the town's businessmen, who were stopping goods entering the town in the face of a consumer boycott of their businesses, continued yesterday afternoon.

Tempers flared in Matatiele on Sunday when squatters moved back on to municipal land, in defiance of a Supreme Court order.

Ninety-one of the squatters were arrested when the town's mayor, Mr Libby Sarour, insisted the police act on the court order which prohibited oc-

cupation of the land by the squatters.

The land issue triggered a consumer boycott of most of Matatiele's businesses, which led to counter-action by businessmen.

The police spokesman said a second meeting was being planned to bring the dispute to an end. This meeting involved representatives of Matatiele Town Council and squatters, represented by the Homeless Association.

The earlier meeting involved the police, businessmen, the Homeless Association and the African National Congress.

The spokesman said he was hopeful a solution would be found at the second meeting and that the blockade would be lifted. — Sapa

Investec fund for financing black projects

SAMANTHA SHARPE

INVESTEC is to set up a R100m-R200m fund with an offshore bank to help finance venture capital projects, Investec spokesman Errol Richa said at the weekend.

It is understood that the Western Cape government would be involved in disbursing finance.

Market sources said competition among SA's merchant banks for black empowerment business was reaching fever pitch, with most banks priming themselves for a flood of new contracts.

Richa said the new fund was only one avenue Investec was pursuing as part of its venture into economic growth in the black private sector.

Investec, which had set up the black-owned asset management company African Alliance Investment Management with the National Council of Trade Unions and Thebe Investment Corporation's banking arm Msele Holdings last year, had not earmarked funds for empowerment transactions. It would "move deal by deal" and was currently discussing potential tourism and telecommunications contracts.

Richa declined to give further information about the deals, which were still in the preliminary stage.

FirstCorp vice-president Bill Ashmore said SA's merchant banks had a pivotal role to play in furthering black economic empowerment and that FirstCorp had established a business unit for this.

FirstCorp's involvement would vary from deal to deal and could range from an advisory role to taking an equity stake in the enterprise, lending money or both.

A Standard Merchant Bank (SMB) spokesman said the majority of SMB's black empowerment deals — SMB was currently involved with the listing of Real Africa Investments — had involved significant funding from the community.

SMB had been involved in empowerment deals with transaction values worth about R1bn in 1994, and, after the listing of Real Africa Investments in February or March, the figure would stretch to R1.5bn.

A Nedbank Investment Bank spokesman said the merchant bank's approach to black empowerment would be made clear

□ To Page 2

Investec

when Development Bank of SA CE Andre la Grange joined the bank as GM development finance in March.

La Grange would cement initiatives like the recently created R50m Franchise Equity Fund, which was formed in conjunction with the International Finance Corporation to invest in small and medium franchise operations.

□ From Page 1

Rand Merchant Bank (RMB) GM Martin Keyser said RMB, which has advised on a number of black empowerment transactions including the Nail/Metlife deal, was currently formalising a structure that would deal with black empowerment initiatives. "As a socioeconomic reality every deal put together in SA today potentially has a black empowerment component."

Where big is best

FM 20/2/95
Research by Anglo American Property Services (Ampros) into where the companies listed in the *FM*'s annual Top 300 Industrial Companies survey are located shows that Gauteng is home to 206 of them and 38 of the top 50.

The figures include 100% of SA's largest print and publishing firms, 66% of the beverage companies and those focused on hotel and leisure activities and 84% of the bigger building and construction firms. Other sectors well represented in the region include industrial holdings (79%), engineering (91%) and electronics (100%).

As in previous years, Gauteng retains the greatest concentration of industrial power in the country, though it is the smallest province geographically. Greater Johannesburg is home to 147 of the 206 industrial companies listed.

Further comparisons are difficult because the country was recently restructured into nine new provinces. Another problem, says Rosemary Bell, Ampros' research director, is that the companies change each year — especially the lower ranking ones.

The next most sought after head office location is the Western Cape with 51 of the *FM*'s top companies. Its strength lies mainly in the clothing, footwear and textile sectors (33%) and among retailers and wholesalers (41%). Other leading industrial operations headquartered there include fishing (33,3%) and the food sector (28%).

KwaZulu-Natal (26 companies), is dominant in sugar (100%), tobacco and matches (100%). Clothing, footwear and textiles (26%) and fishing (33,3%) also feature.

The Eastern Cape has six of the top companies active in clothing, footwear and textiles (18%). The largely rural North West has four — two in investment, one in furniture and household goods and one in engineering.

Steel and allied industries (33,3%) is the major industrial activity in the Eastern Transvaal with two of the top companies listed.

The Northern Transvaal has one company representing the food sector. The Free State, whose main economic base is mining, and the Northern Cape (mining & agricultural) have none of the companies listed in the top 300. Four of the top 300 have their head offices outside SA — three in Namibia and one in the US (Detroit). ■

Boost for black business

By NOMVULA KHALO *CP 22/11/95*

BLACK empowerment has been given a major boost following British Trade Minister John Heseltine's visit to South Africa in July last year.

During his visit, Heseltine met various business people, including representatives of the Greater Soweto Chamber of Commerce and Soweto Skills Initiative, for talks on how black business entrepreneurs could be helped to become self sufficient.

Back in Britain Heseltine negotiated with 40 UK companies to take South Africans on attachments to enable them to gain business expertise.

Off to Britain

The first six leave for Britain later this month to take up places offered by major British firms such as Rolls-Royce, GEC Alstom, Vickers and NEI. Another group will leave in March and the training will last for a year.

There was a stiff competition for the 40 places on offer - 105 candidates sent their CVs to the Greater Soweto Chamber of Commerce and Soweto Skills Initiative.

It is hoped that the training and experience gained in the UK by the successful candidates will give a major boost to business development in Soweto on their return, and forge strong partnerships between British firms and companies in Soweto.

The initiative also aims to arrange venture capital funding to enable the trainees to launch small businesses.



BUSINESS BOOST . . . John Willsher (former director of British Executive Selection) shakes hands with Walter Mokoape (vice-president of the Soweto Chamber of Commerce) at the selection of the first six business entrepreneurs (back) to take up trainee places at British firms. Businessmen Max Legodi (left) and Peter Nkomo (right) look on.

SA business leadership course

By BLESSING MAMABOLO

THE group operations manager of National Sorghum Breweries, Temba Vundla (right), has been elected president of the board of directors for the SA Leadership Development Programme.

Vundla was appointed on December 5 last year at the SA Technikon in Johannesburg to head a programme aimed at "empowering community leaders".

SALDP founder Modise Molefe of Boipatong described the programme as an incentive to commu-

nity leaders.

He added that the programme will empower leaders "who work with their people in creating a clear direction and vision, building effective teams, focusing on customers' needs and practising sound business management".

The board consists of six members.

Black middle management supervisors will on July 5 undergo a six-month training course in New Jersey in the US.

Upon successful completion and evaluation, participants will be awarded a certificate by an

academic institution.

The Vaal Technikon and Technikon South Africa will recognise the SALDP qualification as first-year credits.

For more information call the secretary, Piet Swanepoel, on (016) 85-2221.

More help urged for small businesses

■ BY THABO LESHILO

Although the development of entrepreneurship was the only lasting solution to unemployment in South Africa, existing initiatives to help small businesses remained inadequate, Nafcoc's National Industrial Council (NIC) said yesterday.

The organisation said

initiatives by development corporations, financial institutions and specialist non-government organisations reached only 20 percent of small businesses.

"Without a proliferation of competent entrepreneurs running successful businesses, there is no way that the objectives of the Reconstruc-

tion and Development Programme will ever be achieved," NIC general secretary Philip Machaba warned in a statement.

Star 25/1/95
NIC urged the establishment of between 50 and 100 business information and advice centres (Biacs) throughout South Africa to help small business development.

These centres, it said, should be sponsored by local firms, local authorities, trade unions and appropriate local educational establishments.

The NIC was founded in the mid-1970s and established six Biacs in 1974.

It is opposed to a centrally controlled approach to the provision of support services.

(30)

Opportunity for small businesses

60 25 1195

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AECI's wholly owned land realisation company, Founders Hill, has released 23,7ha at Modderfontein, part of which is aimed at accommodating small business operations in starter premises.

AECI media officer Robbie Vermont said 142 stands would be made available. These ranged in size from 612m² to more than a hectare. Prices start from R85/m², excluding VAT.

The property, to be known as Founders' View, is situated on either side of the Modderfontein Road, between the Modderfontein factory complex and Illiondale, close to the N3 motorway.

It was expected that factories, warehouses, offices and showrooms would be developed over a three-year period, covering more than 120 000m². Preliminary findings had indicated that developing the area could provide 3 000 permanent jobs, excluding those provided by construction companies.

Some small stands had been provided especially to cater for starter premises for small businesses.

Reports by
SELLO MOTLHABAKWE

Engen had purchased two stands with a total area of 17 130m², to be used as petrol filling stations.

The development comprised the installation of roads, services and security fencing of 32,4ha, 23,7ha of which would be subdivided and sold as 142 stands.

Apart from the labour pool from Tembisa and Alexandra, professional labour would be drawn from nearby Edenvale, Kempton Park, Bedfordview and Sandton. Access would be improved by the construction of the K115 road linking Modderfontein Road with Jan Smuts Airport.

An environmental assessment study had shown that the development would have no significant impact, said Vermont.

However, steps would be taken to minimise any effect the development might have on the surrounding area. Shrubs and trees would be planted between the development and the Illiondale residential area.



Bid to buy out Lesedi Clinic

Sowetan 26/1/95

By Mzimkulu Malunga

INVESTORS' WRANGLE

A CLASH COULD BE LOOMING among Lesedi Clinic's shareholders. This follows a proposal by a group of shareholders who want to buy out the other shareholders.

The buying group is led by the general manager of Kwacha — Lesedi's mother company — Fred Ndlovu, and includes Lesedi chairman Jackie Mphafudi.

Mphafudi says the motive for wanting to buy out the other owners is to tighten the shareholding and bring other people, who are currently managing the clinic, on board so that business can be expanded.

However, an influential shareholder, who does not want to be named, told the *Sowetan* that there is a feeling among some shareholders that Mphafudi and company want to buy the clinic for a song and sell it later at a profit.

Mphafudi vehemently denies that their decision to acquire majority control in the company has ulterior motives. He calls the allegations "malicious".

'Uterior motives behind proposal':



Dr Nthato Motlana was central to Lesedi's birth.

Lesedi's other shareholders include Nail chairman Dr Nthato Motlana, who was the driving force in the establishment of the clinic. At this stage, says Mphafudi, it is not clear whether Motlana is prepared to sell his shares.

During the shareholders meeting last month, it was agreed that auditors Coopers and Lybrand evaluate the company before any transactions are entered into. The auditors are expected to complete the process in the next few months.

If the price of the shares is found to be good, says one shareholder, they might consider selling their shares to the buying group, but if not, they will not sell.

Mphafudi says nobody will be forced to sell his shares if he does not want to.

Currently, says Mphafudi, the 38 shareholders of the clinic are doctors who have their own private practices and the group proposing the buy-out feels that some people from management should be offered shares so that the company can be advanced.

All the 38 shareholders have equal shareholding in the company.

The clinic was established in 1986 and ran into financial problems in 1991. It was saved from collapse by a R13 million loan from the Industrial Development Corporation.

End to war ... a priority

Sowetan 26/1/95

By Isaac Moledi

THE Foundation of African Business and Consumer Services has announced a programme of action for 1995.

Tourism, an end to taxi wars and the need to ensure thorough participation of members in the projects of the RDP are among top priorities for Fabcos.

Secretary general, Mr David Moshapalo, says the organisation sees 1995 as a busy year for its affiliates.

"We must ensure that we carve a big niche for ourselves within the RDP by getting involved in the building of houses and infrastructural development through our builder association," says Moshapalo. "Violence within the taxi industry is our major concern and we would like to assist the transport

industry with whatever means at disposal. Our communities should also be urged to act too," adds Moshapalo.

"The organisation will intervene through its affiliate, the South African Black Taxi Association. Sabta is involved in discussions with the ministry of transport, commuters and other stakeholders to resolve the problem. We are encouraged that concrete solutions can be reached," hints Moshapalo. He says Fabcos will ensure that township tourism becomes an integral part of the booming SA tourism.

"Although we are still developing this concept to be understood, our people should see themselves as an integral part of the tourism industry. We should encourage them to travel,"

he says. Moshapalo says Fabcos will exert pressure on its members to participate in the mainstream of the economy on and JCI is one of the routes to follow".

"There are discussions for a stake in the JCI. We are bidding for a piece like anybody else. Our participation will address our long cherished desire to go into manufacturing and mining," he says. Moshapalo says financing the participation in the JCI will only be determined by what Fabcos buys.

"We can only mobilise funds if we know what we want to buy in JCI. JCI is still seeking people who will be best suited as partners and as soon they get them, they will tell us," says Moshapalo.

Boost for black business

By Isaac Moledi (30)

THE United States yesterday announced a R9,6 million grant for promotion of black South African business.

The programme, to be known as the South African Black Economic Empowerment — Sabee — is to be managed by the US Agency for International Development and the US South Africa Leadership Exchange Programme.

According to USAID, the funds will

be used to support "sustainable economic development for South Africa's historically disadvantaged business sector".

Sowetan
The programme co-ordinators say the sponsorship is earmarked mainly for established black business leaders who will undergo short training courses in the US.

26/1/95
The trained entrepreneurs will also be assisted with networking to better represent their organisations and effectively manage the process of change.

Small business body to be revamped

JOHANNESBURG. — The government and the Small Business Development Corporation have agreed on a broad set of principles to restructure the corporation.

In a joint statement yesterday, Trade and Industry minister Trevor Manuel and SBDC chairman Anton Rupert said the corporation would become a "private sector-led partnership with government".

The realignment of the SBDC, though, would have to be sanctioned by the corporation's directors and shareholders. (30)

The statement said the realignment was necessary "in light of comprehensive new SMME (small to medium enterprises) policies and development structures ... currently under consideration by the government".

A Small Business Development Agency is also envisaged. It would work with the restructured SBDC and take over some of its assets and liabilities. AUG 28/1995

According to Mr Rupert and Mr Manuel, the realigned SBDC would:

- Focus its activity on the starting and expanding of financially viable small and medium firms; and

- Support the realisation of the reconstruction and development programme.

"Buoyant small enterprises are essential elements in ensuring the achievement of the job-creating economic growth our country desperately needs," they said. — Sapa.

Provincial business forum launched

EDWARD WEST

CAPE TOWN — Cape business and economic development representatives yesterday launched the Business Development Panel — the first provincial forum of its kind in SA — to identify and debate obstacles to economic growth in the region.

Panel chairman and Cape of Good Hope Bank MD Mike Thompson said the panel would also publish key economic indicators of the province on a quarterly basis.

At the first debate yesterday panelists described the level of business confidence in the Western Cape as extremely positive, with most agreeing economic growth was likely to be higher than in the rest of SA.

Obstacles to economic growth included the need for small business development, a conference venue and more active tourism promotion; high wharfage costs, the effects of trade liberalisation and provincial financial constraints.

The 15 panelists included Peninsula Technikon rector Brian Figaji; Metropolitan Life MD Marius Smith; Wesgro execu-

tive director David Bridgeman; Searde joint MD Bernard Richards; Protea Hospitality group chairman Otto Stehlik; ADE MD Fritz Korte; SA Federation of Civil Engineering Contractors Western Cape chairman Graham Power; and Nedcor economist Elmien de Kock.

Western Cape provincial economic affairs minister Chris Nissen and department director-general Tony Ruiters also participated in the discussions.

Stehlik said the region would require many more hotels. Hotels were generally 100% occupied over the Christmas season.

He said the response from large financing institutions towards hotel development had been negative.

Metropolitan MD Marius Smith said assurers had shied away from adding hotels to their property portfolios because of risk and management factors, although the situation could change in future.



Shares.
Market

Yield
N/a
2.28
3.58
2.26
2.62
3.55
3.32
N/a
2.33
3.40
2.67
6.11
2.69
3.22
2.28
N/a
3.33
2.63
2.97
2.63
2.76
2.46
4.78
2.10
2.48
3.31

SA business make R61bn commitment

DURBAN. — South African business has committed more than R61bn to capital investment, says Tongaat Hulett Group MD Cedric Savage. (30)

He told the World Economic Forum in Davos at the weekend that this demonstration of local commitment to and confidence in the economy should motivate foreign investors who were putting their investment plans on hold. CT 31/1/95

Savage said domestic investment was taking place in capital and technology in core areas of competitive advantage and many large businesses were outsourcing all peripheral non-core activities. Much of this was linked to black economic empowerment.

The Tongaat-Hulett group alone had invested more than R300m to increase manufacturing output in the past year.

"But, as with most developing countries, there is a desperate need for foreign investment to invigorate the economy and create jobs."

He conceded, however, that exchange control and on-going criminal violence were major deterrents to foreign investment.

"One of the emerging issues in South Africa is to what extent the political transformation is going to be followed by an economic miracle."

Savage said favourable political developments had allowed reasonable growth for the first time in five years and capital inflow in the fourth quarter of 1994.

But the economic growth rate of 2,5% was still painfully slow against a population increase of just under 3% and when viewed against a net disinvestment of capital over the past 10 years.

Savage said two-way flows of trade were on the increase and joint ventures with international companies were becoming common.

"But the opening up of trade has caused a major dilemma for the government, which now has to decide to what extent it should encourage trade and competition at the potential expense of jobs."

N/a
N/a
N/a
2.75
3.85
N/a
N/a
2.54
2.09
2.52
4.63
N/a
3.16
2.77
1.92
3.41
N/a
3.43
2.02
7.35
5.19
2.97
N/a
N/a
N/a
2.48
2.59
6.44
N/a
10.17

Small business gets lift from the big guns

(30) CT/12/95

JOHANNESBURG. - Business partnerships between large corporations and small black-owned businesses are on the increase.

National Economic Initiative executive director Mr Monde Tabata said yesterday the organisation had received enquiries from about 50 corporations interested in linking up with small businesses.

The Gauteng Linkages Forum had been established to help set up contacts.

"Building small business is the most effective form of affirmative action," Mr Tabata said. - Sapa



Focus on Business



Trevor Manuel's department extended a hand of compromise to the SBDC.

SBDC and Govt reach agreement

some say 2/19/95

By Mzimkulu Malunga

COMPROMISE appears to have been reached between the Small Business Development Corporation and the Government on the restructuring of the institution. A joint statement released over the weekend by Trade and Industry Minister Trevor Manuel and SBDC's chairman Anton Rupert, indicated that the two sides had decided to smoke the peace pipe.

Late last year when the Government released its discussion paper on the promotion of small, medium and micro enterprises, it called for radical restructuring of the SBDC. For its part, the SBDC hit back and said it preferred to restructure itself and rejected any Government involvement. However, SBDC's senior manager marketing and information services,

Carl Hendley, says the institution's private sector shareholders committed themselves — in principle — to SBDC's restructuring. Hendley says shareholders decided to take a realistic look at the situation rather than shut the door on the Government completely.

When the SBDC showed signs of flexibility, the Government extended a hand of compromise to the institution. The Government agreed to the formation of a working committee comprising representatives of the Department of Trade and Industry and SBDC's private sector shareholders.

After months of intensive consultations, the working committee agreed that the SBDC re-define its role and

become primarily a lending institution. Manuel's adviser on small business, Dr Alistair Ruiters, says the Government toned down its earlier radical proposals regarding the future of the SBDC due to the institution's acceptance to be part of the restructuring process in the small business sector.

He says all SBDC's activities which do not pertain to lending will be transferred to the Small Business Development Agency to be established in April. In terms of the agreement, says Ruiters, the SBDC should invest in businesses instead of giving them loans, so that it "shares the risk".

He says the proposed re-definition of SBDC's role goes beyond just lending.

FAIR PLAY Government gives in as SBDC becomes flexible:

Pupils taught to run own small businesses

PUPILS are being taught to make a living even while they are still at school through a business management course devised by a Midrand education centre.

The course, run by the Sagewood Education Centre, has already produced success stories.

A pupil at Richards Bay Hoerskool runs a tuck shop and has employed his mother to manage the shop. After paying his mother his net profit is in excess of R1 500 monthly.

Evan King from Empanjeni High School set up a chocolate manufacturing venture which has made a R500 profit a month over the past year.

The Sagewood Education Centre has introduced an entrepreneurial course for school children aimed at identifying young entrepreneurs, developing their business skills and helping them set up shop.

This idea is the brainchild of Ian Heatherington of the National Industrial Chamber and Peter Morri-

MOUDUZI KA HARVEY

son of the Business Advice Centre. *BA9/2/95*

Entrepreneurship educator Gary Morrison says: "If parents give money to start a business, pupils have to repay their parents with interest."

"Our duty is to teach the children how to draw up a business plan and how to run the business," said Morrison.

The aim is to enable pupils to come up with their own business ideas whether they want to shine shoes, manage a tuck shop or even a lemonade stand, they will be taught how to do it.

Sagewood director John de Jager said: "Not only is it necessary for pupils to acquire skills for the formal market, but they should be in a position to set up their own businesses."

Introduced three years ago in KwaZulu/Natal, the course will soon be introduced at 25 schools in Pietersburg and at 20 schools in Rustenburg.

Black Business Caucus to lobby govt

THE National Black Business Caucus would ask government to use unbundling and privatisation programmes to increase economic participation of black and small business in the country, a spokesman said yesterday.

Steering committee member Vusi Zwane said black business had been sidelined in debates on unbundling and privatisation. These issues would be discussed at the organisation's AGM in Midrand this weekend.

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JOHN DLUDLU

The meeting was also expected to decide on policy on entry of international business in SA, joint venture opportunities for black business and government policy on black business.

The caucus, which flowed out of the Mopane Summit a year ago, would hold discussions with the nine provincial economic affairs ministers at the weekend.

'Strong govt needed' for small business

THE establishment of strong, effective provincial and local government was crucial to the development of a vibrant small, micro- and medium-sized enterprise sector, a German expert on small business Bernhard Roth-Harting said yesterday.

At a seminar organised by the Johannesburg office of the Friedrich-Ebert-Stiftung, Roth-Harting said it was important to have a favourable policy framework for small business. (30) B010/2195

Local and provincial tiers of govern-

JOHN DLUDLU

ment, as well as chambers of commerce, had a crucial role to play in the promotion of small business, he said.

"In Germany, there's strong devolution of competencies to provincial and local governments. The state plays an important role in providing financial start-ups to small business projects."

A White Paper on small business development in SA will be released next month.

Public-private partnership 30 ST(BT) 12/2195 halfway on SMEs

An agreement between the Department of Trade and Industry and the SBDC has established a role for both the public and private sectors in promoting small to medium-sized enterprises, writes **KEVIN DAVIE**.

in contrast to international practice, which favours privatisation and commercialisation.

"A vigorous SME sector must be achieved by the implementation of free market principles and business sustainability and not by the enactment of legislation and/or political manipulation," an SBDC position paper says.

The SBDC warns that the five Acts the government proposes in the draft "could cause more problems than they solve".

Details of a revised role for the SBDC are being developed by a committee of government officials and the SBDC's private-sector shareholders.

It appears likely that the restructured SBDC will focus on commercially viable businesses and that a new agency, to be called the Small Business Development Agency (SBDA), will specialise in grant or subsidised finance to the higher-cost, higher-risk end of the market, including micro business.

This restructuring would improve the SBDC's credit rating, opening the way for it to raise finance from foreign, domestic, official and private sources.

The SBDC proposes that it continue to base its operations on sound business principles. "Economic merit must prevail. Criteria must be based on norms such as viability." It says while the major banks operate small-business divisions, they typically fund established businesses.

The SBDC, which has developed considerable expertise in business evaluation, will fund new and expanding businesses which meet its evaluation criteria.

It now seems likely that the promotion of SMEs will be primarily undertaken by a public-sector agency — the SBDA — and the SBDC, which remains a private sector partnership with government.

Certain SBDC assets and liabilities will be transferred "at market-related values" to the SBDA.

Both will be run on business lines, but the

SBDA, may also fund loss-making projects "according to their contribution to national socio-economic objectives".

Overall responsibility for small-business policy is likely to be given to a National Small Business Council which will set policy while the SBDA and SBDC will be the key implementing agencies.

The SBDA could operate at national level, with programme implementation carried out at provincial level by "subsidiary" small-business agencies.

The SBDA will raise capital from the government and other sources and channel it to provincial SME promotion bodies, which should also work closely with provincial development bodies responsible for assistance in agriculture, tourism, housing and infrastructure.

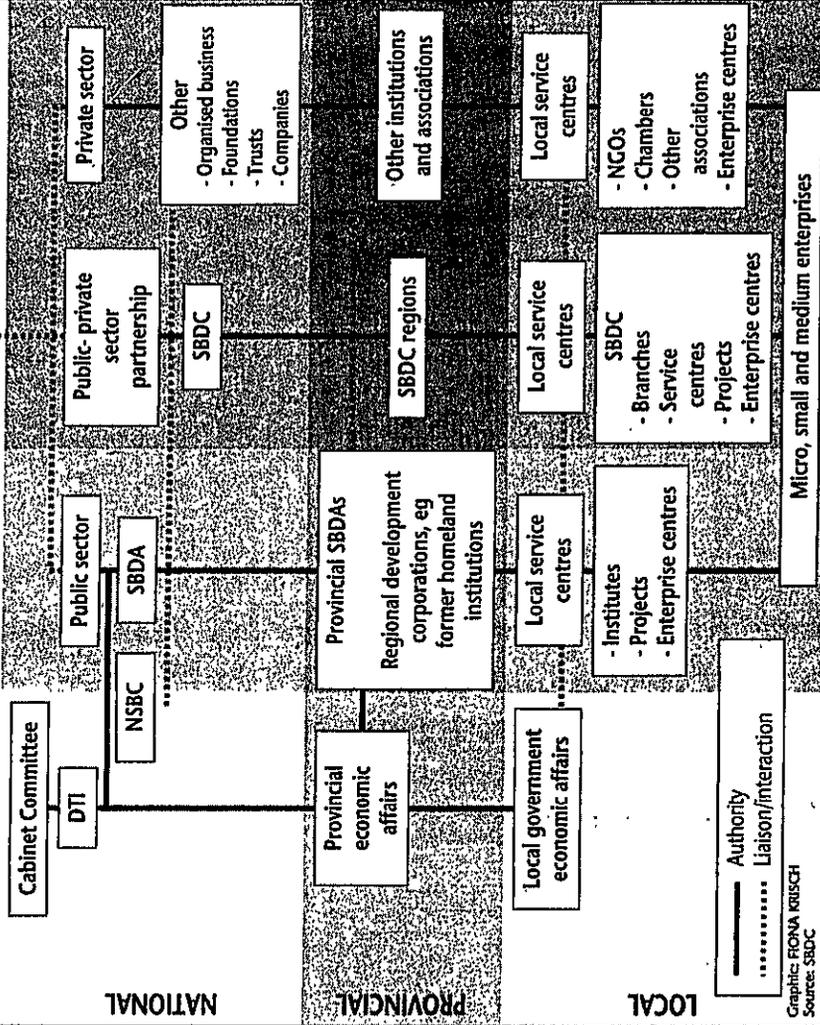
A further possibility is the establishment of local service centres to deliver services to small business at local level.

Non-governmental organisations (NGOs), recognised for their expertise in servicing the needs of micro enterprises, are also likely to continue to play an active role in SME promotion.

"In excess of R5-billion was channelled to the former homeland corporations by various government departments over the past decade resulting in a high degree of fragmentation and waste," the SBDC says.

RECOMMENDED SME DEVELOPMENT STRUCTURES

STRUCTURES OF GOVERNMENT IMPLEMENTATION STRUCTURES



Black business caucus in attack on SBDC

THE National Black Business Caucus (NBBC) yesterday sharply criticised moves aimed at restructuring the Small Business Development Corporation, and called on government to pull out of the partnership with the corporation.

At the AGM yesterday, the organisation slammed the restructuring efforts aimed at solving the SBDC's credibility problem as "unsatisfactory".

"NBBC resolves that this unsatisfactory progress is the result of resistance from the existing private sector participants and management in the SBDC." It said while 50% of SBDC funds were from public resources, government exercised only 25% voting rights in the corporation.

It called on government to secure amendments to the founding charter of the SBDC or immediately divest public funds from the

JOHN DLUDLU

corporation and redeploy to a new or existing institution in which it had "voting rights and executive representation commensurate with its investment".

These moves would enhance government's ability to deliver on its reconstruction and development commitments regarding small and medium enterprises.

The SBDC was singled out in a separate policy statement as the corporation was "different and its transformation sufficiently urgent". Policy positions on parastatals such as the Industrial Development Corporation, Eskom, Transnet and the Development Bank of SA would be released today.

The NBBC is expected to propose a joint venture certifying body to stamp out "fronting by local and overseas business".

GERALD REILLY

Drive to boost small business

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BD 13/2/95

PRETORIA — The comprehensive development programme planned for the advancement of small and medium-sized enterprises (SMEs) this year will get a powerful stimulus from a conference to be opened by President Nelson Mandela on March 31, the Trade and Industry Minister's adviser on SMEs, Alistair Reuters, said at the weekend.

In addition, funding aid for SMEs would be more than doubled to between R140m and R180m.

"This financial year we concentrated on the mechanisms that should underlie the growth of SMEs. The new financial year will be the year of delivery," Reuters said.

The fundamental aim of the programme, he stressed, was "to create jobs and put more money into people's pockets".

Reuters said more than 2 000 delegates were expected to attend the conference, including representatives of organised commerce and industry — Sacob, the AHI and Nafcoc among them — NGOs and representatives of international agencies.

Major issues to be discussed at the conference include:

- SME's access to finance and markets;
- An institutional framework for SMEs;
- Targeted assistance, particularly for women entrepreneurs and rural areas;
- Upgrading business services for SMEs; and
- The creation of an enabling environment in which SMEs can grow.

"In a nutshell the conference will recommend programmes for government to implement," said Reuters.

Government recognised the urgency of accelerated aid to vast numbers of aspiring entrepreneurs. The objective of the conference would be to kick-start a process which would see dynamic expansion of job-creating small, medium and micro-sized businesses.

A White Paper on the issue is being prepared by the Trade and Industry department and will be tabled in Parliament by next month. It will lay down broad guidelines and will be a core document at the conference.

Reuters stressed that a pillar of the development programme would be the participation of the private sector.

"Government cannot on its own do all that has to be done without support from organised business and other stakeholders. Partnership with the private sector is fundamental to the success of the programme.

"The two vital components of the strategy will be the identification and prioritisation of areas where government can assist and joint government-private sector programmes."

Another issue to be dealt with was improved access for SMEs to government procurement contracts. This would be a major development stimulus.

Reuters said that the private sector had given enthusiastic support to the programme. It was financing the costs of the conference. It had also financed the 27 workshops held countrywide last year on a Trade and Industry discussion document on the issue.

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Black business call for reviews

JOHN DLUDLU

GOVERNMENT should review legislation governing the formation and regulation of close corporations, the National Black Business Caucus said yesterday.

In a statement released after the organisation's first AGM, in Midrand at the weekend, the caucus proposed legislation be more flexible, but that it cut down on abuses such as business shells. (30)

In resolutions dealing with small, micro- and medium-sized enterprises, the organisation called for revision of laws governing co-operatives to make such structures "more widely available for diverse commercial activity.

"Voluntary co-operation among small enterprises should be encouraged to capture the benefits of economies of scale."

The caucus, which was formed after the Mopane summit meeting between black business and the ANC, said the proposed small business framework, which was to be unveiled next month, should pursue affirmative action goals.

In a clause dealing with joint ventures, the black business caucus said joint links between black-owned small companies and established enterprises should be encouraged.

"But the framework should ensure that such ventures genuinely empower previously excluded businesses and that they facilitate real and meaningful transfer of skills," it said. BD 14/2/95

The organisation also elected a new executive committee.

The committee would be headed by chairman Dupree Vilakazi with Zamani Jali as his deputy.

Loan to aid small business

PART of the Japanese Export/Import Bank's \$100m loan to SA would be used to finance small- and medium-sized enterprises, the Development Bank of Southern Africa said.

The SA/Japanese negotiators were finalising details of the deal, and agreement could be reached shortly.

Outgoing Development Bank CEO André la Grange said at the weekend the bank had compiled a list of projects to be financed by the long-term concessionary loan finance. These included small business, small-scale farming, development and job-creation projects.

Business plans for all these projects were being prepared. "We also have the support of the reconstruction and development programme committee,"

JOHN DLUDLU

La Grange said. (30)
All projects would enjoy equal priority and would be spread across the country's nine regions. BD 14/2/95

The loan to the bank was part of the \$1,3bn aid package pledged by the Japanese government to SA. The package consisted of \$500m in Exim loans.

Of the \$500m, only \$300m had been tapped by SA institutions. The \$300m loan agreement was signed with Eskom last month to carry out RDP-related electricity projects.

It is understood that discussions on the remaining \$100m were under way with another parastatal. This portion would go towards export credits and grants to non-governmental organisations, sources said.

workers hostage. It was not a racial issue.

Schoeman farm strike

MEMBERS of the National Union of Farmworkers were on strike at Schoeman Boerdery, Delmas, yesterday, a day after farm owner and former NP Cabinet minister Hendrik Schoeman apparently committed suicide.

Union organiser Tumediso Moidise said the workers began the strike after a colleague was unfairly dismissed.

'Boere' fail to appear

ALLEGED Boere Mafia leader Johnny Weichselbaumer, 34, failed to appear in the Johannesburg Regional Court yesterday, where he faced charges on 45 counts of fraud involving the cashing of falsified cheques.

His alleged deputy, Jan Daniel Pretorius of Sasolburg, also failed to appear in court. Warrants were issued for the arrest of both men.

Police said it was feared Weichselbaumer had fled the country. He had also failed to appear in a Cape Town court in January.

His Kensington home was empty yesterday.

REPORTS: Business Day Reporters, Sapa.

a larger percentage of whites than in previous surveys expected an improvement in the economy.

Forty-eight percent of respondents expected an improvement in their financial position over the next 12 months, while 18% expected a deterioration, the survey showed.

downwards. Their confidence remains, however, at a high level."

Sixty-six percent of respondents expected the economy to improve over the next 12 months, compared with only 32% expecting a deterioration, the survey showed.

Nafcoc left out of new forum

THEO RAWANA

A ROW has broken out between the National Federated Chamber of Commerce (Nafcoc) and Business SA (BSA) over Nafcoc's exclusion from the business component of the National Economic, Development and Labour Council (Nedlac).

The list of representatives submitted by BSA last week to Nedlac — which will be launched officially on Saturday to replace the National Economic Forum and the National Manpower Commission — had no names from Nafcoc.

BSA president Dave Brink said yesterday Nafcoc had been excluded because the organisation withdrew its BSA membership last year.

However, the two organisations were discussing Nafcoc's rejoining, he said.

Nafcoc president Joe Hlongwane said the parties met on Friday to work on bringing the organisation

"on board" the Nedlac team. The meeting ended with Brink saying Nafcoc would be given a 50% vote.

"Today's meeting was to discuss what it means," Hlongwane said. Instead Brink said it could not be done as it would considerably increase the number of officials.

"We don't want to be left out of Nedlac, but we don't want to be bundled with people who still want to maintain the status quo. BSA's conditions are unfavourable," he said.

"People who struggled all the way in this country cannot be kept out of Nedlac."

Nafcoc's executive committee would meet today and take its complaint to President Nelson Mandela.

Brink said: "We have put our teams together. Right now we are not including non-members."

Concern over Katz's capping proposal

CAPE TOWN — The Katz commission's proposal of a cap on employer and employee contributions would eventually result in a loss in expected tax revenues to the fiscus, Old Mutual employee benefits GM Chris Newell said yesterday.

He said the R200m tax-take improvement expected through the cap was likely to have the reverse effect over the medium to long term.

The cap would result in a move towards "fiscally privileged" defined contribution provident funds, which would result in a loss in expected tax revenues, he said.

If the funds did not convert employers would have to finance pen-

EDWARD WEST

sion fund deficits with after-tax money, which was likely to result in scaled-down benefits as employers attempted to capture some tax relief. "Why should they utilise after-tax money when they can simply reduce benefits and pay employees more?"

Newell said this would significantly affect individual provision because any increase in salary was likely to go towards consumption expenditure. Capping pension fund contributions would also limit the scope for any future benefit improvements.

The commission had perpetuated, even worsened, the extent of dis-

crimination which already existed between private sector employees and public servants.

Public servant lump sum benefits were entirely tax free, as opposed to being capped in the private sector.

"If the proposals are legislated as they stand, they will result in massive upheaval as funds scurry to avoid the additional tax burden."

Newell said a new body should be constituted — to include retirement industry experts — and be mandated to develop holistic proposals with the long-term interests of retirement fund members, pensioners and state in mind.

Opening
our hearts

Nafcoc to meet Mboweni over exclusion from forum

THEO RAWANA

THE National African Federated Chamber of Commerce (Nafcoc) said it would meet Labour Minister Tito Mboweni today over its exclusion from Business SA's representation on the National Economic, Development and Labour Council (Nedlac). ~~30~~ ~~122~~ ~~126~~

Nafcoc president Joe Hlongwane said the chamber had written to President Nelson Mandela about an issue which threatened to keep an organisation "representing the majority" out of Nedlac. ~~BD 15/2/97~~

Hlongwane said it was impossible for the chamber to accept the Business SA structure and the conditions the organisation set for Nafcoc's affiliation. This had led to a deadlock in talks held this week. Nafcoc was not prepared to affiliate to Business SA, which sought to relegate the black organisation to a junior partner.

Last week Business SA left Nafcoc out of the list of representatives it submitted to Nedlac.

Hlongwane told a news conference in Johannesburg the chamber would seek to take its seat independently if Business SA was not restructured to reflect the black organisation's representation of the majority of South Africans. "Nedlac without Nafcoc would be hollow, because we represent the masses."

Hlongwane said Business SA was "disproportionately weighted" against black representation in that it consisted of 17 predominantly white business organisations.

Nafcoc could not meet terms requiring Nafcoc to pay R60 000 in fees for each of its 24 members as this would mean that the organisation

had to pay R1,4m a year. "This situation we patently reject as a ploy and a farce, and our participation in Nedlac cannot and must not be on condition we affiliate with this organisation," he said.

Business SA sought to reduce the role of Nafcoc into a "ghettoised rubber stamp" to what was essentially white business decision-making. "We, however, believe that we represent the voice of the majority of the country and that cannot simply be reduced in the size of the assets our members command."

"That attitude we believe is cynical to the history of our country and the problems facing black business today," Hlongwane said.

Business SA social policy standing committee chairman Bokkie Botha said the two organisations were still talking. He refused to elaborate.

STAN 15/2/95

Nafcoc up in arms over exclusion from new body

BY ROSS HERBERT

Nafcoc escalated its contact with Business South Africa (BSA) yesterday, calling a press conference to protest its exclusion from a new national economic body and accuse BSA of trying to turn it into "a ghettoised rubber stamp."

At issue is the formation of the National Economic, Development and Labour Council (Nedlac), a statutory body in which labour, government and business are represented. BSA has had an ongoing tussle with Nafcoc over the group's representation on BSA and hence Nedlac.

Last year Nafcoc (National African Federated Chambers of Commerce) withdrew its membership in BSA and therefore has been excluded from Nedlac.

However, BSA president David Brink and Nafcoc held meetings Friday and Monday to discuss Nafcoc rejoining.

According to Nafcoc president Joe Hlongwane, to participate Nafcoc and its 24 constituent organisations would each have to pay R60 000 in fees for a total of R1,4 million: the more representation Nafcoc wants, the more it must pay.

Hlongwane said Nafcoc had been promised 50 percent representation on BSA on Monday. "Then, to our surprise, we were told on Monday we would have to second 200 people and Nafcoc would have to pay for them," Hlongwane said. Such salaries and fees would be impossible for Nafcoc to afford, he said, but exclusion on economic grounds also would be

unacceptable.

"We are the biggest chamber of commerce, even though our pockets are empty," he said. "It is very obvious to us that BSA never intended to have Nafcoc involved."

Hlongwane said he would meet Labour Minister Tito Mboweni today, and was drafting a letter of complaint to President Mandela.

"We are being responsible, and we really believe BSA does not have good intentions to have everyone on board."

"We, however, believe we represent the voice of the majority and cannot simply be measured in terms of the size of the assets our members command."

The Nafcoc press conference was held at 4:30 pm, after which no BSA members could be reached for comment.

48 hours to agree on representation

(30)

30/6/21/95
TIM COHEN

CAPE TOWN — Representatives from Business SA and the National African Federated Chamber of Commerce (Nafcoc) were yesterday given 48 hours to agree on representation on the National Economic Development and Labour Council (Nedlac).

During a meeting with Labour Minister Tito Mboweni yesterday, representatives of the organisations agreed to set up a committee to discuss representation on the council, which is to be launched on Saturday.

Nafcoc president Joe Hlongwane expressed confidence that the committee would be able to agree on the number of seats to be allocated to both organisations.

He declined to say how many of the 18 available seats Nafcoc was demanding, saying this would be one of the issues decided by the committee, which would make its recommendations tomorrow.

BSA president Dave Brink said his organisation had elected 18 people to represent it at Nedlac. BSA, which represented 18 business organisations, had allocated a single seat to each member, he said.

Mboweni said he favoured inclusive representation but warned it would be impossible to delay the launch of the council if agreement was not reached.

Nafcoc to ask government for extra aid

BD 16/2/95
JOHN DLUDLU

THE National African Federated Chamber of Commerce (Nafcoc) would ask government for more assistance to enable black-owned companies to expand into foreign markets, Nafcoc foreign trade committee chairman Edwin Moloto said. (30)
The proposal that export marketing schemes be increased to at least 80% for black-owned companies would be made at next Tuesday's meeting with Trade and Industry director-general Zavareh Rustomjee.
The scheme, which currently covers 50% of the marketing costs, assists companies looking for new mar-

kets through participation in trade fairs and trade missions abroad.

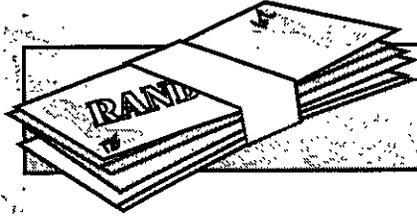
Black companies had been excluded from government assistance and government had a responsibility to help them, Moloto said. It would also be asked to ensure that more exhibition stands were made available for black companies in trade fairs.

This development follows complaints at last year's exhibition in New York that the SA companies

were unrepresentative of the country's racial make-up as there were few black companies.

While Moloto would not give details of the maximum limit of the proposed package, he said the scheme should be flexible to accommodate companies with export potential and limited financial resources to cover the costs.

Trade observers said while black companies had to be assisted to take advantage of new market opportunities, they expressed concern about "blanket subsidies", and pointed to limited government resources.



Focus on Bus

Filling a vacuum in black leadership ⁽³⁵⁾

By Mzimkulu Malunga

THE NATIONAL BLACK Business Caucus is well placed to fill the "leadership vacuum" that currently exists in black business, says vice-chairman Zamani Jali.

In an interview with *Sowetan* this week Jali said none of the traditional black business organisations had the capacity to carry the aspirations of black business people.

He declined to name the organisations he was referring to, instead arguing that it was not NBBC's policy to talk about other black business organisation in the media.

Jali, who is the immediate past president of the NBBC, was elected to his current position at the organisation's annual general meeting at the Eskom Conference Centre last weekend.

"The establishment of NBBC itself was a great idea," he said, adding that the future of the organisation is brighter than ever.

Jali said the NBBC was well placed to ensure that black business won the respect of the government. "No other black business organisation can fill this

■ **WELL PLACED** 'No other

business organisation can fulfil role':

Sowetan 16/2/95
"The establishment of NBBC itself was a great idea. The future of the organisation is brighter than ever"

role."

Asked to respond to last year's denunciation of the NBBC by Nafcoc president Joe Hlongwane, Jali expressed his reluctance to talk on the issue. However, he went on to accuse Nafcoc of handling the issue "clumsily".

"Nafcoc has a right to exist as we have a right to exist. After the incident in which Nafcoc dissociated itself from the NBBC, we wrote them a letter informing them that our door will always be open, even though we know that

theirs is closed to us," he said.

Ironically, Nafcoc is one of the organisations that was instrumental in the formation of the NBBC.

Responding to criticism that the NBBC comprised mainly a "discredited" bunch of people, Jali said he would not "stoop so low" as to react to such accusation.

Mentioning names like Eric Mafuna, Gaby Magomola and Willie Ramoshaba, he asked: "Aren't these business people?"

The NBBC was born in October 1993 after a meeting between black business organisations and the ANC in the Kruger National Park.

It was supposed to coordinate black business activities so that the sector could speak with a single voice.

However, following the media hype that accompanied what came to be known as the "Mopane Understanding" between the ANC and black business, not much has happened.

Economic growth depends on vibrant private sector

ARC 17/2/95

3 (43) (30)

Political Staff

THE engine of sustainable and equitable growth in South Africa is the private sector, says Trade and Industry Minister Trevor Manuel in the foreword to his department's White Paper on the development and promotion of small business.

Mr Manuel says small, medium and micro-enterprises, or SMMEs, can help meet the challenges of job creation, economic growth and equity.

"We (the government) are committed to doing all we can to help an environment in which business can get on with its job.

"We believe in the princi-

ple of working together with our partners in the private sector."

Mr Manuel says that throughout the world SMMEs play a critical role in absorbing labour, penetrating new markets and generally expanding economies in creative and innovative ways.

"We are of the view that — with the appropriate enabling environment — SMMEs in this country can follow these examples and make an indelible mark on this economy.

The White Paper says the small business sector was neglected during much of the century.

Move to level playing field

Political Staff

AN overhaul of the small claims court system will help level the legal playing fields for small businesses, particularly those which have been disadvantaged on grounds of race or gender.

The White Paper on small business development notes that they often find it difficult, financially and otherwise, to defend their legal interests.

"The government is committed to facilitate feasible avenues of legal assistance that could help level the legal playing field for small enterprises."

The government would support steps to reform the small claims court system by increasing the number of courts, raising the level of claims in its jurisdiction to about R30 000 and other measures.

Laws planned to regulate access to markets ⁽³⁰⁾

Political Staff

VOLUNTARY action alone by big business, parastatals and government departments will not secure adequate access to markets for small businesses.

While such actions can go a fair way towards better market access, progress may still be slow.

Legislation laying down certain conditions and principles could accelerate progress and

lead to participation among all firms rather than only a progressive few, says the White Paper on small business development.

"It could also highlight commitment needed from small enterprises and the supply of support services."

The White Paper proposes that this commitment be contained in a Transaction and Procurement Act.

The document also says a

Small Business Finance Act could address several fundamental issues regarding small enterprises' access to finance and could encourage existing financial institutions to become more active in the small-business sector.

A Small Business Act should give formal recognition to the government's involvement in small business support.

The White Paper says: "Un-

duly strict regulations often harm small and, in particular, emergent enterprises and benefit the larger, established ones."

ARG 17/2/95

The government was committed to appropriate regulations which resulted from transparent consultations and which had national economic growth and job creation within the RDP framework as an overriding aim.

**800 000 small
enterprises** (30)

employ 3,75 m

Political Staff

SOUTH Africa's more than 800 000 small enterprises absorb a quarter of the labour force of 15 million of people.

This is in addition to about 3,5 million people involved in some or other type of survivalist enterprise activity, according to the Department of Trade and Industry White Paper on small business development and promotion. ARG 17/2/95

The document defines survivalist enterprises as activities by people unable to find paid jobs or get into an economic sector of their choice.

Support strategies should primarily help people to get out of the survivalist sector, the White Paper suggests

SMALL BUSINESS

R160 million boost for small business projects

□ Start of bold 10-year plan for micro-enterprises

(30)
ARL 17/2/95
after the first five years of the 10-year plan.

TYRONE SEALE
Political Staff

THE Department of Trade and Industry will spend R160 million on small business projects this year as part of a bold 10-year plan to kickstart small, medium and micro-enterprises.

But the Small Business Development Corporation must move away from a 30/70 structure of black/white loan allocations, says the White Paper on small business development.

The White Paper was being introduced by Trade and Industry Minister Trevor Manuel at a press conference yesterday.

He said the cabinet had in principle endorsed a White Paper on the development and promotion of these enterprises, known as SMMEs, of which there were more than 800 000 countrywide.

The White Paper, which was the result of extensive consultation and which provided a framework for stimulating both equity and enterprise, would be endorsed by parliament within a month, he said.

The ministry had developed the new policy in line with reconstruction and development programme aims to create more jobs and eliminate disparities between the rich and the poor.

The White Paper deals with new legislation to govern SMMEs, ways to finance such enterprises, constraints in this sector, tax options and other financial incentives, and issues



Trevor Manuel

such as industrial relations, among others.

It also focuses on the restructuring of the Small Business Development Corporation which, Mr Manuel said, had "come in for a great deal of criticism".

The small-enterprise desk in the Department of Trade and Industry would be expanded into a chief directorate for small businesses, and the Small Business Development Agency would be established as the main organ for the implementation of the new national strategy.

Implementation of the strat-

egy would follow the National Small Business Conference, or President's Conference on Small Business, in Durban from March 28 to 31. President Mandela will open the conference.

The conference, expected to attract 2 000 delegates, a quarter of whom will be overseas experts, will focus on ways to give practical effect to the new policy.

Mr Manuel said Mr Mandela's support for the conference would publicly highlight the importance of small, medium and micro-enterprises.

Target-based aid for people who wanted to enter the lower end of the economy was high on the RDP list of priorities.

Ministerial adviser Alistair Ruiters told yesterday's press conference the White Paper and its implementation between now and the year 2005 would prove "this is not a lame-duck government".

Dr Ruiters said the government had given the ministry R180 million for small business development, of which R160 million would be spent on tangible small business projects in 1995/96.

He said the three pieces of legislation outlined in the White Paper were not "highly interventionist", but simply defined the different categories of small businesses and ways in which they could be developed respectively.

The government was merely offering to play a catalytic role which would be scaled down

● Referring to the Small Business Development Corporation, the document envisages that the corporation will continue to exist as a private-sector-dominated partnership of the government and the corporate sector, and that it will primarily see to the funding of viable small businesses.

"Programme funds made available to the corporation over the past decade (but not incorporated in its share capital) will be returned to the government with the (new) Small Business Development Agency to be the main channel."

On an agency basis, the Small Business Development Corporation will help with setting up the new Small Business Development Agency units.

The corporation will continue as a national institution with a regional office network.

Regional committees will be transformed into regional boards with the composition of the boards to include provincial development agencies, the provincial government and the private sector.

The White Paper also calls for changes to the structure of the corporation's senior staff to reflect its constituency.

"A compromise along these lines should safeguard the continuation of corporation services, yet allow a new national and regional structure to evolve."

Small business to get boost from new laws

Political Staff

(30)

A FAR-REACHING 10-year plan to develop and promote small business in South Africa was unveiled yesterday by the Minister of Trade and Industry, Mr Trevor Manuel. CT 17/2/95

The plan includes legislation to remove restrictive practices on small enterprises, tax incentives to motivate big business to expand links with small enterprises, and tax incentives for small business.

Mr Manuel said the government regarded the promotion of small and medium enterprises as a top priority of the RDP.

(30)
BD 17/2/95

New state agency for small business

GOVERNMENT has decided that key activities of the Small Business Development Corporation (SBDC) should be transferred to a new state-owned Small Business Development Agency (SBDA).

Announcing the details of a draft White Paper in Cape Town, Trade and Industry Minister Trevor Manuel said the SBDC, as an implementing agency, had come under heavy criticism during the consultation process, and the Cabinet had approved substantial changes to the way the corporation operated.

The most fundamental change would be to transfer most of the SBDC's activities to the SBDA. The corporation, which would be trimmed down into a core financing body, would continue to exist as a private sector-led partnership between government and business. The SBDA would run a training and information scheme, co-ordinate local business service centres, and take over the SBDC's credit-guarantee scheme and some of its assets.

A new mandate for the corporation would be developed through current negotiations between the ministry and SBDC.

Manuel's adviser on small business, Alistair Ruiters, said government's role in the corporation would be reviewed to give it more control. "Government will no longer continue as an observer."

The discussion document which preceded the White Paper had called for the closure of the SBDC's head office.

The White Paper — titled National Strategy for the Development and Promotion of Small Business in SA — calls for the creation of a small business promotion chief directorate within Trade and Indus-

JOHN DLUDLU

try, a national small business council, a national network of local business service centres, and the SBDA.

The document also calls for strong government intervention in the initial years of the 10-year framework period. "This interventionist role will diminish over time, but we are not going to be a lame-duck government," Ruiters said.

Three laws were proposed: a national law on small business Act to define small business and eligibility for state support; a transaction and procurement Act to develop market access for small business and establish an incentive package for big business to subcontract to the small business sector; and a small business finance Act to address small business's access to capital.

The White Paper would be fast-tracked through Parliament within the next five weeks, Manuel said.

Ruiters also said R160m of the R180m budgetary allocation to small business would be channelled directly into small business projects in the coming financial year. An action plan would be launched at the President's conference on small business in Durban next month. "We also want to bring the private sector on board."

Manuel said foreign governments interested in the implementation of the reconstruction and development programme would also be brought on board. "We are asking for ideas to flesh out the action plan to be implemented immediately after the conference," he said.

● See Page 5

This offer is valid until 28 February 1995.

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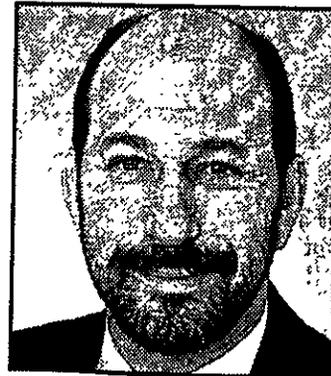
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NEWS

Cabinet approves White Paper

Reprieve, revamp for SBDC

30
slow 17/2/95



Trevor Manuel . . . substantial changes on the way.

Cape Town — The Small Business Development Corporation has been given a reprieve by a White Paper on small business approved by the Cabinet this week.

However, "substantial changes" would be made in the way the SBDC worked, Trade and Industry Minister Trevor Manuel said at a press conference to release the document yesterday.

It was also announced that R160 million was to be channelled directly into small business projects in the coming financial year, and that a 10-year action plan would be launched at the President's Conference on Small Business in Durban next month.

According to the White Paper, the SBDC is to be trimmed down to a core financing institution and most of its activities transferred to a newly created Small Business Development Agency (SBDA).

The SBDC will continue as a private sector-led partnership of

the Government and the corporate sector, but its board will likely be restructured to give stakeholders a larger voice.

The SBDA will run a training and information scheme, co-ordinate local business service centres, and take over the SBDC's credit guarantee scheme and some of its property assets.

The head of the team that finalised the White Paper, Dr Alistair Ruiters, said a discussion document circulated in October proposed closing down the SBDC head office, and during consequent consultations the ministry had been made aware of the depth of dissatisfaction with the organisation.

However, the White Paper called for the restructured SBDC to retain its corporate identity.

Discussion document proposals for setting up a chief directorate on small business promotion in the department, a National Small Business Council to deal with policy issues, and a national network of local busi-

ness service centres had all been retained.

The document now included an extra chapter on a 10-year action plan to develop small, medium and micro enterprises.

Manuel said the White Paper cut down the five pieces of legislation proposed in the discussion document to three: a National Law on Small Business, a Transaction and Procurement Act, and a Small Business Finance Act, all of which he hoped to pilot through Parliament this year.

The National Law on Small Business will define small, medium and micro enterprises to differentiate support to each of the small business sectors.

The Transaction and Procurement Act is intended to provide market access for small businesses by accelerating their participation in government procurement.

The crucial question of financing the small business sector will be addressed in the third draft Bill. — Sapa.

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SBDC goals 'sacrificed'

EDWARD WEST

CAPE TOWN — The Small Business Development Corporation (SBDC) had sacrificed development goals for profit, Western Cape economics department small business co-ordinator Norman Michaels said yesterday.

Michaels was speaking after delivering an address on behalf of Western Cape economics minister Chris Nissen to the Institute of Directors.

He said the SBDC had not yet achieved its goals.

However, changes were taking place and discussions were under way with the organisation.

Studies worldwide recognised that small business development proved to be an engine for economic growth. "We are in the process of preparing policy guidelines for the development of small business." Other support mechanisms for small business development could be announced at the end of March.

Michaels said the Western Cape was rapidly gaining the reputation of being the most investor-friendly region in SA.

Dispute delays new Cape Town council

EDWARD WEST

men, a four monthly rotational mayorship and appointing a presiding council 'doyen', but the suggestions were rejected.

Six statutory and non-statutory representatives were delegated after the postponement to negotiate an acceptable power sharing package. Mfeketo said the non-statutory side did not represent the interests of a single party, and because of this, had had to call off negotiations convened by Western Cape premier Herens Kriel between the NP, DP and ANC two weeks ago.

"We have been negotiating for nearly two years. We don't think the provincial government should begin manipulating these positions." The question of the legitimacy of the local government was at stake, she said.

The 160-member Cape Metropolitan Council (CMC) was inaugurated on Wednesday to govern the Cape metropole. Cape Town is one of 15 municipalities and a number of other local bodies to fall under the CMC. Executive committee chairman was ANC member David Dlalali, while former Bellville chairman Willie van Schoor would chair CMC meetings. The CMC would take over the remainder of this year's Regional Services Council budget.

CAPE TOWN — Yesterday's inaugural meeting of Cape Town's new transitional city council was postponed until Monday after a dispute between the 98 statutory and non-statutory councillors over the executive committee chairmanship and mayorship.

The non-statutory component of the city council called for the postponement because statutory councillors proposed the two top municipal posts be held by their own NP and DP aligned candidates.

Councillor Norma India Mfeketo nominated by the ANC alliance on the non-statutory side as possible mayor, said in terms of the proposals, non-statutory councillors would be deputies in the two posts and therefore "junior partners".

Sources said the dispute arose after the DP, which held the balance of power in the new council, planned to support the nomination of former management committee and NP member William Bantom as mayor in return for the DP retaining executive committee chairmanship under former incumbent Arthur Wienburg.

Mfeketo said various proposals were suggested before the inaugural meeting to settle the dispute, including the establishment of co-chair-

Chiefs join local govt committee

WILSON ZWANE

A TECHNICAL committee had been set up to thrash out a local government model for rural areas in the Eastern Cape, Constitutional Development Deputy Minister Valli Moosa said this week.

The team would include four representatives from chiefs, two from the provincial government and two from Constitutional Development.

Eastern Cape local government minister Max Mamase said the committee would begin its work on Monday. It was expected to submit its report on February 28.

Moosa said chiefs in the Eastern Cape had declared their support for the elections and willingness to cooperate with elected structures.

The situation was not like that in KwaZulu/Natal, where chiefs had said they would not take part in local government elections unless their demands were met. These demands included international mediation.

Northwest spokesman Willie Modise said elections for the provincial house of traditional leaders would be held on February 20. There were 20 chiefs in the province.

Sapa reports that in preparation for the elections, the Eastern Transvaal legislature had forged strategic links with traditional leaders in the province. Various agreements were concluded during a recent meeting between chiefs and provincial local government minister J Masilela.

Push for funds to create jobs

COLIN DOUGLAS
Business Staff

30

AR 18/2/95

MICRO-LOAN organisation Get Ahead, which claims to create one new job for every R350 loaned, is lobbying for a R6 million cash injection from the government in the wake of Trade and Industry Minister Trevor Manuel's announcement of a shake-up in the small business sector.

The Small Business Development Corporation would be restructured and the bulk of its funds diverted directly into small business projects, which would be allocated a total of R160 million in State funding in the next two years, Mr Manuel said.

Get Ahead chairman Ntatho Motlana and managing director Don MacRobert met Western Cape Premier Hernus Kriel this week in the latest in a series of meetings with government figures, aimed at securing a sizeable chunk of available funds.

Earlier the pair met Mr Manuel and RDP Minister Jay Naidoo.

"Our idea was to get the ministers' confirmation that our work falls firmly within the RDP — we want to make sure we can work in tandem with them," Mr MacRobert said.

"The government has confirmed to us that they cannot complete the RDP alone, and that they need help from

non-governmental organisations like ourselves.

"Development is not yet happening out there in the townships, and the government will face problems it is unable to deliver on its promises."

Get Ahead hoped to boost its total loan capital from R4 million to R10 million in the near future with the support of government departments, he said.

The organisation lends between R200 and R3 000 each to informal businesspeople to help them make their operations viable and self-sustaining.

Get Ahead says it has created thousands of jobs in the past year at a rate more cost-effective than most other agencies.

No collateral is required from borrowers, as group and community pressure is the mechanism for ensuring repayment, Get Ahead spokesman Wendy Richards said.

Repayment rates are more than 90 percent, although they temporarily dipped below 70 percent after last year's election.

"A culture of entitlement was developing — the perception was that as the country was now politically free, money should also be free."

For further information on Get Ahead call (021) 31 0621.

Umbrella fund for employers

BLACK business and the financial services industry have carved out a new deal.

Nafcoc-Gauteng, previously known as Soutacoc (Southern Transvaal African Chamber of Commerce and Industry) have announced a joint venture between themselves and the financial services industry.

According to Mashudu Ramano, chairman of the joint venture programme for Nafcoc-Gauteng, the process of assisting fellow members of the association has been given greater impetus with the introduction of the Letlhabile

Fund (meaning the sun has risen).

Essentially the Letlhabile Fund is an "umbrella fund" arrangement for participating employers who are members of Nafcoc.

Nafcoc-Gauteng now offers fund membership to all emerging black business partners within this framework.

Dr Morris Bernstein, MD of Fedlife, notes that the Letlhabile Fund will allow smaller groups of employees within the developing business secure access to structured and competitive group benefits.

Police arrest 56 picketing strikers at Norwood Spar

BY BOBBY BROWN

Norwood police yesterday arrested 56 strikers picketing outside the Super A Spar in Norwood, Johannesburg, on charges of assault, trespassing, damage to property and contempt of court.

South African Commercial, Catering and Allied Workers

Union (Saccawu) members have been forbidden in terms of a court order from certain actions in the vicinity of Spar outlets.

Anthony Georgiou, a partner in the store, said the strikers entered the Spar at 10.30 am in little groups pretending to be shoppers.

"They all threw their groceries on the floor and started

singing at the front of the store," he said. When they refused to leave, police and security guards with dogs were called to remove them.

Georgiou was attacked in the scuffle when the strikers left the store before the doors were closed.

Norwood police station spokesman Warrant-Officer

Charl Annandale confirmed the arrests and said an assault charge would be investigated.

"The person responsible for the assault was captured on our closed-circuit TV, but he had left by the time the police started their arrests," Georgiou said.

The strikers smashed one of the shop's windows and damaged several pot plants, ac-

ording to Georgiou.

Saccawu spokesman Themba Khumalo said the court order had expired in mid-January.

"They cannot be arrested for contempt of court because the interdict is no longer valid."

The workers, all of whom have been dismissed from their individual Spar stores, are demanding regional bargaining.

(30) (45) Star 22/2/98

Fabcos offer to mediate rejected

BD 22/2/95 (30)

THE Foundation for African Business and Consumer Services' (Fabcos's) offer to mediate in the dispute over business representation on the National Economic, Development and Labour Council (Nedlac) has been turned down.

The dispute between the National African Federated Chamber of Commerce (Nafcoc) and Business SA could be resolved only by the two organisations themselves, Nafcoc president Joe Hlongwane said last night.

Fabcos on Monday offered to mediate in the disagreement, which arose because Nafcoc was unhappy with its representation on Nedlac.

Business SA gave the black business organisation one seat out of 18, the same as all the other business organisations belonging to it.

Hlongwane said last night he had turned down the Fabcos offer, because the group lacked the necessary clout to mediate.

"They (Fabcos) are just a tiny bit of Business SA, so how can they mediate? If they were worthy of the task (of mediating) as they claim, they would have approached us first instead of going to the media with statements."

Hlongwane said Business SA and Nafcoc would have to resolve the matter between themselves, but Naf-

JOHN DLUDLU

coc would not join Business SA in its present form.

"We've been told by the Minister (of Labour) to resolve the issue among ourselves. The Minister said organised business should be represented by the business caucus — consisting of us and Business SA."

The two organisations would have to work out the number of representatives before March 18.

"This matter (over representation on Nedlac) is still pending," Hlongwane said.

Nafcoc is represented in Nedlac in its capacity as a member of the business caucus, outside Business SA. "We'll never become members of Business SA in its current form."

The dispute arose over the allocation of the available seats for business in Nedlac. Nafcoc, as a main representative of black business, wanted to be entitled to an equal number of seats with Business SA, which wanted each of its 18 affiliates to have one seat on the executive.

Nafcoc has not spelt out the number of seats it requires, but Hlongwane said he would meet Business SA to set a date for talks.

Neither Business SA leader Dave Brink nor Fabcos secretary-general David Moshapalo were available for comment last night.

Blockades at six Spar shops

RENEE GRAWITZKY

SIX Spar outlets in the Gauteng region were blockaded by groups of protesters claiming to be members of the SA Commercial Catering and Allied Workers' Union yesterday.

In each incident the protesters attempted to gain access to stores and at the same time blocked the entrances. In some cases the stores were able to close the doors before the groups could gain access, a Spar spokesman said.

The Norwood store was the only one affected by violence, but this happened when store security attempted to stop the workers from obstructing the entrance.

Co-owner Anthony Geoiu was allegedly assaulted and property slightly damaged.

The SA Police Services arrested a number of people and the owners have laid charges of trespassing, assault and damage to property.

These incidents at Spar outlets came in the wake of President Nelson Mandela's warning last week that the government would not tolerate disruptive behaviour by striking workers.

The union was still investigating which parties were involved and whether this was an attempt to discredit and destabilise the union, said a union spokesman.

DD 27/2/95

(30/102)

... for export ...

MICK TAYLOR

IN RESPONSE to government calls for greater private sector contributions to the human resource aspects of the reconstruction and development programme, business is faced with two principal options, quite apart from training its own workers.

First, it can channel resources — both finance and expertise — directly to the public sector. Such support — for example, in the form of assistance towards the rehabilitation of schools devastated by township violence — will certainly be forthcoming.

Important as such initiatives are, they are only half the requirements. What is to be done about those priorities government has submitted in its recent White Paper on education and training and does not have the resources to develop? These include ensuring a higher rate of adult literacy, expanding early childhood development programmes, improving teachers and developing the kind of vocational capacities necessary for a high growth economy.

In these sectors it is unlikely business will give money directly to the state. Donations of this kind would contribute to the growth of big government and the problems attendant on such developments. This leaves the funding of non-governmental organisations through corporate social responsibility programmes and other development agencies as the more important longer-term vehicle for business involvement in the RDP.

This conclusion raises the question: what mechanisms and processes are needed to bring together the imperatives facing business, non-governmental organisations and government? More specifically, how should the following

concerns be addressed:

- The need for business to be assured its funds are being utilised optimally;
- The need for non-governmental organisations to become more effective in delivery of services; and
- The need for government to bring private sector funds and expertise, and non-governmental organisation delivery capacity and experience, into complementary relationships with public resources and policy goals.

Over the past year or two development agencies such as the Joint Education Trust have made considerable progress in finding solutions to all three concerns. The following lessons are emerging.

First, government has a central role in creating the kind of environment necessary for partnerships to flourish. Elements would include acknowledgment of the contributions of business and non-governmental organisation sectors to expand these activities, participatory policy formulation processes and a qualifications framework for relating programmes in one another and to the development needs of the country and individuals.

Second, given the enormous task of reorganising the civil service, government has begun to give full attention to these tasks. Nevertheless, partnership arrangements have begun to develop between the private sector, non-governmental organisations and state institutions.

Third, certification of learners and accreditation of delivery institutions are important elements of many such partnerships. They ensure services are delivered, quality standards are achieved, skills

learned are relevant to national and individual development priorities and learners receive qualifications with currency in other parts of the education system and the workplace.

Fourth, evaluation is important for measuring the effect of innovative programmes. It is all too easy for mechanisms like certification, accreditation and evaluation to slip into heavy handed, formalistic regulation.

For this reason it is essential that they follow two principles. First, these mechanisms should focus on outcomes rather than inputs; and on the knowledge and skills learners have acquired, rather than on prescribing curricula, textbooks and teaching methods. And second, the details of these mechanisms are best formulated in a participative manner. So, for example, business, labour, non-govern-

mental organisations, public servants and teachers are collaborating in establishing a certification system for adult basic education. Without such a system there is no way of knowing how many adults achieve literacy through the hundreds of programmes in operation, what the standards of that literacy may be, whether the knowledge acquired meets the needs of the nation, the economy or the individual.

Development agencies and non-governmental organisations have come some way in forging the kinds of partnerships needed to realise the ideals of the RDP. As the machinery of government begins to roll, it needs to get to grips with its role in expanding these relationships to meet the enormous development tasks facing the country.

□ Taylor is acting director of the Joint Education Trust

How the private sector can aid

BD 23/2/95

reconstruction

Microbusiness 'needs more funds'

GÉRALD REILLY

MICROBUSINESS development had the potential to explode into a major factor in the economy and could relieve unemployment, but was being hobbled by lack of funds, African Council of Hawkers and Informal Business (Achib) president Lawrence Mavundla said recently.

Although significant assistance was coming from the private sector, government's contribution was "meagre" and well below what could have been expected, he said. (30) BD 23/2/95

It had apparently not yet dawned on government that a relatively small investment to encourage and support micro-business ventures would pay handsome dividends.

The microbusiness development contained banks which had been in existence

for only a few months, but had already demonstrated the enormous possibilities for expansion.

More than 400 loans had been granted in Johannesburg alone for amounts ranging from R100 to R500. Except for a handful, all borrowers had already repaid their loans.

Mavundla said a grant of R230 000 from National Sorghum Breweries had paid for the training of 45 "bank managers".

Five container banks were operating in Johannesburg, Durban, Kimberley, Kroonstad and Nelspruit. There were plans to extend the microbanks nationwide this year. Safmarine had provided large containers for the street-corner microbanks.



Joe Hlongwane felt
BSA wanted to
marginalise Nafcoc.

Nafcoc, BSA to settle

By Mzimkulu
Malunga (30)

A COMPROMISE is likely to be reached soon between Nafcoc and Business South Africa on representation on the National Economic Development and Labour Council.

Mr Benjamin Wauchop, executive director of the National African Federated Chamber of Commerce, says the two groups have until March 6 to resolve their dispute.

Last week the BSA, which comprises mainly white business organisations, clashed with Nafcoc on the number of seats the organisation is entitled to in the Business Caucus, the business representation in Nedlac.

Nafcoc, led by its president Joe Hlongwane, argued that the organisation was the biggest of all the groups in the Business Caucus and was therefore entitled to 12 of the 18 seats allocated to business in Nedlac.

BSA was only prepared to give Nafcoc two seats.

Later Nafcoc brought down its demand to nine seats while indicating it could even go down to five seats.

Wauchop said there was no way BSA could go it alone as Nafcoc was a very important player.

He was optimistic that an amicable solution would be reached soon.



A scheme to benefit small businesses ⁽³⁰⁾

Sowetan

By Isaac Moledi

23/2/95

SMALL businesses are likely to benefit from a newly formed management consultancy which manages projects on behalf of companies.

Professional Development Association has been formed to provide human resources consultancy to businesses — particularly small ones.

The PDA began trading this week and it is led by Luthando Matthews and Denise Hill.

"The major part of our business is project management and we are tackling projects that will empower the private sector to better manage their people for the general economic empowerment of the society," says Matthews.

"PDA's initial business focus was mainly on companies with medium size personnel that are not big enough to justify a full-time human resources department. We do training needs analysis, development programmes where appropriate, and provide what human resources development would do," he adds.

PDA's other function is a consulting assignment for non-client companies, where the company consults on a specific issue such as setting up mentorship programmes and provident fund schemes.

Matthews and Hill have for the last 10 years managed the Joint Management Development Programme (JMDP), an initiative of the Paris Chamber of Commerce and Industry which has the support of the French Embassy in South Africa.

JMDP also has the support of the Black Management Forum, Nafcoc and the Urban Foundation, Matthews says.

(30)

Nafcoc steadfast on seats

SD 24/2/95 (12/11)

JOHN DLUDLU

THE National African Federated Chamber of Commerce (Nafcoc) would insist on an allocation of seven of the 18 seats allotted to business in the recently launched National Economic, Development and Labour Council (Nedlac), the organisation said yesterday.

Nafcoc, which has been embroiled in the row for months, first over its standing in Business SA and its representation in Nedlac, had initially proposed it be entitled to nine representatives, the same number as BSA.

Nafcoc president Joe Hlongwane said this week his organisation would not budge from its latest position.

The two organisations were given until March 18 to resolve the wrangle by Labour Minister Tito Mboweni last week.

BSA leader David Brink said the organisation would make a proposal today to Nafcoc to resolve the dispute over representation to Nedlac.

He refused to disclose details of the proposal, but said it would lead to the conclusion of the dispute or make a

substantial contribution to the resolution of the wrangle.

This week the Foundation for African Business and Consumer Services (Fabcos) secretary-general David Moshapalo issued a statement, in which Fabcos offered to mediate between the two parties.

The offer was turned down by Nafcoc, which argued that Fabcos — as part of BSA — was not qualified to play the role of mediator and lacked the clout to influence BSA.

Commenting on these developments, Brink said he was not surprised by Nafcoc's refusal, but said BSA would accept the offer.

"It's our view that Fabcos has been making a constructive engagement on this subject. And Fabcos is a very valuable member of BSA which has made a good contribution to the organisation."

Moshapalo said he welcomed the two parties' determination to meet to discuss their differences.

Star 28/2/95

Nedlac deadline

(32) (11) (30)
Organisations representing community and development interests which wish to take part in the National Economic Development and Labour Council (Nedlac) have until next Monday to apply for membership to the body.

Nedlac, which will have powerful representation from labour, business, Government and community organisations, will primarily seek to reach consensus and make agreements on economic policy issues.

Organisations which seek membership to Nedlac must represent a significant community interest on a national basis, have a direct interest in development and reconstruction and have a democratic constitution, Nedlac executive director Jayendra Naidoo said.

The organisations should also be able to seek mandates from their members and obtain compliance from their members in regard to resolutions and policies of the council, he said.

A special committee chaired by the Reconstruction and Development Programme office will meet by March and make recommendations

to Minister without Portfolio Jay Naidoo.

"The meeting will be announced to the public and organisations which applied may attend as observers at their own cost," Naidoo said.

Nedlac will consider all proposed labour legislation, including the recently released draft Labour Relations Bill.

Nothing in the constitution should constrain the council from considering any matter within its frame of reference, according Naidoo.

Organised labour, organised business and Government will have equal representation in Nedlac and the combined representation from community and development interests will not exceed that of any of the other parties.

The council will be funded by the Department of Labour and Labour Minister Tito Mboweni will act as its link with the Government.

Nedlac will take over the functions of the National Manpower Commission and the National Economic Forum. — Labour Reporter.

BSA bid to resolve dispute over Nedlac

BUSINESS SA (BSA) would try to resolve its dispute with the National African Federated Chamber of Commerce (Nafcoc) at a special meeting tomorrow, BSA president David Brink said yesterday. **BD 28/2/95**

The dispute arose two weeks ago over the allocation of the 18 seats set aside for business on the National Economic, Development and Labour Council (Nedlac) executive. Nafcoc had demanded half the seats as the main body representing black business in the country. **(30) (22)**

Brink said BSA's governors would meet

JOHN DLUDLU

to work out a comprehensive proposal or to find a deadlock-breaking mechanism.

Nafcoc president Joe Hlongwane last week reduced Nafcoc's demand to seven seats from the original nine, but said that was its last compromise.

Brink argued that the dispute was more complex. Apart from accommodating umbrella bodies such as BSA and Nafcoc, the 18 seats would have to address the demand

To Page 2

Nedlac **(22) (30) BD 28/2/95** From Page 1

by economic sectors to have representation. "One more seat that's taken away will keep other sectors out of Nedlac."

Observers said the talks could deadlock on. This would make it impossible for the two parties to resolve the dispute by March 18, an unofficial deadline given to them by Labour Minister Tito Mboweni.

One analyst said Nafcoc's proposal for strong representation on the executive council was "a little misplaced". The organisation should instead be pushing for

adequate representation on the other relatively autonomous and effective Nedlac chambers which met frequently.

Asked about the possibility of increasing the number of seats allocated to business, Nedlac executive director Jayendra Naidoo said while the constitutional clause providing for 18 business seats could be amended, there was a limit to which the idea could be pursued. "The problem is that if you make the structure too big, it tends to be difficult to control."

Black involvement in big business stressed

BD 28/2/95

(30)

IT WAS important for the process of change that black business became involved in big business, Johannesburg Consolidated Investment (Johnnies) chairman Pat Retief said at a presentation yesterday on the restructuring of the 105-year-old mining house.

Johnnies is to be restructured into three separate companies: Anglo American Platinum (Amplats), containing Johnnies' platinum and unlisted diamond interests; Johnnic, holding the group's strategic industrial holdings and its media interests; and JCI Limited, holding the gold, coal, base metals and ferrochrome interests, as well as 10% of Amplats, 10% of Johnson Matthey and a minority 0,9% stake in De Beers.

Anglo American would sell its controlling interests in JCI Limited and Johnnic to black investors who could show they represented a broad enough spread of black interests.

Retief said Anglo American would not want to sell to investors who had too aggressive an attitude to changing management, but

MICHAEL URQUHART

rather to those who had a responsible attitude to the new groups.

There was no time frame on the submission of proposals to purchase a stake in the restructured companies, but Retief expected the completion of proposals could take longer than expected as borrowing rates were currently high, while dividend yields were low.

Johnnic MD Vaughan Bray said at the briefing the industrial holding company would move aggressively into the gaming and entertainment industry.

Johnnic's property arm would expand from Gauteng into other parts of the country and would consider going international.

There was also scope for growth in Johnnic media holding arm Omni Media.

He said the reason for keeping strategic holdings in SA Breweries and Premier was that it gave Johnnic "critical mass" and the financial muscle to take advantage of any investment opportunities.

Black involvement in the restructured Johnnic would

be on three levels — as investors, as black businessmen being brought into the corporate structure and through joint ventures.

Amplats would be using its reserves to take advantage of growth in the platinum market created by its marketing and research and development efforts, MD Barry Davison said. But the company would not develop a project that was not at least as good as its current operations.

He said interest on the \$150m offshore debt in Amplats, which arose from the purchase of Johnson Matthey by Johnnies, would be more than covered by dividends from the unlisted diamond interests.

No further details about the diamond interests, which were given a directors' valuation of R950m, were forthcoming. As there was to be no sale of these interests there would be no need for further details.

JCI Limited MD Bill Nairn said the company would remain an SA-based mining house, but the focus would be on international expansion, especially in Africa. JCI Limited in particular would be conducting detailed roadshows to inform investors about the new company.

The placing of 10% of Amplats in JCI Limited gave it more balance and extra financial muscle.

a

No firm proposals yet made, says mining house chief

Black groups start to test JCI waters

(30)
SPW 28/2/95

■ BY DEREK TOMMEY

Some black groups have made approaches about acquiring a stake in the unbundled JCI, but discussions are still in the exploratory stage, says JCI chairman Pat Retief.

He said in Johannesburg yesterday that no firm proposals had yet been made as far as he was aware.

Anglo American, the major shareholder, has invited black groups to participate in the control of two of the three companies being created by the unbundling of JCI (Johannesburg Consolidated Investment).

Anglo says one of the one of the reasons for the unbundling is to enable black South Africans to participate in mining and financial groups.

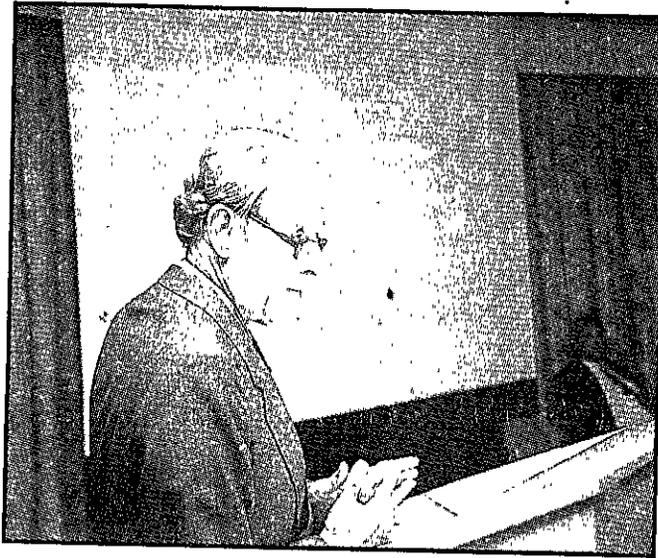
Anglo is urging blacks to form viable groups as a first step in their involvement in the unbundled companies in terms of equity ownership and board representation.

Retief said there was no time frame for black acquisition of a stake in the companies.

"It is likely to take rather longer than we expected," he said.

"There are substantial sums of money involved.

"The dividend yield on the shares of the two companies is low and the borrowing rate is



Pat Retief . . . no time frame for acquisition.

PICTURE: DEBBIE YAZBEK

high."

A prerequisite was that interested black groups had to be representative of a broad spectrum of the community and their offers had to be properly structured.

"I would imagine that any group of black businessmen coming up with a sensible proposal, financially structured on a proper basis and representing a wide community of interests, would be favourably looked upon."

Retief said any offer would

have to satisfy Anglo and De Beers and the JCI management.

"I don't think Anglo would be too happy to sell to an aggressive group wanting to change the management overnight.

"I don't think that would be regarded as being in the interests of minority shareholders."

He said management's ongoing participation was essential to the well-being of the company.

"I doubt if Anglo would accept an offer that was unacceptable to JCI management," he said.

Bill Nairn, managing director of JCI, said the question of management after a black investment was not an issue and was unlikely to be one.

"It would be in the interests of any black group acquiring significant holdings in the two companies to see that the companies continued to operate successfully — and that has been the indication from the groups who have approached us."

Retief said it was early days yet for black investment.

It would be a challenge to the two companies, but he thought it would be ultimately beneficial, and it was certainly going to be quite exciting in one way and another.

"It is certainly a necessary part of the process of change that is taking place in this country to get black business involved in big business by one means or another."

He said holders of JCI shares would receive one share in Anglo American Platinum and one share in Johnnic Industrial Corporation for every JCI share held.

Amplats has R6,3 billion worth of assets, while JCI has R6,4 billion in assets and Johnnic R6,9 billion worth.

Small business tender policy a step closer

SA MOVED a step closer to a new tender policy favouring small business when the public sector forum working on the new procurement system reached consensus on its proposals yesterday (30).

The forum was initiated jointly by the Public Works and Finance Ministries last month to look into ways of reviewing the present tender system and proposing new tender procedures that

THEO RAWANA

would ensure the empowerment of previously marginalised sectors.

Forum chairman Simi Gounden said forum leaders held talks with the National Economic, Development and Labour Council (Nedlac) last week on the question of non-government actors entering the second phase of the process with their own recommen-

dations, and commenting on public sector proposals.

The matter would be on the Nedlac executive meeting agenda on March 8.

"In-principle" recommendations based on common ground would be taken to government as the basis for the development of new legislation. 80/13/95

Among proposals agreed on by the forum — which sat in Pretoria yesterday —

were that tenders with low value, or for supply services by small, micro and medium-sized enterprises should be simplified, while all others should be normal.

SMMEs should be helped with accessibility to the procurement system and in some cases contracts should be reserved for SMMEs for a limited period as well as price preferences for the small sector.

Call to end
exclusion of
blacks from
business (30)

From ROY COKAYNE

PRETORIA. — THE domination of business activities and the exclusion of black people from the mainstream of economic activity are causes for great concern for the reconstruction and development process, says North West premier Popo Molefe.

A central objective of the Reconstruction and Development Programme (RDP) is to deracialise business ownership and control completely through focused policies of black economic empowerment, Molefe said at a sod turning ceremony for the New Central City Shopping Centre in Mabopane near Pretoria. The original centre was destroyed during the Bophuthatswana riots in March last year.

These policies must make it easier for black people to gain access to markets and capital for business development. Our government should therefore ensure that no discrimination occurs in financial institutions.

State and parastatal institutions should also provide capital for the attainment of black economic empowerment objectives, he said.

Mr Molefe said it was the belief of government that the RDP programme could not and would not succeed unless the alliance of government, business, labour and the community was based on a solid foundation of mutual trust and respect for one another.

51 6 1 16

Call for more transparency

(30)
CT 2/3/95

From
CHARLOTTE MATHEWS
JOHANNESBURG. — Regulators and politicians will enact laws to improve corporate governance unless the private sector takes that step voluntarily.

That was the warning given by King Committee chairman Mervyn King to an Institute of Directors' conference yesterday.

"Shareholders are increasingly restive and regulators and politicians want to satisfy their voters. These are the pressures on the governors of public corporations."

Disadvantaged

After the report by the Cadbury Committee in the UK on corporate governance, the King Committee was established by the Institute of Directors in SA with a similar but wider mandate.

A local initiative was considered necessary because entrepreneurs would be moving from disadvantaged communities into the economy, the country was moving towards greater transparency and consultation and that there were skill shortages in SA.

King Committee member Michael Katz said the mobility of international capital, the need for balance between owners and managers of a company and the increasingly active role of investors and employers had helped to make corporate governance the issue of the day.

King issues warning to private sector

The recommendations of the King Committee on corporate governance were not merely a set of rules but also a vision.

"In any analysis of corporate governance you cannot forget the dynamics of the boardroom, how the boardroom functions and whether the chairman encourages debate or whether he surrounds himself with rubber-stampers."

The composition of a board of directors is highly important to its function, Katz said — whether it gets access to the executives of the company, receives regular financial reports, and has people who come in regularly and not only when there is a crisis.

Non-executive directors should not simply be watchdogs but should make a positive contribution.

The international mobility of capital means that foreigners will invest their capital where they have confidence that the jurisdiction is clean and financial disclosure is meaningful.

The financial institutions, with

their huge cash flows, have acquired identifiable controlling interests in a number of companies, giving them the right to nominate directors who will have an influence on corporate governance.

The possible conflict of interests that might arise will become a central element of the corporate governance debate in SA and elsewhere, Katz said.

The days of the passive financial investor are over, since the investors in financial institutions themselves will require that more vigilance is exercised.

The extent to which employees and labour participate in corporate decision making is also an issue which will have to be addressed and is separate from the issue of collective bargaining, Katz added.

Visible

Deloitte Touche partner Peter Wilmot told the conference that once a board of directors has taken the decision to implement the King proposals, it should ensure that successful implementation takes place.

The process should be effectively monitored and reviewed and the various initiatives taken in terms of the code should be visible.

"In this way, confidence in the proper governance of the entity will be increased, and could result in a positive re-rating of the company's shares by the analysts," Wilmot said.

Nafcoc embroiled in bitter conflict over seats

By Mzimkulu Malunga

~~(13)~~ (30) ~~(14)~~
THE National African Federated Chamber of Commerce and Business South Africa have until March 16 to resolve their dispute over seats in the National Economic Development and Labour Council.

The two sides are in dispute over the number of seats Nafcoc has to get out of the 18 seats reserved for business in Nedlac.

Department of Labour's deputy director general, Les Kettleidas, said Nafcoc and BSA had to resolve their differences before the next Nedlac executive council meeting which is on March 18.

He said if the matter was not resolved by then, other stakeholders in Nedlac, namely the government and labour, would have to get involved and discuss the issue.

The two sides said discussions on representation in Nedlac were still continuing.

Nafcoc's executive director Benjamin

Sowetan 2/3/95
Wauchope told *Sowetan* yesterday that the organisation still maintained it would not accept anything less than five of the 18 seats.

BSA's assistant secretary-general Corrina Gardner was only prepared to say the "matter is still being debated" and declined to say whether BSA had moved from its original position to offer Nafcoc two seats.

The dispute started when Nafcoc demanded to be allocated 12 of the business seats in Nedlac as the biggest business organisation in the country in terms of membership.

The organisation later toned down its demand to seven seats.

However, BSA, which comprises mainly white business groups and Fabcos, countered that it had to cover not only organisations but a number of business sectors like mining and agriculture in the allocation of seats.

businessmen must be on time

Scheme to help small business

(30) S. D. W. 3/13/95

By Mzimkulu Malunga

BLACK business must learn to arrive on time when invited to meetings, says Gauteng premier Mr Tokyo Sexwale.

Addressing a breakfast hosted by the Gauteng government for black business people in Johannesburg yesterday, Sexwale said: "This is how some of us lose contracts because we arrive late."

He made an example of last week's meeting when he had breakfast with leaders of big business.

"I noticed how some of them got big. They do not arrive late for contracts."

Sympathetic

Sexwale said the province's tendering board would be in place within weeks and promised his government would be

sympathetic to small black business when tenders were issued.

"Take advantage of that," he challenged.

Trade missions

The Gauteng government was planning to embark on trade missions soon with the first major one being a trip to China around May. Sexwale said he wanted black business to play a central role in advising his government on how to turn such missions into productive ventures which would create jobs.

Black business would also form part of the 90-person delegation the Gauteng government would send to the presidential conference on small, medium and micro sized enterprises in Durban later this month, he said.

Deadlock on seats for national council

BD 3/3/95
JOHN DLUDLU

BUSINESS SA's (BSA) governors have decided to ask for a mediator after failing to break the deadlock in negotiations with the National African Federated Chamber of Commerce (Nafcoc) over business representation on the National Economic, Development and Labour Council (Nedlac). (22) (30) (24)

The decision was taken this week at a special meeting of governors — the highest decision-making organ of BSA — called in a bid to resolve the wrangle over the 18 seats allocated to business on Nedlac's executive council.

BSA president David Brink said the organisation was "anxious" to find a solution. Governors had agreed "some form of mediation" was needed to break the deadlock.

The governors had turned down Nafcoc's proposal to have seven of the 18 seats. "There's no possible rationale for this if we want to Nedlac to succeed."

Brink would not disclose who BSA had in mind as mediator, but said the organisation would be flexible.

The governors had agreed that "a special dispensation to accommodate emerging business" was required, he said.

Brink was asked last week to work out a proposal to present to Nafcoc, but it was rejected by the governors.

Saccawu sets out agenda

RENEE GRAWITZKY

THE immediate reinstatement of dismissed Spar workers would be the priority for next week's talks between the SA Commercial Catering and Allied Workers' Union (Saccawu) and Spar, the union said. (30)

This issue had to be resolved before issues such as bargaining forums could be discussed. (15)

Sources claimed employer representatives agreed to discuss the adjudication of allegations of misconduct with the option of arbitration. (20) 3/3/95

The union agreed to a blanket moratorium on hostilities until the March 9 meeting, sources claimed. At that meeting, a written moratorium would be tabled for discussion. This would create an atmosphere to facilitate discussion on the future of the dismissed workers.

CSIR steps up plans to make small projects pay

A PEDAL-powered loom for small textile industries is just one of the CSIR's many pilot projects aimed at providing technology for development.

The loom, which is easy to pedal and weaves fabric for upholstery and clothing, has been developed to create jobs in areas with no electricity.

It is being tested by the Ntami family near Stellenbosch in the eastern Cape.

When training ends, the Ntamis will receive raw materials and be linked with marketing agents. After three months, the CSIR will assess their success and correct any technical problems in its prototype loom.

A bonus is that once the Ntamis and their community finally get electricity, they can connect the loom to an electric motor.

Other CSIR projects include a knitting academy in Port Elizabeth, and the development of community-based, low-cost and hygienic poultry abattoirs.

The CSIR, the largest technology organisation in Africa, is also transferring its scientific advancements

in areas such as housing, roads, energy, health care, education and recycling.

Mike Groch, executive in charge of the CSIR's technology for development programme, says the organisation has been seeking ways to utilise its expertise for the benefit of urban as well as rural communities over the past four years.

The CSIR restructured its management structure last year in order to co-ordinate strategies with those of government and to provide technology for the RDP.

It has started appointing regional development managers to deal with provincial governments.

The CSIR's projects are usually community driven and focus on economic factors so that jobs can be created and revenue retained in communities.

For example, it has been developing ways of providing communities with affordable and acceptable drinking water, as well as efficient sewage disposal.

In addition to developing low cost water treatment packages which are easy to install and require little

maintenance, the CSIR has been involved in various other community projects.

One was the development of a full water supply system for the village of KwaNyoswa in Ntwenave, KwaZulu-Natal (population: 3 900).

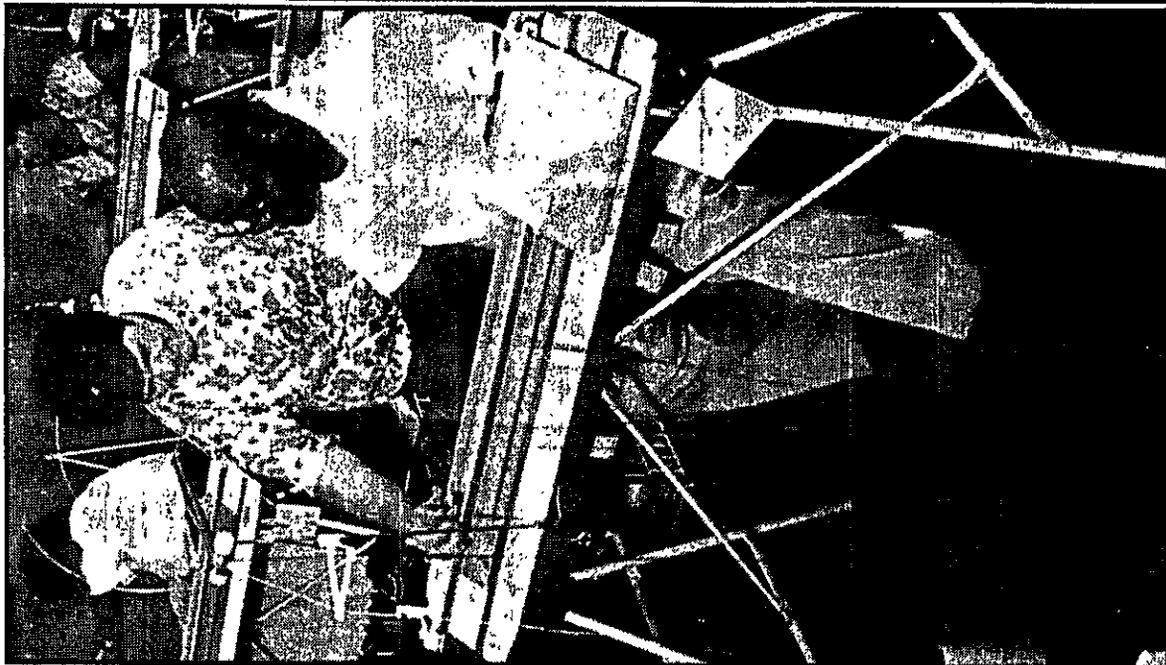
The CSIR provided management skills, laid 40 km of pipelines and built reservoirs as well as a water treatment plant.

It developed construction methods that did not require highly skilled labour. Trenches were dug by community teams to create temporary employment for the area.

The CSIR has also developed a device which easily de-waters sludge, a problem often associated with small water domestic sewage treatment plants in rural villages and informal settlements.

The CSIR's process creates a substance that can be used as compost and moved by spade.

Another project, called Plant for Life, aims to support existing local resources in rural areas by developing community nurseries which produce trees, including fruit-bearing.



MAKING CAPITAL ... the CSIR's textile knitting academy develops entrepreneurs

'Learn to compete': Manuel blasts business

COLIN DOUGLAS
Business Staff

30

ARG 6/3/95

TRADE and Industry Minister Trevor Manuel has launched an attack on business leaders, saying they lack the will to compete and the vision to take advantage of South Africa's new trade opportunities.

And he has promised to introduce tough new anti-monopoly legislation this year to cut down what he said was an unacceptably high concentration of ownership in industry.

"Some of the people who call themselves capitalists in South Africa would function best in the planned economy of the Soviet Union after 1917," he said in a hard-hitting speech delivered off-the-cuff at a Milnerton

breakfast hosted by the Development Action Group.

"We have capitalists who don't like markets, capitalists who don't want to compete, capitalists who don't want to be capitalists.

"Business in South Africa has been so protected, it doesn't take time out to look at what world markets have to offer."

While he acknowledged that sanctions had contributed to a blinkered outlook by business, Mr Manuel said the malaise had deeper roots.

"We can't survive like this in the global economy, with its high competition and single set of trade rules," he warned.

"Unless we take an entirely new approach, what's left will die."

He ruled out the continuation of the General Export Incentive Scheme, saying: "We can't solve the export problem by taking money from taxpayers and giving it to big companies."

Mr Manuel said the low level of inter-firm rivalry could be blamed on the high concentration of ownership in the manufacturing sector, and vowed he would introduce strict "anti-trust" laws this year.

"The Maintenance and Promotion of Competition Act will be scrapped and replaced with much stronger legislation, or be so substantially amended it will hardly be recognisable," he said.

"Competition policy must feature very highly in our new

approach to the economy."

Mr Manuel also accused business of neglecting its employees, saying South Africa had come last in a recent survey comparing human resource strengths in 41 countries.

"Unless the private sector begins to make the investment in human resources, South Africa has no future in industrial development."

Former editor dies

JOHANNESBURG. — Former Sapa editor and confidant of world statesmen, Mr David Friedman, died in Johannesburg today after a long illness. He would have turned 87 next month. — Sapa.

THE WORLD

Businesses set to get R20m aid

NOMAVENDA MATHIANE 30

THE Northwest government has set aside R20m to compensate small and medium businesses destroyed during the uprising that brought an end to the Bophuthatswana government.

Northwest premier Popo Molefe and finance minister Martin Kuscus will announce details of the relief package today. The aid package would not include large supermarkets that were looted and destroyed because these were insured.

"We are looking at the small and medium trader who is vulnerable and without insurance cover," Kuscus said.

The Northwest government employed six loss adjustor companies to conduct assessment on site on the 350 claims the government received.

Kuscus said the assessment revealed some of the traders had already been paid out by the insurance companies covering them, but the majority of the small traders had not. The money came from central government.

Kuscus said the fund was the third development project his government had taken on.

The first had been the setting up of two micro banks in Klerksdorp and Rustenburg for hawkers and the second project an R18,9m drought relief programme for farmers.

NP: Blacks favoured (30)

ET 8/3/95

THE White Paper on small business had to be extensively redrafted because of discriminatory and unconstitutional policies which favoured black economic empowerment, the NP said yesterday.

The NP welcomed proposals to support small business, but certain features of the paper had to be debated. — Sapa

Plan to boycott Indian traders

SQUATTERS in Lenasia, south of Johannesburg, and residents of neighbouring Eldorado Park are to meet today to discuss a planned consumer boycott of Indian traders.

Southwestern Joint Civic Association chairman Mr Basil Douglas said the meeting would be held in Eldorado Park Extension 5 at 7pm.

He said the boycott was in response to the treatment of squatters at Lenasia Extension 13 by Indian policemen.

Racist remarks

Douglas alleged that Indian police used racist remarks and abused the predominantly coloured squatters who invaded empty houses and land in Lenasia.

He said the arrest of Julie Sarrif (4) and her parents on Friday night and their subsequent imprisonment for a day for alleged trespassing had angered many.

He said the meeting would also decide whether the "so-called coloureds" should participate in municipality elections.

"Feelings are that the elections should be boycotted," he said. — Sapa.

At a news briefing in Johannesburg yesterday Dr Peter Fries, executive director, explained the structure and goals of the new programme.

Picture: ROBERT BOTHA

SBDC to transfer R670m to govt ³⁰

860813/15

Ruiters said. In the rural areas, non-governmental organisations and post offices would be used to provide credit facilities to businesses while government itself would provide soft loans to targeted groups such as women and youth groups.

Where programmes were government-funded, performance would be evaluated each financial year. If, for example, government had funded a training programme, the measure of success would not be how many people were trained, but how many jobs had been created.

The yardstick would be agreed on at the President's Conference on Small Business at the end of the month in Durban. According to Ruiters the Ministry's White Paper on Trade and Industry had been widely accepted.

Foreign governments were so impressed with the programmes outlined in it that the Australian government had already indicated it was willing to contribute R15m to the creation of local business centres. The Danish government had earmarked R8,5m and the British overseas donor agency about R12m.

He also said the Trade and Industry Department was finalising a R25m national credit guarantee fund to give small business access to loans. "The government will stand surety and we hope banks will compete for these loans as they will earn interest on them,"

running mentoring programmes and even a fishing trust. As a result, it had not been very effective in any of these areas.

Ruiters added the SBDC would now be expected to concentrate more on the provision of financial services and the R80m a year previously allocated to it by government would be distributed among a wider range of institutions.

Ruiters also told the committee that about R35m in foreign aid had already been committed to assist local small businesses. It was to fund basic business information and advice.

He added he hoped at least six centres would be operational by next January. To achieve operational efficiency and maintain acceptable standards of service, the centres would have to be accredited to be eligible for government support. About 200 accredited centres were envisaged.

A partnership with the private sector would mean it, and not government, would be responsible for the operational costs of such centres. Government, however, would support some of the centres' activities.

CAPE TOWN — The Small Business Development Corporation (SBDC) would transfer about R670m to government, Trade and Industry Ministry special adviser Alistair Ruiters said yesterday.

The SBDC was worth about R1,2bn and the transfer of funds would leave it with an asset base and loan portfolio of just more than R500m, he told the National Assembly and Senate joint committees on trade and industry.

He said the Trade and Industry Department did not want to destroy the SBDC and its current realignment would in fact only strengthen the organisation.

NP MP Theo Alant had questioned him about the plan announced in the white paper on small enterprises to realign the SBDC. Alant said the fact that Trade and Industry wanted the SBDC to return all programme funds given to it by government over the past decade was tantamount to asset stripping.

Ruiters said the SBDC had made a "substantial contribution" to small business development, but it had also tried to do too much, ranging from providing finance to

Ruiters said the department was also liaising with local authorities to change their zoning rules and by laws to make it easier for small businesses to operate.

The White Paper has been approved in principle by Cabinet, except for one paragraph dealing with past policies on black businesses. This was initially very critical of the NP government and Cabinet ordered it be re-written.

Ruiters told the committee that Provincial Affairs and Constitutional Development Minister Roelf Meyer had submitted a new version, giving greater credit to the former government.

An important part of the planned promotion of small business would be plans to give priority to granting black owned business greater access to government procurement programmes. — Sapa, Reuter.

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High hopes for end to Spar strike

30 (18) SPAN 8/3/95

■ BY JUSTICE MALALA
LABOUR REPORTER

A four-month-old dispute between 2 500 striking Spar workers and store-owners in Gauteng might be resolved soon if the employers reinstate all dismissed workers when they meet their representatives tomorrow.

South African Commercial, Catering and Allied Workers' Union spokesman Sithembele Tshwete said yesterday this would pave the way for the renewal of negotiations for a central bargaining forum, the issue that sparked off the strike.

The dispute, which began on November 9, has led to the arrest of more than 300 workers as well as R2-million damage.

SBDC to halve fund

ET 8/3/95 (30)

THE Small Business Development Corporation would transfer about R670 million to the government, Ministry of Trade and Industry special adviser Dr Alistair Ruiters said yesterday.

The SBDC was worth about R1,2bn and the transfer of funds would leave it with an asset base and loan portfolio of just over R500m, he said yesterday.

— Sapa

Applications for Nedlac

30 JOHN DLUBU 41

THE National Economic, Development and Labour Council (Nedlac) had received more than 40 applications from community and development organisations for representation on the executive council, programmes director Debra Marsden said yesterday.

She said the applications would be assessed this month by a special committee to be chaired by a representative from Minister without Portfolio Jay Naidoo's office.

The successful applicants would represent community and development constituencies on the Nedlac executive council which would meet quarterly.

A newly constituted development chamber would represent community and development interests.

It would operate within the broad framework set out in the reconstruction and development programme White Paper, Marsden said.

Sources speculated that the development chamber representatives were likely to be drawn from the ranks of the SA National Civic Organisation.

CT(BR)8/3/95

(174) (30)

Training for entrepreneurs: The One-Up Business Training Programme, a locally developed training course for emerging entrepreneurs, has attracted tremendous interest at home and in Africa. Also called Township MBA and developed by the non-profit institute Trident Institute, the course is used by 67 training organisations in South Africa, Zimbabwe, Lesotho and Swaziland. Already, 20 000 emerging entrepreneurs have benefited from the modular, competency-based course. The institute has also set up a micro-lending scheme which gives emerging entrepreneurs more access to working capital for their businesses. The fund was recently awarded R3,5 million by the Development Bank of Southern Africa.

SBDC contemplates the future

JOHN DLUDLU

THE Small Business Development Corporation (SBDC) was considering proposals on its future role following government withdrawal of R670m in funds, the corporation's Carl Handley said yesterday. (30)

It was announced this week that the funds would be transferred from the corporation to government, leaving the corporation with an asset base and a loan portfolio of just more than R500m. BD 9/3/95

The corporation, a private sector-led partnership with government, was expected to meet shareholders during the next few weeks to decide on the role it would now play in promoting small business, in light of the funds withdrawal.

Handley said the proposals, some of which were contained in government's White Paper on small busi-

ness, included fundamental changes to the corporation's organisational structure and its finance and management policies, in an effort to identify better with the sector it served.

Another proposal from government was to shift the corporation's main activities to a new state body, called the Small Business Development Agency.

Handley said the corporation's management was involved in discussions with government through the committee recently set up by Trade and Industry Minister Trevor Manuel, comprising SBDC management, Trade and Industry Department officials and key SBDC shareholders.

The corporation was keen to define its new role.

Business move welcomed

RENEE GRAWITZKY

THE move by big business to involve itself in sharing resources with all structures of civil society to ensure economic growth and stability was welcome, President Nelson Mandela said at the launch of the National Business Initiative (NBI) in Johannesburg yesterday.

He urged business to enter into a partnership with government to promote the reconstruction and development programme and said economic growth could not be achieved without peace and stability.

The aim of the NBI is to contribute to the development of economic growth, sustainable development and effective governance.

It will operate as a non-profit-making organisation funded by membership fees from business and from projects initiated.

The organisation will not

be a mandated body but intends to facilitate consensus seeking between the social partners and address some of the issues dealt with at the National Economic, Development and Labour Council (Nedlac).

Labour Minister Tito Mboweni said the country needed a proper national organisation to make an effective contribution to reconstruction. He saw the organisation as having a "straight line to Business SA" but not to Nedlac.

NBI CEO Theuns Eloff said the NBI, which replaced the Urban Foundation and the Consultative Business Movement, intended to mobilise the resources from the private sector for the benefit of society. For example, the organisation would encourage business involvement in the RDP.



President Nelson Mandela, National Business Initiative (NBI) chairman Mike Rooholt and NBI deputy chairman Rev Mvume Dandala at the official launch of the initiative in Johannesburg yesterday.

BD 10/95

Merger to boost RDP

By Mzimkulu Malunga

30

THE launch of the National Business Initiative for Growth, Development and Democracy yesterday represents a big boost for progress.

The organisation, which is a merger between the defunct Urban Foundation and Consultative Business Movement, sees its task as marshalling private sector resources and technical skills in support of the RDP.

Chief executive Dr Theuns Eloff said NBI was simply a business initiative of civil society in partnership to nurture democracy and development.

"We are also going to interact with the four groups of the National Economic Development and Labour Council, as well as players at all levels of government," he said.

Facilitating consensus on critical issues among the four groups in Nedlac — business, labour, government and the community — was one of the key areas of operation.

Eloff said the NBI would be advising the companies on how best they could make their RDP contribution effective

Sowetan 10/3/95

Gauteng business closures

somehan
By Ismail Lagardien
Political Correspondent

~~30~~
30

10/3/95

MORE businesses are forced into liquidation in Gauteng than all other areas of the country put together, according to the Ministry of Justice.

Last year 768 companies in Gauteng were placed under compulsory liquidation — as opposed to voluntary liquidation. In 1993 the figure was 601.

The next highest figures elsewhere in the country are Western Cape (219 in 1993 and 386 in 1994) and KwaZulu-Natal (133 in 1993 and 125 in 1994).

The figures are based on companies placed under compulsory liquidation at specific Masters of the Supreme Court.

In the rest of the country the figures are: Bloemfontein (22 in 1993 and 31 in 1994); Grahamstown (49 in 1993 and 60 in 1994); Kimberley (nine in 1993 and three in 1994); Umtata (13 in 1993 and seven in 1994); Mmabatho (38 in 1993 and 27 in 1994); Thohoyandou (one in 1994) and Bisho (12 in 1993 and 15 in 1994).

The information was released in Parliament by Justice Minister Dullah Omar in response to a question from Mr Tembile Ntsizi of the National Party.

We're sitting on a time bomb, warn experts

Blacks want fair share of business

(30) Star 11/31/95

GIVE black businessmen more power or you sow the seeds of a social revolution. That's the message being sent to the white business sector, which has been accused of dragging its feet in this regard.

BLACK businessmen, still struggling to find their feet after decades of exclusion from the so-called free market, say the racist attitudes of their white counterparts are effectively curbing black economic empowerment.

"The laws are now gone, but the attitudes remain," says National Black Business Caucus (NBBC) executive director Dr Danisa Baloyi. "If you're black you're not really trustworthy."

This view was reinforced this week by Constitutional Assembly chairman and ANC secretary-general Cyril Ramaphosa. Speaking at a "Democracy at Work" workshop at Midrand yesterday, he said resistance from business towards the democratisation of the workplace could lead to conflict.

He said antagonism, confrontation and unequal powers — traditionally a part of the South African workplace — needed to be replaced by consensus-seeking, consultation, equality and partnership between management and workers.

Strikes last year over alleged racism at work had highlighted the differences in viewpoints between management and staff, Ramaphosa said.

He also condemned management attempts to co-opt workers and weaken unions. "Co-option benefits no one. It does nothing to eradicate confrontation and merely prevents management and workers from addressing differences."

Nearly a year after the country's first democratic election, the market capitalisation of black-controlled companies listed on the Johannesburg Stock Exchange amounts to less than half of one percent of the total equity — R3.5 billion, out of a total of R900 billion, he said.

"The change is so slow it's hardly noticeable," says Bheki Sibiyi, executive director of the Black Management Forum.

He said the April election brought the "political miracle" but not the "economic miracle" for the country's black people.

"From the Government side, there seems to be excessive emphasis on reconciliation rather than on reconstruction."

Analysts agree that the lack of access to proper financing facilities is possibly the largest obstacle facing black business. Banks are unwilling to accept the risk of businesses they know little or nothing about.

Malcolm Kietzmann, senior manager of Standard Bank's small business development department, says aspiring black business people often lack a well-conceived business plan to support a loan application.

"Part of the 'admission test' of entrepreneurship should be demonstrated ability to create wealth in some form or another," he says.

But black business consultant Xolani Qubeka counters: "How is that possible when almost 90 percent of black businesses are considered uncreditworthy due to their involvement in 'survival businesses'?"

Gauteng Premier Tokyo Sexwale says white companies will create a "social time bomb" unless they effect meaningful empowerment.

He says the recently unbundled assets of 105-year-old mining house Johannesburg Consolidated Investments do not offer true growth opportunities for black business, but are mere token gestures.

New Africa Investments Ltd executive chairman Dr Nthato Motlana says black business will likely have to borrow heavily to fund the purchase of unbundled assets. — Sapa

Small business takes on textile giants

(30) (10)

BUSINESS STAFF

A powerful coalition of the clothing industry's main players has been formed to push for sweeping proposals for the industry's small, medium and micro enterprises (SMMEs)

which, they claim, are in danger of collapsing.

The Clothing Federation of South Africa, headed by tycoon Ahmed Sadek Vahed, regional clothing associations and the Sunnyside Group which represents 70 small business inter-

ests have backed a proposal document masterminded by small business lobbyists.

They call on the government to recognise and deal with the severe problems facing SMMEs.

The document highlights the displeasure of small businesses in the clothing industry and outlines their intention to fight the textile monopolies and trade and industry department for failure to address problems in SMMEs.

STW 14/13/95

Saccawu calls for strike intervention

THE SA Commercial Catering and Allied Workers' Union (Saccawu) would seize every opportunity to resolve its continuing dispute with Spar and had called on the Labour Ministry to explore the possibility of more meaningful intervention, general secretary Herbert Mkhize said yesterday.

This followed a breakdown last week in negotiations between consultants, who were representing a group of Spar owners, and the union. (30)

At the meeting, the union was charged with having violated the verbal moratorium on violence or provocation, agreed previously, on numerous occasions.

People had been abducted and assaulted

RENEE GRAWITZKY

— 15 had been hospitalised — and one store was burned to the ground.

Mkhize denied that the burning of a Spar store was related to the strike. It had been caused by an electrical fault, he said.

The union's central executive committee would be meeting on March 19 to discuss a report on the illegal action which took place during the strike. If Saccawu members were involved they would be dealt with, he said. 20 15/3/95

The union was considering an approach by about 30 owners to enter into discussions without involving consultants.

Network to aid emerging businesses

(30) (497)

BY FRANCOISE BOTHA

CT(BR) 15/3/95 STAFF REPORTER

The Western Cape Business Opportunities Network was launched in Cape Town yesterday to link emerging businesses to aid the formation of local partnerships.

Established through financing from Engen and SA Nylon Spinners, the network aims to establish links via a computer support network between emerging businesses, established businesses and government institutions.

With the support of the ministry of trade and industry, the network aims to empower emerging businesses, providing opportunities for the transfer of technology and skills.

Alistair Ruiters, special advisor to the minister on small and medium enterprises said: "The support of the 18 founder members which include Eskom, Engen, SAB and Foschini amongst others, has been essential to the establishment of this non-profit organisation and indicates corporate South Africa's willingness to support these partnerships."

The initiative aims to streamline the system of subcontracting by providing a referral service which will identify the needs of entrepreneurs and put them in touch with the right people to form local partnerships.

Row over granting of loans by SBDC

By Joshua Raboroko

A ROW is brewing between a Sebokeng entrepreneur and the Small Business Development Corporation senior officials over loans.

Mr Paulos Mokoena, who owns the African Community Development Industry and Manufacturers, yesterday claimed that his successful candidates had been refused loans by the SBDC.

No reasons given

Mokoena, who trains and educates adults and youths to manufacture a variety of products, including vaseline, paint, floor polish and other cleaning detergents, said no reasons had been given for the refusal.

However, SBDC general manager Mr Joe Schwenke denied all the allegations, saying most of Mokoena's clients had entered businesses which were not economically viable.

They envisaged entering the highly "competitive market" and their business plans did not meet the corporation's demands.

He said he had advised Mokoena on steps to take so that his clients could obtain loans, but Mokoena failed to comply.

Loans not received

Mokoena trained over 100 people and 33 of them have not received loans so as to start their businesses.

He used his own facilities and has not received any remuneration from his clients as they are still not able to generate income.

Because he could not get a site, Mokoena has been conducting his lessons at a Sebokeng school.

He blamed the SBDC of practising apartheid, saying prospective white entrepreneurs were awarded loans easily, whereas blacks were not.

But Schwenke said the corporation had an active portfolio of about 4 800 (informal sector) mini loans clients — about 75 per cent of whom were blacks.

He said the corporation granted 4 000 new loans each year. In most of these cases the loan finance — for which hardly any collateral was supplied — was only one aspect of a range of support services provided by SBDC.

(30)
Sowetan
16/3/95

Message that SA is ready for business

cr (BR) 16/3/95 (30) (4)

BY DEREK TOMMEY

MINING EDITOR

Commentators yesterday described Chris Liebenberg's first Budget as "harsh", "realistic", and a "clear message that South Africa means business".

Efforts to encourage foreign investment were particularly welcomed.

Marius van Blerck, tax consultant to the Anglo American group, said the two main positive aspects were the tax relief granted to married women by introducing the unitary tax system, and the encouragement given foreign investors by ending non-resident shareholders' tax.

The two negatives were the lack of attention given to individual taxpayers by introducing a top marginal rate of 45 percent at the "ludicrously" low level of R80 000, and the absence of any specific measures to improve the administra-

tion of the Inland Revenue Department.

The new income tax rates were harsh, and taxpayers other than married women would have a tough time.

Walter Scheffler, president of Die Afrikaanse Handelsinstituut (AHI), said his organisation welcomed the fiscal discipline underlying the Budget. It was also heartened by the fact that further once-off measures such as the transition levy had been avoided.

The most important feature from a business perspective was the investment-friendliness achieved within the constraints in which the minister had to operate.

The abolition of non-resident shareholders' tax and import surcharge, in conjunction with the

recent scrapping of the financial rand, should stimulate foreign investment and help to boost economic growth.

However, the AHI was disappointed that the fuel levy was increased without apportioning any part of the levy to a dedicated road fund.

"We trust that the current economic upswing and improved tax collection will allow the government to reduce both company and personal tax rates in the next Budget," said Scheffler.

William L. Mallory, president of the American Chamber of Commerce in Southern Africa (Am-Cham), said US companies operating in South Africa had reacted most positively to the Budget.

The abolition of non-resident shareholders' tax and the dropping

of import surcharges was a clear message to the international world of commerce and trade that South Africa meant business.

The additional amounts put aside for education, health, housing and the police, to assist RDP projects and fight crime, was a further positive sign.

Les Weil, president of the South African Chamber of Business, said it welcomed the emphasis on the need to build the economy and promote investor confidence. The overall approach of fiscal discipline reinforced the boldness shown in scrapping the financial rand.

The Budget seemed to strike a realistic balance between the needs of the reconstruction and development programme on the one hand, and the imperative of ongoing fiscal restructuring on the other.

However, it was disappointed that the threshold for the top marginal tax rate had been lowered.

Efforts to encourage foreigners to invest were particularly welcomed

Selection for Nedlac

JOHN DLUDLU

A COMMITTEE headed by Minister without Portfolio Jay Naidoo's special adviser Howard Gabriels would meet next week to choose organisations to represent community and development interests on the National Economic, Development and Labour Council (Nedlac).

Nedlac said yesterday the committee would meet on Monday to consider the 53 applications received from development and community organisations.

It would then make recommendations to Naidoo.

The applications had been divided into youth, development, women's, professional, business, service, community interests and labour organisations.

A fourth constituency of Nedlac, in addition to business, government and labour, would be formed to represent community and development interests.

Business urged not to wait for the government to act

(30) APR 17/3/75

ALIDE DASNOIS

Deputy Business Editor

BUSINESS must now take a more active part in moving the economy forward, Deputy Minister of Finance Alec Erwin said.

He told a Nedbank-Old Mutual budget forum business must not wait for the government to "get things right" before acting.

The government would help, not with cash handouts or complicated incentives, but with training and retraining of labour, with research and development and with the institutional framework.

But the government could not compete in the world economy on business' behalf, Mr Erwin said.

On government expenditure in the budget, Mr Erwin said there would be no change in the figure of R2,5 billion allocated for public service salaries.

He was replying to a

question from Professor Lieb Loots of the University of the Western Cape, who said the 3,2 percent budgeted increase in wages for civil servants implied a reduction of about seven percent in the real wage bill.

"Does this refer to a fall in numbers, or in real wages? And is this likely?" Professor Loots asked.

Mr Erwin said thorough reform of the public service was needed. The government was discussing this with the unions.

Nine task groups had been appointed to carry out a reform programme over three years.

But no change would be made to the final R2,5 billion wage bill, he said.

Director-General of State Expenditure Hannes Smit said some of the financial effects of cutting 24 000 posts in the civil service over

the past three years had been delayed until now.

Asked whether the budget had made provision for unforeseen expenditure, he said the Treasury Committee, which had proved itself over the past two years, would allow unexpected spending if it was unaffordable.

On privatisation, Mr Erwin said the government was drawing up a list of public assets, including about 350 parastatals.

Before it could act the government would need a clear strategy, good reasons for privatisation and measures to protect stakeholders.

There were several possibilities, including joint ventures, strategic alliances and better regulatory mechanisms, as well as privatisation.

Mr Erwin warned that the government now intended to crack down on tax cheating "without fear or favour to anybody".

New concessions will benefit the little guys

Star 18/3/95 (30) (2)

SMALL businesses have been afforded some light relief in the Budget. They now have the option of being taxed on a cash-flow basis, which could render them significant working capital benefits.

Importantly, Minister Liebenberg's comments in his Budget speech show that the Government recognises the critical role of the small business sector in the growth of the economy and in job creation.

But Liebenberg said that more research and consultation on the tax issues affecting small business was necessary before any major progress could be made.

The Commissioner for Inland Revenue is charged with the difficult task of setting the criteria that will identify a business as small and hence eligible for the concession.

The cash-flow option allows for income and expenditure to be recognised for tax purposes only when the cash is received.

Brendan Dardis, of accounting firm Ernst & Young, says there are two main potential benefits of this

RECOGNITION of the contribution by small businesses to job and wealth creation is expressed by tax relief in the Budget, writes LEIGH ROBERTS.

| | | |
|----------------------------------|-------------------|----------|
| Taxable income calculated on the | | |
| Accrual Basis | | R200 000 |
| Add | Opening stock | 40 000 |
| | Opening debtors | 30 000 |
| | Closing creditors | 65 000 |
| Deduct | Closing stock | (60 000) |
| | Closing debtors | (45 000) |
| | Opening creditors | (50 000) |
| Taxable income on the cash basis | | R180 000 |

option to a small business.

Firstly, there could be a cash-flow benefit in that additional working capital will not be required to fund the higher tax calculated on the normal accrual basis.

This is particularly important to small businesses which often have great difficulty in raising external finance, says Dardis.

Secondly, many small businesses

keep their accounting books on a cash basis anyway, and the concession will make submitting tax returns a lot easier and quicker.

The cash-flow option is not unique in our tax system: it might currently be adopted for VAT calculations where the value of taxable supplies is less than R2,5-million in any 12-month period.

The cash-flow basis will be particularly beneficial to those businesses where, at year-end, the value of stock and debtors is greater than creditors, Dardis advises.

The example in the accompanying table illustrates the potential benefit of the cash-flow concession.

If the business is a close corporation and hence taxed at the company rate of 35% (excluding Secondary Tax on Companies), the tax paid on the cash-flow basis will be R7 000 less than the tax paid on the accrual basis.

Full details of how the cash-flow basis will be applied will be known only when the Income Tax Amendment Bill is tabled in Parliament, around June or July.

Black firms' shot in arm

Star 18/3/95

(30)

METRO Rail Services is to direct contracts worth R200-million to small black-owned businesses in an effort to give the sector a boost.

Metro Rail spokesman Honey Mateya said this week: "It makes business sense that we deal with black businessmen. The majority of our clients are black and ... we must be seen to be opening opportunities to some of our commuters."

But Mateya was quick to add: "Of course they all have to go through the tender board."

"We will open opportunities for black small and medium business. Those companies with serious affirmative action programmes will also be considered," he said.

Some of the work included in the programme is consultancy, security, supply of stationery and maintenance of stations.

Of the first to take advantage of the redirection

A GROUP of former MK and APLA soldiers are the first to take advantage of Metro Rail's move to give contracts to small, black-owned businesses, reports NEWTON KANHEMA.

of Metro Rail contracts is a group of former soldiers of MK and APLA.

They have formed a security company, Sibuyile Security, and recently won a R5-million contract to provide security at stations. The contractual term begins on April 1.

The founding director of Sibuyile, Obbey Mabena, said: "On our return (from exile) we found ourselves without jobs and we had to make a plan. And now that plan seems to be working."

Sibuyile, which means "we have come", was registered six months ago and, with the Metro contract, becomes the biggest black-owned security firm in the country.

"We have recruited interested soldiers from MK and APLA. We have also taken in the self-defence units and self-protection units. Where possible we

avoid discrimination. We can recruit ordinary citizens but our intention is to help ex-combatants."

Mabena said although he had already formulated the idea on his return from exile, the company could not be set up without any capital or specific experience.

"I joined Springbok Patrols as a middle manager. Three months later I was recruited on to the board," he said.

"My first mission was in Namibia. There I met ex-combatants who were frustrated and wanted to join the security industry.

"We went into a joint venture with them and today the Namibian Protection Services is the biggest security firm in that country," said Mabena, a former MK soldier.

During his stint with Springbok Patrols he be-

came a personal friend of the managing director and chairman of the firm, Mick Bartmann.

"I talked about my ideas and he was willing to come along as a minority shareholder," Mabena said.

He added that it would have been impossible for his company to secure any financial backing without Bartmann's help.

He said the Metro contract needed initial capital of R400 000 for start-up costs. And with Bartmann's help, he had managed to secure the finance from a bank.

"We need things like firearms, radios and uniforms for the 250 security men. We have no training facilities and we will need to use Springbok Patrols' training facilities. It is very difficult for us to start on our own without assistance," he said.

Sibuyile employs 60 security guards, but after winning the Metro contract has embarked on a massive drive to recruit another 250 people.

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Helping hand goes to SMEs

ALIDE DASNOIS (30) ~~197~~

Deputy Business Editor

TEXTILE manufacturers, locked in a dispute with the clothing industry over import tariffs, are holding out a hand to small businesses in the clothing sector.

Textile Federation president Brian Brink said the industry was exploring ways of reducing high input costs for small and medium enterprises (SMEs). **ART 18/3/95**

Punitive costs of fibres, yarns and fabrics for clothing SMEs were cited by the National Clothing Federation (NCF) last year as the main reason for the NCF's about-face on textile tariffs.

In a dramatic move aimed at placating the small business lobby in the clothing industry, the NCF turned its back on a consensus reached by the Swart Panel.

The SA Clothing and Textile Workers' Union (Sactwu) continued to support the majority view in the Swart report.

Conflicting views on import tariffs from the NCF and retailers, on one hand, and Textfed and Sactwu on the other, are cur-

rently being studied by the Board of Trade and Tariffs.

The Board will make a recommendation to Minister of Trade and Industries Trevor Manuel, who is expected to hand down a decision shortly.

Mr Brink said high costs for small-scale end-users were a world wide problem.

Some textile companies such as Berg River Textiles in Paarl and Frame Textiles in KwaZulu-Natal, had found ways of assisting SMEs.

Berg River's entire production of overalls was handled by women from Paarl SMEs.

He said the textile industry would welcome joint discussions with SME representatives.

The conference on SMEs in Durban at the end of the month and the approval of the White Paper on small business should help to set the ball rolling, he said.

Meanwhile, Textfed and the NCF are to meet next week in Johannesburg to discuss the special problems of SMEs, Mr Brink told Weekend Argus.

France to bolster (30) SA's small businesses

ARG 18/3/95
FRANCE is to provide a R110-million aid package to promote small business in South Africa, said French Minister of Industry, Posts and Telecommunications and External Trade José Rossi.

Addressing a Press conference yesterday before returning to Paris, he said the money also would be used to promote projects aimed at underprivileged communities.

Small and medium-sized companies, especially those in the telecommunications sector, would be able to sub-contract to larger institutions.

Mr Rossi also announced plans to fund training for students and managers from underprivileged communities.

He said French aid for the Reconstruction and Development Programme, which includes funds channelled through the European Union, totalled nearly R600-million.

Mr Rossi, who was accompanied by top officials and businessmen on his four-day visit, met Deputy President De Klerk, other senior politicians and entrepreneurs.

On Thursday, he and Trade and Industry Minister Trevor Manuel signed an agreement to establish a bilateral commission to promote trade and industrial co-operation.

He said France, which holds the European Union presidency, would be "open-minded" and constructive in its approach to South Africa's future relations with the EU.

South Africa is seeking membership of the Lome Convention which regulates the trade and aid relationship between the EU and 81 African, Caribbean and Pacific countries.

The EU's Council of Ministers will decide on South African membership of the Lome Convention at their summit on April 10. — Sapa.

Nedlac wrangle still unresolved

JOHN DLUDLU

20 2013 145
BUSINESS SA (BSA) and the National African Federated Chamber of Commerce (Nafcoc) have yet to find a permanent solution to their dispute over business representation on the National Economic, Development and Labour Council (Nedlac), says BSA spokesman Frieda Dowie.

The wrangle stemmed from the allocation of the 18 seats available to the business constituency on Nedlac's executive council. Nafcoc, as a key representative of black business, initially demanded nine seats for its members, then cut this to seven, but said it would not budge further.

Dowie said an interim arrangement was reached shortly before the executive council's first meeting at the weekend. In terms

of the arrangement Nafcoc was represented by five people and BSA by 13.

Both parties had mandated senior officials — BSA leader Bobby Godsell and Nafcoc president Joe Hlongwane — to search for a permanent solution to the issue, Dowie said. (30) (44)

Hlongwane was not available for comment yesterday. (42)

Although BSA earlier tabled a proposal to Nafcoc recommending appointment of a mediator — a "fair-minded business player who understood the workings of organised business" — Dowie said a final solution could be reached without mediation.

Proposals made for Nedlac representation

BO 22/3/95

THE SA National Civic Organisation, the National Youth Development Forum and the Women's National Coalition should be represented in the National Economic, Development and Labour Council (Nedlac) development chamber, a special selection committee has recommended.

The committee, which is headed by reconstruction and development programme official Howard Gabriels, made the announcement on Monday after considering applications from 60 youth, development, women's, professional, service and labour organisations.

The development chamber is the only one of Nedlac's four chambers in which groups other than business, labour and government are to be represented.

Nedlac executive director Jayendra Naidoo said the National Progressive Primary Network and the SA Congress for Early Childhood Development would also be recommended for representation, subject to clarification of direct membership and mandating capabilities.

Naidoo said that provision would also be made for representation from rural structures and disabled people.

Further dialogue would take place among religious organisations involved in

RENEE GRAWITZKY

development work.

The selection committee was mandated to consider only those organisations which represented a significant community interest on a national basis, had a direct interest in reconstruction and development, were democratically constituted and could obtain mandates from their membership, Naidoo said.

The committee's recommendations would be forwarded to Minister without Portfolio Jay Naidoo as well as to labour, business and government for comment.

It was expected the Minister would make an announcement within a week on those organisations which would constitute the development chamber and the number of representatives from each organisation to form part of Nedlac's executive council.

The role of two additional categories of organisations, service or nongovernmental organisations and development funders, was debated during the process.

The two groupings played an important role and discussion would take place on ways of accommodating them.

Gabriels said the foundation had been laid for an inclusive approach to the workings of Nedlac.

Small business boost

(30) CT 23/3/95

POLITICAL STAFF

THE government has set aside R100 000 to assist small business people to attend next week's "President's conference" on small business in Durban.

This was disclosed yesterday by Dr Allistair Ruiters, special adviser to the Minister of Trade and Industry, Mr Trevor Manuel. Buses had been hired to get people to the conference, he said.

Two black companies make JSE debut

(30) Swan 23/3/95

■ BY THABO LESHILO

Don Ncube's Real Africa Holdings and Real Africa Investments (RAI) made their entrances into the JSE yesterday, with both shares opening at a premium.

Real Africa Holdings opened with buyers at 210c and sellers at 215c. RAI had buyers at 250c and sellers at 255c.

Journey

"It's exciting. For us this is the first step in a journey of a 1 000 miles. I am sure we'll soon be back with something else," said chairman Don Ncube.

Real Africa Holdings closed at the day's low of 200c, after achieving a high of 220c. Some 87 000 shares were traded in 23 deals, equivalent to a value of R178 050.

After reaching a low of 250c and a high of 270c, RAI settled at 260c. A total of 32 500 shares, valued at R80 300,



Among those watching Real Life Holdings make its debut on the JSE yesterday were (from left) directors Pat Bodasing, Don Ncube (chairman), Winston Floquet, Mutle Mogase and JSE president Roy Andersen.

PICTURE: ETIENNE ROTHBART

changed hands in 21 deals.

Said Ncube: "It's a positive step for black empowerment

and it's long overdue. It now has to be sustained"

Having more black com-

panies listed was crucial to black empowerment.

Ncube said the strong opening prices were recognition that many deals were still to flow from the listing.

Real Africa has a 51 percent stake in African Life, SA's fastest-growing life insurer. It holds 20 percent of listed NSA Investments, 13 percent of MTN and R75.8 million in cash.

Last week, the group reported that Real Africa Holdings' public and preferential issue of 10 million shares, offered at 200c each, had been oversubscribed by 50 percent.

He said the two listings had widened the base of companies contributing to black shareholding on the JSE.

JSE president Roy Andersen described the listing as "very important for the JSE".

The listings bring to 10 the number of local companies on the JSE with significant black shareholding. Their total capitalisation is R4 billion.

BUSINESS

Nafcoc win five Nedlac seats

30 ~~14~~ ~~12~~
sowetan 23/3/95

By Mzimkulu Malunga

THE dispute between Nafcoc and Business South Africa over seats in the National Economic Development and Labour Council is "over".

Sources close to both organisations suggest the two sides have agreed that five of the 18 seats reserved for business in Nedlac be given to Nafcoc.

The five Nafcoc representatives attended Nedlac's deliberations in Johannesburg over the weekend.

It is understood Nafcoc, which earlier indicated that it would not accept anything less than five seats, still wants to bargain for a sixth seat.

Both disputing factions had been given until last Thursday by the government to settle their dispute.

The controversy was sparked when Nafcoc demanded 12 of all the seats allocated to business in Nedlac — arguing that its membership was bigger than any of the groups comprising BSA. On the other hand BSA was prepared to apportion only two seats to Nafcoc.

Nafcoc later toned down its demand to seven seats, but BSA refused to budge.

But when it became clear that Nafcoc was not prepared to compromise any further, BSA indicated it was prepared to negotiate the issue further.

After lengthy talks, BSA eventually agreed to increase its offer to five seats.

R100m fund for black ⁽³⁰⁾ business

CT(BE) 23/3/95

Three financial institutions have banded together to make development capital available to emerging entrepreneurs

By DEREK TOMMEY

MINING EDITOR

Three top financial institutions have established an enterprise capital fund to channel R100 million to emerging black businesses.

The institutions are the British-based Commonwealth Development Corporation (CDC), Investec Bank and Fedsure life assurance company.

The fund will provide finance for suitable undertakings, arrange partners where necessary and monitor the recipients' activities. It is expected to be operational by the end of June and will make its first investments in the September quarter, said Roy Reynolds, chief executive of the CDC which has just opened an office in Johannesburg.

It is expected to have good growth prospects and Mark White, the CDC's first general manager, said it would be looking to list on the JSE after a suitable track record had been built up, which is expected to be within four years.

Several foreign investors have expressed interest in the fund.

Stephen Kosseff, managing director of Investec, said the fund would provide development capital to medium-scale enterprises in the form of equity and quasi-equity investments. The focus would be on viable and expanding businesses and would incorporate meaningful economic empowerment of black entrepreneurs.

Arnold Basserbie, chief executive of Fedsure, said the fund would seek commercial returns. It would provide specialist support in some cases. It would invest

between R2,5 million and R10 million in each deal and would take significant equity stakes ranging from 20 percent to 49 percent.

Two to three representatives of the black business community will be on the fund's board together with investor nominees. Leading black businessmen will also be on the investment committee which will make the investment decisions.

Ross Paton of Investec's black economic empowerment division, said Investec had considerable experience of transactions similar to those targeted by the fund and would introduce potential business to the fund.

He said it was Investec's second investment fund, the first being the listed Investec Investment Trust (Intrust) which had grown since inception to a current market value of R500 million.

This will also be Fedsure's second investment trust, the first being the Fedlife Capital Fund.

Dave Avnit of Fedsure said the company encountered numerous development capital opportunities which it would pass on to the fund.

Paton said the fund would invest not only in black-owned businesses, but also in white businesses where a transfer of ownership to members of previously disadvantaged members of the community could take place either immediately or over time.

Although the fund will normally look for significant minority stakes, it may take majority holdings in certain instances. But this will be reduced as quickly as practicable to a minority stake.

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R100-m put up for emerging black businesses

(30) Saw 23/3/95

■ BY DEREK TOMMEY

Three top financial institutions have established the Enterprise Capital Fund to channel R100 million into emerging black businesses.

The institutions are the British-based Commonwealth Development Corporation (CDC), the Investec Bank and the Fedsure life assurance company.

The fund will provide finance for suitable undertakings, arrange partners, where necessary, and monitor the recipients' activities.

Office

It is expected to be operational by the end of June and will be making its first investments in the September quarter, says Dr Roy Reynolds, chief executive of the CDC, which has just opened an office in Johannesburg.

The fund is expected to have good growth prospects.

Mark White of the CDC, who will be its first general manager, says that it will be looking to list on the Johannesburg Stock Exchange after a suitable track record has been built up, which is expected to be within the next four years.

Several foreign investors have expressed interest in the fund.

Stephen Kosseff, managing director of Investec, says the fund will be providing development capital for medium-scale enterprises in the form of equity and quasi-equity investments.

The focus will be on viable and expanding businesses and will incorporate meaningful economic empowerment of black entrepreneurs.

Arnold Basserable, chief executive of Fedsure, says the fund will be seeking commercial returns.

It will provide specialist support in some cases.

It will be investing between R2,5 million and R10 million in

each deal and will take significant equity stakes ranging from 20 percent to as high as 49 percent.

Two to three representatives of the black business community will be on the fund's board, together with investor nominees.

Leading black businessmen will also be on the investment committee which will take the investment decisions.

Ross Paton of Investec's black economic empowerment division says that Investec has considerable experience of transactions similar to those targeted by the fund and will introduce potential business to the fund.

He says it is Investec's second investment fund, the first being the listed Investec Investment Trust (Intrust) which has grown since inception to a current market value of R500 million.

This will also be Fedsure's second investment trust, the first being the Fedlife Capital Fund.

Dave Avnit of Fedsure says it encounters a goodly number of development capital opportunities which it will pass on to the fund.

Transfer

Paton says the fund will invest not only in black-owned businesses, but also in white businesses where a transfer of ownership to members of previously disadvantaged members of the community can take place, either immediately or over time, and where a significant programme of promotion of the management involvement of blacks and other disadvantaged members of the community is in place.

Although the fund will normally look for significant minority stakes, it may take majority holdings in certain instances.

But this would be reduced as quickly as practicable to a minority stake.

DIGEST

CT(BR) 24/3/95

Nafcoc encourages outsourcing: Big business can gain the focused and innovative dynamism of small suppliers by outsourcing, said Nafcoc National Industrial Chamber's (NIC) Ian Hetherington. Speaking at a conference at Gallagher Estate, (30) Hetherington cautioned against those corporates using subcontracting for politically correct motives. "Many corporations are adapting to the new political establishment through the use of smoke and mirrors manipulated by a very strange group of public relations practitioners, social responsibility experts, RDP gurus and philanthropists," he said. The NIC has drawn a up a corporation buyer's verification system for its members. Corporate buyers are ranked in accordance with their ability to develop relationships with small suppliers.

SA Foundation may close overseas offices

THE SA Foundation was likely to close its overseas operations and concentrate its efforts on domestic business issues, sources said yesterday. (30)

The organisation's four missions in London, Paris, Bonn and Washington would be phased out and staff reductions were inevitable, a source said. BD 28/3/95

The foundation, funded by business subscription, has been hit by falling membership as companies direct more resources towards social upliftment projects. Many company executives also believe the political transition and the fact that SA diplo-

MICHAEL MOON

mats are now acceptable abroad make it unnecessary for business to maintain a formal presence in other countries.

The governing council, made up of the top 50 business leaders in SA, has set up a special committee to investigate future direction. Efforts would be made to maintain important foreign links built up since the foundation was established in 1968, a source said.

Director-general Kurt von Schirnding said yesterday an announcement on the

foundation's future would be made at a trustees' meeting on Thursday.

The foundation, which had never been politically aligned, had kept international doors open to SA business throughout the apartheid era, he said. The foundation had gained access at a high level in political, business and media circles when SA's official diplomats had been shunned.

It is understood that Von Schirnding, a former SA ambassador to the UN, Germany and Austria who has headed the foundation since 1987, will announce his retirement soon.

SBDC to be split in two today after lengthy tussle

CT (BR) 28/3/95 (30)

By BRUCE CAMERON

POLITICAL EDITOR

The Small Business Development Corporation is expected to be split in two today, continuing as a private sector venture, after the government removes about R700 million of its assets.

An informal decision to divide the assets of the SBDC will be submitted to the development agency's board at a meeting in Durban today.

The split, after months of antagonism between the SBDC and government, comes on the day President Mandela opens a high-level conference in Durban to push the government's initiative for the development of small, micro and medium business.

The government initiative,

based on a recently published white paper, forms a significant part of the reconstruction and development programme, which has employment generation as one of its objectives.

Informal agreement has already been reached between the government and the SBDC.

The agreement was reached after SBDC chairman Anton Rupert and his son Johann apparently refused to surrender total control of the organisation to the state.

Government sources say the government will now concentrate on micro and small business development, with the reorganised SBDC concentrating on medium-sized business.

Government agencies to boost small businesses, to be set up under a Small Business Develop-

ment Agency, are expected to follow less strict lending criteria than those of the SBDC, which has prided itself on being one of the few development agencies in the world to turn a profit and pay tax.

The SBDC has assets of about R1,4 billion. The government will take control of some of the buildings owned by the SBDC, as well as some sections of its debtors' book.

The government initially put up half of the SBDC's assets through the Industrial Development Corporation, but only had 25 percent of the votes on the board.

The parties have disagreed over the issue of control.

The government, critical of the way in which the SBDC has operated, wants more control, but the SBDC believes this will undermine the effectiveness of the corporation.

New voice for small business

(30)

CT(BE) 29/3/95

By JOHN SHERROCKS

KWAZULU NATAL BUSINESS EDITOR

President Nelson Mandela said yesterday that the government was establishing a new Small Business Council that would allow the small business sector "to be the principal agent of its own expansion and development".

In pledging the government's active support for the development of small business, Mandela stressed that such growth would not be at the expense of organised business.

Opening the President's Conference on Small Business in Durban yesterday, Mandela said the

co-operation and assistance of big business would be vital if the emergent business sector was to make its mark.

Commitment to supporting small business extended beyond the country's borders with the Danish government announcing details of a joint venture programme backed by a R120 million aid injection.

The Danish minister of development and co-operation, Poul Nielsen, said that of the R440 million Denmark was to channel into transitional assistance to South Africa, R120 million was earmarked for the development of small business in the country.

Mandela said the development of the small business sector would assist in the economic empowerment of the people excluded from wide-ranging business activities under apartheid.

Trevor Manuel, minister of trade and industry, said the government envisaged that the provinces would play a significant role in assisting in the development of the small business sector.

Mandela stressed that "hand-outs and subsidies" would not be considered: "Measurement of the cost of any programme against the expected results is imperative before scarce public funds are committed."

SBDC to be given new mission

(30) CT(BE) 29/3/95

By SHIRLEY JONES

STAFF WRITER

The Small Business Development Corporation (SBDC) will continue as a private venture after gradually relinquishing some of its assets to the state.

However, it will be required to withdraw from the micro-enterprise sector, and to focus instead on the upper end of the small and medium business sector.

This emerged yesterday after the organisation's executive committee met in Durban to discuss plans for its future.

The drawn-out meeting, which sealed the SBDC's fate as a combined venture between the private sector and the state, and covered

controversial issues such as job losses and the transfer of SBDC assets worth R500 million to the government-controlled Small Business Development Agency (SBDA), ended months of wrangling over its restructuring.

The SBDC was tight-lipped on the outcome of the meeting. Press spokesman Carl Handley said a joint statement with the minister of trade and industry, Trevor Manuel, could be expected in due course.

However, a well-placed source said calls for nominations to fill the posts of chair and managing director of the new SBDC would be forthcoming. This fuelled rumours of disagreements between the SBDC's chair Anton Rupert, and Manuel, and prepared the way for

the retirement of its managing director, Ben Vosloo.

The source said an 80/20 split between the private and public sectors was "being bandied about". This pointed to a victory for Rupert, who was said to have refused to relinquish control of the organisation to the state.

It was thought the SBDC was initially pressured to hand over assets worth about R700 million — half of its portfolio — to the state.

It appeared that the transfer of the R500 million in SBDC assets would be handled as the gradual handover of a going concern.

The source hinted that the SBDC would manage these assets for at least two years, in association with the SBDA.

New funds deal for small businesses

(30)

ARC 29/3/95

DES PARKER

DURBAN. — A government body to channel public sector and donor funds to institutions financing small, medium and micro businesses is to be set up by the Department of Trade and Industry, says Minister Trevor Manuel.

Speaking at the opening of the President's Conference on Small Business here yesterday, he announced several other embryonic initiatives in his department as part of the government's small business support plan.

These included:

- Establishment of the Small Business Development Administration (SBDA) to take over much of the work of the private sector Small Business Development Corporation (SBDC);

- A national small business council, creation of a 10-man chief directorate for small enterprise promotion; and

- A system of "local service centres" to convey information, advice and technical assistance to emergent firms countrywide.

The Small Business Finance Institute would be attached to the SBDA and would be the medium of "wholesale" funding of institutions lending to small, medium and micro enterprises (SMEE).

Mr Manuel said small business would be defined not so much by financial or employment statistics but by the sector it operated in.

He told delegates expected at the four-day conference the role of the SBDC would be limited to that of a private sector financing institution.

Talks on its future were continuing but there was no wish to lose "the critical mass" of skills in the organisation or to close its loan book.

"Rather, it is important that the loan book be sharpened, that default ratios be improved and that we stratify the direction of lending better to be more inclusive," he told reporters later.

Also, business service centres would not be used to draw small enterprises into the tax net, he said.

It would be "unfortunate" if this impression were given. He admitted, however, there could be some fiscal "spinoff" in due course.

He expected the tax amnesty announced by Finance Minister Chris Liebenberg in the Budget to draw aberrant taxpayers out of the woodwork, while he expected the taxpayer base to grow as the culture of non-payment dimin-

ished now the country had a legitimate government.

■ Opening the conference, President Nelson Mandela said "handouts and blanket subsidies" would not feature in the government's plans to develop small business.

The R180 million allocated this financial year for small business support had to be strictly accounted for and "can only be the oil for our large support machine", he said.

■ United Nations Conference on Trade and Development (Unctad) official Carlos Fortuin said successful business service centres worldwide provided computer-based domestic and export trade information to entrepreneurs.

He said at the conference South Africa would be included in Unctad's entrepreneurship development programme "Empretec".

In seven years, the programme had trained and provided services to over 2 500 emergent businesspeople in Africa and Latin America.

A central theme was provision of business linkages between small and big business inside member countries and cross-border.

West Cape business shake-up coming

CT 29/3/95

CHRIS BATEMAN
POLITICAL STAFF

A MAJOR community-led shake-up of unfair business and trading laws in the Western Cape will begin next week following President Nelson Mandela's handing of Business Act powers to the province a fortnight ago.

Anomalies and inequities in the Business Act and the administration of the Liquor Act plus "grossly ignored" protection of consumer rights are now the direct responsibility of Economic Affairs Minister Mr Chris Nissen. Yesterday he announced a series of community meetings to re-draft existing Business Act laws and to enable provincial input to the central government on the Liquor Act. The campaign is also aimed at raising public awareness of consumer rights.

The acting head of the regional Trade and Industry department, Mr Tonie Botha, said fairer trading hours, re-evaluations of restrictions on all legal business and better co-operation between formal and informal traders were among proposed changes to the Business Act.

Complex

Long-standing imbalances in liquor trading practices would be redressed in a new national Liquor Act which would be partially drawn up by the Western Cape.

Mr Botha cited the Victoria and Alfred Waterfront — which had 14 million visitors last year — being unable to sell wine legally on a Sunday while wine farms traded at will.

Complex liquor laws, especially those applying to shebeens, were "impossible" to police, he said.

He had no intention of closing township taverns and shebeens, which he said would just force more drunken drivers on to the roads as they traveled long distances.

"We don't want to be restrictive. We want to know what communities want, not sit in our ivory towers and make laws," Mr Botha said.

He can be contacted at 483 3841.

Govt trust for small business

30 60 29/3/95

NICOLA JENVEY

DURBAN — Government would create a small business finance trust linked to the Small Business Development Administration (SBDA) to channel public sector and donor funds to small and medium businesses, Trade and Industry Minister Trevor Manuel said yesterday.

Speaking at the President's conference on small business, Manuel said the Small Business Development Corporation (SBDC) would be limited to being a private-sector financing institution. A new institutional framework to plan, implement and monitor support for small and medium businesses would be established.

"However, the impression must not be created that the SBDC loan book has been closed since the organisation does still have a place within the private sector. It must be sharpened to decrease defaulters and improve strategy lending," Manuel said.

In his opening address President Nelson Mandela said government and key private sector shareholders of the SBDC had agreed to a restructuring to provide "a sharper focus on certain needs of the small business community".

The new framework would include

the SBDA, a national small business council, a network of local service centres and a small business desk in each provincial government.

At a media conference later, Manuel said local service centres would not be used by government as a tax registration system and small businesses would not be asked to prove participation in the tax net.

Government was expanding and reforming the existing credit guarantee system for small business bank loans and believed the new system would "drastically expand" the volume of these loans advanced.

JOHN DLUDLU reports that the agreement between government and the SBDC has provided for the transfer of R600m of SBDC assets, including its loan portfolio, property, training and support services, as well as SBDC functions, to the new state-owned agency.

The corporation's shareholding would be restructured, SBDC spokesman Carl Handley said. It would continue to be a "private sector-led partnership with government".

The SBDC would focus on financing small and medium enterprises, leaving the development of the micro sector to the SBDA.

EU to invest R2,5bn in small businesses

DURBAN — The EU would invest R625m a year in SA over the next four years to promote small, medium and micro-enterprises and stimulate job creation, Commission of the European Communities industry deputy director-general Alexander Schaub said yesterday. (30) (SA)

He told the President's conference on small business the European programme for reconstruction and development would assist government develop programmes to meet RDP objectives. AD 30/3/95

The programme would be coupled with the existing European Community Investment Partners joint venture programme — already extended to SA — and the launch of a low-cost trade linkage computer networking system which matched local

NICOLA JENVEY

and international partnerships.

The Commission of the European Communities industrial co-operation private investments and enterprise development head Luis Ritto said most of the R625m-a-year investment would support job creation, enterprise promotion and external trade diversification. The remainder would assist education and training, health and basic rural services.

The EU invested R2,8bn between 1986 and 1994 under its special budget line and last year financed a R6m programme to support small and medium enterprise development in Northern Transvaal.

● See Page 13

BUSINESS

Suggestions made on business forum

(30) 6030/3/95

DURBAN — The new National Small Business Council must have a minimum of 60% membership by small entrepreneurs and include representation from across business sectors, delegates at the President's conference said yesterday.

The delegates, who were attending yesterday's working group session on the small, medium and micro-enterprise (SMME) institutional framework, said the representation could come from non-governmental organisations, SMME entrepreneurs and other small business and private enterprise members.

The new council should not become "simply another government institution" without any community and business sector representation.

Suggestions were also made that staff of the Small Business Development Agency account for the interests of SMMEs and correctly reflect the SA population. There were calls for the Small Business Development Corporation to be disbanded, with claims the organisation had never contributed to black entrepreneur development or to the SMME sector as a whole.

Government would have to look carefully at the organisation's present financing

NICOLA JENVEY

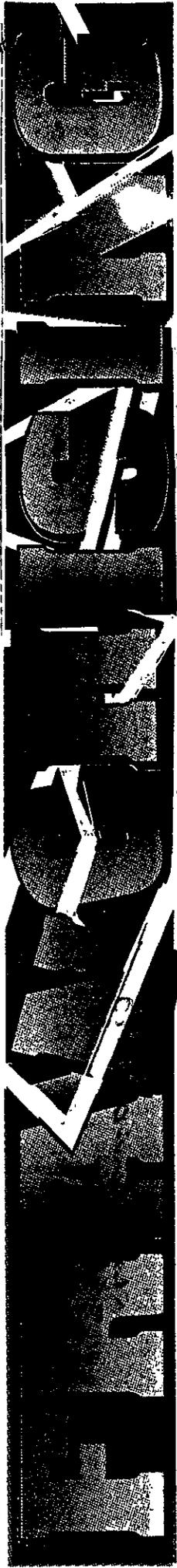
to ensure money invested was returned to the people to whom it belonged and ensure small businesses were not disadvantaged during the restructuring process.

Guest speaker Robert Kalomho of the Namibian Chamber of Commerce said SA already had too many business organisations — such as Sacob, Nafcoc and Achib — which would all want representation on the national council. This could pose a problem and the country had to find a solution on how much representation was feasible at national level.

He said the council must be a statutory, not consultative, body since it would then have legitimate powers to carry through suggestions and decisions.

A proposal was made to ensure the new council did not include "dead wood" from now defunct government organisations and it was specified that inefficient members of the SBDC not simply be transferred to the council.

Development Bank of Southern Africa business and entrepreneurial policy programme co-ordinator Marie Kirsten said the SMME still needed to be defined by government.



Bank's aid to small businesses

FUTUREBANK RECOGNISES THAT small and medium business undertakings are the cornerstone of free enterprise system.

It is these small businesses which can provide employment and entrepreneurial opportunities in the new South Africa at a time when there is an increasing need for self-sufficiency and job creation.

However, there are a number of problems facing the entrepreneur who is considering raising finance for the expansion or purchase of a business venture. Chief of which is the need of a well-researched business plan and the provision of a suitable level of collateral security.

FutureBank uses support agencies to assist the entrepreneur overcome these obstacles and then looks beyond the facts and figures to the individual's spirit of enterprise.

Definition of a Small and Medium Enterprise (SAME)

FutureBank defines an SAME as an individual, partnership, close corporation, company or a co-operative with total assets not exceeding R2 million, which:

- Intends operating in the commercial, industrial, manufacturing or service sectors;
- Is likely to create additional employment opportunities; and
- Operates with the intention of making a profit.

FutureBank provides assistance to SMEs through a national network of FutureBank branches by providing medium term loan facilities.

Experience, knowledge, potential, management ability and entrepreneurship are qualities sought when evaluating applicants.

The Enterprise Division caters mainly for start up ventures and established businesses wishing to grow from an inadequate capital base.

The purpose of the loan is usually for one of the following reasons:

- Working Capital requirements;
 - Acquisition of plant, vehicles or equipment;
 - Acquisition of furniture and fitting;
 - Purchase of a franchise; and
 - Acquisition of land and buildings (exceptional)
- Various loan instruments are used and include:
- Working capital term loan agreements;
 - Instalment or suspensive sale agreement;
 - Lease agreement; and
 - Rental agreements.

Loan periods are usually restricted to a five-year term and are geared to the useful life of the items being purchased. Interest rates are subject to negotiation. Criteria for considering a business loan application:

Management:

The applicant must show:

- The technical ability to create the planned business;
- The required management, financial and marketing knowledge to run the business (or have access to qualified expertise in those areas);
- Ownership of the business or the majority of the shares and be entitled to receive all or the bulk of its profits and;
- An acceptable credit record.

Viability

The applicant or business must:

- Show that the proposed or existing venture has the ability to repay the loan;
- Provide projected cash flow and income and expenditure statements for at least a 12-month period and;
- Have established that there was a ready market for its products and service at a competitive price.

It is essential that the applicant complete a realistic business plan. Specialist assistance is available through FutureBank's associates to make this

possible. **Contribution**

The applicant will be expected to provide a reasonable contribution towards the cost of the venture — which may be in the form of cash, fixed property or equipment.

Security

The applicant will be expected to provide an appropriate security which will be negotiated.

The assets being financed, as well as those reflected in the business and personal balance sheets, will be considered for this purpose. Assistance schemes are available.

Progress Tracking

Borrowers will need to regularly provide the bank with trading results to ensure that the assumptions upon which the lending decisions were made are still correct. Should deviations occur, corrective action can be taken before it is too late. It is important that proper financial records are maintained by the entrepreneur.

Assistance Schemes

Small Business Credit Guarantee Corporation Limited bank Indemnity Scheme.

The Small Business Credit Guarantee Corporation Limited is an organisation which underwrites part of FutureBank's risk for ventures which meet the small business lending criteria but which cannot provide the required level of security. This is only available for new or established businesses where additional employment opportunities are being created.

USAID Loan Guarantee

This is a bank indemnity scheme assisting marginalised entrepreneurs to obtain finance for the establishment of a business venture where the client is unable to provide the required level of security for borrowings.

Investigation Fee

An investigation fee is levied for the structuring and processing of loans provided by the bank.

Franchise

Franchising presents an ideal opportunity for the entrepreneur to enter the small or medium business market and is especially attractive in the emerging black business market.

FutureBank is an affiliate member of the Franchise Association of Southern Africa and is business but there is no guarantee of the franchise's success.

NEWS Black businesspeople claim they are being sidelined at trade policy discussion

(30) Sowetan 30/3/95

Indaba on small business White Paper

By Mzimkulu Malunga

SUBTLE tensions began to emerge yesterday as the eight working groups sat for the first time to discuss the White Paper on the promotion of small business at a conference in Durban.

At the core of the tension is the feeling of black businessmen that they are being sidelined, while academics push discussions on new policy formulation.

Some black business officials have expressed dissatisfaction at the fact that

they have not been given a chance to make presentations in the working groups, because they were either chairmen or coordinators in those groups.

Most of the people making presentations in the working groups are either academic representatives of the corporate sector or people from foreign institutions and governments.

"The feeling in black business circles is that we are just going through the motions to adopt this White Paper," says a black businessman, who did not want to be named.

Another problem highlighted by black business people was that each time they raised these issues with the authorities concerned they were frowned upon.

Always criticised

On the other hand, government officials have always criticised black business for not playing its part in lobbying the authorities, so that its views can be considered when new policy is being formulated.

In the working groups there were intense debates on the inability of small

businesspeople, particularly black businessmen, to access finance. Many participants agreed that the banks had to assist non-governmental organisations to transform into viable financial institutions, so that NGOs could finance small businesses, especially micro enterprises.

Discussions on institutional framework centred around the need for the White Paper to clarify the roles of provinces and local governments in supporting small business.

Delegates also wanted an increase in

the money allocated to promotion of small business in the 1995-96 Budget. The Government has allocated R180 million to small business in this year's Budget.

All the eight topics — access to finance, access to markets, human resource development, improving business infrastructure, improving business services, institutional frameworks, developing local economies and targeted assistance — will have been discussed by each working group by the end of today.

Bank of 'new attitude' opens its doors

FUTUREBANK was founded in 1992 to meet the needs of the emerging market in South Africa, providing for a need neglected in the lending structures of established banks.

During the late 1980s, the South African black taxi industry was booming and was hailed as the greatest black business success in South African history. This success was, in no small part, the result of the efforts of the South African Black Taxi Association, which had developed a very successful taxi financing scheme with the WesBank

division of First National Bank Limited. The success of SABTA gave impetus to the birth of the Foundation for African Business and Consumer Services, an umbrella body concerned with the development of black business on the sub-continent.

The taxi financing scheme with WesBank was so successful that it gave rise to the idea of a new bank. This new bank will demonstrate a "new attitude" to banking in South Africa, an attitude which displays a willingness to assist the average South African to enter the mainstream of the economy. The bank will provide financial assistance to all

sections of the community, with particular emphasis on those economically disadvantaged by the previous political system.

On March 1 in 1992 the new bank, FutureBank opened its doors.

FutureBank is a unique joint venture in the highly sophisticated South African banking industry. It draws on the traditional skills of First National Bank through a long-term management contract, yet is majority black-owned by organisations with broad community representation.

Staff come from all population groups, matching the bank's market position as the first true "Bank for all South Africans". Because of this, it enjoys a clear advantage in being able to communicate and interact fluently with its broad customer base. Some seventy percent of the Bank's personnel come from disadvantaged communities.

The product range offered by FutureBank is currently restricted to the provision of medium term loans and the taking of investment deposits. As needs are identified, this range of services will be expanded in accordance with the bank's niche-marketing

philosophy. FutureBank prides itself on being totally apolitical.

Corporate mission

We will:

Achieve levels of growth and profit above the industry average by providing high quality loan and investment

services to the individual, as well as to the informal and the formal business sector; Inspire and assist our people to reach their true potential. Competence, commitment and loyalty to the company will be the sole basis for staff advancement.

Sowetan 30/3/95

Govt plans special small business trust

(30)

CT(BR) 30/3/95

By SHIRLEY JONES

STAFF WRITER

The government intends to take the lead in revolutionising the finance facilities available to small, medium and micro enterprises (SMME).

According to a government input paper submitted at the State President's conference on small business in Durban, a government finance trust should be in place within six months.

Anomalies in the Usury Act and the Mutual Banks Act should be addressed by the end of this year and a new set of loan guarantee schemes is expected to be operational by next year.

The trust is expected to be one of the operational units of the Small Business Development Agency (SBDA), which is soon to be developed. The document says the rationale behind creating this "wholesale" SMME finance facility is to change the current situation where commercial banks are neglecting the vast majority of the population. Commercial banks are seen as ignoring alternative finance institutions' struggles to reach out to this vast market.

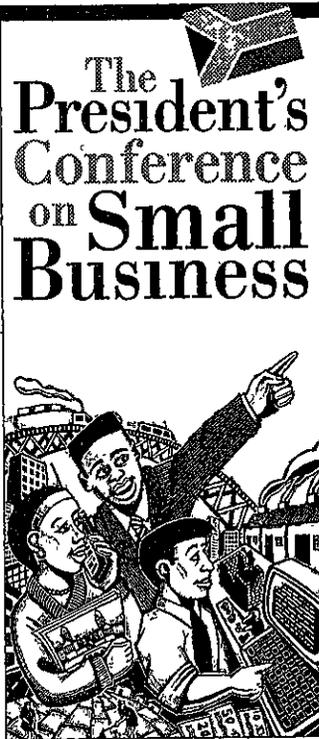
Despite this criticism, the government is aware that it cannot turn its back on commercial financial institutions. It is aware that it cannot address all of the financing problems encountered by SMME's and cannot provide the funds required for the capitalisation of lending schemes. It has proposed a partnership approach as the only feasible strategy within existing budgetary constraints.

The trust should facilitate the evolution of a system of financial intermediaries which will address the financial needs of SMMEs.

This will be offset by amendments to the Mutual Banks Act in order to reduce the present R10 million capital requirement for new community banks and simplify deposit-taking and other control procedures. Appropriate self regulatory systems are to be negotiated with the Reserve Bank.

The government also intends supporting the speeding up of land reforms which will broaden the availability of property which can be used as loan collateral.

The government envisages encouraging non-traditional non-governmental organisations and informal lending schemes, well placed to handle grassroots "relationship banking", with less



The government wants to help facilitate loans to small and micro businesses, previously refused by the commercial banks

emphasis on conventional means of collateral.

The credit guarantee scheme will be managed as a separate unit within the SBDA and will be outside the framework of the trust. Two different types of guarantee funds are currently operating — the Small Business Development Corporation administered scheme and the USAid scheme. These are likely to be merged into a scheme designed to support the loans offered by the trust. Such a guarantee will limit heavy losses in cases where loan-loss rates exceed a manageable range.

The problems which have led to these drastic steps to provide financial support to SMMEs and tempt commercial institutions into lending to this high-risk sector of the market are manifold.

The input document also points to an inadequate credit guarantee system, the unwillingness of banks to grant loans without conventional collateral, insufficient integration of informal and formal credit and

lending services and a scarcity of venture capital funds and joint venture partners.

It is said that there are too few non-governmental organisations active in the micro-lending sphere at grassroots level and that the funding base is too limited for those who are active in this field.

There are also too few specialised regional or sector based lending institutions and a lack of organisations providing working capital and other short term funding for entrepreneurs.

The solution, according to the government paper, is a financial system which comprises a range of retail institutions serving different segments of the market on a profitable basis. The government's role is envisaged as that of a midwife.

This means providing finance to SMMEs at market related interest rates and accepting normal rates of return to private enterprises. The government realises it would have to guarantee the financial viability of specialised lending institutions which would include establishment grants or equity and concessional land finance during start up or expansion phases.

In order to mobilise the potential of commercial banks, non-government organisations, development corporations and other finance institutions, the government intends to provide these necessary incentives and resources calculated to compensate players for the high initial cost of serving the SMME market.

The trust will provide four types of support to financial intermediaries serving this market:

- loan finance;
- institutional development funds aimed at building the capacity of the intermediaries to service the SMME market more effectively;
- equity funds;
- seed funds for new institutions.

"The intention is for the Finance Trust to level the playing field among all the intermediaries engaging in SMME finance by giving them equitable access based on a uniform set of performance criteria," the document says. Banks are expected to continue to extend their outreach into the SMME market. If accepted as trust clients, they will have to expand their service grids to more township and rural areas in line with reconstruction and development programme financed improvements.

Small business depends on donor aid

By JOHN SHERROCKS

KWAZULU NATAL BUSINESS EDITOR

Development of the small business sector will depend heavily on foreign-donor aid to subsidise the government's "extremely tight" position. In a paper under discussion at the President's Conference on Small Business in Durban it was noted that the government had allocated R180 million for small business support in the 1995/96 budget. This money had to cover the start-up cost of new agencies; the regular running costs of support agencies; and government contributions to specific support programmes. The establishment, staffing and running costs of the chief directorate is to cost R14 million. The Small Business Development Agency is to receive R17 million for its staffing, planning and training workshops, and the mobilisation of expertise.

The National Small Business Council has an allocation of R2 million, while the staffing cost and overheads of provincial desks have to be sourced from their governments.

Tight position

The remaining R147 million is earmarked for programme assistance in the full spectrum of support areas. This has to include an amount of about R30 million targeted for the start-up of the local service-centre programme. This leaves little more than R110 million for programmes in the spheres of training support, information material and research, lending schemes (and some start-up capital for the Finance Trust), co-financing of infrastructure support schemes, the government's share in an expanded credit-guarantee scheme and export-support programmes. "Given this extremely tight financial position, the government has already tried — and been relatively successful — to attract foreign-donor funds for specific support programmes." Assistance has either been given or promised by the Friedrich-Ebert-Foundation, USAid, the GTZ, ODA and the Danish government. Negotiations are in progress with several others. The government believes such assistance is of particular value, since it combines foreign expertise and financial support with local focused support.

Boost for black empowerment?

(30) WMM(BM) 31/3-6/4/95

Two recently listed, black-controlled firms may not meet the stock exchange's new requirements, reports **Jacques Magiolo**

THE listing of Real Africa Investments (RAI) and Real Africa Holdings (RAH) is a significant boost for black empowerment in South Africa, but the group's complicated organisational structure and its diverse range of target markets are not expected to raise real and continued long-term interest in the shares.

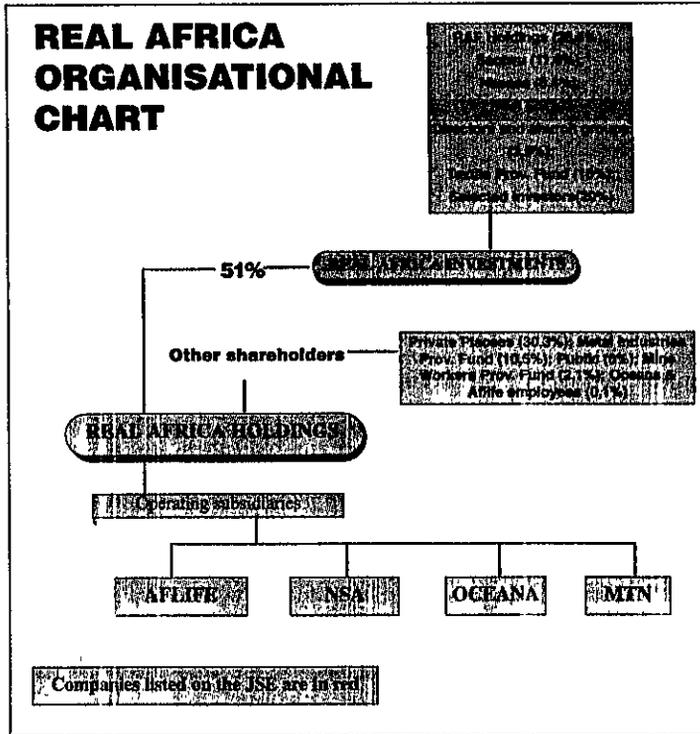
The problem, experts indicate, is that there are a number of corporate financial structural problems which will force the companies to undergo significant rationalisation and streamlining operations in the short term.

The Johannesburg Stock Exchange is to introduce new listing requirements in April this year and there is speculation that RAI and RAH directors did not take these into account prior to listing.

The first problem is one of shareholder structure and the proposed requirement that 25 percent of a company's share capital is held by the general public. Neither RAI nor RAH fulfils this requirement.

RAI's main shareholders are RAF Holdings (28,5 percent), listed NSA Investments (20 percent) and the Textile Provident Fund (10 percent). The remainder of the shares are held by

REAL AFRICA ORGANISATIONAL CHART



Two-tiered: The structure does not conform to the forthcoming JSE rules

unions and directors, with 23 percent in the hands of "places".

The pre-listing statement does not provide details as to who these are, but experts suggest that these are not publicly held shares.

This is indicated in RAI's organogram, shown in its pre-listing statement, which shows a difference

between "places" and "public".

In the case of RAH, its main shareholders are RAI (51 percent), The Metal Workers Provident Fund (2,1 percent) and "places", who control 30,3 percent of the shares. Only six percent of its shares lie in the hands of the public.

In all likelihood, these "places" are unions and directors. Since the listing

of New Africa Investments in 1994, South Africa's two largest unions, the Congress of South African Trade Unions (Cosatu) and the National Council of Trade Unions (Nactu), have been courting black-owned business for a real stake in control.

Another problem is one of pyramid structure. The JSE intends to break up and prohibit second-tiered pyramids. This means that a holding company which is listed can only have one listed subsidiary. In turn, that holding company cannot have a major shareholder that is listed.

It is almost as if the JSE used RAI and RAH as a perfect example of a two-tiered structure. RAH is a holding company which is listed, but it does not have only one listed subsidiary, but three — Afrife, NSA Investments and Oceana. In turn, RAH's major shareholder is RAI, which is also listed.

How will RAH and RAI directors solve these structural problems? To accommodate the listing of black-owned companies, the JSE has shown willingness to bend its own deadlines to change regulations pertaining to shareholder and pyramid structures.

Last year it sent out a press release stating that 25 percent of all shares will have to be placed in the hands of the public by the year 2000, but that pyramid structures would have to be changed by the end of 1995. It has now also changed this to the year 2000.

Another problem lies in the diverse nature of the group's target markets, which range from financial services to fishing, and from food to health care. While diversification often reduces the negative effects of economic, political and product cycle risks on overall profits, if diversification is too vast it can affect shareholder perceptions. Directors cannot know everything about every product.

Unless a company's future progress is a dead certainty in the eyes of shareholders, they will eventually lose interest and sell the shares. Since the listing of RAI and RAH its share prices have not shown strong performance.

The shares of RAH listed at 200 cents and quickly climbed to 220 cents before falling to the present level of 190 cents. RAI listed at 250 cents, and climbed to 270 cents before falling back to the listing price.

Without continuous disclosure and a completely open and clear statement to the shareholders that the company will undertake corporate changes without a disruption of operations, the shares cannot sustain present levels.

SA's instant millionaires

Reg Rumney

THE listing of black-controlled Real Africa Investments last week made instant paper millionaires of three of the directors.

According to the RAI pre-listing statement, executive chairman Don Ncube held 1 472 230 shares indirectly in RAI. At a closing price on the Johannesburg Stock Exchange mid-week of around R2,50, Ncube is worth R3,7-million. This does not take into account any loans he might have had to raise to buy all or part of the shares in the first place.

The same applies to Jethro Mbau, who owns 736 115 shares, worth R1,8-million. Mutle Mogase with 552 086 shares is worth R1,4-million.

The RAI pre-listing statement includes a sum of R1 617 500 to be paid to five directors for their services to the company during the preceding 18 months, chairman Donald Ncube, prominent trade unionist and MP John Copelyn, Mohamed Ahmed, Mbau and Mogase.

At the time of going to press the *Weekly Mail & Guardian* could not establish how this amount was to be shared among the five directors.

Copelyn is a director of RAI courtesy of Sactwu Investment Companies' 11,6 percent holding in Real Africa Investments. Sactwu Investments is the investment arm of the South African Clothing and Textile Workers' Union.

When I asked Copelyn about the role

of Sactwu investments, whether he had taken up share options available to him and several other directors, and his remuneration as a director, he accused me of being "aggressive and confrontational". Copelyn would not clarify his remuneration as a director in terms of the payout, asking me what my salary was. He said his remuneration was no secret, and he was operating in a perfectly legitimate way. Asked to respond to criticism that Sactwu Investments had not put money into clothing and textile businesses, Copelyn said it had.

"Sactwu Investments is already making an enormous amount of money, and in future it will make more money to provide benefits for clothing workers," he said.

Japan, Britain probe SA business alliance

JOHN DLULU

THE Japanese government had approached Britain to investigate possibilities for trilateral business arrangements in SA, UK Trade Minister Richard Needham told a conference yesterday.

Addressing a conference organised by British Invisibles in Midrand, Needham said leading Japanese private sector players were also interested in teaming up with British companies to invest in SA. "I think this (Japanese interest) is a good piece of news for SA."

He told delegates at the conference that Japanese companies had assisted the UK in enhancing its international competitiveness by raising quality standards.

He said Japanese involvement had increased British foreign manufactured exports to 40% of the total. "They (Japanese) have revitalised and recharged our industries."

A follow-up seminar — a part of the "Britain means business" investment campaign launched this year — would be held in October to further crystallise opportunities for joint ventures.

In September a 200-company trade delegation would visit SA, focusing largely on "invisible" trade.

Talking about the investment climate in SA, Needham said the problems of the country were not differ-

ent from "the succession problem in Indonesia... or the dmg problem in Thailand..."

SA's attractiveness as an investment destination derived from its well-developed infrastructure and financial services sector as well as its workforce.

The UK had a lot of expertise to offer SA. This included its experience in privatisation, health care, education, small business development and financial services which could boost the goals of the reconstruction and development programme, he said.

Speaking at the same conference, FNB MD Barry Swart said the ANC-led government of national unity had shed its ideological baggage, and committed itself to tariff reduction and financial deregulation as well as to the scrapping of all foreign exchange controls.

Government, he noted, seemed to have embraced the "economic realities" of the modern world.

He urged delegates to make investments and help realise the ideals of the RDP.

Now that democracy had been achieved, it was crucial to get access to markets and skills to create jobs in SA, Swart said.

Corporation to restructure

By Isaac Moledi

(30)
The Small Business Development Corporation has endorsed an agreement to realign and restructure the corporation.

This agreement follows recent talks between the Corporation and the Minister of Trade and Industry Mr Trevor Manuel over the matter. At the same time as the conference on small business development was taking place in Durban this week, the SBDC was holding a meeting in Johannesburg on Tuesday to prepare itself for new challenges in the future.

some fan 31/3/95
After the meeting, the SBDC said the majority of its shareholding would be allocated to the private sector, while the Government would hold a minority stake. However, the corporation said the exact shareholding percentages would be decided after discussions with the Ministry of Trade and Industry.

It said the corporation's assets, valued at more than R500 million, and its functions would be transferred to the Government's newly created Small Business Development Administration (SBDA). This comes after Manuel announced at the small business conference in Durban that the Government

would create a small business finance trust linked to the SBDA. Funds earmarked for small and medium businesses would be channelled to the SBDA, Manuel said.

An SBDC spokesman said the restructuring of the corporation would take two years to complete. He said details of the transfer of SBDC's functions, staff, assets and liabilities to the new development administration would be released soon. "Although the restructuring will start with immediate effect, we will wait on the Ministry of Trade and Industry before we make our final announcement," the spokesman said.

POLITICS

Tension between Govt and SBDC

30
Sowetan
31/3/95

By Mzimkulu Malunga

DESPITE speculation to the contrary, the Government and the Small Business Development Corporation are painting a rosy picture of current relations between the two.

The SBDC, which describes itself as a "company in transition", says it has mapped out a new role for itself and has agreed to relinquish some of its current activities to the newly formed Small Business Development Agency.

The institution's senior general manager in charge of the Western Cape region, Tony Kedzieski, says the SBDC would possibly concentrate on small and medium enterprises and leave the micro and survivalist entities in the hands of the SBDA.

In addition to financing and supporting formalised small business, SBDC sees itself as getting involved in joint ventures with small businesses and facilitating interaction between businesses in sub-Saharan Africa.

Special adviser to the trade and industry minister, Dr Alistair Ruiters, who is leading the Government's negotiations with the SBDC, is also keeping his cards to the chest.

He says the Government wants to continue its partnership with the private sector in the SBDC, but the focus must also be on new structures, such as the SBDA and the National Small Business Council.

It is believed that one of the sources of disagreements between the two parties is that the Government wants more clout, while the SBDC wants to maintain private sector dominance.

New role mooted for Govt in SBDC

By Mzimkulu Malunga

DESPITE speculation to the contrary, the Government and the Small Business Development Corporation are painting a rosy picture when describing the current relationship between the two parties.

The SBDC, which describes itself as a "company in transition", says it has mapped out a new role for itself, having agreed to relinquish some of its present activities to the newly formed Small Business Development Agency.

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Joint ventures

In addition to financing and supporting formalised small business, SBDC sees itself as getting involved in joint ventures with small businesses and facilitating interaction between businesses in sub-Saharan Africa.

The institution has so far kept people in suspense as to its future role, but has promised that a statement will be issued as soon as negotiations on government shareholding in the SBDC have been concluded.

The special advisor to Trade and Industry minister, Dr Alistair Ruiters, who is leading the government's negotiations with the SBDC is also keeping his cards to his chest.

He says the Government wants to continue its partnership with the private sector in the SBDC, but that attention should also be given to new structures such as the SBDA and the National Small Business Council.

More say in decisions

It is believed that a source of disagreement between the two parties is that the Government wants more say in decisions taken by the SBDC. The institution, in turn, wants the private sector to retain its dominant say.

The reason the Government wants more say in the running of the SBDC is that it feels that while millions of rands of taxpayers money have been invested in the institution there is not much control over how the money is spent.

In the partnership currently under review, the Government and private sector each own half of the SBDC but the Government had only 25 percent representation in decision-making.

Micro-Manuel out to dump the white dinosaur

DAVID BREIER

Weekend Argus Political Staff

ENTREPRENEURS who hope to make it in the business world are to get a new deal in terms of a government initiative, spelt out in a White Paper under the political guidance of Minister of Trade and Industry Trevor Manuel.

It follows the failure of the old Small Business Development Corporation (SBDC) to provide for the smallest enterprises at the bottom end of the business world.

The SBDC is regarded in the African National Congress as a politically incorrect dinosaur dating back to the days of white rule that failed to lend a helping hand to the largely

black disadvantaged community.

In terms of the new initiative, an entirely State-run Small Business Development Agency (SBDA) is being launched to provide exclusively for "micro" businesses.

In practice this will help finance tiny enterprises, such as township spaza shops, home-run repair workshops and any other micro-enterprise that slipped through the previous support net.

However, a spokesman for Mr Manuel stressed that the new State-run agency would not in any way assist small business people on the basis of race. Assistance would depend on whether people would qualify on the basis of their businesses.

ARG 11/4/95
The new SBDA will be run by the Department of Trade and Industry. Its management team is still to be established.

But the old SBDC, unpopular though it is in ANC circles, is not destined for the scrapheap.

Instead it is due to be given the specialised task of financing medium-size businesses such as small manufacturers, while the new SBDA concentrates on the smallest end of the business spectrum.

Both the old corporation and the new agency will have their own "niche" markets, says the ministry.

And while the new agency is to be entirely State-run, the old SBDC will continue to be funded by the private sector in co-operation with the State.

(30)
The much-maligned SBDC was established in 1981 under the previous government. It is headed by former academic Ben Vosloo who was recently given a torrid time by ANC members of the parliamentary finance committee who accused him of lecturing to them as if they were pupils.

Dr Vosloo denounced the government's new White Paper on stimulating small business. He said the policy document overplayed the role of the public sector in developing small businesses.

Dr Vosloo said the policy-makers did not realise enterprise began with people, not the government sector, and had to be subject to "the bottom line of business principles".

Spotlight on small business

(30)

ST(BT) 2/4/95

GOVERNMENT subjected its White Paper on a national strategy for the development and promotion of small business to public scrutiny at a conference in Durban.

The conference was attended by almost 2 000 local and international businessmen and representatives of local authorities, government and non-governmental organisations.

The intention behind the President's conference was to develop a programme of action for the sector and to give donors and stakeholders the opportunity to develop programmes in

By **WILLIAM SAUNDERSON-MEYER**

training, finance, marketing, export development, subcontracting and business support.

Trade and Industry Minister Trevor Manuel stressed government saw the key to small business development in the role played by support agencies, be they government, private or donor-driven.

The main programmes are to create an institutional framework with the establishment of the Small Busi-

ness Development Agency, a National Small Business Council, a network of Local Service Centres and a Small Business Desk in each provincial government.

The existing credit guarantee system for bank loans to small business is to be reformed in the hope of dramatically expanding the volume of loans from the private financial sector.

A potent instrument, the state procurement system, is already in the process of being adapted at local, provincial and national level to improve access by the small business sector to these markets.

all business conference a success despite problems

Dissatisfaction at historic meeting

By Mzimkulu Malunga

THORNY ISSUES *Behind the*

smiles a sense of unease: (30)

BEHIND THE BROAD smiles at an historic Government-organised small business conference in Durban last week was a minefield of quiet dissatisfaction which is likely to derail gains made at the gathering.

Central to the unhappiness was the fact that the rank and file in small business, particularly black people, felt they were not being given sufficient opportunity to make an input to the Government's White Paper on the promotion of small business.

There was a feeling that black business had been marginalised. Black business people were either chairpersons or coordinators of the conference — a factor which made it difficult for them to express their own opinions.

Another thorny issue was language. Some participants felt the White Paper should have been written in at least one of the African languages. This would have maximised participation by those whom the support programmes were meant to assist.

Although provision was made at the conference for people to use the language of their choice, many were unable to participate fully since they did not understand the contents of the White Paper.

Due to the feeling that the Government was talking down to them, some delegates saw the conference to some extent as a "public relations exercise".

Many small business people were also unhappy that the Minister of Trade and Industry, Mr Trevor Manuel, was not prepared to allow certain issues to be discussed.

In his opening address Manuel ruled out the possibility of creating a minis-

try of small business.

He said he was going to appoint a chief directorate to look after small business interests.

Before coming to power African National Congress officials had ruled out the creation of a small business ministry because it would increase the bureaucracy.

Despite this, some participants continued to call for the creation of a small business ministry.

Adding to the frustrations of some delegates was the way in which technocrats from foreign institutions and governments dominated the proceedings.

Despite the aforementioned problems, many of the more than 1 000 delegates felt the conference had laid solid foundations for the future.

Authentic policy

As former Nafcoc president Sam Motsuenyane said at the beginning of the conference, it was the first time in South Africa's economic history that the Government and not the private sector had taken the initiative in proposing an authentic policy for the promotion of small business with as much input as possible from all the stakeholders.

Discussions at working group meetings centred on eight key areas: Access to finance, access to markets, human resources development, improving business infrastructure, improving business services, the restructuring of current institutions and creation of new ones, development of local economies and setting priorities

for support systems.

There were intense debates on whether accessing finance was the major obstacle to small business development or whether it was prohibitively high interest rates.

Most of the formalised small business people argued interest rates were the main problem while those at the lower end of this sector — the micro enterprises — countered that accessing finance was the biggest obstacle.

Delegates identified the absence of property rights in the black community as an important factor

Because they did not own property emerging entrepreneurs had nothing to offer when they wanted to obtain loans from financial institutions.

Delegates felt there was a need for the Government, big business and quality control institutions to help small business to penetrate markets, particularly in Southern Africa.

Also highlighted as crucial was the need for basic literacy programmes aimed at rural communities as a precursor to a business education.

In the matter of priorities, debate centred on who should receive the most support, the formalised small business sector or to the survivalist group at the bottom of the economic ladder.

It will be interesting to see which of the proposals raised at the conference will eventually go into the final White Paper on the promotion of small business — but for time being problems facing emerging entrepreneurs remain.

Sowetan 3/4/95



KEEN ON QUOTAS Peter Mbolekwa, who runs a photocopy shop, says small suppliers have difficulty accessing markets. PHOTO: ETIENNE ROTHBART

Blacks complain of lip service to RDP

CT(BR) 4/4/95 (30)

Although it has become fashionable for corporates to talk of the need for partnerships with small businesses, many small suppliers, especially black ones, still find it difficult to win contracts from big business.

"Many big companies are not faithful. They proclaim to be advocates of the RDP but are not genuine about helping small business," said Peter Mbolekwa, who runs a Selex photocopier franchise in Johannesburg.

Mbolekwa said it was imperative that companies reviewed their outsourcing policies so they reflected a commitment to meaningful relationships with small suppliers.

Heads of companies should make it their duty to ensure that policies on outsourcing filtered down to the lowest ranking procurement official.

Said Mbolekwa: "Right now, many companies make relevant

noises about sub-contracting to small suppliers but the managers in charge of implementing the policies are not aware of, or are deliberately, ignoring them."

Cultural difference is another important factor preventing blacks from getting contracts from the mainly white firms.

"Most procurement decisions are concluded on the golf course. And, as you know, not too many blacks play golf or watch rugby and cricket," said Mbolekwa.

Also, because of the small size of their businesses, most black businessmen lack the capacity to entertain procurement officers. According to Mbolekwa, this gives the larger suppliers unfair advantage. "It's extremely difficult for us to access these markets. That's why we are inclined to propose quotas to force corporates to subcontract to small black businesses." — Thabo Leshilo

UN offers expert help to business

(30) 4/4/95
BY ROSS HERBERT

CT (BE) STAFF WRITER

A United Nations programme that matches corporate executive volunteers with developing-world entrepreneurs would like to make its volunteer experts available to South African businesses.

Volunteers serve two to three-month assignments. Since the programme (called Unistar) began in 1986, more than 1 000 have served around the world.

One client, a furniture company in Indonesia that manufactures antique reproductions, penetrated the American market and doubled its output based on technical design guidance provided by a period-furniture expert from Christie's auction house in New York.

The programme has also found executives to develop industry-wide strategic plans. Teams developed a rescue plan for the Indian jute industry and plans for the Vietnamese textile and pharmaceutical industries.

"We do not have any people placed in southern Africa, though we are hopeful to have some in early 1995," said Unistar manager Ed Mattes.

The programme recruits people with a minimum of 20 years' experience in business, industry and related professions. The skills in greatest demand, according to Mattes, are general management, marketing, finance, strategic planning, industrial design, total quality management and law.

The programme will use its recruiting network and skills database to find special skills for businesses of varying sizes.

Executives work for free. Travel, food, and lodging are split between UN Development Programme and the client company.

For more information, write to Mattes at: Manager, Unistar Programme, UNDP, One UN Plaza, TM-909, New York, NY 10017, USA, or fax to 091-212-697-5058. Internet electronic mail: edward.mattes@undp.org.

Companies urged to give small firms a try

Big and small suppliers need each other if South Africa is to create a dynamic economy that will meet our needs

BY THABO LESHLO

A growing, though still small, interest is being shown by corporate South Africa in doing business with small and medium-sized enterprises, according to the National Industrial Chamber (NIC), the industrial wing of the National African Federated Chamber of Commerce and Industry.

"From our worm's eye view, we very much welcome the interest now emerging in the corporate sector in doing business with us," says NIC executive committee member Ian Hetherington.

However, SMEs were still being handicapped by red tape, he told a conference on outsourcing held in Johannesburg.

"Laws, regulations and practices sometimes strangle us at birth and, without exception, stunt our growth," said Hetherington.

Failure by corporates to pay small suppliers on time was a very common problem in South Africa.

Another was the tendency by large firms to demand quotations from three or more suppliers for quite trivial orders.

While giving the small supplier a one-third chance of being select-

ed, the profits are often too small even to cover the supplier's costs in preparing the quotation.

Small suppliers want to create permanent relationships with only a few large customers who are profitable to both parties.

Said Hetherington: "We need each other if we are to create the undivided, dynamic economy which will begin to meet the needs of the whole country."

Fortunately, an increasing, though still limited, number of large corporations was equally serious about relationships with small firms.

They have changed their purchasing policies and procedures to suit small suppliers.

Tendering procedures are simplified, paperwork is reduced to a minimum and prompt payment arrangements are in place. Also, large volume orders are broken into smaller units, acceptable price levels are given and samples are available.

Giving the corporate perspective, small business development consultant Mel Palmer said a holistic approach was necessary to link the purchasing power of corporates to SME development as part of the

(30)
CT(BE) 4/4/95
business. Palmer said overwhelming evidence in South Africa and the United States pointed to the need for large companies' commitment to SMEs to be made at the top of the organisation.

Such commitment should be reflected in the mission statement.

He said there was little doubt that the government expects the corporate sector to address the imbalances in the distribution of wealth in the country and to voluntarily decentralise the current concentration of economic power.

"The alternative to this voluntary action will be legislation," said Palmer.

Experience in the US shows the increasing use of small business has brought greater speed of delivery of goods and services, better quality, greater responsiveness, innovation and flexibility.

Other benefits flowing from the strategy are:

- An expanded supplier base;
- Increased competitiveness in obtaining lower prices compared with competitors who do not outsource to SMEs;
- Creating a more stable environment by improving the economic viability of disadvantaged communities;
- Reduced risk of government intervention by legislation benefiting disadvantaged communities.

Get Ahead sets its sights on becoming a bank

By ROY COKAYNE

PRETORIA BUSINESS EDITOR

30 (BE) 4/4/95
The Get Ahead Foundation, the Pretoria-based organisation established in the apartheid era to help black business and private enterprise, has set its sights on becoming a bank.

Managing director Don MacRobert said the decision was in keeping with international trends as the lines of donor supplies to non-governmental organisations would dry up unless they showed they could be self-sufficient.

MacRobert estimated Get Ahead would need about R26 million extra capital in its first three years of operation: "We will need funding for running costs until we become self-sufficient. USAID (the United States Agency for International Development) has helped us to a large extent but we need capital and various applications are out — such as with the Development Bank of Southern Africa — which are under negotiation. The alternative to that is a USAID loan-guarantee programme," he said.

MacRobert said the client profile of the bank would be no different from Get Ahead's current client profile and would still be the unbankable, the unemployed.

However, he stressed that the bank would be run along similar lines to the commercial banks.

MacRobert said the Cal Meadow Foundation, which had helped set up the Banco Sol in Bolivia, was helping Get Ahead in its transition.

Get Ahead had embarked on a programme in the middle of last year to make the organisation self-sufficient.

These measures, which will change Get Ahead's culture from a political development organisation to a far more financially aware and acute organisation, include the introduction of a tough delinquency policy with penalties against an entire group as soon as a payment is late (Get Ahead is still only involved in lending to groups of people — stokvels, not individuals), an incentive scheme for loans officers where the bias is in favour of repayment by the due date, and stringent management information systems.

CT (BE) 4/4/95

Nedlac groups nominated

BD 5/11/95
JOHN DUDLU

Minister without Portfolio Jay Naidoo would meet National Economic, Development and Labour Council executive director Jayendra Naidoo this week to discuss the appointment of Nedlac's development constituency, Naidoo's special adviser Howard Gabriels said yesterday.

Naidoo was expected to announce names of the development representatives within days, he said.

Gabriels headed a selection committee which made recommendations to Minister Naidoo.

The committee recommended three organisations — the SA National Civics Organisation, the National Youth Development Forum and the National Women's Coalition — as immediate qualifiers. Other organisations, among them the SA Congress for Early Childhood Development, were still being investigated for final recommendation.

Nafcoc seeks laws for business advantage

THE National African Federated Chamber of Commerce (Nafcoc) has submitted a business manifesto to Deputy President Thabo Mbeki, calling for government intervention in favour of black business.

The document was born of Mbeki's challenge to Nafcoc last year to produce a comprehensive proposal detailing how black business should be helped and how Nafcoc saw its role. **BD 6/4/95**

Nafcoc secretary-general Cyprian Lekoma said yesterday the document covered a range of issues, including the reconstruction and development programme

THEO RAWANA

(RDP), privatisation, unbundling, exchange control, tax and joint ventures.

Nafcoc wanted at least 40% black equity participation in state tenders and for government to consult it on how to ensure access for black business to the state tender system. It also believed lottery and sports pools licences should be granted to structures with black equity participation of at least 40%.

In a submission handed to Mbeki earlier this year, Nafcoc proposed greater empha-

sis on black economic empowerment, which could be achieved only if "national and provincial governments play a limited role to... facilitate participation by black business at all levels of the economy".

Acknowledging that the RDP addressed some of the problems in the sociopolitical and broader economic fields, the document called for a programme to address small business issues, and for plans to reverse discriminatory practices and to restore previously marginalised black business.

Government financing bodies such as

To Page 2

Nafcoc

BD 6/4/95

(30)

From Page 1

the Industrial Development Corporation and the Independent Development Trust should be completely restructured and the financial criteria they applied reviewed to facilitate the "entry of entrepreneurs to opportunities which arise from RDP investments". Nafcoc urged government to continue with the process of unbundling, but asked that ways be found to "greatly increase black participation and avoid the enrichment of a few black businessmen".

Agricultural and commercial land held by the state should be sold at reasonable prices to black communities.

A Minister or a person of similar standing should be responsible for development of small and medium-sized enterprises, Nafcoc said. It called for legislation to support its "3-4-5-6 programme", which proposed that 30% of seats on JSE-listed companies' boards went to blacks, that 40% of equity be held by blacks in such companies, that 50% of inputs be sourced from black enterprises and that a minimum of 60% of management be black.

Foreign investors had to be found to encourage foreign investors to enter undertakings with black business structures, it said.

'Give blacks 40% stake'³⁰

The National African Federated Chamber of Commerce called yesterday for blacks to have a 40% stake in state tenders and gambling licenses.

The black business chamber urged the Government to insist 40% of the equity in casino, lottery and sports pool licenses be held by historically disadvantaged entrepreneurs. *SAN*

In its Business Manifesto, submitted to Deputy President Thabo Mbeki, Nafoc said black entrepreneurs' participation in the economy needed to be bolstered.

"The empowerment of black business can only be achieved if both national and provincial governments play a limited interventionist role," the manifesto said. *6/14/95*

The manifesto also urged the Government to sell State agricultural and commercial land to historically disadvantaged communities at "reasonable prices".

Nafoc reiterated its "3-4-5-6 Programme". It calls for legislation to support its demand for 30% of JSE company directors to be black, 40% of the equity to be held by blacks, 50% of the inputs to be sourced from black enterprise and a minimum 60% of management should be black.

Sacob seeks more power for regions

CT(BR) 6/4/95

(30)

In its recommendations to the Constitutional Assembly, Sacob argues for a smaller parliament and more say for the provinces

By FRANCOIS BOTHA

STAFF WRITER

Sacob has recommended to the Constitutional Assembly an extensive devolution of power to the provinces.

While Sacob's recommendations, made after consultation with its 50 000 members, embrace the draft constitution's thrust of democracy, they also make a strong case for a smaller and more streamlined parliament.

Raymond Parsons, the director-general of Sacob, said: "It is important to make a success of provincialism, both in financial and general terms."

He added that since the control of inflation and excessive taxation cannot be written into the constitution, it is essential to business that

"proper checks and balances exist to enforce fiscal discipline".

"For this reason we support the independence of the Reserve Bank within, rather than outside the system. Similar considerations apply to the auditor-general and the Financial and Fiscal Commission.

"The Reserve Bank should still be accountable to parliament through public hearings, and its policies co-ordinated with fiscal policy. This can be achieved without sacrificing the Bank's authority," he said.

Ken Warren, the director of legal affairs for Sacob, said, "one of the areas that is of great concern to the business community is the security situation; we have made strong recommendations for a decentralised regional police force that would have greater powers".



CHECKS AND BALANCES:

Sacob head Raymond Parsons

Sacob has consulted the police and discussions will be held next week with the minister of safety and security, Sidney Mufamadi, to establish a basis for the long-term solution of crime.

New entrepreneurs need skills in export

(30) Somerset 6/4/95

By Patrick Wadula

WITH South Africa's entry into the global trade market, basic skills in exporting should become a necessity for local entrepreneurs.

Nathan Moise of the South African Import And Export Association says there is a lack of export skills among black entrepreneurs.

He feels that up to now training has been inaccessible and expensive.

Before venturing into the export business, there are certain pre-conditions that should be met.

It should be noted that exporting is a costly exercise requiring upfront investment in market research and suitable promotional material.

Certain products may need to be modified to meet the requirements of a particular market, as well as conform to foreign government regulations and consumer preferences.

A small company usually conducts its export business through an agent.

It may sell its products to a local trading company, which in turn sells them to an overseas buyer at a profit.

However, a small manufacturer may choose to export through an agent based in the foreign market and to engage the services of a local freight forwarder to effect the delivery of goods.

The product should be easily transportable and one that can be usable in foreign markets. An exporter should have both the capability and the production capacity to meet foreign requirements consistently.

Stockpiling may be necessary in case suppliers are unable to provide you with immediate deliveries.

This enables an exporter to be able to meet orders from foreign clients on a consistent basis.

For further details on the exporting business contact IMC Export Training at (011) 447 6494 and the Institute of Export at (011) 883-3737.

Meeting called to settle row

~~(17)~~ JOHN DLUDLU (30)

THE National African Federated Chamber of Commerce (Nafcoc) and Business SA (BSA) are expected to meet on Monday in a bid to resolve their dispute over business representation on the National Economic, Development and Labour Council (Nedlac).

Nafcoc president Joe Hlongwane confirmed that a meeting was planned for next week, but declined to give details.

The dispute between the two parties arose when Nafcoc demanded half of the 18 seats allocated to the business constituency in Nedlac's executive council — as the main voice for black business. *BD 7/4/95*

Business SA countered that giving more seats to Nafcoc would "dilute" sectoral representation on the executive council.

An interim arrangement giving Nafcoc five of the 18 seats was reached for the first executive council meeting last month.

It is reliably understood Nafcoc has lowered its demand from seven seats to six in what is believed to be its final compromise.

Big boost for small firms

(30)
Young emerging entrepreneurs will soon get help starting their own businesses, thanks to an integrated training and mini-loan programme.

Initiated by the Trident Institute and the Start-Up Fund, the programme is available to training and development organisations in South Africa.

It is the first of its kind to be offered on a national level to disadvantaged but enterprising people in the formal and informal sectors.

The programme has been successfully completed by more than 25 000 people in southern Africa.

Staw 7/4/95
According to Tony Davenport, chairman of the Start-Up Fund, the programme "is expected to play a major role in the future development of micro-business throughout South Africa".

Squeeze on business to open up

(30) AUG 8/4/95

ALIDE DASNOIS

Deputy Business Editor

BUSINESS, slammed for secretive habits in a major study on competitiveness, is under pressure from the Johannesburg Stock Exchange and from foreign investors to open up its books.

Presenting their report in Cape Town this week, authors of the Monitor Group report on competitiveness rapped South African business for lack of transparency.

The researchers said companies trapped information inside the company and only released it for specific purposes.

Moves to improve disclosure were announced this week by the JSE, which has decided that from July listed companies will have to declare to what extent they conform to the King code of corporate conduct.

But critics say the code does not go nearly far enough.

The Monitor Group's criticisms were echoed by Bill Moses of the Investor Responsibility Centre in Washington, which researches South African companies for major institutional investors in the United States, and by Simon McGregor of McGregors Information Services.

Both said that secrecy was an obstacle in the way of foreign investment.

"There's no doubt that this is one of the least attractive aspects of South African compa-

nies for foreigners," said Mr Moses in an interview with Weekend Argus.

Some groups, such as Fedsure and CG Smith, were helpful and informative.

"But others — some of the biggest — have even refused to send us their annual reports."

Lack of information was a serious problem for fund managers, who needed to be able to justify their choice of investments. In the litigation-prone United States, fund managers could face legal action from investors for poor performances.

Mr Moses said the King code did not address some of the main concerns of foreign investors.

Both he and Mr McGregor pointed to the existence on the statute books of a clause giving the Minister of Trade and Industry the power to exempt firms from disclosing information.

Section 15A of the Companies Act allows the minister to exempt companies from disclosing their "affairs or business", including financial, sales and ownership information, even if otherwise required to do so by law.

Another problem, Mr McGregor said, was that bank nominees were not complying with recommendations by the King code that all shareholders be obliged to disclose their real stake in listed companies.

McGregors had not been able to find out on whose behalf the

four biggest bank nominees held shares worth R175 billion — 21,5 percent of the market capitalisation of the Johannesburg Stock Exchange.

In Britain nominees which held more than two percent of the stock of a company were obliged by law to reveal on whose behalf they held the shares. In the United States, the law was even stricter.

Recently a major mining house had initially tried to keep the share register from McGregors, because a subsidiary was involved in asbestos production, a sensitive issue for many foreign investors.

When McGregors pointed out that the share register was public information, the group had backtracked.

"But their first instinct was to say no, because they've been used to saying no for so long."

Deputy director of the Cape Chamber of Commerce and Industry Colin Boyes said the chamber was not in favour of prescriptive action on disclosure.

Investors would judge for themselves whether or not a company provided adequate information.

But the criticisms levelled at some companies by the Monitor researchers were valid, he said.

Mr Boyes attributed the secretive habits of some firms to intense internal competition in the "hothouse economy" of the past.

year and it should have the next... replacement die for Tsimed.

UN opportunity comes knocking

(30) (30) CT(BE) 10/4/95

BY ROSS HERBERT

STAFF WRITER

South Africa's location at the foot of the continent most prone to strife and disaster represents a significant opportunity that the United Nations would like South African business to consider.

Purchases of goods and services by the various UN agencies amounted to R12,6 billion in 1993 — 40 percent more than in 1992. A disproportionate amount of those procurements went to peacekeeping and disaster relief in Africa.

With nine ports, plenty of aircraft and trained pilots and good rail and road networks, South Africa would make a natural relief hub for southern Africa. However, only R126 million of UN procure-

ments in 1993 came from South Africa. Sanctions, which were lifted in effect with the April 1994 elections, isolated South Africa from world bodies and limited commercial contacts.

To bring South African business further into the UN fold, the UN Development Programme's Inter-agency Procurement Services Office (Iapso) and the SA Foreign Trade Organisation (Safto) are running a conference on UN procurement in Johannesburg on May 2.

"We wish to create an information flow between the South African business community and the UN market, so the advantage of being near to the market for quick response in emergencies is not lost," an Iapso official said. "Opportunities for increased effi-

ciency of operations are also important considerations."

The conference will focus on procurements of goods and services related to health care, food, shelter, transport and logistics. UN buyers from the UN Children's Fund, High Commission for Refugees, Office of Project Services and World Food Programme will be on hand.

"The South African business sector has the potential to supply many of the goods and services required by the UN," Safto said. "However, companies need to become aware not only of the existing potential but also of the correct purchasing procedures and the quality demanded, and then adapt to the competitiveness of the UN market."

10

SA Foundation's new role still undefined

DURBAN — The new role of the SA Foundation was undefined, but the organisation would remain the voice of business, overseas director Paris office Desmond Colborne said last night.

The foundation recently had closed its overseas offices to concentrate its efforts locally. (30) BD 12/4/95
He told a local business meeting the

NICOLA JENVEY

foundation had always "spoken with the muscle of top business behind it" and as such could continue to use that power.

Overseas director London office John Montgomery said SA was "not yet out of the woods" in terms of guaranteeing European and particularly UK investment.

Loan programme for small businesses

(30) Sowetan 12/14/95

By Isaac Moledi

THE Cape Town-based Trident Institute, in cooperation with the Start-Up Fund, has introduced an integrated training and small loan programme for small enterprises.

Described by the coordinators as the first of its kind in the country, the One-Up Business Training scheme represents a new window of opportunity for young South Africans — particularly unemployed school leavers — to start their own businesses.

Although both the institute and the fund are the coordinators of the scheme, the implementation process will involve more than 70 groups throughout the

country — including the Informal Business Training Trust, Khanya Development Centre, the National Union of Mineworkers and Nicro.

The One-Up Business Training programme has been developed by the institute over the past six years to nurture the abilities of disadvantaged but enterprising people in the informal and semi-formal sectors.

The course, designed to enable trainees to become self-supporting in their small businesses and create employment opportunities for others in their communities, covers the basics of business management skills.

The programme is rated highly by the United States Agency for International

Development and the British Overseas Development Administration and is used by training organisations in Zimbabwe, Swaziland and Lesotho.

More than 25 000 people have successfully completed the programme.

The fund, a non-profit organisation, is backed by the Development Bank of Southern Africa, the Independent Development Trust, Nedcor, Community Development Fund, Anglo American and De Beers Chairman's Fund, Metropolitan Life, Southern Life and JCI.

For more information contact IBTT at (011) 403-3755 or Khanya Development Centre at (041) 54-5077 or NUM at (011) 833-7012 or a local Nicro office.

SA Foundation's sacking of seven 'shoddy', say sources

SEVEN members of the 11 head office staff at the troubled SA Foundation have been summarily dismissed with three months' pay.

Only four are still working at the Johannesburg office, including director-general Kurt von Schirnding.

This follows a decision by the foundation's council last month to close the organisation's four overseas offices because of a shortage of funds and a perception that greater attention should be paid to domestic business issues. The decision has come under fire from some quarters in the business world, which believe the foundation still has an important role to play abroad.

Some people have alleged that weak leadership contributed to the foundation's decline in recent years, and rather than scaling down operations an injection of new blood at the top was called for.

The overseas directors are currently on a report-back tour of SA before returning to their bases in Washington, London, Bonn and Paris to wind up operations.

In all, 19 of the organisation's 23

(30) BD 13/4/95
MICHAEL MOON

jobs would be done away with, sources said yesterday.

Von Schirnding has announced that he will be retiring later this year.

A council subcommittee has been set up to chart a future course.

After a subcommittee meeting on March 30, head office staff were told their services were being terminated with immediate effect and they would get three months' salary.

The subcommittee is due to meet again this month to plan further action. One suggestion has been that a "roving ambassador" be retained to maintain important international contacts built up over the years.

Sources described the treatment of staff yesterday as "shoddy" and "tacky". There was resentment at the abruptness of the dismissals, some said. Others said the conditions were reasonable, given the situation.

But the foundation's international activities were still needed, business sources said yesterday.

One said SA's diplomats could not provide the same sophisticated ap-

proach and quality of service the foundation had done.

Other sources said the foundation's expertise was urgently needed to resolve important issues, such as difficulties being encountered in setting up an SA/US trade agency to be headed by Deputy President Thabo Mbeki and US Vice-President Al Gore.

The foundation, set up in 1968 to represent SA business, managed to gain access at a high level in political and business circles in Europe and the US when SA's official ambassadors were shunned.

However, in recent years the organisation has suffered from falling membership subscriptions as a result of the changed political situation convincing companies that the foundation was no longer necessary.

Yesterday one source said the organisation's SA leadership had not put enough effort into maintaining and building membership.

If more energy had been put into maintaining funding levels, the situation would not have arisen whereby elements within the council could get support for scaling down operations.

Mboweni stays out of Nedlac dispute

BD 18/4/95

30
JOHN DLUDLU

THE Labour Department would not interfere in the running dispute between Business SA and the National African Federated Chamber of Commerce (Nafcoc) over business representation on the executive council of the National Economic, Development and Labour Council (Nedlac), Labour Minister Tito Mboweni said yesterday.

The two-month old dispute arose over the allocation of the 18 seats set aside for business in Nedlac's executive council.

Nafcoc, saying it was the main representative of black business, initially demanded nine of the seats for its members. Then an interim arrangement for the executive council's first sitting on March 18 gave Nafcoc five seats and BSA the remaining 13.

Mboweni said yesterday his Ministry recognised the the 5-13 arrangement as still in force and would continue to do so until informed otherwise by the parties.

"At the next meeting of the council, as chairman, I am expecting five representatives from Nafcoc and 13

from BSA."

The Ministry was not involved in the current discussions between the parties, he said.

"Whatever arrangement they arrive at, as long as business has 18 representatives, we don't have a problem. But if they come with more than 18 representatives to the next meeting, they won't be allowed to take part. They'll have to go and sort it out among themselves."

The two organisations have said the March 18 arrangement was temporary, and have since appointed Nafcoc president Joe Hlongwane and BSA leader Bobby Godsell to find a permanent solution.

Godsell and Hlongwane have been reluctant to give details of any progress made so far.

Nafcoc, which recently lowered its demand to seven seats was now asking for six of the allotted 18 seats, it is understood.

BSA has said that giving more seats to Nafcoc would result in a "diluting" of the sectoral representation of its members.

Tax changes could spur big firms to help small business

By ROY COKAYNE

CT(BR) 19/4/95

PRETORIA BUSINESS EDITOR

South Africa's income tax laws should be reworked to encourage large corporations to help small, medium and micro-enterprises (SMMEs), if the RDP and its drive to create small businesses are to succeed.

So says Don MacRobert, managing director of the Get Ahead Foundation, the small business development organisation in Pretoria.

However, MacRobert was full of praise for government efforts to stimulate small business development.

He referred specifically to the SMME conference held recently in Durban, which was addressed by President Nelson Mandela and a range of international speakers, and where the minister of trade and industry, Trevor Manuel, described his vision for the development of the SMME sector.

MacRobert said: "We were delighted the government has for the first time made such a special effort to address this very important sector. This is where so many fledgling entrepreneurs are to be found, and more particularly where jobs are created.

"It is the boiler room of the economic wealth creators of the future."

However, the co-operation of the department of finance would have to be solicited to properly address the problem, he said.

MacRobert said Section 18A of the Income Tax Act made it possible for donor companies to deduct their donations only where they were made to secondary education institutions.

There is nothing to encourage or assist companies giving money to an organisation which could be used to stimulate SMMEs through business loans, mentoring and so on.

The Katz commission on tax in Section 12.5.3 states that the Income Tax Act should be changed so donations made in furtherance of the RDP should be tax deductible.

The commission states in Section 12.5.6 that the tax deductibles granted thus far in terms of Section 18A are minimal, amounting to some R33 million a year, he said.

MacRobert said research by Get Ahead showed that the stimulation of SMMEs created considerable wealth which would ultimately flow back to the fiscus.

For example, a large company could give an organisation such as the Get Ahead Foundation a grant of R1 000. If this was lent to an emerging small business, such as a spaza shop, to buy stock, research showed that, conservatively, this amount would turn over at least four times a year.

Every time a purchase is made on this amount, VAT of 14 percent — R140 — is paid and thus the fiscus in a year will receive R560.

In five years, to take an arbitrary time period, this amount increases to over R2 000.

The fiscus stands to gain handsomely from VAT alone. As the business gets bigger, other taxes may be paid including SITE and income tax, MacRobert said.

He said representatives from Malaysia told the conference that tax laws there were extremely generous in cases where a large company assisted a small company.

For every rand spent in training a small company, or its employees, there is rand-per-rand tax deduction allowed.

Where the small business is encouraged by its larger partner to start exporting goods, the latter can claim on a one-to-two basis.

MacRobert said the Malaysians showed good economic sense because through these tax incentives they were not only creating jobs but also promoting the export market and therefore gaining foreign currency.

He said that in the Far East, new small businesses were given a honeymoon period during which time they didn't have to pay tax until they reached a certain age or turnover figure.

If South Africa is to succeed with the RDP, and its drive to create small businesses, it will have to address the income tax laws and make them more user-friendly towards the SMMEs and their large corporate counterparts, MacRobert said.

**In Malaysia
tax breaks are
generous for
big companies
assisting small
businesses**

Black business urged to form united front

(30) THEO RAWANA

B019/495

ORGANISED black business ran the risk of being swept aside by international and local competition if it did not move soon to form a single united front, National Economic Initiative director Monde Tabata warned yesterday.

Tabata said the fragmentation in black business was evident in the absence of its input at the recent President's Conference on Small Business in Durban.

He said discussion on the White Paper on the promotion of small business revealed the ignorance black business people had of activities surrounding the advancement of their cause. "Some people at the conference said they did not know what the White Paper was," said Tabata.

Organisations such as Nafcoc, the National Black Business Caucus and the Foundation for African Business and Informal Business (Fabcos), which should have taken a strong position, had operated as separate entities in spite of the clamour from government and other quarters to form an umbrella body.

Tabata said Trade and Industry Minister Trevor Manuel could not progress with the task of promoting small business unless black enterprise united.

Manuel should take the lead and prevail on black business to form an umbrella body, Tabata said.

Trade barriers were collapsing in SA, he stressed. "In five years time, if we are not organised we are going to face the international and local economic onslaught. We need a SA political and business leadership to show the way for the people," Tabata said.

Learn to make small business ⁽²⁶⁾ a big success ⁽³⁰⁾

ARLT 19/4/95

Staff Reporter

POOR management skills are the reason a high percentage of small businesses fail, says Kobus Visser, director of the University of Western Cape's Institute for Small Business.

He and Roland Huckle are presenting a course geared to the needs of the small businessman: Successful Management for the Small Firm.

Statistics show that small companies account for 90 per cent of South Africa's business population and employ more than six million people.

The course, started in 1988 by the Cape Town Junior Chamber of Commerce, has drawn good support.

As small business consultants, Mr Visser and Mr Huckle have published numerous articles and presented papers on small businesses in South Africa.

Their course will cover the skills needed to manage finances, stock and personnel so that your business does not become another statistic, but rather a showcase of good management, an employer of

labour and a generator of healthy profits.

The Cape Town Junior Chamber is a leadership development organisation which believes in the principle of free enterprise.

It supports the course because it believes many small businesses fail due to lack of knowledge and poor management skills.

Funds from the course will be used to sponsor other leadership courses run by the Junior Chamber, which are open to anyone between the ages of 18 and 21.

These lectures and courses are offered free of charge, with lecturers donating both time and expertise.

The Successful Management for Small Firms course runs from April 24 to May 31, on Monday and Wednesday evenings from 6 pm to 9 pm.

It is held at the Robert Leslie Commerce Building, University of Cape Town.

The cost is R430 per delegate, which includes notes.

For further information call Iris at ☎ 23 3138 or Grant at ☎ 686 8365 (h).

Loan scheme aimed at township entrepreneurs

(30) 20/04/95
THE GROWING emphasis on small and medium-sized businesses and the role that township entrepreneurs will play in rebuilding the economy have been given a boost with the introduction of an integration training and mini-loan programme.

Cape Town-based Trident Institute director Talia Raphaely said the programme would provide opportunities for large numbers of people, including school leavers who would otherwise be unemployed, to start businesses.

Trident, the Start-Up Fund's mini-loan facilities and the One-Up Business Training programme had collaborated to create the programme. The mini-loan facilities of the Start-Up Fund were being made available to training and development organisations in the micro-enterprise field in SA.

The Start-Up Fund is a non-profit organisation operating a mini-loan scheme for poor entrepreneurs. It is backed by the Development Bank, the Independent Development Trust, Nedcor Community Development Fund, Anglo American, De Beers Chairman's Fund, Metropolitan Life, Southern Life and JCI.

Loans from R200 to R1 500 were available, and trainees could borrow up to R6 540 over a three-year period. Start-Up Fund chairman Tony Davenport said it was a waste of time to train people for self-employment if they could not obtain the capital needed for business.

"This integrated training and mini-loan programme is expected to play a major role in the future development of micro-business activity in SA."

Raphaely said all trainees completing the One-Up course would be invited to enter the mini-loan scheme.

"The course was developed by the Trident Institute over the past six years to meet the needs and abilities of people from a disadvantaged background in the formal and semiformal sectors."

The course covered all the basics of business management, and was designed to enable trainees to become self-supporting, and provide employment opportunities in their communities. The course was currently being used by more than 70 training organisations in SA, Zimbabwe, Swaziland and Lesotho, and more than 25 000 people had successfully completed it.

BUSINESS Transport cogwheels' annual general meeting • Agency for business development

New role for ³⁰ the SBDC

By Mzimkulu Malungasowele ^{ran} 20/4/95

THE Small Business Development Corporation says it will continue financing micro enterprises until the end of June when it transfers this task to the newly established Small Business Development Agency.

In terms of the new agreement with the Government, the Small Business Development Corporation will have to concentrate on financing and supporting established small and medium enterprises.

The funding and support systems for micro enterprises will be taken by the newly established development agency. SBDC's Carl Handley says all existing loan agreements with small business people stand under terms agreed by the institution and the borrower.

Since it was announced that there was going to be a change in the structure of institutions supporting and financing small business, many emerging entrepreneurs have been left confused.

From July this year the functions of both the SBDC and the SBDA will have been clearly demarcated. However, in the interim the SBDC will carry on with business as if nothing has happened.

Instead of just lending out money, as it is the case at the moment, the new look SBDC will have to invest in some of the small business ventures so as to share the risk.

Currently the SBDC and the Government are still negotiating the structure of the new shareholding between the Government and the private sector in the institution.

Although it is not clear yet, it is understood the Government wants to reduce its shareholding from 50 to 20 percent so that it would be able to divert some of the resources to the likes of SBDA and another new structure called the National Small Business Council.

In the present situation, the Government and the private sector have equal shareholding in SBDC, but private shareholders have a 75 percent voting power on the board.



ON THE JOB Black construction workers in Soweto. Industry commentators say they are not up to scratch

Give blacks 40% of RDP projects, says trade team

(30) CT(BE)21/4/95

By FRANCOISE BOTHA

STAFF WRITER

Black businesses should be given a 40 percent stake in state projects related to the reconstruction and development programme, a recent American delegation has suggested to the government.

The recommendations were made to ministers during the visit by Atlanta businessmen, led by the city's mayor. They said the approach had been used with great success in Atlanta and would be suitable for RDP-related projects.

There was mixed response from South African business interests.

Theo Rudman, executive director of the Self Employment Institute, said: "Such moves by the government would be welcome, but 40 percent is too high.

"This should be a target and not legislated. The government should consider a phasing-in approach and allowance should be made for slightly higher prices to help build emerging businesses."

There is concern that the quality of building work could suffer and costs could escalate, especially if

quality and delivery construction guarantees were not required should the 40 percent requirement be accepted.

Major players in existing state contracts baulk at the concept which they claim will result in "anti-competitive practices and a mockery of the tender system".

Rodger Ellick, director of Bruce Dundas Master Builders, commented: "The construction guarantee system used at present cannot be imposed on black builders, despite their having the capacity and the experience.

"It would require either substantial funding or the provision of collateral or security to a bank, which the disadvantaged cannot provide.

"Black contractors have been ignored in the past and there is a definite need to bring them up to standard to compete in the building industry.

This could take five to 10 years to achieve through a phasing-in process, but could also be achieved through joint ventures," Ellick said.

Daniel Malan, co-ordinator of the Business Opportunities

Network, said: "We shouldn't strive to achieve targets at all costs. The emphasis should be on making black business competitive."

Atlanta-based businesses are also looking to strengthen ties with local companies in terms of reciprocal investment projects, offering a gateway into the US market.

In the wake of the co-operative agreement signed by Georgia Power and Eskom, South African businesses say that discussions of reciprocal projects are under way.

No further RDP-related joint ventures have been announced, but Atlanta mayor Bill Campbell commented:

"We have established meaningful dialogue and important contacts with representatives of more than 100 companies, and South African businesses have shown a great deal of interest in joint venture projects."

Following the signing of the Atlanta-Johannesburg trade and industry alliance in October, Campbell said he hoped that the cities of Cape Town and Atlanta could be twinned and that business would flow from this relationship.

'White' corporations warned not to patronise their black suppliers

(30) CT (Bk) 2/14/95

By THABO LESHLO

Large white corporations seeking partnerships with black suppliers should not compromise their standards to accommodate their black partners, Ralph Moore, a visiting African American businessman, warned yesterday.

"You should be careful not to let race be an issue. Some people will always try to use race for leverage," Moore told company representatives attending a seminar on re-engineering corporate procurement strategies in Midrand.

The seminar was organised by Black Integrated Commercial Support Network (BICSN) and Unisa's Graduate School of Business Leadership.

Moore urged delegates always to seek mutually beneficial, long-term relationships with black busi-

ness, instead of just handing out supply contracts and money.

"A partnership is a two-way street. It's a win-win situation in which you have a responsibility to your partner."

Responsibilities

He outlined five responsibilities for black companies in partnerships with their mainly white corporate customers in South Africa.

Black businesses must make sure they bring value to the business of their potential corporate customers. The corporates should not compromise their standards of value, but rather help develop black suppliers to meet the high standards.

They must understand their own businesses and always strive to make them better. Too many

black businesses were in the habit of employing relatives to key positions. "Don't hire your mother. You can't fire her," said Moore.

Black suppliers must understand the business of their corporate partners in order to develop long-term relationships. Equally important was the need to learn acceptable ways of doing business: how to dress properly, be punctual, write business letters and make presentations. Many companies turned a blind eye to unacceptable business behaviour by black people for fear of being labelled racist.

Large black companies in such partnerships must work to develop micro businesses — in the same way that the corporates should work with black business. Said Moore: "You must make it a responsibility of black business to work with micro businesses".

Because of their closeness to the black community, black businessespeople must play a leading role in addressing unrealistic black expectations for a better life in the immediate term.

Unrealistic expectations

He cited the recent protest by hundreds of jobseekers who besieged the newly opened Pepsi plant in Germiston demanding jobs.

Renaldo Jensen, minority suppliers development director at Ford Motor Company, urged South African companies to seize the moment and be proactive in developing relationships with black businesses.

"If you don't do it, government will do it for you, and nine times out of 10, they do not have the

same objectives as you do."

He said Ford would acquire \$1.3 billion of its \$45 billion volume of purchases in the United States from minority suppliers in 1995.

This would increase to \$2.5 billion of a projected \$50 billion volume of purchases in the year 2000.

Jensen said Ford believed that companies that poured back money into the communities that supported them, would be able to continue selling their products in those communities and growing their businesses.

Sonny Tarr, BICSN corporate affairs vice-president, said the past five years had seen an enormous change in attitudes.

More corporates were now willing to give worthwhile contracts to small, medium and micro businesses in South Africa, Tarr said.

Advisory body for Nissen

ET 21/4/95 (30)

WESTERN CAPE Economic Affairs Minister Chris Nissen yesterday announced plans to set up a top level advisory board to help him, plus a "networking" school for small business

owners who would form the central theme of a business summit in July.

He will submit the names of advisory board candidates to his cabinet shortly. — Political Staff

Trade and Industry Minister Trevor Manuel is fighting a battle of intangibles. He spoke to **RAY HARTLEY** about the skirmishes which lay ahead

Sunday Times
SECTION 2

ALMOST unnoticed by his fellow South Africans, Trade and Industry Minister Trevor Manuel has quietly been fighting one of the greatest battles of the new South Africa: to turn its uncompetitive economy around.

While South Africa was negotiating its way towards last year's election, the world was undergoing a far-reaching change of its own.

Just 11 days before the April 27 elections, the General Agreement on Trade and Tariffs was signed in Marrakesh, heralding the next phase of construction in the global economic village.

The gist of the 400-page agreement was that there was now a single set of rules to govern world trade.

The days when South African business could lobby government for protection against foreign competition came to an abrupt end.

The consequences of the new order could be extensive for business.

"If they do nothing but lobby for protection, then they're going to get out wiped out fast," Mr Manuel says.

The agreement came as South Africa's economic isolation crumbled.

"Foreign companies see South Africa as a marketplace but, more importantly, they see SA as a market — a place where you go to sell," he says.

Foreign sellers responded quickly with exhibitions of foreign goods from countries as diverse as the US, India and Malaysia.

Write imports have been threatening to flood in, South Africa has been fighting a battle to open up foreign markets to its exports. The key to this is the trade status granted the country.

In terms of Gatt, SA has been given "developed" country status, an incorrect assessment, says Mr Manuel.

In truth, South Africa is a developing country. All the statistics for black South Africa mirror those of developing countries.

The difference between the two categories is enormous, with

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who means
BUSINESS

developing countries enjoying far fewer tariff restrictions on world markets.

"We're arguing about the relative poverty of South Africans, but it's a hard battle. People come here, stay in top hotels and have lunches with business people in good restaurants," he says.

But the goods that South Africa exports provides a clue to the country's true status. Two thirds of our exports are primary commodities, in plain English — that which we dig from the earth, shake off the trees, put in boxes and send overseas," he says.

Like its neighbours, South Africa's colonial legacy meant it was always seen as a provider of raw materials, with value being added at their destinations.

Despite the problem of trade status, Mr Manuel has shored up preferential status agreements with the US, Canada, the European Union, Norway and Japan for a defined "basket of goods".

But while three quarters of South Africa's European exports

go in at zero duties, these are mostly raw metals whose value is determined on Europe's specialist metal bourses.

The rest — agricultural products, paper pulp, clothing, auto parts and electrical goods — face tariff changes of between 15 and 20 percent.

First prize, and the chief subject of Mr Manuel's fight with the EU's Brussels-based Eurocrats, has been to put South Africa on a par with other African, Caribbean and Pacific countries under the Lomé convention.

South Africa's geographical position, far from being isolated, is "the stuff that advantage is made of", says Mr Manuel.

"What did Singapore have. They didn't have oil of their own, but they have the largest concentration of refineries because of their geographical position.

"We're extremely well positioned in relation to emerging markets. There's a kind of a halfway house thing."

An initiative to start an economic alliance of "Indian Ocean Rim" countries has begun, but it is still "early days", says Mr Manuel.

Representatives of South Africa, Australia, India, Malaysia, Mauritius, Singapore and Kenya will meet again at the end of June in Australia to take the initiative further.

But while government can lobby for international trade status, the real problem lies closer to home, with the competitiveness of South African business, says Mr Manuel.

"It's less about the market access that government can secure. The key issue is what business in SA does — perhaps more importantly, what business and labour do together.

"There is a fundamental problem that we're up against that is that we don't manufacture for export. When we were a little isolated economy with walls all around, it didn't matter," says Mr Manuel.

Now it means economic life or

THE THOUGHTS OF MINISTER MANUEL

If businesses do nothing but lobby government for protection, then they're going to get wiped out fast

Foreign companies see us as a marketplace but, more importantly, they see us as a market — a place where you go to sell

death. In simple terms, if South Africa imports more than it exports, it is going to end up with a deficit on its current account, leading to a lowering of its reserves.

The end result is more borrowing and the prospect of spiralling debt.

The only way to ward this scenario off in the new global trade environment is to manufacture for export and increase the competitiveness of local companies.

This will require massive effort to turn around South African businesses which have been shown to be uncompetitive.

Examples of the problem abound. South African companies a stone's throw from Iscor pay the same price for steel as those buying on the London metal exchange. Samcor produces 92 variants of its B100 bakke, leading to gross price inefficiencies.

"Certain choices have to be made," says Mr Manuel. South African companies need to look for niche markets and concentrate on single products rather than producing "50 little bits of everything".

So far, South Africa's success stories in big markets like the US are few and largely anecdotal.

Mr Manuel talks enthusiastically of the South African manufacturer of fridges and stoves that has secured some big US orders and of a clothing firm selling dresses to Americans.

SA clothing appears on the shelves of Marks and Spencer and Frasers in London, he says.

"If they didn't have the 'chutzpah' to go there, they would never have known they could sell to that market," he says.

How will he know whether or not his plan is working?

"It's not like a Kader Asmal job, where you can go around and count the number of taps that have been put in, it's far less tangible," says Mr Manuel.

So far he has delivered access to international markets and a comprehensive understanding of the problem.

But his intangible task of turning around South African business has only just begun.



'CHUTZPAH' IS NEEDED... and Trevor Manuel leads from the front Picture: JON HRUSA

SMMEs on a tightrope

THE process of formulating South Africa's small, medium and micro enterprise policy has been an awesome task and indeed the first in the country's history.

Locally and abroad, many have praised it as being one of the best in the world. The Trade and Industry Ministry, prime drivers of the process, deserve to be commended for a good job.

However, processes of this magnitude do carry a significant danger in that people can get so overwhelmed by the worthiness of the exercise that they lose sight of potential problem areas.

It is, therefore, wise to stand back from time to time and look critically at the process. The bulk of the work still lies ahead and it is not celebration time yet.

We are getting to the most critical stage of our policy process — implementation. People's expectations have been raised by the process and they now want to see the results.

Critical issues

This stage is delicate because it involves critical issues, such as allocating resources, selecting people for jobs and accreditation of institutions. There are significant political and economic risks here.

In this regard, there are valuable lessons to learn from other countries. Kenya, for instance, will tell us that this is where their SMME policies collapsed.

They had also done an outstanding job — taking up to two years to do what we did in less than a year.

But they failed to manage this delicate stage effectively and all their policy work was reduced to nothing.

Three areas need close attention: staffing, accreditation of institutions and the role of provincial governments.

Staffing and accreditation

The formulation of the SMME policy has involved creating a number of institutions — the chief directorate in the Department of Trade and Industry, the Small Business Development Agency (SBDA), Local Service Centres (LSC) and the National Small Business Council (NSBC).

The staffing of these institutions is critical. There is significant risk here that Government may come under pressure to reward those who supported the process with special favours, such as preference for jobs.

Significant public concern

There is already significant public concern over who will do the selection, what criteria will be used and how transparent this process will be. These concerns are justifiable.

People want to ensure that the job-for-pals practice of the previous era is not repeated. Trade and industry will do very well to heed

SA's small, medium and micro enterprise policy is reaching the critical phase of implementation. **Septi Bukula** of the Wits Business School discusses the possible political and economic pitfalls ahead.

(30) Sowetan 24/4/95



Manuel's department is being urged to be transparent when staffing the newly-created structures.

these concerns. The risk of meting out special favours also extends to the accreditation of institutions to become LSCs. The Government may be under pressure to favour those that invested considerable amounts of time and resources in supporting the process.

Even a small mistake in these two areas carries significant political and economic risk. If people perceive problems with staffing, there may be a major political backlash.

If less deserving institutions are rewarded with accreditation and therefore receive Government funds, taxpayers' money will be wasted and SMMEs will not benefit in any way.

To address these concerns, it may be advisable for the DTI to set up an independent staff selection team and another team responsible for evaluating institutions for accreditation. Accreditation will still remain the task of the SBDA.

These teams should be representative of the players in the SMME arena and be competent. This will ensure that the process is not only transparent but also seen to be so by the public.

Provincial government units

This is a rather complex issue because it goes way beyond just one ministry and is a hot political issue right now. So it needs to be handled with caution.

It would be impossible for the DTI to commit itself to a firm position on this issue, and this is understandable. But it must also be understood that it is unfair to expect provincial SMME Units to actively participate in a process in which they see themselves as having been co-opted rather than brought on board as equal and competent partners.

This has nothing to do with the politics of national versus provincial powers. It is about recognising competent partners whose contributions matter.

As things stand now, provincial government SMME Units are passive riders in a process they have no power to influence.

Any self-respecting individual would obviously be uncomfortable about this state of affairs. This needs to be rectified urgently.

The country's SMME policy will stand or fall on these two issues. They merit urgent attention and the DTI cannot afford to brush them aside or be defensive about them. If this happens, the entire policy will be threatened and if it fails, SMMEs will be the ultimate victims.

Their votes demand that these matters be addressed — in a transparent manner.

(The writer is an administrator at the Centre for Developing Business, Wits Business School).

SA Breweries backs bid to aid young businessmen

(30)

THEO RAWANA

A NATIONAL business initiative for unemployed youth would be launched in Johannesburg next month, SA Breweries announced yesterday.

Kick-Start '95, a joint venture between SAB (Beer Division) and the National Youth Development Forum, would be managed by the Centre for Opportunity Development, SAB said.

"The project endeavours to educate and encourage unemployed youth to start small or micro-enterprises. It comprises three phases: mass education, competition, and success enhancement."

The mass education phase consisted of 11 lessons on how to start a small business, to be run in regional newspapers and one national newspaper from May to July.

"During the first phase, 30 community trainers selected by each regional committee will attend a five-day business training course conducted by the Centre for Opportunity Development at venues in the respective regions," SAB said.

Upon successful completion of this course, the community trainers would train 50 young people between the ages of 19 and 30 to develop a business plan, identifying opportunities in their environment and starting up a small business.

The proposals will be submitted for the first round of the competition, by August 7.

"Through a panel of judges, each region will select 50 good business plans whereupon each entrant selected will receive an award of R1 000 as seed capital in order to start the micro-enterprise proposed."

After a period of monitoring by the community trainers, three top performers would be selected from each region to receive start-up capital of between R3 000 and R10 000 in January next year.

"It is foreseen that ongoing support will be provided for the 24 successful young people through ongoing monitoring and assistance from the regional committees."

Zuma calls for healthier lifestyle

(30) BD 25/4/95

KATHRYN STRACHAN

LIFESTYLE diseases were responsible for nearly half the deaths of South Africans, Health Minister Nkosazana Zuma said yesterday in a statement emphasising the need for programmes which addressed unhealthy living.

The major causes of death were cerebrovascular and heart diseases, and tobacco and nutrition-induced cancers.

Estimates showed that between 1-million and 2-million people in SA suffered from diabetes. The hospital costs of these diseases amounted to R202m a year.

Chronic lifestyle diseases, with smoking standing out as the main contributor, cost

the country about R5bn a year.

According to the World Health Organisation, lifestyle diseases caused up to 50% of deaths in developing countries, and the trend was starting to have an effect on the disease pattern of SA. As the lifestyles of black South Africans became more Westernised, the burden of chronic lifestyle diseases in SA would soon mirror the pattern of black Americans.

Zuma said programmes were needed to equip people with the knowledge and skills to promote their well-being.

More jobs in retail sector

30

By AUDREY D'ANGELO

CAPE BUSINESS EDITOR

The number of jobs available in the retail sector has risen for the first time since the third quarter of 1991, according to the latest consumer and retail survey carried out by the Stellenbosch Bureau for Economic Research (BER).

It shows that retailers' confidence was high in the Western Cape, North West, Eastern Cape, Gauteng and Northern Cape when the survey was carried out in the last two weeks of March.

The volume of retail sales was higher in all provinces except the Eastern and Northern Transvaal, with the biggest increases in the North West, Free State and Western Cape.

The volume of sales in the wholesale sector increased in every province except the Free State.

Despite this, the business confidence of wholesalers was low in the Western Cape and in the

Eastern and Northern Transvaal. Retailers and wholesalers all expected inflation to accelerate in the current quarter.

The survey shows that business confidence remained high in the motor trade in the first quarter, with more than 80 percent of dealers in new vehicles and spare parts rating business as satisfactory.

Confidence was less high among dealers in used vehicles, but BER economists say lower sales were due mainly to a shortage of stock.

The BER survey of consumers included blacks in cities, towns and villages throughout South Africa. Previous surveys had included those in the major metropolitan areas only.

The composite consumer confidence index declined marginally from 111 points to 109. This was the second consecutive quarter showing a slight fall, but the BER report says such a small drop is statistically insignificant.

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CT(BR) 26/4/95

Business boost

LEADING high-tech group Altron has launched new plans to ensure that 20 percent of all its goods and services are sourced from emerging enterprises, particularly black-owned ones. (30)

The 20 percent directive, says *Engineering News* in its latest edition, ensures that more than R400 million of procurement contracts will be awarded to black and emerging businesses capable of meeting the group's standards.

The 200-company group executive chairman Bill Venter says 48 percent of the group's R4,5 billion annual turnover is currently spent on bought-out materials, equipment, components and services.

Business sectors where such black empowerment opportunities are most readily available include security, cleaning, towelling, canteen, motor vehicle maintenance, building and general services.

Sowetan
28/4/98

Nedlac gets down to business



BY THABO LESHILO

CT(BE) 4/5/95 STAFF WRITER

The National Economic, Development and Labour Council (Nedlac) had established an essential infrastructure and would begin discussing priorities today, the body's executive director, Jayendra Naidoo, said at a media briefing yesterday.

More than half the staff quota had been filled with members drawn from the trade unions, the business community and the government.

Naidoo said various constituencies would make their first formal presentations on the draft Labour Relations Bill at today's meeting of the Nedlac development chamber.

He said the struggle between the National African Federated Chamber of Commerce (Nafcoc) and Business SA over the 18 seats on the body which were reserved for business, had not affected progress on the council.

Bobby Godsell, BSA's vice president, agreed, saying that progress had been made at numerous meetings held between Nafcoc and BSA to resolve their differences.

The 18 seats were to be shared among BSA's 18 affiliated business bodies. However, Nafcoc demanded nine seats as it was the largest body representing black business and should be treated as an equal.

BD 4/5/95

Black deals increase

BLACK economic empowerment transactions have increased sharply in the past two years, with over 20 major deals, including five listings, valued at over R1.5bn according to disclosed figures. (20)

Speaking yesterday at the mergers and acquisitions conference at Midrand, Standard Corporate and Merchant Bank corporate finance director Rob Dow said the momentum was continuing, and new opportunities were arising such as privatisation of state assets. (4)

Mergers and acquisitions were a significant catalyst to bring about empowerment, creating opportunities for equity ownership and control of corporate as-

AMANDA VERMEULEN

sets. "Mergers and acquisitions also open up avenues for black business to gain access to the mainstream of the economy by brokering credible transactions involving established assets with a strong management track record."

In addition, deals involving established assets reduced the risk of failure, he said. Black business would be able to develop a "real" sense of ownership as far as the economy was concerned, and could develop additional constructive partnerships which promoted black ventures.

There was still a lack of capital within the black community, however.

Nedlac unveils its work programme

20 4/5/95

(179) (30) (172)

THE National Economic, Development and Labour Council (Nedlac) last night unveiled its long-awaited working programme to enable its chambers to start economic and development policy talks.

At a news briefing in Braamfontein, Nedlac executive director Jayendra Naidoo said the council — which represented labour, business, community and government constituencies — had established the infrastructure to become operational.

Constituencies had approved a budget; total budgeted expenditure over 15 months was R6,2m.

The work programme set out key priorities, with processes and time frames for negotiation.

The work programme would kick off today with discussion in the labour market chamber of the draft Labour Relations Bill, Naidoo said.

Other issues on the agenda included International Labour Organisation conventions, amendments to the Unemployment Insurance Act and monitoring revision of labour laws.

Top on the trade and industry chamber's agenda were policy on international trade relations, competition, supply side measures, and minerals and energy policy.

The development chamber would hold its first meeting today.

Naidoo said the National Women's Coalition, the National Youth Development Forum and the SA National Civic Organisation had been admitted as representing community interest.

The current chairman of the execu-

JOHN DLUDLU

tive council and management committee was Cosatu secretary-general Sam Shilowa. The chairman's seat would be rotated on a quarterly basis.

On the dispute between Business SA and the National African Federated Chamber of Commerce (Nafcoc) over business representation on the council, Business SA leader Bobby Godsell said "substantial progress" had been made towards agreement on the criteria to be used.

However, he would not disclose how representation would be divided between Nafcoc and Business SA.

Naidoo said a proposal on media access to chamber proceedings was being considered.

Meanwhile, RENEE GRAWITZKY reports that representatives of the three constituencies believed that the process for reaching consensus on the draft Labour Relations Act could be evaluated only after their positions had been tabled in the labour chamber today.

Government co-ordinator Les Kettleidas said it was essential the legislation complied with the provisions of the constitution, the reconstruction and development programme and international standards.

Godsell said the goal was to ensure the new Act in its entirety inspired the confidence of all parties. Inevitably, not all clauses would be agreeable to everyone.

Labour co-ordinator Ebrahim Patel said any agreement covering such complex issues would be "a series of compromises".

● See Page 5

his contribution to the newspaper will be sorely missed." — Sapa.

PE

Industry urged to target townships

(30) B D S I S I 95
BONILE NGQIYAZA

INDUSTRY should be encouraged to establish networks in black townships so as to trigger the emergence of new business and economic nodes, the executive director of the National Economic Initiative (NEI) said.

Monde Tabata said township communities had to take the initiative of addressing obstacles preventing businesses and industries from developing within them.

He said government should only be involved in facilitating "creative ways" to reinforce local development initiatives.

During the apartheid era no township was planned to be an "economically viable" entity, nor could it "develop into a community capable of developing an economic character and profile", Tabata said.

"This situation will have to be changed as the majority of blacks will always be living in townships.

"They have to travel far — sometimes for hours — to get to and from work.

"They, therefore, do not have the time to shop in their neighbourhood and the area does consequently not become an economical growth point."

He said that the planning that lead to blacks travelling long distances for their conveniences should cease.

Township communities had to disprove negative perceptions of "unpredictability and unsafety" in their places of residence.

"A forum that concentrates on economic planning and implementation strategies should also be established.

"In that process, the partnership must tap on all available resources within the community."

Tabata will be one of the speakers at an AIC conference and Old Mutual's Black Business Summit next week.

His topic will be: "Creating and capitalising on business opportunities in the townships."

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Business calls for a free-market constitution

(30)
After weeks of negotiation between sectors, a delegation
presents 12 principles to the Constitutional Committee

CT(BR)9/5/95

BY BRUCE CAMERON

POLITICAL EDITOR

Organised business has presented a broad set of 12 principles to the Constitutional Assembly, seeking a constitution that will guarantee a free market economy.

The proposals, which were submitted by a 15-member delegation to the Constitutional Committee at a two-hour hearing yesterday, were the result of weeks of negotiation between the different sectors of business.

In accompanying documents, organised business, representing all the members of the umbrella Business South Africa and National African Federation of Chambers of Commerce (Nafcoc), said its 12 guiding principles were designed to evaluate ways the Constitutional Assembly could give flesh to the 34 constitutional principles negotiated at Kempton Park before last year's general election.

"If reflected in the constitution, the 12 guiding principles will provide the basis for a peaceful and democratic society committed to shared growth.

"Such a constitution would be a platform for investment and sustainable growth in an open economy that can compete internationally."

Representations from Business South Africa were considered one of the more important presentations made to the Constitutional Assembly, which is due to have a draft ready by mid-year.

The delegation did not expect the committee to adopt the 12 principles in full, but rather to take them into consideration "in how they frame the constitution".

In an interview with Business Report, Joe Hlongwane, delegation leader and Nafcoc president, said that in its proposals, business was seeking to achieve a partnership with government that would help ensure the protection of the economy.

Business was also seeking a framework that would allow the fundamental problems of the country, such as poverty, to be addressed through sustained economic growth, he said.

Turn the page for full report

Businessmen want economic justice

ARL 9/5/95

Political Staff

ECONOMIC and social justice, an open market economy, certainty of property rights and freedom from poverty are among issues South Africa's business community wants ensured by the country's final constitution.

They are included in 12 principles of a business charter for the new constitution presented to the Constitutional Assembly yesterday by a delegation of top business leaders from a broad spectrum of activity.

It ranges from the Afrikaanse Handelsinstituut to the National African Federated Chamber of Commerce, and includes the South African Chamber of Business, the Chamber of Mines and South African Agricultural Union.

The principles, presented as a common position paper, are:

Simplicity, realism, democracy and electoral accountability, social and economic justice, an enabling state, complementarity, a market for all, certainty in law, rights for civil society, partnership, fiscal integrity and stable money.

Addressing the gathering in parliament's old House of Assembly chamber, Sacob's director-general, Mr Raymond Parsons, said a final constitution had to strike the right balance between the cultures of entitlement and enterprise.

"Business believes that, in order to achieve these goals, high and sustained growth, shared by all, is essential."

South Africa needed to double its growth rate between now and the year 2000 to make a "real success" of the Reconstruction and Development Programme.

The constitution had to embody an "investor-friendly" message for foreign investors and its effective entrenchment were "of cardinal importance for securing a stable and predictable political environment".

Property rights and freedom to engage in economic activity would need to be key elements in the kind of economic system reflected in and guaranteed by a final constitution.

This constitution had to help consolidate the political and economic gains South Africa had achieved over the past 12 months.

"Should it require extra time to get this right, then the Constitutional Assembly should seek that extra time — whether it be six months or a year," said Mr Parsons.

Elaborating on the principle of simplicity, Mr Bobby Godsell, vice-president of Business South Africa, said "we need a constitution written by the people for the people; not by lawyers for lawyers". — Sapa.

Business presents 'Freedom Charter' (30)

ADRIAN HADLAND

CAPE TOWN — Organised business presented the Constitutional Assembly yesterday with a charter of 12 guiding principles it wanted embodied in SA's constitution.

If included, the principles — described by Water Affairs Minister Kader Asmal as "business's Freedom Charter" — would bolster foreign and domestic investor confidence and spur growth, SA Chamber of Business (Sacob) director-general Raymond Parsons said. **BD 9/5/95**

"Foreign investors will be looking closely at the economic elements of the final constitution," he told assembly members.

The principles, backed by 18 business organisations including the National African Federated Chamber of Commerce (Nafcoc), Sacob, the Afrikaanse Handelsinstituut, the Chamber of Mines and the Council of SA Bankers, portrayed issues of broad agreement among the business community, Nafcoc president and delegation leader Joe Hlongwane said.

According to the preamble to the principles, "if reflected in the constitution, the 12 guiding principles will provide the basis for a peaceful and democratic society committed to shared growth".

Simplicity and realism are suggested as keys to the nature of the constitution.

The proposals say the constitution should be in "plain and inspiring" language, with a clear distinction between issues that are the proper domain of the

□ To Page 2

'Freedom Charter' (30) □ From Page 1

constitution and those that are more appropriate to legislation.

On the nature of the state, the business submission calls for democracy, electoral accountability and social and economic justice. "Acknowledging that the current prevalence of poverty and related social ills are to a great extent a direct result of deliberate political and economic disenfranchisement, we believe economic and social justice, freedom from poverty and related social ills should be key objectives of the constitution."

The principal role of the state should be to set a framework and create an environment conducive to private activity. The constitution should define clearly the roles, competencies, prerogatives and functions best handled at different levels of government, while allocation of powers should be matched by granting appropriate administrative and financial capacity.

The proposals call for an "open market economy, characterised by competition,

with protection against monopolies and collusion". Investment and enterprise will be sustained only if property rights are certain, contracts can be enforced through the legal system and if flouting the law is punished.

The public service, firms, unions, charities, churches, political parties and professional associations should be granted protection under the Bill of Rights.

The "principle of partnership" states that "for the national vision to become a reality, civil society must participate fully in a national effort that is beyond the reach of government alone".

Orderly consultation with the public service would be in government's best interests as in this way a common wisdom could be found, efforts co-ordinated and unintended consequences avoided.

The proposals also urge fiscal integrity and the maintenance of a stable currency and an independent Reserve Bank.

Black business told to avoid elitism

20 9 15 1995
30
THEO RAWANA

BLACK business should avoid the monopolistic corporate structures of the apartheid era and emerge as a pyramid with a broad base where smaller business enterprises would also benefit, Public Works Minister Jeff Radebe said yesterday.

Radebe was addressing the Black Business Summit at Midrand, where another speaker, reconstruction and development programme commissioner Ben Turok, warned the new SA against following the Nigerian route, where black business development became elitist.

Radebe said a recent study had shown that there had been a substantial increase in incomes for the top 10% of blacks.

"In 1991, the bottom 40% of the African population received 6,4% of total African income, while the top 10% of the African population received 46,6% of the total African income. This means that the poor are getting poorer and the rich richer."

He said this process was far less pronounced among Indian and coloured people, while among the white population there was a clear and substantial impoverishment at the lower levels.

"We draw attention to this data, not to begrudge the acquisition of higher incomes by Africans or anyone else. Indeed we welcome the growth in wealth by individuals from disadvantaged communities.

"But... we have a responsibility to ensure that wealth acquisition is not accompanied by greater inequalities than existed in the past.

"We ask black business to be socially responsible so that all will benefit from an expanding economy, so that people who do not have paid jobs can also find a place in the sun.

"Government will make use of supply side measures to assist industry in capacity building and training workers in the use of technology.

"Government will also encourage entrepreneurs to enter manufacturing since the restriction of small and medium enterprises to retailing and distribution will severely inhibit the growth and viability of this sector."

Turok said: "There is a progressive element in the emergence of a black business class as a counterweight to the inherited white power bloc in the economy." However, democratisation of the economy and society meant empowerment of lower level structures. "We do not want to build black business on the back of cheap labour policies, massive unemployment which serves as a reserve army of labour to keep wages down and similar injustices."

Sapa reports Public Enterprises Minister Stella Sigcau told the meeting at least 40% of the economy should be owned by the historically disadvantaged sector of the population by 2000.

She said SA should follow Malaysia's example in restructuring its economy. Malaysia had set a target of 30% ownership of the economy by disadvantaged people and achieved this in 1990. Malaysia had historical social divisions and economic structures similar to SA's, she said.

"There is a need to move from minimum control to an economy that encompasses all people," she said, proposing a national economic programme which would draw in the whole population.

Economic restructuring should precede privatisation initiatives, Sigcau said.

New democracy and EU share celebration

PRETORIA — SA's new democracy and the freshness of the European Union had a lot in common, EU ambassador Erwan Fouère said yesterday.

Fouère was referring to today's Europe Day commemoration — an occasion intended to honour the 45th anniversary of the Schuman Declaration, which itself paved the way for Europe's economic and political integration.

"Europe Day coincides with the celebrations marking the first anniversary of SA's government of national unity," Fouère said.

He said the EU was SA's largest donor, funding 700 projects worth R1.6bn

and earmarking an additional R550m in grants for this year.

The EU was also SA's largest foreign investor and trading partner, according to Fouère.

It absorbed more than 40% of SA's exported goods.

Diplomatic relations with SA were established in December 1993.

During last year's elections, the EU deployed 350 election observers who declared the election free and fair.

Europe Day will be celebrated today at the University of Pretoria. The Atrium Symphonic Orchestra and the Sebokeng Choir are to perform. — Sapa.

Advice for firms on affirmative action

ERICA JANKOWITZ

ONLY about half the estimated 400 000 new management posts required by the year 2000 would be filled by whites, making it essential for all companies to become involved in developing management potential in the other race groups, says the Strategic Fuel Fund Association.

The association, which manages SA's strategic oil stocks for the Central Energy Fund, warned that few meaningful development opportunities were being given afforded to black managers. This was especially true in areas such as finance, operations and technology. This meant black managers were not given a chance to experience the cutting edge of business operations.

The association recently appointed an affirmative action manager, Lance Dirksen, to identify and develop management potential and place candidates on an accelerated career development path.

Dirksen said he understood black managers, who were portrayed as job-hoppers because very few companies offered real support mechanisms for their affirmative action appointments. The association was intent on not falling into the same trap, he said, but would nurture appointees to make sure they made a success of the programme.

In addition, line management was expected to back programmes uncon-

ditionally and all workers were assured that affirmative action was not about retrenchment.

Warnings from legal experts against forcing white males out of jobs to make way for blacks and women on the corporate ladder had not fallen on deaf ears at the association. Instead, an appointments policy was in place to ensure appropriate candidates were selected to join the company.

The association was aware that affirmative action was not merely about appointments. It was, in fact, designed to give appointees the opportunity to add real value to the organisation. Appointees should puncture the myth that they had been given management positions only to fill a company quota. They needed to become results-driven and perform beyond expectation, Dirksen said.

"Affirmative action is not about fads, morals, levelling playing fields or moving goal posts, but about developing a growth strategy that will result in the business becoming world class and competitive by investing in human potential."

Dirksen felt he was the right person for his job at the association, coming as he did from a previously disadvantaged population group.

R500 000 for small businesses

JOHN DLUDLU

Companies registered with the bureau were offered access to a worldwide trading network, an international business communication which enabled users to broadcast and receive proposals from potential trade counterparts, a freight brokerage computer programme, concessions on freight forwarding, travel and advice on government export incentives.

A departmental spokesman said yesterday every effort should be made to find suitable markets for goods manufactured by small enterprises.

The small business sector had emerged as the flagship programme of the Trade and Industry Department following the release of the government's policy framework to promote the sector's development.

THE Trade and Industry Department would give R500 000 to the International Trade Bureau in subsidies to assist small, micro- and medium-sized enterprises to gear themselves for the export market, bureau chairman Alan Tiley said yesterday.

The bureau which has 68 international associates, is part of the Carlton International Trade Centre. **BP 215195**

Tiley said in terms of the three-year contract with the department, each one of its clients would be given R1 500 a month.

The bureau's export development programme consisted of 23 small manufacturers, but the number was constantly rising, Tiley said.

"For a monthly fee of R3 500 — now less R1 500 thanks to the Trade and Industry Department subsidy — approved clients on the programme are assisted through the administrative minefield of exports."

Union to focus on dispute with Spar

(27) (28) (30)

■ LABOUR REPORTER

The longstanding dispute between Spar stores in Gauteng and dismissed workers over centralised bargaining will be the focus of the SA Commercial, Catering and Allied Workers' Union (Saccawu) annual meeting on Sunday.

The meeting, to be held at Vista University's Soweto campus, will decide on a new programme of action for the reinstatement of the more than 2 000 dismissed workers and ways to continue with the campaign.

Saccawu spokesman Sithembile Tshwete said yesterday more than 800 delegates would be attending the meeting and it would be concluded with a march, details of which would be finalised at the meeting.

Battle *Star 9/5/95*

He said the march would be held to highlight the plight of the dismissed workers and the "intransigence" of Spar management over the centralised bargaining issue.

Another issue to be discussed in relation to the Spar strike would be the disclosure of information clause in the draft Labour Relations Act, said Tshwete, adding that this would help the union in its battle to get Spar store owners to agree to centralised bargaining.

The dispute with Spar started after the union demanded centralised bargaining for all stores in Gauteng last year. But store owners said they owned the stores individually and therefore each store had the right to negotiate salaries and other benefits with its own employees.

The dispute has not been resolved despite numerous meetings and clashes which have turned violent.

Tshwete said talks between the union and consultants for the Spar store owners were still continuing, but no progress was evident yet.

Spokesmen for Spar stores could not be reached yesterday.

Government 'has failed black business'

(30) ET(BR)10/5/95

BY THABO LESHILO

STAFF WRITER

Black business leaders yesterday harshly criticised the government for failing to advance black economic empowerment.

They also slammed the government for passing laws that hampered black entry into the mainstream of the economy.

Businessman Don Mkhwanazi told a black business summit organised by AIC Conferences and sponsored by Old Mutual that although the government was succeeding in meeting black needs in general, its performance on black economic empowerment had been disappointing.

"The government has failed dismally to show an equally strong signal that it really means business on black economic empowerment," Mkhwanazi said.

The minister of public works, Jeff Radebe, was a notable exception with his determination to ensure black business secured tenders and contracts in his department, Mkhwanazi said.

He added that the changes to the law on bank capitalisation, which increased the minimum capital required to start a bank from R10 million to R50 million last year, would make it almost impossible for blacks to establish banks.

Harsh words from black economist

■ BY THABO LESHILO

The ANC-led government of national unity (GNU) was harshly criticised yesterday for allegedly failing to advance black economic empowerment and even passing laws that hamper black entry into the mainstream of the economy.

Leading businessman and former economic advisor to the ANC, Don Mkhwanazi, told a meeting of prominent businesspeople that although the GNU was succeeding in

meeting black needs in general, its performance on black economic empowerment (BEE) had been disappointing.

Mkhwanazi said a notable exception had been Public Works Minister Jeff Radebe.

"There is a lack of urgency, cohesion, co-ordination and a clear-cut strategy and plan to involve black business in the mainstream of the economy.

"In fact, retrograde legislation has seen passage late last year that impact negatively and

thwart black business and make BEE an impossibility and a long haul."

Mkhwanazi said the new Bank Capitalisation Act, which increased the minimum capital required to start a bank from R10-million to R50-million would make it almost impossible for blacks to establish banks.

Mkhwanazi urged black business bodies to urgently form a lobby to demand the establishment of the office of a national advisor on BEE.

stan 10/5/95

(30) (15/95)

Mini-loan project launched: A R6 million mini-loan project for small businesses was launched by Free State Premier Patrick Lekota in Bloemfontein yesterday. The project was aimed mainly at informal micro entrepreneurs and manufacturers. Initially loans of R10 000 would be granted, repayable over 24 months, with a payment moratorium of two months. Interest would be 10 percent, but talks were in progress with the Bank of Taiwan in South Africa, which has an interest rate of 4,5 percent.

CT(22)11/5/95

Get Ahead back on track again

(30) Sowetan 11/5/95

By Isaac Moledi

THE Get Ahead Foundation's loan offer is back on track after the company's loan recovery rate dropped to 70 percent. The company will now offer loans between R200 to R3 000 to help boost their informal businesses to be viable, self-sustainable operations.

Get Ahead Foundation spokesman Wendy Richards says the foundation's loan recovery dropped by 70 percent due to the "culture of entitlement" after the elections. But this problem has since been solved as the recovery went up to 90 percent and continues to rise.

The foundation has also set up a specialised training section offering more advanced training courses and providing administration training to many informal entrepreneurs. The company has expanded its national operations by opening new offices in Soweto, Rustenburg and on the East Rand. Due to sponsorship, the foundation was able to build its own Technical Training Centre at its Pretoria office.

The centre offers courses in welding, electrical repairs, glazing and motor mechanics to entrepreneurs from Mamelodi, Soshanguve, Atteridgeville and GaRankuwa. The housing division, the Get Ahead's business central focus, offers a maximum of R6 000 to individuals and groups to purchase materials to erect or improve their existing housing structure. Its primary health care project is a community based programme where potential primary health care workers are selected by the community and then trained by the foundation.

Richards says in the areas where the programme is operational, primary health care workers are able to treat 76 percent of all cases themselves.

Focus on Business

UN mission overlooks blacks

Sowetan 11/5/76

(32)

By Mzimkulu Malunga

A row is brewing about how United Nations conferences — aimed at educating local business on steps to follow when tendering for the organisation's contracts — are conducted in South Africa.

There is a widespread belief in certain black business quarters that organisers of UN conferences in this country, the South African Foreign Trade Organisation, deliberately ignore black business when disseminating information about such gatherings.

The objective of such gatherings is to inform local business about the procedure to be followed when tendering for UN contracts.

The UN has a policy on the sourcing of material and other resources from within the continent, where possible, for all its African activities — relief aid, evacuations, drought relief and so on.

Educational workshops

In this country the UN purchasing section has held numerous educational workshops in Johannesburg, Cape Town, Durban and Port Elizabeth and all these gatherings have been organised by Safto.

The latest workshop was held last week at the Carlton Hotel in Johannesburg and, as usual, not many black business people were there.

Monde Tabata of the National Economic Initiative says his organisation was not even aware that such a workshop was taking place.

Tabata accuses Safto of purposely leaving out black business when such

LEFT OUT Black business claims to be left out of contract workshops:

workshops are organised so that all contracts could go to white companies.

However, Safto's Africa director, Martin Smith, denies that his organisation is deliberately leaving black business out of the UN procurement conferences.

"We normally issue invitations to Natfoc and Fabcos (Foundation for African Business and Consumer Services) hoping that they send representatives and some of their members to such conferences," he says.

For instance, both Fabcos and Natfoc were invited to last week's conference, says Smith.

"We do not have a data base of black business people, so we depend on Natfoc and Fabcos," responds Smith when asked how many black companies were invited to the conference out of the 9 000 invitations issued.

Fabcos' chief executive Ashley Mabogoane says he remembers a few months ago when his organisation was invited to one of the Safto organised conferences.

However, Fabcos declined the invitation on the grounds that it was notified at the eleventh hour.

"We told them that when they invite us in future they should not just slot us in. We need to be involved in organising such gatherings," he says.

Already there are over a dozen South African companies that have been awarded UN contracts to do relief work

on the continent, but none of them are black.

A UN representative who works in the purchasing department says the organisation does not have the resources to head-hunt black business people in this country to inform them about procedures to follow in order to win contracts from the UN.

She says UN operations in Southern Africa are small and over-stretched because as they also have to cater for the 12 other countries in the region.

Politicising the issue

The representative says it is unfortunate that black business is politicising the issue because the UN has been acting in this manner purely for practical reasons.

Estimates suggest UN activities throughout the continent generate contracts worth over a billion rands each year.

Most of the contracts are worth less than R250 000, which makes them accessible to even smaller companies.

Before business people can tender for a UN contract, they should first register with the nearest UN office.

On registration, the UN checks the credentials of the company such as its capacity to deliver if awarded a contract and things like financial performance.

For more information interested business people can call the UN at (011) 442-4444/8.



Fabcos was invited to one of the UN conferences at the last minute, says Mabogoane.

Off to a wobbly start

Realism is needed about what the National Economic Development & Labour Council can accomplish.

It was launched in February, to forge consensus between major stakeholders in the economy. But its credibility has been undermined by reports that Labour Minister Tito Mboweni has threatened to act unilaterally on labour legislation if no agreement is reached soon between business and labour. Its viability is threatened by acrimony within constituencies and between them. And its role is not entirely clear.

The organisation has no power to implement proposals. It is an advisory body and, says its communications officer Lomin Saayman, "an agreement making body." He argues that, as government will be party to any agreement reached, it is unlikely to ignore proposals flowing from it. "Government's commitment to Nedlac is demonstrated by the number of its top officials,

mostly Cabinet Ministers, who lead its delegation on the executive council."

If the organisation proves influential, the question of transparency becomes critical. This is particularly important where a handful of negotiators are acting on behalf of a large and diverse constituency. As yet no decision has been made as to whether the meetings of Nedlac's four chambers will be open to press and public. "We are still considering this issue," says executive director Jayendra Naidoo. In its press release Nedlac says its goal will be "to inform its constituents and their membership, the public and the media."

However, it goes on to warn that "transparency does not necessarily lead to effective communication, and information generated by the negotiating process has to be packaged in such a targeted manner that it will meet the information requirements of all stakeholders."



WORK PROGRAMME FOR NEDLAC

Nedlac (see above) has published a list of work priorities.

The public finance and monetary policy chamber is examining exchange control and exchange rate policy, and its effect on trade, investment, employment and inflation.

A macro-policy framework for re-prioritising expenditure is being developed by the Central Economic Advisory Service. It will be fed into the budgeting process and the results will be considered by Cabinet in June.

It is also "aiming to achieve consensus on procurement policy." And a government investigation into the reorganisation of State assets will be tabled shortly.

The trade & industry chamber is

looking at international trade relations and trade policy, foreign and domestic investment policy, industrial policy and industrial restructuring, export marketing and technical assistance for medium, small and micro businesses, supply side measures, competition policy and mining minerals & energy policies.

The agenda for the labour market chamber is the draft Labour Relations Bill (see page 42), International Labour Organisation conventions, amendments to the Unemployment Insurance Act, harmonisation of labour laws and the Labour Market Commission whose report will be tabled in mid-August.

The fourth chamber, of the development constituency, is still embryonic. Its first meeting was on May 4.

Roughly translated that means issues will be obscured by ambiguous policy statements issued when negotiations are over.

Another problem, still to be resolved, relates to the dissension in the business community over representation. There is a dispute between the two umbrella bodies, Nafcoc and Business SA (BSA), over how many seats Nafcoc is entitled to on the Nedlac's executive council and the four chambers (*Leaders* May 5).

This has also left the SA Chamber of Business, the biggest and most influential representative body in the country, unrepresented on the key trade and industry chamber.

The dispute has been referred to mediation. BSA and Nafcoc have appointed a task force to interact with mediators John Hall, chairman of the National Peace Committee, and advocate Dikgang Moseneke. The impasse must be resolved before the next meeting of the executive council.

This is only one aspect of the dissension in the business community on the issue of representation. There are those who question the need for a structure as formal as BSA, which duplicates the functions and roles of certain member organisations. They suggest it could operate more flexibly.

Meanwhile, Nedlac has published a work programme for three of its four chambers

— dealing with public finance & monetary policy, trade & industry chamber and the labour market (see *Current Affairs*). The fourth chamber, home of the development constituency, is still embryonic and had its first meeting on May 4.

Nedlac, which operates under the Nedlac Act of 1994, has absorbed two organisations. One is the National Economic Forum, the tripartite alliance between business, labour and government. The other is the National Manpower Commission. And it has acquired a new partner — the development constituency.

It can be an important sounding board and think-tank and play an influential part in decision making. But, if its goals are too ambitious, it will ensure it falls short of everyone's expectations.

Nafcoc looks back with pride

CP 14/5/95 (30)
By PHILLIP MOROBI

THE Gauteng region of the National Chamber of Commerce (Nafcoc) will celebrate its 25th anniversary in Johannesburg this week.

A two-day conference on "Integrating Black Business Into the Global Economy" will be held at the Carlton Hotel from Tuesday night when a congratulatory banquet for Nafcoc president Joe Hlongwane will be held.

On Wednesday the opening address will be delivered by Gauteng's

MEC for Economic Affairs, Jabulani Moleketi.

The guest speaker, Danish ambassador Alf Jonsson, will brief those in attendance on the Danish programme for Small Business Development and Export Orientation in South Africa.

The keynote speaker will be Inkatha heavyweight Humphrey Khoza. SANCO general secretary Linda Mngomezulu will speak on the role of civics in black business advancement.

Credit Bureau Associ-

ation of SA president Rowan Haarhoff will outline some of the changes under discussion regarding the reviewing of past credit records.

Cosatu vice-president George Nkadimeng will discuss the role of labour unions in black economic empowerment.

The morning session on Wednesday will be chaired by Solly Sebotsa, Nafcoc-Gauteng vice-president, and the afternoon session by Soweto Chamber of Commerce president Sam Noge.

Businessmen to lead crusade against corruption in southern Africa

SOUTHERN Africa's top business executives are to lead a crusade to stamp out corruption in the region.

The initiative, launched at the World Economic Forum summit in Midrand last week, is to culminate in a major anti-corruption conference on August 15 at the World Trade Centre in Kempton Park.

Council of Southern African Bankers CEO Piet Liebenberg said about 1 000 executives from the region would be invited to the conference, at which a detailed action programme with new approaches to combating corruption would be formulated.

Liebenberg said at a news conference at the summit on Friday that corruption had reached intolerable levels, and business should lead the fight against it.

"Business in SA has been reluctant to raise these issues publicly. We believe it is time for business to begin speaking out."

Businessmen at the summit called for steps be taken to eliminate corruption in SA and the region. These included the adoption of the King committee recommendations which seek to improve corporate governance, the generation and adoption of codes of ethics, and greater efforts

at self-policing by business.

Other steps included lobbying governments to repeal legislation that created incentives for corruption, such as tariffs and regulations contributing to the creation of "grey" and "black" markets which undercut legitimate trade.

Liebenberg said fundamental values — especially respect for the rule of law — should be restored.

Business Practices Committee chairman Louise Tager called for legislative re-

form to bring more clarity and economic rationality to the legal environment.

She said the myriad of countries in SA laws created opportunities for corruption, and these needed to be streamlined to encourage self-regulation by codes of conduct among businesses.

Tager attributed much of the corruption in SA to the country's past apartheid policies which had undermined basic values throughout society.

International sanctions against SA, she said, had encouraged the spread of "questionable practices" among SA companies

JOHN STODLU
30 B D 15 195

seeking to circumvent the international prohibitions.

Businessmen said the problems of corruption, organised crime, drug trafficking and money laundering affected SA and other countries in the region.

Liebenberg called for greater co-operation between business and government and co-ordination at regional level to get a grip on this problem before it spins out of control.

World Economic Forum president Klaus Schwab said the forum planned to sponsor a series of regional seminars on fighting corruption.

Plan to help young people begin own business launched

Staff Reporter

A NATIONAL programme to help young people begin their own small businesses has been launched amid political controversy.

While main sponsors South African Breweries and other beneficiaries launched the Kick-Start 1995 at several major centres around the country, the National Party Youth, the African National Congress Youth and the National Youth Development Forum (NYDF) were locked in battle over how representative the NYDF was as the channel body through which the project would be run.

Kick-Start 1995 comes in the wake of a successful pilot project conducted in Soweto last year by the Centre for Opportunity Development and its parent body, Junior Achievement South Africa.

The project would be run through four phases, said Margaret Nicol, branch manager of the Western Cape Centre for Opportunity Development.

"The first is a mass education phase and its target is to reach at least 500 000 young people and give them information on how to start a business," Ms Nicol said.

"The second phase of the project makes use of community trainers recruited on a part-time basis specifically for the project.

"The third phase is a competition that will lead to the selection of 400 winners."

The winners would be chosen nationally with equal numbers from each of eight regions into which the country was to be divided.

They would be given R1 000 towards getting their small businesses started.

The final phase of the project would be the success-en-

hancement phase during which the 400 would be monitored and the three most successful entrants would be presented with prizes of between R3 000 and R10 000 towards developing their businesses.

Other forms of help and financial support would be available and details were being discussed with the Masi-bambane Trust and financial institutions, Ms Nicol said.

The first phase would start this month with the publication of eight lessons and a business plan.

The final closing date for entries would be August 7 and the winners would be announced on September 8, Ms Nicol said.

● National Party Youth member Craig Morkel said the National Party was not a member of the NYDF and doubted that the body was representative of the youth in the country, particularly the Western Cape.

"Our concern is also for those young people out there who do not belong to any organisation at all," he said.

"We don't think the NYDF is the right body through which the funds should be channelled.

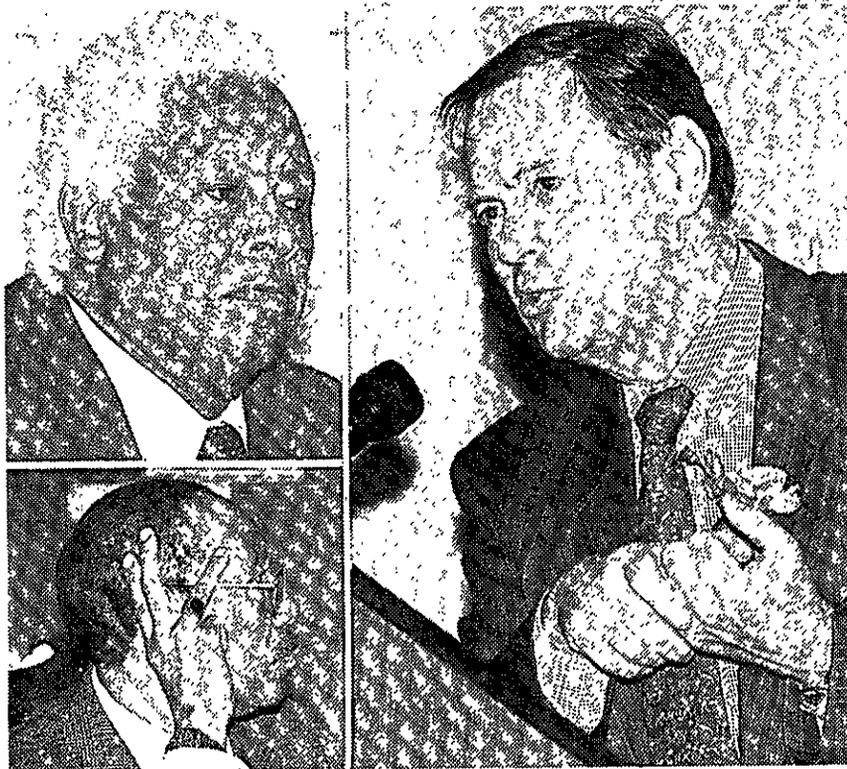
"We have been talking to them (the NYDF) to no avail."

But regional co-ordinator Khaya Hamana, speaking during the launch of the programme, said the NYDF represented all political groupings and was representative.

He said the National Party and the IFP Youth were member organisations.

While guests were having lunch, Mr Morkel approached Mr Hamana, pointing out that his organisation was in fact not a member, and a lengthy debate ensued.

SBDC loans: (30) ET(B2) 18/5/95
The Small Business Development Corporation in the Western Cape provided R65 million in loans to 1 608 businesses in the past year, senior general manager Toni Kedzierski said yesterday. He added: "Progress with black business development — this definition includes coloured and Asian owners — continued, with 70 per cent of loans and 41 percent of the total amount allocated channelled in that direction."



Danish ambassador Alf Johnson, right, addressed Nafcoc's Gauteng conference yesterday with Nafcoc deputy president ZZ Mashao, top, and committee member Paul Monoa listening.

Pictures: ROBERT BOTHA

Gauteng govt to aid black business

Theo Rawana

BD 18/5/95
 THE Gauteng government had embarked on a strategy that included deracialising existing legislation such as the Liquor Act to help blacks enter the mainstream economy, provincial economic affairs minister Jabu Moleketi said yesterday.

Moleketi, addressing the 25th annual meeting of Nafcoc's Gauteng branch in Johannesburg, invited the black business community to contribute to an economic policy discussion document "so we can develop a common vision".

Government strategy sought to build the small, medium and micro enterprises to become viable, competitive, job-creating "cutting edge companies" through financial support and creation of opportunities, partnerships and joint ventures between big and small enterprises.

It sought also to deracialise legislation and put in place "enabling, affirming legislation", especially in areas of potential growth such as jewellery manufacture, fabricated metals, food and beverages, tourism, specialised steel, motor vehicles, machinery and equipment, wood products, and construction.

Through the Gauteng Economic Promotions Agency, companies would be assisted to access international markets, their consumers, technology, work methods and investment dollars.

Moleketi said to address the physical and spatial inequalities in the province, government would improve township infrastructure, physically linking township economies to established economies.

Location of employment-generating businesses in historically neglected areas would be encouraged by creating

"empowerment zones" and private/public sector partnership projects, Moleketi said.

In his presidential address, new Nafcoc (Gauteng) president Mashudu Ramano said his organisation had set up programmes to see black business move to the front in the SA economy.

Ramano said in its campaign to break with the past, Nafcoc was bent on getting blacks to establish businesses in the primary, secondary and tertiary sectors of the economy. In pursuit of this vision, Nafcoc (Gauteng) was structuring its relationships in the areas of access to finance, benefits, training and chamber development.

"In the finance area we are finalising an agreement with a large financial institution which will make access to finance much easier for our members. It will be the first scheme of its kind in SA and a revolution in the banking sector's relationship with the emerging sector in SA."

In the area of training, the chamber would collaborate with Rand Afrikaans University to launch an employee and owner-manager development programme in June.

Black business's relationship with labour and its employees was an area of great concern. "In conjunction with Fed-sure, Nafcoc (Gauteng) has launched a fund to provide for the retirement, death and other needs of the workers in the developing business sector," Ramano said.

The chamber had also teamed up with Shell to launch the "Live Wire" project, through which each branch would take part in stimulating interest in entrepreneurship among the youth.

The chamber was finalising joint ventures with companies from Europe, Britain, Denmark and the US.

BUSINESS Black business aid

Taiwan to grant business loans ⁽³⁰⁾

Sowetan 18/5/95

By Isaac Moledi

TAIWAN has set up a special mechanism called the "fixed rate relending facility" (FRRF) to encourage small South African entrepreneurs to start their own businesses.

FRRF is a special facility set up in conjunction with the Export-Import Bank of Taiwan. It will help would-be entrepreneurs who have the ambition, but lack the know-how and sufficient capital to start their own businesses.

In a statement released to *Sowetan*, the Taiwan Embassy in Pretoria says it also has about 300 preliminary project proposals.

Each of these proposals contains all the basic information that an entrepreneur needs to start a business.

The Embassy says FRRF will enable local entrepreneurs to buy capital goods and non-consumer strategic products made in Taiwan.

The facility will be made available to five South African banks: Standard Bank, Nedbank, First National Bank, Absa and the Bank of Taiwan (SA).

Taiwan, which is known for its flourishing small and micro entrepreneurship, has more than 900 000 such enterprises which between them employ 68,9 percent of the total workforce, produce 40 percent of all goods and services and account for 54,8 percent of all exports.

These enterprises, the Embassy says, produced more than South Africa's gross

domestic product and earned foreign exchange about equal to South Africa's total foreign trade last year.

FRRF sets no limit to the amount of money a person may borrow. The terms vary depending on the size of the loan.

"If the loan applied for is less than R875 000, the relending bank has authority to approve it directly, and issue an irrevocable letter of credit in favour of your supplier, which will be honoured by Eximbank in Taiwan," declares an Embassy spokesman.

Only applications for amounts exceeding the above figure need to be referred to Eximbank for prior commitment.

The borrower is required to start repayment of the loan one year after the date Eximbank has disbursed the money.

"All you have to do is go to one of five banks that knows you best, which has done business with you before and has faith in the future of your particular business," says the embassy.

More information may be obtained from: Embassy of the Republic of China — (012) 43 6071.

For further information on FRRF:

Office of the Economic Counsellor - (011) 442 8880, or Nedbank (Eximbank) International Division manager Patric Leary at (001) 630 7111, or FNB financial institution manager Richard Mooruth at (011) 371 6749, or Sampie Kotze of Absa at (011) 330 3111, or Standard Bank trade finance manager at (011) 636 2242 or Bank of Taiwan (SA) manager Louis Hu at (011) 880 8008.

Nafcoc urged to lobby government

Theo Rawana

THE Gauteng Nafcoc region was set to step up its fight for black economic empowerment, the organisation said yesterday.

Nafcoc Gauteng president Mashudu Ramano said this was in line with the theme of the conference held in Johannesburg this week: Black Business at the Crossroads — The Need to be Integrated with the Global Economy.

At the conference Gauteng economic affairs minister Jabu Moleketi and Parliamentary Standing Committee chairman Gill Marcus challenged Nafcoc to lobby government on issues affecting black business.

Ramano said the organisation would fight issues such as tendering, the transfer of previously state-owned trading sites to businesspeople and the write-off of rent arrears.

The organisation's call for transfers to businessmen of all land and premises owned by the previous black local authorities but occupied by traders for more than 10 years, had received a sympathetic ear from Moleketi, Ramano said.

Indications were that agreement would be reached on a general indemnity for rental of the premises and GST and VAT arrears for the

period before April 27 last year.

An invitation from Marcus that Nafcoc should establish a parliamentary liaison committee to lobby on issues affecting black business, would be taken to the national Nafcoc office, Ramano said.

Marcus had also favoured the assertion that tendering needed to be investigated. "Many contracts have been awarded or renewed in the past year and it is suspected that this was done in anticipation of the new Tender Board coming in," Ramano said.

In his presidential address Ramano had called for an examination of the state procurement system, since it was an "important tool which could be used for the economic empowerment of black business and communities".

While black business was being derided for "waiting for government handouts", big business had been negotiating to have their government tenders extended by up to three years, Ramano said.

"We would like to call on the government and the new Tender Board to investigate tender agreements that have been contracted or renewed since April 1994. We are not asking for handouts; but we want access and transparency in the awarding of government tenders."

Discord over rise of township malls

IN THE SECOND and final report focusing on shopping centres, Consumer Reporter NIKKI WHITFIELD examines the emergence of malls in the townships of Gauteng

Shopping centres are popping up in Gauteng's townships, but some headaches are being caused by the arrival of the multimillion-rand malls.

Local business is worried that the concrete giants are bad for business, believing the more organised white stores will increase competition and take customers away from them.

Black business people, according to recent reports, have objected to the intervention of white business and would prefer whites to enter into partnerships within the townships.

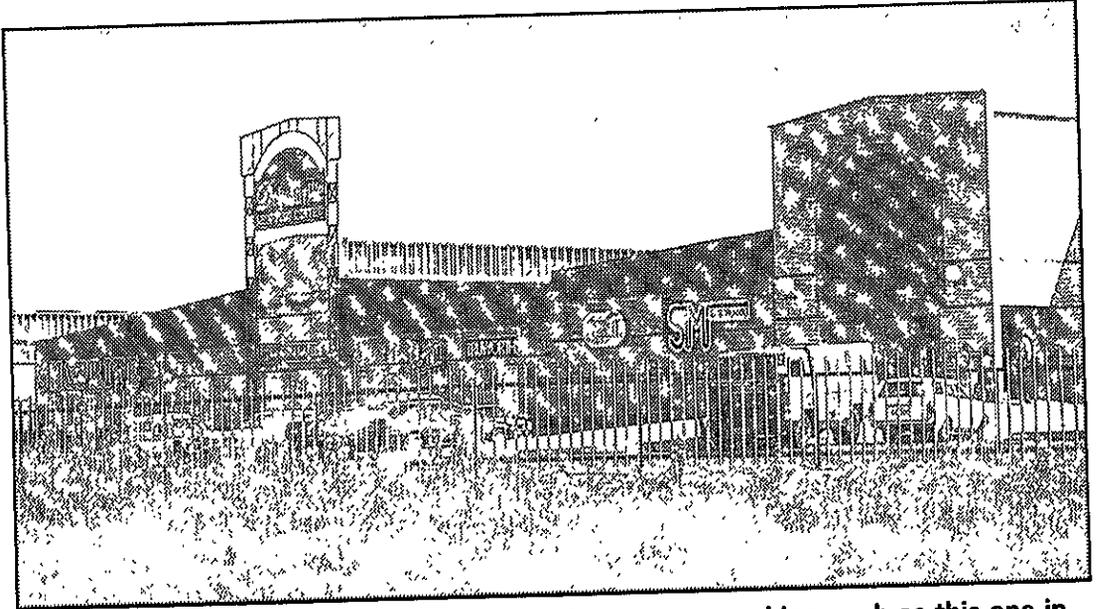
But Sanlam Properties, responsible for the development of the R47-million Dobsonville Mall in Soweto and currently supervising construction of the R44-million Daveyton Mall, described their township involvement as a social responsibility.

Partnerships

The company believes the construction formed part of a "people-driven development programme" and has put the number of people who object to the presence of the malls in the minority.

Cillier Smith, Sanlam senior marketing manager and head of communications, said the company had never been against black companies entering into partnerships with white businesses.

"We are only the developer and it is up to businesses in those areas to strike deals with



New-wave shopping . . . the construction of malls in townships, such as this one in Dobsonville, has black businesses angry. They say the centres are flourishing while their businesses are flagging. They would prefer whites to enter into partnerships with them.

PICTURE: PETER MOGAKI

whoever they want.

"Sanlam Properties has identified the lack of commercial facilities in underdeveloped areas as an opportunity to make its contribution to the RDP and add momentum to the process of upliftment and empowerment," he said.

The insurance giant has invested more than R500-million in the Dobsonville and Daveyton malls and in shopping centres in Umtata, the Northern Transvaal, the East Rand and Eastern Cape.

Black business sees local civic associations as the main culprit for colluding with big business by negotiating with Sanlam about the erection of the malls.

"Our businesses are struggling to survive while civic associations are busy bringing these developers to the township to stifle us more and more," one Soweto trader claimed.

He said shopping malls on the peripheries, such as Southgate, Highgate and Dobsonville, were

flourishing while Soweto businesses were flagging.

National African Federated Chamber of Commerce (Nafcoc) secretary-general Pam Mgulwa said the organisation had received complaints from its members on the issue and would look into it "very seriously".

She said civic associations were being seen by their branches as stumbling blocks to the resolution of the matter with Sanlam.

Initiatives

"In principle, we have nothing against the establishment of malls in the townships. But the way it is being done at the moment leaves much to be desired."

A spokesman for the South African National Civic Organisation (Sanco) said the body did not have a national policy on shopping malls, and all initiatives which led to the building of the complexes were taken at local level.

Sanco's affiliate, the Soweto Civic Association (SCA), said it was policy to "encourage whoever wants to bring any developmental work into the township" as long as it "empowers the local people and creates jobs for them".

SCA secretary-general Pule Buthelezi said although the organisation did not "enter into any deals" with Sanlam, the civic body negotiated with the company as it was a "mass-based organisation".

"As a non-partisan and mass-based organisation which interacts with the communities on a daily basis, we are the only ones who have the capacity to canvass for support for any developmental project," Buthelezi added.

"As for the Dobsonville Mall, we made sure all interested parties — political, business, and churches — were represented in a forum to ensure the structure enjoyed the support of all."

(30) SPAN 19/5/95

Juggernauts set to squash spaza shops

Wm 19-25/5/95 (BM)

A plan to send trucks filled with low-price goods from major retail chains into the townships has spaza shop owners up in arms, reports **Gumisai Mutume**

THE days of township spaza shops could be numbered if a plan, now the subject of a World Bank feasibility study, comes to fruition.

Local back-yard spaza shops could be forced to compete with seven-ton, high-tech juggernauts packed full of low-price goods from uptown.

The trucks, due to be launched this month, will have computerised tills linked to a major retail chain. Finance companies say they will provide loans to black entrepreneurs interested in buying them.

That does not cut ice with Anthias Leggoro, a spaza operator in Soweto. "It would be very unfair for someone who does not live here to come in with our idea and take over our sole means of livelihood," he says.

"There are already too many of us to make the operations viable because everyone who loses his job comes home and starts up a spaza."

Informal spazas have a long tradition. They popped up during the apartheid era to counter the dearth of retail infrastructure selling basic everyday products in the black settlements.

Spaza owners, mainly unemployed black people, say they do not have the collateral to access the finance on offer to buy the trucks. They believe they will be snatched up by rich black and Indian businessmen, marginalising them further.



Threatened: Spaza shops may lose their business to juggernauts selling low-cost goods PHOTOGRAPH: RUTH MOTAU

nesses are considered to be those employing under 200 workers.

"Such a move would threaten an already disfranchised small-business sector," says Andrew Molefe who works in the media office of the Soweto Chamber of Commerce. "Small-scale businessmen have limited access to finance as banks shun them," he says. "The bottom line is that this is unfair competition."

In order to survive in the volatile townships, spazas have had to undergo revolutionary changes in the past.

From simple neighbourhood grocers, they have evolved into burglar-barred, high-security establishments, some with bullet-proof windows in stark contrast to the dilapidated shacks around them.

Over the last three months police say some 1 130 cases of armed robbery on spazas were reported and that the rise in incidents is likely to be linked to the appallingly high unemployment levels.

Unemployment in the country officially stands at 36 percent but it is estimated to be more than 41 percent, mostly affecting blacks.

"The threat of violence is real," says Stanley Nhole who owns two spazas. "But we make very little to warrant attacks from anyone." Monthly profits are in the region of about a few hundred rand.

Self-help projects like spazas and their liquor outlet counterparts, shebeens, provide a much needed service in this colossal township of some three million people.

During the apartheid era Sowetans often had to travel into the Johannesburg CBD 25km away to shop for certain items. Now the city will be coming to the townships in the form of the juggernaut grocers. JFS

According to the Standard Chartered Bank's Small Business Development Department, the sector provides 84 percent of all private employment in the country.

"The strategic importance of the sector in South Africa takes on an added importance in the light of the need to offer economic empowerment to South Africa's black population," says the bank.

Small- and medium-scale busi-

"Spazas need to develop mechanisms that are unique to them in order to survive, such as customer service. A lot of them are poor at customer service," he adds.

More than 95 percent of business enterprises in South Africa are considered to be small- to medium-scale and about 46 percent of overall economic activity is credited to them.

BLACK BUSINESS
Starting with cash

(30)
FM 19/5/95

Another black-controlled investment vehicle enters the markets this week, to add to many of the high-profile, black-owned corporations launched recently.

Continental Investments, the fund



Dhlomo . . . making a cash start

launched by a KwaZulu-Natal consortium led by Oscar Dhlomo, is not looking for a JSE listing yet. Dhlomo says it will start with the cash and look for suitable investments later. "Others have started with an acquisition and looked to grow from that."

The fund, in which Dhlomo's consortium will have a 50,5% stake, will start with initial capital of at least R200m, of which R100m has already been raised. It intends to acquire joint control or large minority stakes in capital-hungry businesses with high growth potential. Listed and nonlisted companies will be examined, though the nonlisted companies should, he says, show potential to be listed within five years. The fund hopes to end up with no more than seven investments.

He says new ventures will not be considered. "We want companies with a track record of at least three years." And black-owned companies won't be preferential targets. "Though we will support black businesses where these satisfy our criteria, our strategy is to achieve black empowerment in later years by channelling funds into educational programmes and training in business leadership."

Absa Merchant Bank will provide merchant banking services and financing through issued preference shares "which can be unwound over five years," says Dhlomo. ■

'Do not exclude black business'

(30) Sowetan 22/5/95
THE South African economy would not grow if black business people remained excluded from the mainstream of the economy, the National African Federated Chamber of Commerce president Mr Joe Hlongwane said at the weekend.

Addressing the annual general meeting of the National African Federated Transport Organisation in Johannesburg,

Hlongwane challenged the Government to use black companies in projects of the Reconstruction and Development Programme. "Black business is keen to invest and assist with the delivery of projects on housing, infrastructure, health and education." Hlongwane said taxi operators needed to be involved in other sectors of the transport industry.

BRIEFLY

SA business 'archaic'

South African business is driven by archaic business principles, Dr Willem Mostert, director of the Centre of Organisational Design in Cape Town, said yesterday. Of a 500-strong sample of the country's top business executives, 99% were still applying methodologies dating back to the early seventies, he said at a seminar hosted by the South African Product and Inventory Control Society. Dr Mostert, who has extensive experience in re-engineering companies such as Sasol, Nampak and now Toyota, warned against outdated approaches.

SPAN 23/5/95

Association for small business people

(30) ARG 24/5/95

Southern Reporter

MALCOLM Roup, a local lawyer and senator with the Junior Chamber of Commerce, along with Esther Bloch, a Sea Point businesswoman, is spearheading a project to create a small business association.

The main aim of the association is to guide aspirant small businessmen through the maze of bureaucracy involved in

starting a new business and running it day to day.

The association will also provide them with a body which could represent them in the constitutional court and in the creation of the new constitution.

Without such a body the constitution may not afford small businesses the opportunity to be represented, and be of no

protective use at all.

"Regretfully the doors of the court are like the doors of the Ritz — unless you have money and power you will not get in," said Mr Roup.

Unemployment is a major factor affecting crime and despite small businesses being major employers, starting a small business is a particularly unuser-friendly process.

The association is aimed at helping the small businessman by providing a forum where his needs can be heard and if necessary acted upon by the association.

The association is open to all small business people. Anyone wanting more information can call Malcolm Roup or Fazlin Jakoet at 418-4607 during business hours.

Nedlac 'may have to call in outside facilitators'

(12) (30) (44) BD 24/5/95

Renee Grawitzky

INFORMAL discussions had taken place to bring in outside facilitators to assist the parties in reaching consensus on labour legislation in the National Economic, Development and Labour Council.

Nedlac executive director Jayendra Naidoo said this may become necessary because of the complexity of the issues and the tough nature of the negotiations.

Labour attorney John Brand said

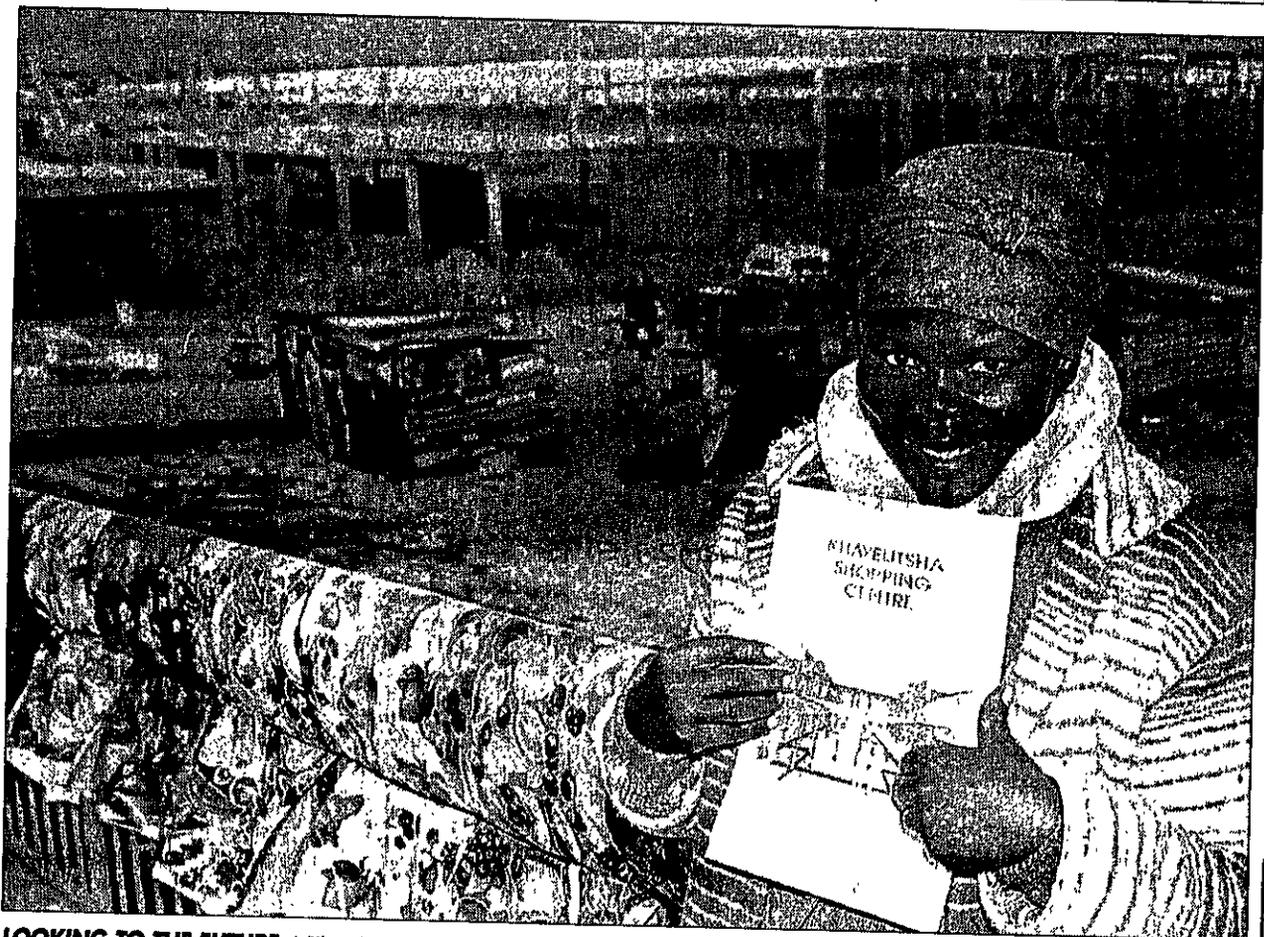
the process adopted in developing new labour legislation was flawed and had resulted in the parties adopting positions which under normal circumstances might not have been adopted. This had resulted in adversarial rather than constructive and creative negotiations.

Naidoo said a number of critical issues, such as centralised bargaining, had to be resolved.

Government had committed itself to centralised bargaining in terms of

the reconstruction and development programme, he said.

Industrial relations consultant Gavin Brown said if government was committed to centralised bargaining then this should be given expression in legislation. He said employers would prefer some sort of compulsory centralised bargaining where the parameters and requirements were clearly specified in the legislation which created certainty over where the parties stood.



LOOKING TO THE FUTURE A Khayelitsha woman displays a brochure on Sanlam's new R18 million shopping centre

Khayelitsha's first retail mall to be developed by Sanlam

MAGGIE ROWLEY

PROPERTY EDITOR

Sanlam Properties will develop an R18 million shopping centre in Khayelitsha — the first fully fledged shopping centre for this booming Cape Flats town. The town's estimated population stands at more than 300 000.

The 9 413 sq m centre, on a site in the heart of the town, is to be anchored by Shoprite. A number of other national tenants such as Foschini, Markhams, Topics, No 1 Stores, Pep Stores, Pages, Sterns, Diskom and three major banks: First National, Standard and Absa

have also signed leases. Construction has already started and the centre is due to be opened later this year.

Kokkie Rall, Cape regional manager of Sanlam Properties, said various community and business organisations in Khayelitsha, including the Khayelitsha Business Association and Khayelitsha Development Forum, had approached Sanlam Properties to rectify the lack of large retail facilities in the town.

He said space would be made available for local traders and some of the shops had been set aside for this purpose.

"Prospective tenants have been identified by the Khayelitsha Business Association and these tenants will be given training in general business practices and will be assisted in obtaining loans from financial institutions," he said.

Rall said a project committee had been established by Khayelitsha Development Forum to facilitate the co-ordination and management of the project and this committee would negotiate with Sanlam Properties.

"One of the chief goals of the forum is the creation of employment opportunities for local residents and these negotiations have

already resulted in a close working relationship being established between the main contractors Murray & Roberts and contractors from Khayelitsha.

"Some of the sub-contracts have been awarded to local contractors and in the process, skills are being transferred to these previously disadvantaged contractors."

The Khayelitsha centre is Sanlam Properties' third such venture aimed at taking shopping facilities into previously under-served black areas. Construction of the other two centres — Dobsonville and Daveyton, which are both in Gauteng — is nearing completion.

CT(22)29/5/95 (30)

SA Foundation closure 'premature'

Star 29/5/95 (30)

BY NEIL BEHRMANN

London — Foreign businessmen are amazed that the South African Foundation is closing down all its foreign operations by the end of next month.

Although there are now far more South African embassies and consulates around the globe, the foundation was an important source of objective views and research on South Africa.

Moreover, the bureaux will be lost as a source of contacts for foreign businessmen visiting South Africa and visa versa.

Local body

In place of the international network will be a small local body that will lobby the South African Government for big South African business.

Foundation officials have been told not to talk to the press, but according to sources, 25 major South African companies took the decision in March.

Apparently the 1 500 corporate members of the foundation were not

According to sources, the decision was partly based on budgetary grounds, and partly on the illusion that South African embassies will efficiently provide sufficient objective information about business potential and markets in South Africa.

The present foundation leadership believes that the bureaux are anachronistic in a world where the new South Africa is welcomed and feted.

In the long term they might be correct. Yet in the short run their decision appears to be premature.

South Africa is still struggling to attract substantial foreign investment. Foreign companies remain uncertain partly because criminal violence continues unabated and, unfortunately for South Africa, the African continent has a stigma.

There thus continues to be a thirst for information about the risks and rewards of the nation.

Hawks in the foundation no doubt argued that there was more than suf-

ficient information available on South Africa from embassies, foreign branches of banks, brokers and businesses. Yet banks and brokers are hungry for business and therefore cannot be considered as truly objective. The diplomatic service from the old Nationalist regime is winding down and many experienced officials are taking early retirement.

With the exception of popular trade ministers such as Peter Pullen in London, embassies have proved to be bureaucratic and ineffective. New diplomats appointed by the ANC are welcomed, but many are inexperienced.

Some appointees, for example South Africa's new ambassador in Germany, only recently began to learn the language of their host countries, according to sources. Germany is South Africa's main trading partner and the second biggest investor.

On the other hand, the foundation's Paris representative, Desmond Colborne, is a linguist,

have used the officers to promote research and sponsorships for young blacks seeking experience abroad.

They could have been public relations and investment relations offices. The list of potential input is endless.

In international terms, the budget deficit of the foundation was ludicrously small given the amount of effort which the organisation carried out in international relations.

Shortfall

Annual outgoings of R7,5-million exceeded income by only R1,5-million, or less than £500 000.

The foundation was established by leading South African businesses 36 years ago.

The aim was to keep the channels of communication open during the apartheid years. Foreign representatives in general were against the apartheid policies and were not apologists. Yet since they represented business, they also opposed sanctions.

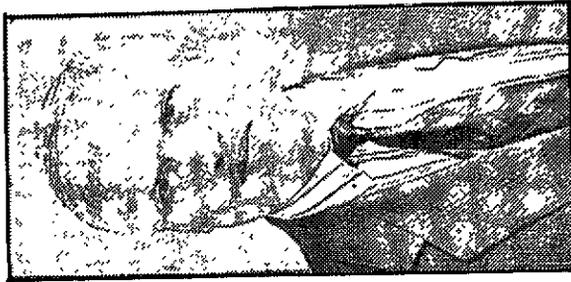
speaking several European languages. Rudolf Gruber, the Bonn official, is fluent in German and paved the way for links with Eastern Europe. John Montgomery and Michael Christie, of London and Washington, are knowledgeable about South Africa, personable and always accessible.

Instead of closing the offices down, the foundation could have become more innovative, enabling the foreign bureaux to adapt to the new times.

Overseas bureaux, for example, could have conducted surveys in nations, asking what foreign businessmen were seeking.

What were their concerns about closed markets controlled by a few large South African businesses? Were they deterred by crime? What openings were they seeking and how could they invest in emerging businesses? Did they believe that the Government was moving sufficiently swiftly in the reconstruction and development plan?

The foundation could



Rudolf Gruber, representative in Germany and a fluent linguist

given the opportunity to vote. Foreign businessmen that The Star has spoken to are baffled.

Washington, London and Paris offices will be closed next week and the important Bonn office, which also has an Eastern European network, will shut down at the end of June.

Small manufacturers 'mislay' some workers

CT (BR) 30/5/95

(30) (187)

By FRANÇOISE BOTHA

STAFF WRITER

Small clothing businesses are mushrooming in the Western Cape without hiring many more workers, according to industrial council figures.

Employment figures for small, medium and micro-enterprises in the clothing industry point towards firms evading industrial council levies by concealing the number of employees or by laying off workers.

Figures released for the three months to end-April show the firms which were not parties to the main and knitting division agreements, typically small businesses, are on the increase. But the numbers they employ have remained virtually unchanged over the past year.

The number of firms in this category has increased steadily as a percentage of the total from 59 percent in 1993 to 64 percent by April this year.

The number of employees has, however, remained constant in percentage terms over the same period, but reflects a decrease from 25 percent to 23 percent of the total labour pool over the past year.

For an industry that employs about 50 000 workers in the Western Cape to show small businesses have increased their workforce by only 27 workers over the past year indicates many workers are unaccounted for.

A spokesman for the Independent Garment Manufacturers' Association said: "Many small firms employ more people than the industrial council is aware of because they make substantial use of casual and contract workers that they do not register with the council."

Chris Darroll, executive director of the Sunnyside Group which represents small employers said: "If the small businesses are growing outside of the formal structures it tells me that the industrial council is an inappropriate structure for the informal sector."

A manufacturer who did not wish to be named said she had retrenched 20 of her 25 staff to operate within the industrial council exemption which applies to employers of six workers or less. "If you take the staff that we had, the levy would have run into thousands of rands every month and because we were working on very tight margins, we couldn't afford to pay it," she said.

Small businesses get no concessions, says Nactu

CT(BR) 30/5/95 (30)

BY THABO LESHILO

STAFF WRITER

The National Council of Trade Unions (Nactu) has joined the acrimonious squabble over central bargaining within Nedlac, maintaining a no-compromise position on demands by small businesses for special concessions.

"It's not going to work. We cannot give concessions. All working conditions must abide by International Labour Organisation standards," said Mahlomola Skhosana, the assistant secretary-general of Nactu.

Nactu's position follows threats at the weekend of mass action by Cosatu over business' alleged ploy to block agreement on the draft labour relations bill.

Business bodies have expressed concern and surprise at Cosatu's attitude, saying it undermined the tripartite process in Nedlac.

Skhosana said there was no way labour could accommodate demands by small, medium and micro-enterprises to be excluded from minimum wage requirements

and other conditions of employment set by the industrial councils.

According to the Foundation for African Business and Consumer Services (Fabcos), industrial council agreements and other deals governing relations between "big business" and "big labour" were hostile to small businesses.

David Moshapalo, secretary-general of Fabcos, said the agreements ignored uneven development in different sectors of South Africa, which made it impossible for small businesses to comply with the minimum conditions.

He suggested that a "sunset clause" be put in place to allow small businesses, "who have no record of dealing with organised labour", time to match labour's sophistication in this regard.

"We need time to conduct workshops to teach our members about their obligations towards labour and to win their support," said Moshapalo.

Skhosana said there was no way the labour movement would allow "exploitation" of workers to go on for the sake of small business.

November opening for small business drive

John Dladu

30

BD 30/5/95

THE Small Business Development Agency (SBDA) and the National Small Business Council (NSBC), which would help government implement small business strategy, would start operating in November, Trade and Industry Department spokesman Alroy Dirks said.

The department, now advertising for small business chief directorate staffing, would oversee the national programme of small business development.

Dirks said delays establishing the SBDA and NSBC were caused by the need for thorough consultation with the provinces and other stakeholders.

The SBDA will assume some key activities of the Small Business Development Corporation (SBDC), controlling the property trust, finance trust, credit guarantee facility, training and information as well as co-ordinating local service centres.

The NSBC — to be comprised of representatives of business, non-governmental bodies, provinces and parastatals — would sanction the small business-support framework and become an "effective national sounding board" for the sector's interests and concerns.

Dirks said work was also under way to set up a wholesale funding institution outside the department, but closely linked to the SBDA, which would act as a conduit for public funds from government.

Dirks said discussions with the SBDC were at a "critical stage" to finalise the transfer of certain of the corporation's assets and activities to the SBDA.

Options included dividing the corporation's loan portfolio among banks or letting the SBDC retain the portfolio while administering it on government's behalf.

Nactu joins central bargaining squabble

■ BY THABO LESHILO

The National Council of Trade Unions (Nactu) has joined in the acrimonious public squabble over central bargaining within Nedlac (National Economic, Development and Labour Council), maintaining a no-compromise position on demands by small, micro and medium enterprises (SMMEs) for special concessions.

Nactu's position follows weekend threats of mass action by Cosatu.

Assistant secretary general Mahlomola Skhosana said International Labour Organisation standards had to be obeyed and labour could not accommodate demands by SMMEs to be excluded from minimum wage requirements and other conditions of employment set.

According to the Foundation for African Business and Consumer Services (Fabcos), industrial council agreements and

other deals governing relations between big business and big labour were inimical to SMMEs.

Fabcos secretary general David Moshapalo said the agreements ignored the uneven development in the different sectors of South Africa.

He suggested that a "sunset clause" be put in place to allow SMMEs, who have no record of dealing with organised labour, time to match labour's sophistication.

"We need time to conduct workshops to teach our members about their obligations towards labour and to win their support," said Moshapalo.

Skhosana said there was no way the labour movement would allow exploitation of workers to go on for the sake of small business.

Despite this hardline position, Moshapalo shared Labour Minister Tito Mboweni's optimism that problems within Nedlac would be resolved.

(32) (30) (15) STON 20/5/95

New Khayelitsha ⁽³⁰⁾ ~~(30)~~ ^{some tan} ^{30/5/95} complex welcomed

By Isaac Moledi

ONE benefit derived from the construction of the R18 million Khayelitsha shopping centre in the Western Cape is the creation of sustainable employment opportunities for local residents, says the property arm of Sanlam.

The 9 413sqm complex, scheduled for completion at the end of October this year, has been developed to rectify the "lack of a large retail facility in the area", the company argues.

According to Sanlam, various community and business organisations in Kayelitsha approached the company requesting this facility be built to meet the needs of the community.

"Intensive negotiations between Sanlam Properties, the Khayelitsha Business Association, the Khayelitsha Development Forum and various other community organisations followed and resulted in the decision to start the project," says Sanlam Properties regional manager for the Western Cape Kokkie Rall.

The complex is being built opposite Nonquebela station in the heart of Khayelitsha, where municipal offices, a police station and a clinic are already situated. Adjacent to the mall is a parking area for 255 vehicles. Rall says the creation of sustainable employment opportunities will be one of the ben-

efits. "The centre management will be recruited in Khayelitsha and contracts for cleaning and security services will be awarded to local contractors," he declares.

"The centre will not only provide a much needed service to the residents of Khayelitsha, but will also create long-term employment opportunities for a number of Khayelitsha residents," he maintains.

Shoprite will be an anchor tenant while a number of national tenants, including Foschini, Markhams, Pages, Stems, Diskom, Topics and several banks have signed leases for space in the centre. Some of the shops have also been made available to local traders. Prospective tenants have been identified by the Khayelitsha Business Association and will be given training in general business practice. They will also be assisted in obtaining loans from financial institutions.

"It is also the practice of Sanlam Properties that potential tenants in the immediate area are offered first option on letting space," says Rall.

Some of the contracts have been awarded to local contractors and "in the process skills are being transferred to these previously disadvantaged contractors," says Rall. Sanlam and Khayelitsha Development Forum are considering other development opportunities in the area.

Call for education to keep needs of business in mind

Renee Grawitzky

(30) (15)

THE success of Asian countries was based on co-operation between government, education and industry, Asian-Pacific Human Resource Development Centre president Les Pickett said yesterday. **BD 31/5/95**

Addressing the seventh national conference of the Institute of Personnel Management, Pickett said training and development should cater for the needs of business.

He said that in terms of vocational training and a national qualifications framework being developed in SA, there were both strengths and weaknesses in the system.

National standards were important guidelines for people across all industries in terms of vocational training and education, he said.

Pickett said two weaknesses could be the inflexibility created in the framework, and if government and academics were allowed to direct the process. He said the process should be industry-based and guided by the needs of industry.

However, at the same time he acknowledged that managers to a large degree lacked vision and strategic perspective as well as being rigid and inflexible, and they tended to focus on quick-fix training programmes which did not address proper training needs.

He found that union demands in Australia had revolved around the payment for skills acquired and not skills used, which had created some problems. However, some industries had acknowledged skills acquired while others had not.

Pickett said that it was essential not to ignore skills acquired, especially when planning for future skills needs.

Ultimately SA needed a "skilled flexible workforce that can adapt to meet changing needs, supported by a sound, practical vocational education and training system that is not hidebound in bureaucracy and is workforce- and industry-driven in collaboration with government and educators and training providers, still meeting the needs of people already in the workforce or preparing to enter the workforce."

Adrienne Bird of the Metal and Engineering Industries' Education and Training Board said that the national qualifications framework was an attempt to address real quality and quantity problems found in education and training in SA.

She said it was not a solution on its own, as a number of strategies were needed in alleviating the problems.

EF

Bid to bring cash to small business

John Dlodlu

BD 31/5/95

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A NEW financial institution — the National Small Business Bank — would be established as part of a bid to improve small business access to capital, Trade and Industry Minister Trevor Manuel said yesterday.

Outlining progress made on government's strategy for small business, Manuel said the new institution would be formed in close co-operation with international donors and with experts.

Noting the problems which were often encountered by the sector in getting access to finance, Manuel called on banks and non-banking financial intermediaries to channel a larger share of their funds into the small business sector.

Trade and Industry Department official Alroy Dirks explained that while the proposed bank would be closely linked to the Small Business Development Agency (SBDA) — with a possible cross-board representation — it would operate independently of the agency and government.

The functions and structure of the planned bank were still being discussed, he said.

Manuel also announced that three key institutions — including the SBDA and a small business chief directorate — had already been cre-

ated to help implement the strategy. The process of staffing the two institutions was under way.

A nine-member team of senior officials from the Trade and Industry Department, the private sector and the Development Bank of Southern Africa had been seconded to oversee the formation of the bodies, Dirks said yesterday.

In terms of guidelines, the 18-person chief directorate would be headed by a chief director and assisted by two deputies. The SBDA would provide an export support programme for the sector, co-ordinate the local services centres and operate the property trust and credit guarantee facility — two key functions currently administered by the Small Business Development Corporation.

"Consultations are under way about the composition of its (the SBDA's) board and the responsibilities of different support units," Manuel said.

In addition, a co-ordinating centre for business development services had been established.

The small business chief directorate would be responsible for small business promotion, while the SBDA and the National Small Business Council would serve as a link between government and the small business sector.

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COMMERCE GENERAL

1995

JUNE - ~~AUGUST~~ DEC

New credit guarantee

fund set up

(30) STW 1/6/95

■ BY THABO LSHILO

A new R400-million National Credit Guarantee Fund (NCGF) is to be set up by the Department of Trade and Industry (DTI) to encourage lending by institutions to small, micro and medium enterprises, representatives from the Department said yesterday.

Speaking at a Nafcoc forum in Johannesburg, the fund's co-ordinator, Makgoshi Sindane said the new fund was necessary because existing funds — the SBDC's Small Business Credit Guarantee Corporation (SBCGC) and the USAID loan guarantee programme — reached only a limited segment of the market.

Sindane said the fund would be part of the Small Business Development Bank, to be capitalised jointly by the government, private sector and foreign donors as part of the controlling board.

The Department has put together a core group comprising individuals from organisations serving the SMME sector and charged it with drawing up the policy and operational guidelines for the new fund.

Explaining how the fund would work, Terry Musiyambiri, a member of the core team putting together its framework, said the fund would indemnify retail lenders up to 60 percent for losses.

SBDB coordinator Sizwe Tati said the wholesale financial structure was expected to start lending money in November.

200 to learn business skills

By Isaac Moledi *Soulman*

1/6/95

ABOUT 200 young entrepreneurs in the Gauteng region have been selected to undergo the Shell Livewire business skills training programme to begin in June.

These budding entrepreneurs were selected from the company's seven workshops, which have been running since the beginning of the year. The coordinators of the programme say they are amazed by the standard of innovative thinking shown by the young trainees during the workshops.

To be selected for the training, candidates had to present good business ideas that had to go with the market research they had done on the idea. Four training programmes are to be held from the beginning of this month. A five-day intensive training course has already started in the Vaal Triangle with more than 50 participants taking part.

Candidates are taught subjects such as entrepreneurial thinking, people management, financial management, legal aspects of business, marketing and production.

Entrepreneurs who succeed will be presented with "Young Business Awards" certificates at the end of the programme in September. Another award, "Young Business Plan Award" will be presented to participants who come with brilliant business ideas. The overall winner will be given R15 000, the first runner-up R7 000 and the third prize winner will be awarded R3 000.

BUSINESS

Sowetan 1/6/95
**Loans boost
small firms**

By Isaac Moledi

THE granting of micro-loans to small scale enterprises accelerates job creation, increases turnover and improves standards of living, says the Get Ahead Foundation.

A survey conducted by the foundation shows that granting credit to informal entrepreneurs provides invaluable assistance to them by encouraging the growth and development of their businesses.

The research was carried out among a group of Get Ahead borrowers with access to credit, and a central group of prospective borrowers without this access.

Comparisons were made on numerous business variables, including monthly profit, job creation and value of fixed assets. Social indicators, such as food expenditure per head, living conditions and monthly savings were also compared.

The foundation's first time borrowers scored higher during the survey.

The group that was the main target of the research had an average annual profit increase of 43 percent compared to 80 percent among the first time Get Ahead borrowers.

"This type of investment in informal sector business is a cost-effective method of creating jobs and Get Ahead has the potential to assume a more significant role in reducing unemployment by retaining repeat borrowers," says the foundation's Mr Don MacRobert.

MacRobert says since 1987 the foundation has been using a stokvel programme to lend money to micro enterprises.

He says those borrowing from the stokvel programme are mainly the smallest and poorest businesses within the informal sector. Many in this category are operating what can best be described as survivalist businesses.

While formal business owners concentrate on reinvesting their profits in the enterprise, most stokvel clients, says MacRobert, concentrate on alleviating the immediate effects of poverty.

Regarding the use of profits earned by micro enterprises, the survey found that 61 percent of respondents bought goods for their families with only 31 percent reinvesting in the business.

(30) *Sowetan*
Small firms shunned
11/6/95

FINANCIAL institutions discriminate against smaller and lesser known black business people when granting loans, says head of the African Development Corporation Tiny Naidoo.

He says most banks give loans to a small group of high profile black business people and ignore "unknown" business people, who comprise the majority.

"We have recently been reading of more and more black pyramids being formed with the same few people involved in all of them — we do not believe this is wealth redistribution," he says.

Naidoo also believes that the growing criticism of the Government by black business is justified, as the new administration is not doing enough to empower people economically.

Business, must reflect SA's political openness

Llewellyn Jones

THE major challenge facing SA companies lay in extending the new sense of political openness to their business organisations, said Gemini Consulting chairman and author James Kelly.

Kelly visited SA recently to promote his book, *Transforming the Organisation*, and to conduct workshops on the subject. He said business transformation represented a fundamental shift away from the mechanistic paradigm of the organisation — to individuals and society as a whole.

"Companies need to reconnect their employees to the basic purpose of the organisation," he said.

"This is a challenge anywhere in the world, but especially so in SA." "At the most basic level, businesses need to transform themselves to take advantage of a rapidly changing world engendered by huge advances in communications. If you snooze, you lose," the

author said. But at a more advanced level, organisations needed to engage large segments of the population which were not previously part of their economic success.

"The Far East is succeeding and showing the way... Organisations must grab at growth markets in order to survive and, at the same time, create jobs," Kelly said. He said business transformation was as much about personal as about corporate transformation.

"Leaders need to look deep down and examine their own personal styles," Kelly said. "They spend 70% of their time talking and, in doing so, have a unique opportunity to get a message across, even if it is a residual message."

But they had to be sure what that message was. Kelly said SA business leaders had already started the transformation process by being part of the political changes.

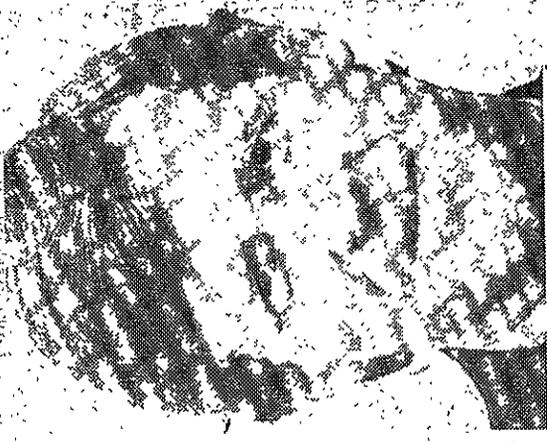
Where there might have been fear of change, he saw elation and pride in the country.

He said business transformation provided a much-needed antidote to the many panaceas that had dominated management theory and failed — not because they were inherently wrong but because they neglected to account for their connection to other parts of the corporation.

"Business Process Re-engineering failed in many cases because it is rooted in history and not forward looking. Re-engineering is undoubtedly necessary for transformation, but it is not sufficient."

He said business transformation focused on the business organisation as a living organism — "the biological corporation".

"For the biological corporation, the secret of eternal life resides in its ability to orchestrate the simultaneous transformation of all its systems in a unified pursuit of common goals."



Gemini Consulting chairman James Kelly

Bid to give blacks more state business

(30) ARG 3/6/95
PUBLIC Works Minister Jeff Radebe has announced twin programmes to boost the black share of government capital and maintenance tenders and of consultancy contracts worth less than R75 000.

Mr Radebe said the legacy of apartheid was that established and white-owned businesses dominated state tender awards.

"The current tendering environment does not facilitate the participation of small, emerging contractors ... in the state's capital and maintenance programme," he said.

A government forum of national and provincial officials had devised a programme to encourage small, medium and micro enterprises (SMMEs) to take a share of the government's work.

"To increase the SMME share in public sector procurement, it is essential that tender procedures be simplified and standardised to make them accessible and uncomplicated for all levels of suppliers," he said.

Changes would include:

- Tenders in simpler language;
- Removal of financial and performance guarantees for low-value, low-risk contracts;
- A longer period to bid for a contract and a quicker decision after the closing date to avoid price slip-page; and
- Pre-tender briefings to small enterprises on tender conditions and requirements.

Mr Radebe announced a parallel programme to draw black-owned consultancy firms and those with established affirmative action records into the government contract environment.

Over the next six months, the Department of Public Works would seek out, and advertise for, emerging consultancy firms to take on smaller projects.

The department would then draw up twin rosters of development, architecture and town planning consultancies.

Firms would drop to the bottom of their respective lists after every government contract awarded to them. — Reuter.

Department newsletter

John Dladla

(30)

THE trade and industry department is to publish a newsletter as part of government's small business development strategy.

Trade and Industry Minister Trevor Manuel said at the weekend the National Small Business Review would be aimed at spreading the message of government's White Paper on small business.

The focus would be on policy proposals regarding the implementation of the strategy.

The first issue would be published next month.

In another development, it is understood that government is working on technical and other support measures to enable small enterprises to break into the export market.

Proposals on the measures would be tabled for discussion at the National Economic, Development and Labour Council.

To improve the sector's access to finance, government would set up a larger credit guarantee fund to back loans to small enterprises. The fund would be part of the proposed National Small Business

Development Bank.

Development Bank of Southern Africa policy analyst Makgoshi Sindane said recently special programmes would be designed to enable the credit guarantee facility to reach out to disadvantaged groups such as women, the youth and the disabled.

But only viable business ventures would be backed.

BDS/6/95

Who's who go to Montreux

(30) CT(BR) 6/6/95

Business and Finance Forum (BFA), at which more than 80 leading government and business leaders will make a case in June to the Europeans for investment, has launched a special fund to finance black entrepreneurs to attend the Montreux conference.

Deputy President Thabo Mbeki will head an official trade delegation to the Swiss gathering, and will be available for bilateral discussions with international delegates, adding to a line-up of speakers that reads like a who's who in business, government and labour.

An aim of the conference is to promote joint ventures between black business and European investors. The South African Fund for Enterprise has been established by the conference organisers, with an appeal to corporations to contribute.

Business Report is a sponsor of the fund.

Among the speakers will be well-known black business personalities such as Telkom chairman Dikgang Moseneke, New African Investments chairman Nthato Motlana, Development Bank chairman Wiseman Nkulu, Thebe Investments Corporation managing executive Cas Coovadia, National Empowerment Trust chairman Don Mkhwanazi and Nafcoc president Khesane Hlongwane. For further information contact: BusinessMap SA: Tel: (011) 447-5208.

Business opportunities

(30) *Bo Some Jan 8/6/95*

By Isaac Moledi

THE Business Opportunity Centre of the National Economic Initiative has helped to facilitate business linkages worth R5 million in the first quarter of this year, says NEI executive director Mr Monde Tabata.

BOC, established in 1993 to build a data-base to enable black business to join the mainstream economy, helps small businesses by linking them with big business.

The linkages, which began in January include joint ventures with local and international corporations.

Tabata says since its establishment, BOC has managed to develop a data-base of accredited black small businesses.

"The Business Opportunity Centre was established to pursue in a determined way the introduction of black small business into mainstream business opportunities through linkages with major corporates.

"We are now at the stage where our small black businesses can be linked to big business for opportunities," he says.

Major linkage contracts have been concluded in building construction, manufacturing, landscaping, printing and cleaning services.

BOC's first international linkage, according to Tabata, was a joint venture of "a manufacturing nature" and involved a black business woman. He could not identify the woman or the



Linking big and small ... that is Tabata's mission.

overseas company involved.

"It is our prediction that emerging readiness by a growing number of corporates to link with black business is going to give rise to larger contacts," says Tabata.

Tabata commended Danish business for showing great interest in joint ventures with black business since his visit to that country in November 1994.

"So far three manufacturing joint ventures have reached an interesting stage. All these ventures involved black business women and at least six manufacturing possibilities are presently at preliminary investigation stage," he states.

He says the NEI is set to change the

mindset in the area of black business development to accelerate the movement of black business into real business. Discussions are in progress with various international financing organisations towards achieving this goal, according to Tabata.

"Imaginative projects are in the pipeline," says Tabata.

"In line with our results-orientation we shall not talk about intentions but about the results," adds Tabata.

He says BOC will continue its role of heightening the awareness of the presence of black business and its involvement in the mainstream economy.

Tabata sees BOC as a service organisation similar to other black business organisations like Nafcoc and the National Black Business Caucus.

It is our prediction that emerging readiness by a growing number of corporates to link with black business is going to give rise to larger contacts

Temporary employees

John Dladu

30

50 816 195
THE Gauteng provincial government had appointed temporary staff in its economic affairs department to attend to small business development, the department's deputy director-general Roland Hunter said yesterday.

This was in keeping with national government policy that provincial economic affairs departments assume control of small business development.

He said permanent positions for the directorate had been approved by the public service commission and the provincial government was appointing staff.

He declined to give the size of the directorate. He said the exact functions of the directorate was still being defined. Last week the department advertised for the position of assistant director. The directorate should be established this month, he said.

Hunter said stakeholder consultation was delayed after the postponement of a meeting with local authorities, scheduled for tomorrow, to later this month.

Sexwale trip boosts business

(36) ~~7118~~ STAR 8/6/95
 ■ BY JO-ANNE COLLINGE

Gauteng Premier Tokyo Sexwale and his 20-member party returned from a visit to south-east Asia yesterday with commitments for investment and plans to test Malaysia's successful housing strategies in the province.

Sexwale announced the 18-day trip had yielded:

■ A deal between South Korea's industrial giant, Daewoo Corporation, and Anglo American to produce television sets in Gauteng. Black business interests would be part of the venture.

Statements of intent to invest had been made by two other Korean corporations, electronics company Lucky Goldstar and

motor manufacturer Hyundai.

■ An agreement between Gauteng and the Malaysian government to develop a 1 000-unit pilot low-cost housing scheme. Malaysia was offering a soft loan, which would be supplemented by the national housing subsidy.

The development would be a joint venture between a Malaysian consortium and a South African consortium with "effective black business participation".

■ A commitment by the leisure group, Hyatt International, to invest in two more hotels in Gauteng — one in the Johannesburg CBD. The other was likely to be "a massive theme park development", undertaken with China International Travel.

Sexwale said the governments of Gauteng and Kyonggi province in Korea had entered into a "sisterhood agreement". The expected benefits of this include training opportunities and tourism exchanges.

The Hong Kong Trade Development Council would also establish a permanent office in Johannesburg before the end of the year.

About half the delegation comprised representatives of business, ranging from Anglo American and Thebe Investments, to Pretoria's Afrikaanse Sakekamer and the development agency Vaalgro. The other delegates were Gauteng MPLs and officials and two senior officials from the Johannesburg and Pretoria councils.

Cosatu says chamber is manipulating index

Renee Grawitzky (30) 80 9/6/95

COSATU has attacked the SA Chamber of Business for using its business confidence index (BCI) for "narrow propaganda purposes".

This is in response to claims by Sacob that the reduction in the BCI by 3,1 points from April could be attributed to a number of factors including organised labour's threat of rolling mass action.

Sacob's chief economist Ben van Rensburg said business was reacting to increased labour unrest, growing political tension within the government of national unity and other economic indicators.

He said the mass action threat "sends out the wrong signals to local and international investors".

The BCI is made up of 13 key indicators, including inflation, BA rate, gold price in dollar terms, unemployment, price of shares traded on the JSE and vehicle sales. However, BCI also takes into account broader socio-political and economic factors as well.

Cosatu spokesman Neil Coleman said a new labour framework was a critical component for implementing the RDP and the country's economic development could not take place outside that.

If Sacob, which was part of Business South Africa, "is shouting about the need to delay the negotiations and put off the enactment of new labour legislation until next year, business has to accept that this could have a destabilising effect on the economy", he said.

Van Rensburg said it would be "wrong of business to implement the wrong institutional dispensation in labour relations just for reasons of speeding up the process".

Bank pulls out the stops to help micro business

30 CJ (BE) 9/6/95



LENDING A HAND Abbey Mahlalela, head of Standard Bank's micro sector finance, which grants loans to aspirant micro entrepreneurs

PHOTO: JOHN WOODCOCK

By Thabo Leshilo

South Africa's banking community has been much-maligned for not financing micro enterprises. This, however, is changing and more banks are showing an interest in this market.

At least one major bank has a successful project funding micro businesses directly, while others are seeking creative ways of being involved. Some, however, are still wary of the risks and unprofitability of this sector, having lost money in past experiments in this market.

Standard Bank started a pilot project offering loans between R2,500 and R6,000 in Kaitlshong at the height of the violence in that area in May 1993.

The experiment has been so successful that it was extended to Soweto in February last year. Abbey Mahlalela, head of the bank's micro sector finance, put the

repayment rate for the 450 clients at 90 percent. Last year's lending budget of R250,000 has been increased fourfold.

Phase two of the project involved granting loans of R6,000 to the entrepreneurs. If all continues to go well, the project may become national next year.

Empathy

"It's been very successful. But we keep chopping and changing to see what works and what doesn't," said Mahlalela.

He said lending in this sector required that bankers adopt a different mindset.

"Here the best lender is a converted banker — somebody who empathises with and understands micro business. You must forget if you are only going to work by the rule book," he said.

Mahlalela said for the pilot project, lending decisions were based more on applicants' good character and capacity to run a business than on collateral and capital.

To qualify for a loan, the business should be at least six months old and the applicant should be involved in the business on a full-time basis, have proof of permanent residence and deposit at least 20 percent of the amount being applied for into a pledged account from his own pocket.

Mahlalela said the costs of servicing this sector were huge and although the bank charged an average interest rate of 40 percent it could still not break even.

These high interest rates had been criticised by micro entrepreneurs and small business bodies, saying they made finance inaccessible. Mahlalela said the high interest rates were unavoidable because of the high cost and complications of

funding this sector.

The most expensive cost item which made micro loans expensive was the salaries that had to be paid to the staff which served emerging markets.

The employees had to be of the same calibre and earn the same as those working on large loans to corporations.

Failure

The pilot project in Kaitlshong and Soweto followed a disastrous venture started by the bank in the Western Cape and Johannesburg in 1992, offering loans between R100 and R1,000 through a non-governmental organisation.

The project had to be abandoned in mid-1993 because of the high default rate and when it was discovered that some "clients" did not even have businesses.

Willie Holl, marketing manager

for emerging business markets at First National Bank, said the bank's micro business lending ventures had failed in the past because of extremely high administration costs.

The bank currently restricted its business loans to a minimum of R30,000 but was investigating helping micro businesses by lending money to non-governmental organisations.

"We have to find smarter ways and means of making loans to this sector," Holl said.

"We recognise micro businesses as extremely important commercial customers of the future."

Victor Nosi, head of the Absa Foundation, said the foundation was involved with micro businesses through funding the Get Ahead Foundation, which is a non-governmental organisation which provides loans and training to micro businesses.

the statutory negotiating forum, could have a dramatic effect on the small to medium enterprise (SME) sector.

Opinion within this largely unorganised but hugely productive wedge of the economy is that the provisions of the Labour Relations Bill — including centralised bargaining and the creation of mandatory workplace forums — will discriminate against it, leading to closures, unemployment and an unfavourable investment climate (see *In My Opinion*).

Thus Steve Ntsane, executive director of the Cape-based Centre for an Open Economy (Cope), feels that the Bill "is a retrogressive step [that] will have a disastrous impact on all SMEs, who have no say or vote (in Nedlac) but employ the vast majority of workers and create the bulk of new job opportunities."

Accordingly, Cope was scheduled to host a seminar on the Bill this week, at the end of which it was expected to consider a motion to constitute a formal lobby for the SME sector. Such a lobby would then seek a place within Nedlac or at least be in a position to petition Labour Minister Tito Mboweni based on its strong representativeness.

According to Cope's Robbie Kleinot — a frequent employer of casual workers, a use-

action under way and a half-day national strike mooted for June 19 — has become highly politicised.

The result has been "antagonism rather than partnership."

And, he says, the organised unions' militancy is aimed as much at the ANC as at big business — a demonstration of where power really lies after a year in which, for workers, little has changed. In all this, the SME sector's belief in, and reliance on, "competition in labour" becomes increasingly relegated.

Mboweni should attend to criticisms emanating from the SME sector. His attempts to juggle the interests of the big unions and organised business have not worked well. His department needs to consider more carefully what would benefit the economic well-being of SA. ■



Mboweni . . . should listen to small enterprise

fully neglected category — the small-medium sector has been too mute on labour matters: "The Minister has to listen to the biggest voice — and the only loud voice is Cosatu. Complacency (on the part of the SMEs) is part of the problem. The Minister can only listen to the few who speak to him."

In essence, Cope's position is that the new Bill would damage it in two ways. First, the outcome of a Cosatu "victory" could be a minimum wage; second, pressure on workers to unionise would bring conflict within the doors of SME "workshops," a fate the sector has hitherto avoided.

Kleinot believes the issue — with mass

BUSINESS AND LABOUR

The enemy of jobs

Looming conflict in the labour arena — focused on the differences between organised business and the unions within Nedlac.

(32) (66) (30)

FM 9/6/95

Business backs provincial autonomy

Farouk Chothia

DURBAN — The Durban regional chamber of business called yesterday for a maximum devolution of powers to provinces, but cautioned against KwaZulu/Natal isolating itself from the rest of SA.

Appearing before the legislature's constitutional affairs standing committee, chamber president Robin Boustred said: "The chamber supports a federal system. There has to be devolution of power as far down as one can go." Devolution should involve guaranteed legislative and executive powers, as well as administrative functions. At the same time, the chamber said it was concerned about the "perceived

tendency" of politicians to be more concerned about power than the economic success of KwaZulu/Natal.

In a written submission to the committee, the chamber proposed that provincial powers be entrenched in the national constitution, and amended only by a specific constitutional mechanism, for instance a two-thirds majority, and with the consent of the affected province.

The chamber made its submissions at the first hearing of the committee which is seeking public input on the type of constitution KwaZulu/Natal should have.

The chamber said a federal-style consti-

B013/6/95 Continued on Page 2

Provinces

Continued from Page 1

tution would lead to healthy competition between autonomous provinces to the economic benefit of SA.

Devolution of power would strengthen fiscal discipline, as each province would be accountable for its expenditure to the electorate and to central government. However, the chamber said, KwaZulu/Natal generated only 15% of the national wealth although it had 25% of the population.

Important policy decisions that should remain with central government related to foreign affairs, taxation, correctional services, the judiciary, defence control and administration and land reform and agriculture. Central government should also formulate policy decisions on safety and security, although each province would have its own police force. Economic policy would also be a national function, but should be complemented by a provincial economic policy, it said.

B013/6/95

Business SA throws down the gauntlet

BY BRUCE CAMERON

POLITICAL EDITOR

Organised business declared yesterday it would "take a six-month strike" rather than be forced by industrial action into accepting changes to proposed labour legislation that could inflict severe damage to the economy.

The stark warning came from David Brink, the chairman of the powerful Business South Africa organisation, during an interview with Business Report.

To back up the warning, Business South Africa launched a nationwide advertising campaign today to take its argument to the public to counter the campaign being waged by the trade unions.

The dispute is over changes to the draft labour relations bill, which is being debated by the National Economic Development and Labour Council (Nedlac).

"The captains of industry have decided that they will take a six-months strike, if necessary," Brink declared.

But he said business would keep negotiating and would not pull out of Nedlac.

"It is one thing for labour to behave badly. It is another thing for business to behave badly," he said.

No one had the right to sabotage the economy through industrial action when negotiations were still under way, he said.

The Nedlac talks are aimed at reaching consensus on the draft legislation by June 30.

Brink predicted it would be difficult to close the gap between labour and business and that Tito Mboweni, whom he described as

"the best minister of labour we have had in a very long time," would have "to front up against labour".

Brink said that a crucial principle was involved: whether there should be "voluntarism or compulsion" on the issue of centralised bargaining. He warned that compulsory central bargaining across all industries would be a disaster for the country.

"South Africa's single biggest problem is unemployment. There are only two ways to improve employment. The first is from large South African and foreign companies. The other is to create an environment for small business development," said Brink, who is also the chairman of Absa, the country's largest banking group.

Compulsory central bargaining would frighten off big investors and make the growth of small business impossible, he said. Big companies could afford to pay a sweep-er R2 500 a month, but if small business were forced to pay the same it "would wipe out any competition to big companies", he said.

He said Cosatu and its associated unions represented only 20 per cent of economically active people in the country. On top of this, unemployment was about 50 per cent.

"The unemployed are being abused by the unions because they want to raise the entry costs of employment," Brink said.

He rejected as a "monumental lie" claims by labour that business was trying to alter the legislation on central bargaining, saying: "The bill provides for voluntarism."

□ Continues next page

Business warns it will sit out a Cosatu strike

(30) (122) (116) CT(BR) 14/6/95

□ From previous page

Business was not opposed to centralised bargaining, and many agreements were already in existence. The issue for business was to avoid making it compulsory as it was not suitable to many fields.

An example was in the pulp and paper industry, which did not have a central bargaining agreement and which operated on three levels. At the first level were large and small tree growers, including many small growers in KwaZulu. On the second level were large and small tree cutters and at the third level were capital-intensive pulp and paper mills.

This made it virtually impossible to have one agreement for the whole industry, with small growers most adversely affected, Brink said.

He said another major issue was the use of so-called scab labour. Business could not accept that it should not employ other people in the event of a strike. It could not afford to stop production and lose markets. Firms would be "wiped out" if they could not keep operating. This, in turn, would push up unemployment.

Brink said there had been a positive and negative side to President Nelson Mandela joining union members in a march on the issue in Johannesburg last week.

It had probably kept the march peaceful but would also have been shown on television screens across the world — and perceived by international investors as encouraging labour unrest.

Brink said it was his view that the unions had foolishly got themselves in a tight corner. "It is now a question of finding some realistic compromise."

Business leaders join in fight against crime, corruption

CT 15/6/95

CRIME REPORTER

BUSINESSMEN have joined the fight against crime as organised international syndicates, widescale fraud and corruption threaten efforts to boost the economy.

Banking leaders will meet in Gauteng next week to prepare proposals for changes to legislation in an effort to stop money-laundering.

In South Africa banks do not have to report deposits that exceed certain minimum limits or which are suspected to come from criminal activity — unlike Europe — and banking leaders are lobbying for legislation to enable them

to do so.

In another initiative, about 1 000 business, industry and civic leaders from around Southern Africa are expected to assemble at a one-day anti-crime workshop, organised by the Council of Southern African Banks (Cosab), in August.

Cosab chief executive Mr Piet Liebenberg said emphasis would be placed on developing new moral standards and a work ethic to promote economic growth.

Professor Louise Tager, chairwoman of the Business Practices Committee, said business was making more effort than in the past because crime was now

spilling into previously safe areas.

Business leaders had held several conferences on fraud and corruption in the past two years, but now the economy was also being threatened by international fraud syndicates.

"There is not one solution to this problem and it is going to be a lengthy process. We need a police force which is properly paid and trained as a community police force.

"We need to reinstate good values in our society," Prof Tager said.

"The chairman of the board and directors must take a lead in good business ethics. These things start from the top," she added.

Key issues must be resolved, warns Sacob (30)

2/27 22/6/95

Business Editor

SOUTH Africa could be trapped into low growth rates of about three percent if key issues in the economy are not resolved, the SA Chamber of Business (Sacob) has warned.

In a statement after

Sacob's mid-year council meeting in Johannesburg yesterday, the chamber's president, Les Weil, said a growth rate of five percent to six percent was necessary to tackle unemployment and poverty.

But unless key issues

were resolved soon, the political and economic gains made in the last year could be negated, he said.

Issues identified by Sacob were:

- Labour relations;
- Crime and violence;
- Competition policy;

- Public holidays; and
- Taxation.

Mr Weil said the chamber was concerned at prospects of a land tax, a health tax, a provincial surcharge on national taxes and higher regional services council levies.

Danes give SA R54m

(30) BO 26/6/79

THE Danish government has agreed to give SA R54m in aid to promote the development of small and medium-sized black businesses. The aid agreement was signed in Copenhagen at the weekend during a visit by SA political leaders and ministers. Trade and industry minister Trevor Manuel also addressed a conference on SA, and he and other key officials will be in Montreaux, Switzerland, this week to attend another major conference on SA.

Receiver aid for smaller businesses

(20) SKW 27/6/95

■ BY FRANCOISE BOTHA

Small businesses will be helped by a recently gazetted tax practice note that increases the write-off limit in the year of acquisition of small items, say tax consultants.

Practice Note 39, which was published in the government gazette in May, increases the limit for full deduction of items in the year of acquisition, from R250 to R1 000.

A Cape-based tax consultant who asked not to be named for professional reasons, said small business will benefit substantially by this change. "People who start small businesses often don't have the resources to invest in expensive equipment from the outset, so they often buy equipment second hand. This change will mean that they will receive tax relief at an earlier stage, which helps them to grow their businesses."

The note applies to the deduction of wear and tear or depreciation on plant and machinery, implements and articles used in the production of income.

Business will resist the RDP 'report card'

John Dlodlu

(30) (297) 29/6/95

THE business constituency at the National Economic, Development and Labour Council (Nedlac) has vowed not to back down from its fight against government proposals to link export subsidy benefits to companies' performance on indicators related to reconstruction and development.

Government representatives recently tabled a proposal at Nedlac's trade and industry chamber seeking to link export benefits — available through the controversial general ex-

port incentive scheme (GEIS) — to RDP objectives, including training, research and development, and affirmative action.

The proposal sparked off an outcry from business, which claimed government was renegeing on its promise to allow companies enough time to prepare for changes in trade policy. The proposal, business said, would have added another bureaucratic layer to an already cumbersome procedure in claiming GEIS benefits.

In what appears to have been a climbdown from its earlier position,

government recently told business that its proposal amounted to "an extra form" to accompany any GEIS claim application.

Business felt that the "RDP report card" — as the mooted form is pejoratively known among business circles — would be useful to determine use of taxpayer's money, but not to penalise businesses.

Meanwhile, Sapa reports the Labour Relations Bill will go through Parliament this year, despite negotiators giving up on meeting the June 30 deadline.

Business profits 'must benefit community'

CT 29/6/95

(30)

BUSINESS must find ways of making profits which also benefit the economy as a whole, the Minister of Water Affairs and Forestry, Professor Kader Asmal, said this week.

He urged members of the Seeff-Cape Times Executive Breakfast Club to invest profitably in non-governmental organisations serving the community rather than making fat profits in markets such as Constantia and Sandton.

When asked to define an excessive profit by saying he could not give a definition "but I will know".

Prof Asmal said the government's role was to create an enabling environment that induced business creativity.

"Government policy must be

such that the pursuit of a quiet life becomes, paradoxically, a dangerous business strategy. Only in that way will we spur business to do real business rather than engage in effortless profit-taking."

Prof Asmal said that in the old political system it made sense to maximise present gains.

In today's "more sane political climate" business rationality required more long-term strategies, more gradual profit taking, he said.

He said that profitability was a function of business efficiency. Wages were not excessive but on a par with those of Mexico.

He asked when newspapers were going to print the salaries and perks of directors.

Franchising could solve SA's economic blues

(30) CT (PAR) 30/6/95

BY WESSEL EBERSOHN

SPECIAL WRITER

Skills levels in South Africa are low. About 47 percent of the population is illiterate and 10 percent is semi-literate. According to a 1990 World Bank survey only 2,2 percent of the black workforce has matriculated. Matriculation among whites is about 50 percent. Levels of tertiary education are even lower.

As a result, according to SBDC figures, 45 percent of the population falls into the informal, subsistence and unemployed groups. Only 5 percent of new work seekers will find employment in the formal sector this year.

With these statistics it is not surprising that many see the technical skills and management expertise provided by franchising as a way of solving some of South Africa's economic problems.

A franchise is usually the establishment of a marketing or distribution network under a shared trade name. The franchisee pays the franchisor for the right to do business under that name and operates within a specified business format. In return the franchisor provides training and support services to the franchisee. The business always belongs to the franchisee, to dispose of it and when he chooses.

With well-known and respected

businesses where the business format works, a relatively unskilled franchisee can enjoy substantial success.

The Australian experience is typical. The franchisees there have been out-performing every other category of business in recent years. The sales increase in franchised units in 1993 showed a 46 percent growth against a 25 percent growth for company owned units. The growth in the turnover of small businesses generally was 30 percent.

For the mother company the rewards are equally great. Expansion is relatively inexpensive and the problems involved in managing a growing personnel enterprise disappear. It is in the interests of owner-managers to see that things run smoothly.

With the opening of the South African market we have become the latest and possibly most fiercely contested franchise forum in the world.

According to the Investor Responsibility Research Centre in Washington, the number of American companies seeking non-equity links with South Africa grew from 109 in 1987 to 430 at

the beginning of last year. Many of these were franchisees.

This year the figure is certainly even higher with American franchisees looking to sell to local franchisors for between \$200 000 and \$1,25 million.

Internationally the success of franchisees against independent businesses is overwhelmingly good.

The essential and unavoidable disadvantage they have is that the franchisee loses some independence. For this reason, and because he invests so heavily in time and money, he has to have confidence in the franchisor.

At the International Executive Communications franchising conference in Johannesburg in July last

year, Andrew Sherman of the Washington-based firm Silver, Freeman and Taff warned that prospective franchisees should guard against excessive control of the franchisee's location and extensive and burdensome restraint-of-trade arrangements after the term of the franchise agreement has expired.

The need for care in approaching a franchise agreement is well known by those who control the industry.

The Franchise Association of South Africa has a code of ethics by which it expects its members to function. One of the code's clauses declares that "Full and accurate written disclosure of all information considered material to the

franchise relationship shall be given to prospective franchisees a reasonable time prior to the execution of any binding document.

"All matters material to the franchise relationship shall be contained in one or more written agreements, which shall clearly set forth the terms of the relationship and the respective rights and obligations of the parties."

If a franchisor does not offer this sort of disclosure the prospective franchisee should simply take his business elsewhere. There are plenty of good franchises run by people with high ethical standards.

□ This article is reproduced here with the kind permission of Success, a new journal dealing with South African business.

Emerging businessmen network in Montreux

(30)
ET (BR) 30/6/95

Dour Swiss bankers and businessmen will take black businessmen and financiers more seriously in the future.

At the beautiful Swiss lakeside resort of Montreux, about an hour and a half away from Geneva, the emerging business contingent of the South African delegation did themselves proud. Swiss and other Europeans, used to meeting white businessmen over the years, enthused about fast-growing emerging black enterprises.

They were impressed with the dynamic, humorous, but intellectual black speakers and delegates. They accounted for a third of about 100 South Africans who were selling their country at the three-day conference. At previous European conferences on South Africa, there were about one or two "honourary blacks" and speakers and European delegates complained that they were still listening to the sounds of the old South Africa.

Indeed, there were intriguing individuals within Montreux's "little South Africa". As an independent consultant, Maxwell Maisela carried out research on insurance needs of blue collar workers about 15 years ago. He is now joint deputy managing director of Alexander Forbes, Consultants & Actuaries.

Danisa Boloji, executive director of the National Black Business Caucus, has a doctorate from Columbia University and taught at the City College of New York. Yet she missed Soweto and came back to live with her parents there, actively helping the



BY NEIL BEHRMANN

The conference was valuable for making contacts, but may not be the best route

community in her spare time.

Seth Phalatshe, corporate planning manager of BMW (SA) asked me whether I would accept BMWs that were manufactured and exported from South Africa. The obvious reply was that the British buy quality German products because they are perceived to be made in Germany.

"Wrong," said Phalatshe with a broad grin. "A BMW is a BMW and we in South Africa are already exporting to the Asian Pacific region."

Gigima Dladla, general manager of business finance at the Kangwane Economic Development Corporation in Eastern Transvaal, said an Italian company had just agreed to invest about R30 million in emerging businesses.

"It is too early to disclose details," said Dladla, laughing. "You helpless journalists are bound to get it wrong."

Several Swiss and German businessmen complained that affirmative action would hinder foreign investment.

Positive discrimination in South Africa

would dampen returns, they said.

The reply of Nthato Motlana, medical doctor and chairman of New Africa Investments, was that after 300 years of discrimination, the issue had to be addressed.

The positive aspect of affirmative action was the rapid rise of black society, said some members of the group. None of the black businessmen at Montreux had any estimate of the size of this fast-growing economic group yet David, Equitron-Wilson, director of RPS, a national Executive Search Consultants, estimated that the demand for black professionals could reach about 500 000 by 2013 depending on the extent of affirmative action. This compares with demand of about 70 000, a sixth of the demand for white professionals, in 1993.

Rising incomes of black managers and businessmen would boost economic growth, said Vusi Khanyile, managing director of Thebe Investment Corporation.

"The black middle class will also con-

tribute to political and social stability in a mixed capitalist economy," said Frank Hendriks, head of economic affairs on Holland's Committee on Southern Africa. Formerly active in the anti-apartheid campaign, this organisation is doing its utmost to fund development and emerging South African businesses.

Bobby Makwetta of International Renaissance Holdings, Winky Ximiyi of Pakamisa Investment Corporation, and other black businessmen believed that the conference would ultimately generate deals and investment in their companies.

"The networking is going well," said Ximiyi.

Time will tell. The conference organisers can be praised for introducing black business people to Europeans and the group made good contacts. Yet there were only 37 European company representatives and 22 bankers at a conference of about 250 people including 100 speakers.

I agree with Paul Melly, an editor of the newsletter African Analysis, who said the Montreux conference, which incurred a loss, did not achieve its objectives.

For example, only nine German businessmen and industrialists attended the Montreux conference. This is hardly surprising. When Trevor Manuel, trade and industry minister, led leading South African industrialists on a roadshow to Frankfurt, Stuttgart, Cologne and Munich, they met more than 400 German industrialists and businessmen. That is the route emerging entrepreneurs should follow.

Workers splashed liquid in shop - witness

Star 30/6/95

BY HOPEWELL RADEBE

Twenty Fairland Spar workers who embarked on an illegal strike last year splashed customers, scab workers and products in the store with a smelly liquid, the Johannesburg Regional Court heard yesterday.
Spar owner Andrias

Argyrou was testifying in the trial of his 20 former employees who have pleaded not guilty to charges of intimidation, trespassing and contempt of a court order.

The accused are members of the SA Commercial, Catering and Allied Workers' Union.
Argyrou said workers

caused damage in the store on November 18, two days after he had distributed and read to them a Supreme Court order that they should not protest inside the store and should be at least 200m away from the shop.

He said the accused also failed to heed a

warning from two senior police officers identified as Lieutenant Niemand and Sergeant Opperman who were pushed aside while trying to explain the court order.

The policemen had also asked them not to enter the shop with the liquid.

The trial continues.



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MED PROGRAMMES OF STUDY BY COURSE WORK



SA firms dominate 'emerging market'

OWN CORRESPONDENT

CT 4/7/95
LONDON: "Demoted" from Business Week's Global 1 000 list, South African companies now dominate the American magazine's list of the Top 200 emerging market companies.

Ranked by market capitalisation, the SA contingent totals 39 in the list, against 22 each from Taiwan and Malaysia and 19 from Korea, among the 15 countries in the league.

Anglo American, at \$12,4bn (about

R44,64bn) comes in at sixth place — in the Global 1 000 it would rank 195th, ahead of Germany's Dresdner Bank.

De Beers (about R34,56bn) is 10th, SA Breweries (about R28,44bn) 16th and Liberty Life follows at about R23,4bn, according to the data supplied by Morgan Stanley Capital International.

Twenty of the Top 100 are SA-listed firms.

The number of Mexican companies in the list dropped from 30 to nine.

Councils 'can encourage growth'

Business Day Reporter (30)

LOCAL authorities had to move away from controlling economic growth to creating a climate conducive to entrepreneurial activity, Business Practices Committee chairman Louise Tager said yesterday.

At an AIC conference in Midrand on local and regional economic development, Tager said councils had enormous power to regulate development. But she cautioned local government not to assume the role of protecting formal business from perceived unfair competition, as it had done in the past.

Formal business should try to develop a symbiotic relationship with the informal sector and not lobby local government to put undue pressure on traders to comply with existing regulations, Tager said.

Informal trade was an important aspect of economic growth. A single set of enforceable laws should be drawn up to regulate this sector, Tager said.

MD 5/7/95
Although she did not advocate an entirely deregulated environment in which health and safety might be jeopardised, Tager criticised restrictive by-laws.

Economic freedom was enshrined in the interim constitution — with certain qualifications, mainly relating to health and labour — and limitations imposed by provincial or local governments might be ruled unlawful by the constitutional court.

She cited examples of regulations pertaining to child-minding and dealing in second-hand goods which were so detailed they were almost unenforceable.

Tager also advocated the relaxation of zoning limitations which prohibited working from home in many residential areas.

Clarification was needed to establish central and provincial powers. Local authorities were fairly autonomous, however, as local ordinances defined powers. Provinces had inherited these and there were "real opportunities for rewriting" them now to encourage development.

R400-m boost for small businesses without collateral ⁽³⁰⁾

ARG 5/9/95

□ *National credit guarantee fund to cover loans*

MAUREEN MARUD
Business Staff

THE state is to back small business to the tune of R400 million from November 1, the department of trade and industry has announced.

Speaking at a two-day workshop for small, medium and micro enterprises in the Western Cape, ministerial adviser Alistair Ruiters said the department would set up a national credit guarantee fund to cover loans to small businesses.

"We hope to inject R100 million into it," he said. In the next year the department would give R400 million in credit guarantees to small businesses.

Interviewed later, Dr Ruiters said guarantees would exceed the total in the fund to make up for people who might not repay the money borrowed.

Credit guarantees would be provided to people who had no form of security when seeking financing for a business.

"You might have the best plan on earth to start a business, but you can't get access to the money you need because you don't own anything that can be used as collateral. So the government will bear a percentage of the risk."

The fund would provide security of up to R70 000 for someone wanting to borrow R100 000, while the bank would carry the risk for the balance.

"If the person doesn't pay, the bank can apply to recover R70 000."

The fund would consist of foreign and government contributions, he said.

Also in November, the department of trade and industry would set up a wholesale financing facility. A further R100 million would be injected into it, Dr Ruiters said.

The wholesale financing facility would channel public sector and donor funds to institutions financing small, medium and micro businesses.

"In the past three months we

have had R100 million from foreign donors. That money will be injected into banks, NGOs (non-government organisations) and small business in this country," he told about 400 delegates at the workshop.

The department had a budget of R180 million this year for small businesses and an additional R560 million coming from the private sector Small Business Development Corporation, whose work was largely being replaced by the new Small Business Development Agency set up by the department of trade and industry.

In the months leading up to November, the department would have in place a short-term transitional facility to help NGOs seeking financing, Dr Ruiters said.

His department was working on the basics of a national small business bill due to go through parliament either later this year or next year.

Among other things, the proposed legislation would make the Small Business Development Agency a statutory body, he said.

Small business financing (30) BD 6/7/95 soon to be more accessible

Edward West

CAPE TOWN — Government was well on its way to meeting its November 1 target for the implementation of its small and medium business (SME) development policies, trade and industry ministry small business adviser Alistair Ruiters said yesterday.

Interviewed at a conference on SMEs at the University of the Western Cape, Ruiters said government and a number of banks were finalising a national credit guarantee system for SMEs to be implemented in November.

Alternative forms of collateral were being investigated to make credit more accessible to small businesses. A small business development agency would become operational in November, offering a portfolio of funding programmes.

The programmes, involving concessional loans and grant funding over and above the credit guarantee system, would also be dis-

tributed through non-governmental organisations with developed distribution capacities in rural communities not traditionally serviced by banks and other financial institutions.

Ruiters said that so far six interim provincial small business councils had been established. These would give small businessmen an independent voice for government to interact with. A national conference would be held later this year to establish a national council on SMEs.

At government level an inter-departmental committee on small business had been established with 27 other departments to coordinate the implementation of SME policy.

In addition, a system coordinating the relationship between government and provincial government small business development agencies had been finalised last week and was awaiting Trade and Industry Minister Trevor Manuel's signature.

MANAGEMENT

Women's club calls for more support

Reports by Amanda Vermeulen

BD 6/2/95

THE Executive Women's Club (EWC) has called for more support in its attempts to encourage women to assume positions of responsibility in the business world.

EWC's Marilyx Stafford-Mayer said that while members had made generous donations to the club's bursary scheme, funds were seriously depleted by early last year. This had highlighted the need for a fund whose capital base was large enough to generate interest to sustain the bursaries.

The bursary fund was established in 1988 to award bursaries to deserving women whose financial circumstances prevented them attending business school.

At the end of last year the fund was approached by 29 women, but resources limited the bursaries to three, bringing to 15 the number of bursaries awarded so far.

One of the other facets of the EWC is its annual recognition of a woman achiever in the business environment. Next month the EWC will announce the winner of its 1995 Businesswoman of the Year award.

The 1994 winner, Veronica Devine — the moving force behind Justine Cosmetics — said the award had pro-

vided a motivational boost to the company which reported a 25% increase in turnover during the period.

It had also created international exposure for her and the company, which was looking at expanding beyond SA's borders.

Devine said the award was significant as it recognised the professionalism of women in business, a small percentage of whom occupied senior management positions.

An award aimed at the "businessperson" of the year did not take into account the small representation women had at board level, which made it even more difficult to compete for the honour.

Despite this problem, Devine said she did not believe SA women were any worse off than their counterparts in the US or Europe.

One of the more pleasing developments in the advancement of women in business was the increasing number of women entering the small and medium-sized business sector.

She attributed this to women being frustrated with "the system", and taking matters into their own hands by launching their own businesses.

"Women still have a long way to go to achieve equal treatment and combat discrimination. The EWC award helps in the fight for due recognition."

e pyramid

This did not mean all jobs were seen to be of equal importance. There were various bands and levels of skills, and competencies within bands differed.

"Broadbanding creates opportunities for each position to add value to the organisation, the degree of value added depends on the individual."

The benefits to organisations which implemented broadbanding were numerous. It allowed for rapid initiation of change and response to market vagaries and it encouraged a team-orientated workforce. It also created a new approach to compensation structures, based on pay for performance.

Black business signs on for skills training

(12) (30) BD 6/2/95

EMERGING black business can contribute to a stable economy provided it is given access to sustained finance and appropriate business skills. Business Skills of SA (BSSA) executive director Hein van der Merwe said this week.

Coopers & Lybrand is running BSSA course in Johannesburg, and two courses in Soweto, attended by a range of business people.

BSSA is a joint venture of the auditing firm and Nafcoc's National Industrial Chamber (NIC), based on skills transfer programmes developed in Britain.

The BSSA Foundation, Van der Merwe said, had provided busi-

ness skills training for more than 2 000 people in three years, and had helped create jobs for about 50% of those who attended courses.

Course attendees said it provided relevant examples while also allowing those attending to share experiences.

Subjects included practical marketing, personal selling skills, customer care, debt recovery, pricing policies and management.

Van der Merwe said Coopers & Lybrand had invested more than R1m in BSSA since 1992. It financed basic management and administration, while the NIC assisted in adapting the material.

Start-Up Fund 'releases' R1,5-m

By Isaac Moledi

SINCE its inception two years ago, the South African Start-Up Fund has released about R1,5 million to over 2 000 emerging businesses in the informal sector and is now expanding its operations nationwide.

The fund's chairman, Mr Tony Davenport, says experts of the international development organisations have been impressed by the fund's performance.

"To our astonishment the fund was described as unique in the international field of micro-credit delivery," says Davenport.

"This is due to our innovative electronic systems whereby we use the commercial banking infrastructure for the delivery of small business loans to emerging entrepreneurs throughout South Africa," he adds.

The same system is used to enable the borrowers to make their repayments to the fund

Because this method of transferring funds to and from borrowers is so efficient and economical, Davenport says the Start-Up Fund is able to cover all its operating costs from the interest paid by bor-

rowers - without changing the exorbitant rates.

The Start-Up Fund, a non-profit organisation providing an incentivised and incremental micro-credit programme aimed at unemployed people entering into self-employment, is backed by the Development Bank of Southern Africa, the IDT, Nedcor, Anglo American Corporation, Metropolitan Life, Southern Life and JCI.

Davenport says the programme is designed in such a way that the borrowers willingly make their repayments because they want to obtain bigger loans as they climb the ladder of opportunity provided for them by the fund.

"Progress up the ladder depends on each borrower's repayment. The borrower does not receive the next loan until his repayments are up to date," he says.

The fund offers loans from R200 up to R2 000.

"Now that the Start-Up Fund has been functioning very successfully for nearly two years, our operations are being expanded in all nine provinces with additional funding from local and international sources," adds Davenport.

Sowetan 6/7/95

Banks asked to assist emerging sector

BY FRANÇOISE BOTHA

The government and the banking sector had to share the risk in providing loan finance for emerging business as it was doing in the housing market.

This was the view of Alistair Ruiters, the special adviser to the minister of trade and industry on small and medium enterprises who was speaking at the Small, Medium and Micro Enterprises Workshop at the University of the Western Cape.

He said that he had written to the Confederation of South African Banks to set up a meeting to discuss the manner in which they deal with small business loan applications.

Ruiters said: "While the gov-

ernment is prepared to take a risk in providing finance, banks must also take some risk.

"They have done it with housing, so why can't they do it with small business banking?" he asked.

Part of the discussions are set to revolve around the provision of non-traditional collateral, such as a share in a "stokvel" or a small number of livestock.

Allocations

"The challenge from the department of trade and industry is getting banks and small businesses to see eye to eye," he said.

Ruiters alleged that many of South Africa's larger banks had made allocations for the provision of loan financing to the Small

Business Development Corporation, but that this funding was largely untouched.

The meeting follows in the wake of the government's commitment last month to assist small business through the provision of credit guarantees worth R400 million.

"The problem with providing credit is determining which people are eligible.

"The scheme is aimed at real affirmative action — giving opportunities to those that haven't had them before," he said.

He added, however, that the money that had been pledged to assisting small business was not going to solve all problems.

"It would be unrealistic to think that," said Ruiters.

CT (BR) 6/7/95 (30)

Small business must learn to help itself

ET(MR) 6/7/95

(30)

By FRANÇOISE BOTHA

STAFF WRITER

Democracy in South Africa will mean nothing if small and emerging businesses do not create growth opportunities for themselves.

Speaking at the small, medium and micro enterprises workshop held at the University of the Western Cape, Chris Nissen, Western Cape minister of economic affairs and the reconstruction and development programme, said that while the provincial government is committed to "doing everything in its power to support and assist" small business, it is the responsibility of small business to create opportunities for itself.

If there is only an attitude of entitlement, without a spirit of entrepreneurship, there can be no

economic growth, Nissen said.

The workshop marks the first gathering of people who run small businesses from the rural and urban areas of the Western Cape.

Commenting that Western Cape-based small business leaders have been the most outspoken about business promotion, Nissen said that the government would work closely with the different sector organisations and organised business to create an environment in which business can prosper.

"This government is committed to playing a significant role in the implementation (of support for small business), but this has to happen within the constraints of very limited resources.

"We have to face the fact that support for small, medium and micro enterprises is not just a mat-

ter of dishing out money. We have to solve the problems by being smarter," he said.

As a means of assisting small business, the department of economic affairs has announced that it will launch a desk to co-ordinate support for small business from other government departments.

Nissen said that probably more than half of the labour force of the 1,5 million people in the Cape are absorbed in the sector, which contributed about 45 percent to the gross regional product.

"That is why it is a challenge now to plan the implementation of a national strategy at provincial level, with due attention to regional differences. . . . It is in this sense that we talk of a Western Cape implementation strategy," he said.

SA business 'corrupt, sloppy'

(30) 7/7/95 Star

Bloemfontein — South Africans lacked a culture of honesty and respect for the law, and this had contributed to the rise in economic crimes, speakers at Africa's first conference on economic crime said in Bloemfontein yesterday.

Professor Wiseman Nkuhlu of the Development Bank of South Africa said computer crime was increasing and white-collar criminals were becoming more sophisticated and devious.

He said weak and corrupt African governments had contributed to economic crime and corruption in the private sector.

Professor Louise Tager

of the Business Practices Committee said values had been seriously eroded in South Africa and the business sector had to take a great deal of responsibility for corruption in the public sector.

Goldfields South Africa executive director Richard Robinson said South Africans lived in an increasing culture of dishonesty, aggravated by increasingly sloppy attitudes to checks and controls.

Cheque frauds and theft had reached alarming levels, and bribes and collusion between staff and suppliers were serious causes for concern.

The theft of gold and

precious metals was the most serious crime affecting the mining industry, he said.

Major-General Manie Schoeman, head of the police's commercial crime section, said businessmen continued to operate in a climate of lawlessness, which threatened their existence and posed a risk to the whole sub-continent.

Dr Barry Rider, executive director of the Centre for International Documentation on Organised and Economic Crime, said the criminal justice and police systems were insufficient to protect the country's economy. — Sapa.

BLACK BUSINESS (30)

Swiftly, swiftly

RM 7/7/95
Telkom has joined Thebe Investments and a Western Cape black business consortium, Hoerikwagga Investments, to create a new subsidiary, Swiftnet.

The State telecommunications utility has invested R16m for a 60% share, while its partners will each hold 20%.

Swiftnet operates a service — FastNet — which enables credit card transactions, security alarms, meter readings and other short messages to be sent by radio instead of telephone lines.

The company is Telkom's third partnership venture: its first was its 50% stake in Vodacom with UK's Vodafone and Rembrandt; and its second a 70% stake in Q-Trunk with Q D Electronics.

Swiftnet conforms to Telkom's new policy outlined by MD Brian Clark. "To ensure adequate support for emerging, medium and large black business, Telkom has amended its procurement policies and procedures and we are actively seeking new partners."

Telkom has tested its wireless data services since last year's election, and says there is strong demand from financial institutions. It claims retailers can complete card authorisation and other electronic point-of-sale transactions in under six seconds. Traditional dial-up modems can take longer because of engaged lines and delays in linking to banks' mainframe computers.

Swiftnet's charges have been structured to encourage banks to use its wireless service for bulk data transmissions at night. Under the present system, retailers send the day's electronic transactions to banks after hours when telephone rates are cheaper. Connections during the day are only to authorise purchases over a certain limit.

The cost of authorising cards will be 22,8c (Swiftnet's minimum charge during office hours). Its charge for the volume of

RADIO VS WIRE

Fastnet charges

| Fixed charges | Vat inclusive |
|--|--|
| Connection/registration fee | R22,80 (once off) |
| Network user address fee | R17,10 (per month per Radio-Pad) |
| Optional fees | |
| Purchase of Radio-Pad (after which no monthly rental will be applicable) | R3 876,00 (subject to fluctuation in exchange rate) |
| Rental of Radio-Pad | R57,00 (per month) |
| Maintenance fee | R17,10 (per month) |
| Installation charge (if required) | R273,60 |
| Call charges | |
| Office hours | 2c per 64 bytes + 10c per minute + Vat |
| After hours | 1c per 640 bytes + 5c per minute + Vat |

SOURCE: TELKOM

data sent is reduced by 95% after hours and the cost per minute drops 50% from 11,4c to 5,7c.

"Fastnet fits Telkom's goal of assisting businesses in areas that still lack telephone cable infrastructure. It will put businesses in informal settlements on a competitive par since it allows those without telephone lines almost instant credit card verification via the banking system," says Clark.

The service is also being marketed to security firms as there are no cables to damage, giving it an advantage in burglar and fire alarm systems. It supports two-way communication, allowing security companies to remotely control and check customers' installations.

Energy management offers further potential. The service could be used by municipalities to take electricity and water meter readings electronically, and by factories to monitor machinery. ■

Business skills for the unemployed

(30) LT(BR) 7/7/95

A business training scheme has been launched in the Northern Province to arm unemployed youth in the area with skills needed to start their own businesses.

The Centre for Opportunity Development, a training programme initiated in Johannesburg in 1993, has opened a branch in the area to provide an intensive, four-month business training course. The programme equips the youth

with skills in the basics of finance, marketing and manufacturing while they run their own student businesses. The students are able to earn money while they learn.

Empowerment

Burt Neethling, the general manager of the centre, said: "The need for our programmes is great, and judging by our success in

Gauteng and the Western Cape, we will make a significant impact in meeting the economic empowerment needs of youth in the province."

Northern Province premier Ngoako Ramatlodi has enthusiastically welcomed the initiative, saying it will help to create the necessary atmosphere to stimulate job creation in one of South Africa's poorest provinces. — Staff Writer

Traders put the heat on bankers

ARLT 8/7/95

30

MAUREEN MARUD

Business Staff

BANKS are under pressure from the authorities to facilitate loans to small businesses following a stormy meeting in Bellville this week.

Bankers ran the gauntlet of pent-up wrath that spilled over in accusations of arrogance and indifference from delegates to a two-day workshop at the University of the Western Cape.

Tony Ruiters, deputy director-general of provincial Economic Affairs, said workshops would be arranged with individual banks "to unblock the obstacles" to obtaining loans.

The Western Cape government and the Small Business Directorate in the Department of Trade and Industry would work together to persuade the banks to change policy on collateral and security for loans

to small businesses.

His department would also act on a recommendation from the workshop at UWC to ask banks to train branch staff in dealing with small business, particularly black small business, Mr Ruiters said.

"Both Absa and the Standard Bank have already given me a commitment to do so."

A panel of bankers at the workshop felt the heat early in their presentations on how to access loans. Angry comments from the floor told especially Absa, First National Bank and Standard Bank representatives that their institutions did not attempt to serve informal and micro businesses, whatever their claims.

Delegates were outspoken in their criticism of loan criteria that included collateral, a business plan, cash flow projections, income statements and a sound credit record.

They complained that their lack of collateral was due to

historical denials of their rights to own homes or to take advantage of study and job opportunities.

At times the Great Hall at the University of the Western Cape was in an uproar with emotional outbursts and supportive applause from the informal sector who scoffed at small business initiatives being introduced or already in place.

"The formal financial institutions don't seem to understand the needs of a person trying to survive and develop into an emerging business. What are they doing for that sector?" asked a delegate.

A Standard Bank representative replied that his bank realised there was a gap in the market place.

"We are looking at re-drafting the terms and conditions required for lending to the micro sector. We ask you to be patient."

The First National representative said micro funding was

a very difficult market. The bank realised it would have to "get smarter" at lending to this sector.

The Absa representative said his bank was in the process of establishing a new division for informal and micro enterprises.

At one point Chris Nissen, MEC Economic Affairs, appealed to delegates to remember that the bankers they were addressing were not the policy-makers for their institutions.

Dr Kamy Chetty, acting deputy head of the Department of Economic Affairs said access to finance was "a very emotional issue, because for years... especially the black and women sectors" had been denied it through no fault of their own.

"It is important that the banking and funding institutions and the private sector know exactly how deep our feelings run."

■ More reports on page 2

Ensuring a better deal for small business

(30)
AUG 8/9/95

Reports:
MAUREEN MARUD
Business Reporter

ANOTHER milestone was passed this week on the road to a better deal for emerging businesses in the new South Africa.

A plan of action to resolve their problems was accepted by small businesses, including the informal or "survival" sector, after a two-day workshop in Cape Town organised by the provincial department of economic affairs and the RDP.

"This is the first time in the history of the Western Cape that we have brought together rural and urban informal and small businesses to discuss their common problems and to seek solutions," said Tony Ruiters, deputy director-general of economic affairs.

"One of the most important problems the plan will address is the inaccessibility of bank loans for the informal, micro and small business sectors," said Mr Ruiters.

"The decision of the workshop was to mandate the department of economic affairs, together with an interim small business council, to facilitate workshops with the individual banks both at the higher managerial level as well as with small business units."

The purpose of the workshops was to "unblock obstacles" to obtaining loans, he said.

The first step in the action plan was to appoint an interim group of 18 representatives of the various stakeholders, including women, people with disabilities, young entrepreneurs, academic institutions, NGOs and government.

Their task was to elect a provincial small business council within three months with a rural and urban balance to interact with a national small business council and lobby on behalf of the region.

The plan also called for two task teams to be set up. One would co-ordinate support services and resources available to rural and urban informal and small business sectors.

The other would access information on available opportunities for contracts to build houses, stadiums and other facilities should Cape Town succeed in its bid to host the Olympic Games.

The team would also identify and access opportunities for land ownership in the Western Cape for traders and the informal sector.

It would access market opportunities, and ensure that small business procured State tenders, Mr Ruiters said.

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Don't leave us in cold - Nafcoc

By MARTIN NTSOELENGOE

BLACK business in the North West has slammed the fact that the merger of platinum giants Gencor and Lonrho took place without any black participation.

The president of the National Federated Chamber of Commerce (Nafcoc), G M Mokgoko, said although the merger made "good business sense", it was incomplete without Nafcoc's involvement.

He said it seemed neither party

in the merger had made any attempt to involve black business.

However, Mokgoko said there was still time for Gencor and Lonrho to open up appropriate discussions with Nafcoc in the North West. Such an initiative would confirm their commitment to helping with the empowerment of disadvantaged communities, he said.

■ The result of the merger is the world's largest platinum producer - with an annual output of around 1,6 million ounces.

(30) CP 9/7/95
It will also produce about 740 000 oz of palladium and 160 000 oz of rhodium. The entire merged operation is sited within the North West, which has been dubbed the "Platinum Province".

The announcement follows soon after a recent summit convened by the premier of the North West, Popo Molefe, between his cabinet and the mining houses operating in the province. Molefe called on mining to broaden the regional economic base.

Nafcoc tackles challenges

Theo Rawana

THE National African Federated Chamber of Commerce (Nafcoc) would bring together top government and black business leaders and captains of SA industry when it held its annual conference later this month, the organisation said on Friday.

More than 1 000 delegates were expected at Sun City from July 23 to 26 to listen to Trade and Industry Minister Trevor Manuel, Public Works Minister Jeff Radebe and former Tanzanian president Julius Nyerere, Nafcoc president Joe Hlongwane said.

Other speakers at the conference, which had the theme "United and Integrated Business Strategies: Challenges and Opportunities in a Democratic SA", would include De Beers deputy chairman Nicholas Oppenheimer and North-west premier Popo Molefe.

Hlongwane said the conference would be a catalyst to unite black business in order to empower the majority population of SA.

Issues to be discussed would include tendering and procurement initiatives which were "friendly to small, micro and medium-sized enterprises", the establishment of new industries which would promote growth among the emerging business community and the facilitation of joint ventures with both domestic and international companies.

The conference would also take a deeper look at technical and management skills training, discuss regional co-operation which would increase development across Africa and seek ways to boost investor confidence through a reduction in crime.

Small business battles the councils

Star 10/7/95

(30)

■ BY FRANCOISE BOTHA

Small business in the Western Cape is engaged in a battle with the industrial councils which control the industries' labour and wage negotiations, claiming that their freedom of association has been infringed in terms of the new constitution.

A spokesman for the

Independent Garment Manufacturers' Association.

The association is lobbying for freedom from the industrial council system, said that in terms of the existing law, a business that employs more than 5 workers has to register with the industrial council and pay wages that have been negotiated for the industry in a col-

lective bargaining process between employers and the trade union.

Other requirements include the payment of sick and provident fund contributions and a general levy.

"This is killing our businesses and what makes matters worse is that we are forced to pay these amounts," he said.

(30)
IDC secures
big boost for
small firms

CT(BA) 10/7/95
BY PETER GALLI

The Industrial Development Corporation has raised \$80 million through a three-year revolving syndicated credit facility supported by 14 international banks, the corporation's managing director, Carel van der Merwe, said at the weekend.

The loan is priced at 75 basis points over the US dollar London Interbank offered rate, and the money will be used to fund the corporation's local industrial loan portfolio to mainly small and medium-sized industrial companies.

"This loan forms part of our normal financing programme, and will result in an increased number of loans being granted to those companies with assets of less than R100 million. The cost compares favourably with that of borrowing locally and, as such, it made sense to raise the money abroad," Van der Merwe said.

The initial mandate was for \$50 million, but the facility was increased to \$80 million following an over-subscription due to the positive response from the international banking community — representing European, United Kingdom, Middle and Far East banking groups. Van der Merwe said the corporation was pleased with the terms and interest expressed in the transaction, particularly given the number of banks that were investing in SA for the first time.

Business call to scrap two holidays

Staff Reporter

BUSINESSES in Tygerberg have called for the scrapping of two of the 12 annual public holidays because of the cost to the economy.

The Tygerberg Chamber of Commerce also says in its monthly newsletter that holidays should be taken on the

Monday closest to the actual holiday date.

"This will put an end to the disruptive habit of turning mid-week days into extended long weekends."

The chamber would put this view at the mid-year meeting of the SA Chamber of Business, said newsletter editor Radi van

Zyl.

(30) ARG 12/7/98
"We will ask Sacob to propose to the government that the current number of holidays be reduced to 10 days."

The chamber had also expressed concern that violence and corruption had put a virtual stop to investment in the country, he said.

Nafcoc AGM looms

By Mzimkulu Malunga

UNITY in black business, joint ventures and enticing big black business to become members of Nafcoc will be some of the features at the organisation's 31st AGM to be held in Sun City from July 23 to 26. 13/7/95

Unlike last year, when the conference took place just months after the non-racial elections and the new Government's agenda was still unclear, this year's AGM takes place in a scenario where Government policy is more defined. Regarded by many as the highlight of the black business calendar, the Nafcoc AGM this year will, in addition to seeking a broad alliance among black business, attempt to reposition the organisation in line with the new dispensation. (30) Sowetan

Facilitating joint ventures between foreign investors and black business is also high on the organisation's agenda.

Nafcoc president Joe Hlongwane says the alliance of black business groups will increase the sector's influence when it attempts to lobby Government. Boosted by victory in its fight for seats with Business South Africa in the National Economic Development and Labour Council, the morale among Nafcoc leadership is higher than in previous years.

Also fuelling their confidence is the organisation's manifesto, which has been submitted to deputy president Thabo Mbeki in response to a challenge made by Mbeki at Nafcoc's last AGM.

A day before the conference, all Nafcoc committees will meet, give reportbacks and map the way forward.

Small business body set to be established

Theo Rawana

(30) BN 14/7/95

THE National Small Business Council, which would become the voice for small business, should be operational by the end of this year, a Trade and Industry Department small business promotions executive said yesterday.

Addressing the Gauteng workshop on the establishment of a Provincial Small Business Council in Johannesburg, Alroy Dirks said his department would be holding talks with the provinces within the next two weeks to get their input on the final form the council should take.

The workshop was part of a series being held in all nine provinces to work towards the establishment of the NSBC and subsidiary provincial councils.

Alistair Ruiters, advisor to the ministry on SMME matters, said: "The formation of the council signals a major shift in small business development in the country by giving small business operators a significant voice in furthering their stake in the economy."

Meanwhile, President Nelson Mandela had called on National African Federated Chamber of Commerce (Nafcoc) president Joe Hlongwane to initiate moves for unity on the black business front, Hlongwane said in Johannesburg yesterday.

Hlongwane said contact with other black business groupings had already begun with a view to forming a forum.

Hlongwane told a news conference that the question of a black business summit, and the business manifesto Nafcoc had submitted to Deputy President Thabo Mbeki in January, were some of the issues delegates would discuss at the annual conference at Sun City from July 23 to 26.

Govt 'too close to white business'

■ BY THABO LESHILO

Star 14/7/95
The National African Federated Chamber of Commerce and Industry (Nafcoc) yesterday accused the ANC-led government of national unity of having moved closer to white corporates at the expense of black empowerment.

"We think our government is too far from us. It's a matter of concern to us and we want to draw it closer to its people," Hlongwane told a press conference called to announce the organisation's national conference later this month.

He said Nafcoc wanted to use the meeting to begin the process of uniting black business to in order to lobby the Government on such issues as its demand for a tax indemnity for township businesses.

Tax indemnity

"They have indemnified people who killed other people. They have indemnified people who have destroyed our country. What has black business done (not to qualify for indemnity)?" Hlongwane asked.

He said the tax indemnity was necessary to bring into the tax net those businesses which avoided paying tax in the past because of apartheid policies.

Hlongwane said Nafcoc was committed to working with white business to find ways to promote black empowerment. "They are good businessmen and we want to work with them."

The organisation's business manifesto would be the main focus of discussions at the conference.

Govt neglects us — Nafcoc

(30)

Sowetan 14/7/95

**By Mzimkulu Malunga
and Isaac Moledi**

THE Government is leaning towards big business and overlooking black business interests, president of National Federated Chamber of Commerce Mr Joe Hlongwane said yesterday.

Giving an overview of Nafcoc's 31st annual general meeting to be held in a week's time, Hlongwane said: "Our government is too far from us and this is beginning to be a concern to us."

He said it was uncharacteristic of black business to criticise the current government and the fact that he was attacking the government signified his organisation's worry over the way things were going.

For instance, when ministers went on missions abroad, such visits tended

to benefit only big business, Hlongwane said.

"In 1948 the Afrikaners empowered their own people and we want our government to empower us," he said. The Nafcoc chief also made a strong appeal for a tax indemnity for black business.

Although he declined to go into details, it was understood that Nafcoc wanted a tax amnesty for its members who owe lots of money to the taxman.

Many black business people have had a problem with the receiver of revenue since the days of general sales tax.

He said the coming AGM would discuss, among other things, unbundling, joint ventures and black business unity. On the issue of black business unity, Hlongwane said there was a need to establish a cohesive forum through which black business would speak with one voice.

Wits to give data on small businesses to banks, state

Theo Rawana

(30) MD 18/7/95

THE Wits Centre for Developing Business has begun an initiative aimed at providing policy-related information on the small, medium and micro enterprises (SMME) sector, the centre said yesterday.

Research programme leader Septi Bukula said the project was designed to produce usable information on SMMEs for organisations and agencies like banks, corporates, business associations, funding agencies and all levels of government.

Bukula said the initiative would be in five phases, with the first having begun this month and involving consultation with individual organisations in the public, private and development sectors to identify their information needs.

The second phase, which would begin at the end of this month, would be the compilation of a draft SMME Information Needs Report which would be fed back to organisations which had participated in the first phase, for comment and input.

The report will also be published in the

centre's monthly publication, the SMME Policy Monitor, in order to provide an opportunity to those who may not have participated in Phase 1 to make comments and input," Bukulu said.

The third phase, due to begin next month, would involve a one-day workshop where participants would share ideas, make further input and discuss ways of collaborating on information gathering and dissemination.

A final SMME Information Needs Report, which would inform and guide future information gathering, would be compiled on August 31.

In September there would be a half-day workshop involving university-based small business institutes and other support organisations such as non-governmental organisations where the report would be disseminated and discussed.

Bukulu said the SMME Policy Monitor would be incorporated in the new publication, the SA Development Digest, which would also contain a reconstruction and development programme report.

German bank plans to assist black business

Linda Ensor

30
RD 20/2/95
LONDON — The German development bank, DEG, plans to promote venture capital projects for black businessmen in SA and step

up its management consultancy work in the country, according to its recently released 1994 annual report.

DEG started operations in SA in 1993. One of its first moves was to grant the In-

dustrial Development Corporation a DM15m industrial credit facility for loans to small and medium-sized firms for start-ups, extensions and modernisation in Cape Town. More than 300 jobs had been created by the time the fund was exhausted at the end of last year.

“Three of these are majority-owned by black businessmen, who will be the prime target group of this kind of finance in future,” the report noted.

“Particularly in financial services and investment consultancy, DEG’s know-how can make a major contribution to the less developed and hitherto underprivileged sections of

the SA population.”

Under the auspices of the German government’s special programme of integrated advisory services for private enterprise in partner countries, DEG was preparing to second an investment consultant to promote more small and medium-sized industry.

DEG would build on the traditionally strong ties between Germany and the Cape province, where there were a large number of enterprises which had capital, technological and market links with Germany.

The bank, the report said, was also looking at joint investments with SA enterprises in other southern African countries.

Making or breaking?

THE 31ST ANNUAL congress of the National African Federated Chamber of Commerce and Industry, which will start on Sunday, is a make-or-break event for the organisation.

If Nafcoc wants its influence in national business to correspond to its size, this conference must radically differ from those of previous years.

Unlike before, Nafcoc is going to this year's conference at Sun City under considerable pressure.

The country's black political leadership wants it to play a leading role in ending the black business fragmentation.

Those in the corridors of power will be following proceedings closely to assess whether the organisation has what it takes to forge unity in black business.

Secondly, after winning the battle against white business in a dispute over seats on the National Economic Development and Labour Council, Nafcoc has attracted the attention of some sections of the white financial media who are bent on capitalising on any blunders it makes.

So Nafcoc will not only have to convince the political leadership that it deserves to be treated seriously, but will also have to show its media critics that it is not an "insignificant organisation" wanting to influence policy.

Although it is the highlight of the black business calendar, the Nafcoc annual general meeting was misused in the past by some black business people who attended the gathering just to socialise and meet old friends.

The venues where Nafcoc usually holds its conferences are renowned for their attractive gambling facilities.

But this is no excuse for those who claim to be serious business people to leave their businesses for four days, just to gamble and have fun — particularly so if their declared intention is to attend a business gathering.

Previous media reports which suggested Nafcoc conferences are used as social outings appear however to have got on the nerves of the organisation's leadership.

If comments from Nafcoc's top brass are anything to go by, it looks as if it has dawned on them that there needs to be a new approach.

This new approach, says president Mr Joe Hlongwane, ranges from making the organisation more accessible to the media by appointing a public relations company to taking pro-active steps that will facilitate, among other things, unity in black business.

Frequent talk about unity in Nafcoc circles is a response to behind-the-scenes discussions with the likes of President Nelson Mandela.

Nafcoc, says Hlongwane, is not going to steamroll the unity process just because it is the biggest black business organisation, but instead intends seeking consensus with other groups.

Mzimkulu Malunga examines prospects for success of the annual Nafcoc congress, which kicks off on Sunday. He hopes delegates will not simply be going through the motions, as in the past (30) *sowetan 21/7/95*



Nafcoc president Joe Hlongwane ... Can he bring about unity in black business?

Nor is it advocating a merger between black business organisations: it is calling instead for a broad coalition through which black business will speak with one voice.

He says this will boost the weight of black business when it lobbies the Government on crucial issues like procurement, unbundling, affirmative action and other empowerment-related issues.

It is not the first time these issues feature at a gathering attended by black business: the same issues have consistently topped the agenda since South Africa was set on a road to democracy.

Issues like procurement, unbundling and affirmative action also form the basis of Nafcoc's famous 3456 resolution, which was adopted four years ago as a challenge to companies listed on the Johannesburg Stock Exchange to open their doors for black economic empowerment.

As far as the Government's role is concerned, procurement is crucial, he says.

Many people in black business view procurement in the same way as unbundling — one of the processes that could help speed up black economic empowerment.

The Government procurement industry is worth billions of rands. Some analysts suggest

that if the Government could set aside just 10 percent of its tenders for black business, it could go a long way to empower blacks and create jobs.

They argue that, in order to supplement such a move, companies doing business with the Government should also be required to subcontract a portion of their work to black business.

At the conference, Public Enterprises Minister Mrs Stella Sigcau will be expected to give an indication of how she sees black participation in the Government's proposed restructuring of state assets.

Other speakers at the gathering will include two politicians who have become familiar faces at the Nafcoc conferences in the past two years: Deputy President Mr Thabo Mbeki and Trade and Industry Minister Mr Trevor Manuel.

In addition to an impressive list of speakers, also at the gathering will be representatives of Nafcoc's traditional sponsors like South African Breweries and Tiger Oats.

But the presence of white companies at the Nafcoc conferences as sponsors is beginning to raise concern in some sections of black business.

While they accept that the black business sector is small and perhaps cannot on its own finance a gathering of about 2 000 business people, the question they ask is: How long will black business survive on hand-outs?

What increases their concern is that sponsorship is not limited to conferences only: it extends also to sponsorship of the organisation's offices.

Nafcoc, as the biggest black business group has the chance at its forthcoming conference to put them on the agenda.

But if delegates are simply intent on going through the motions — as in the past — the chances of black business breaking into the mainstream will be dealt a severe blow.

Frequent talk about unity in Nafcoc circles is a response to behind-the-scenes discussions with the likes of President Nelson Mandela

Training with venture contract resolution and now education, they receive the necessary skills.

Some rights 'have significance for business'

Susan Russell

ALTHOUGH there is confusion over the extent to which fundamental rights in the constitution might apply in legal actions between commercial entities or individuals not involving the state, some rights have significance for business, says Johannesburg attorney John Janks.

Janks said some of the chapter 3 rights in the interim constitution, such as those dealing with the right to engage in economic activity, labour relations and the right to property would clearly apply to business.

Other rights which would also directly affect business were the right to property and the right not to be subjected to servitude or forced labour.

Janks, a partner in law firm Werksmans, said there were other chapter 3 rights which although not primarily aimed at business activities, would also be relevant.

"These include the rights to equality, privacy, freedom of expression, freedom to assemble and demonstrate, and rights in respect of administrative justice," he said.

Not clear is whether fundamental rights apply only to matters between the state and citizens (vertically) or whether they extend hori-

zontally to actions between individuals, business entities or within business entities such as between management and workers.

Janks says the Supreme Court has already applied chapter 3 provisions in two restraint of trade cases, but the issue has not yet been considered by the Constitutional Court.

A possibility, he said, was that chapter 3 rights might apply only in cases where, even though the state was not a party, it was involved insofar as the action included a statute or some other legislation passed by a state body.

Janks said business would also be affected by the provisions of chapter 3 which now permitted class actions being brought to court.

Class actions may now be brought on behalf of a group or a class of people, either by someone who is a member of that group or even by a complete outsider or an association acting for the group.

"A union may act on behalf of workers to protect their right of assembly or an environmental interest group can act to oppose a proposed mining venture," Janks said.

He said the labour rights would also have great significance for business.

"While this principle traditionally has applied

to workers are given the right to form and join trade unions. Employer's rights to lock employees out cannot be impaired except in accordance with the provisions of the constitution which regulate the limitation of rights.

"This falls short of the unequivocal right to lock out that employers sought, but may have the same effect."

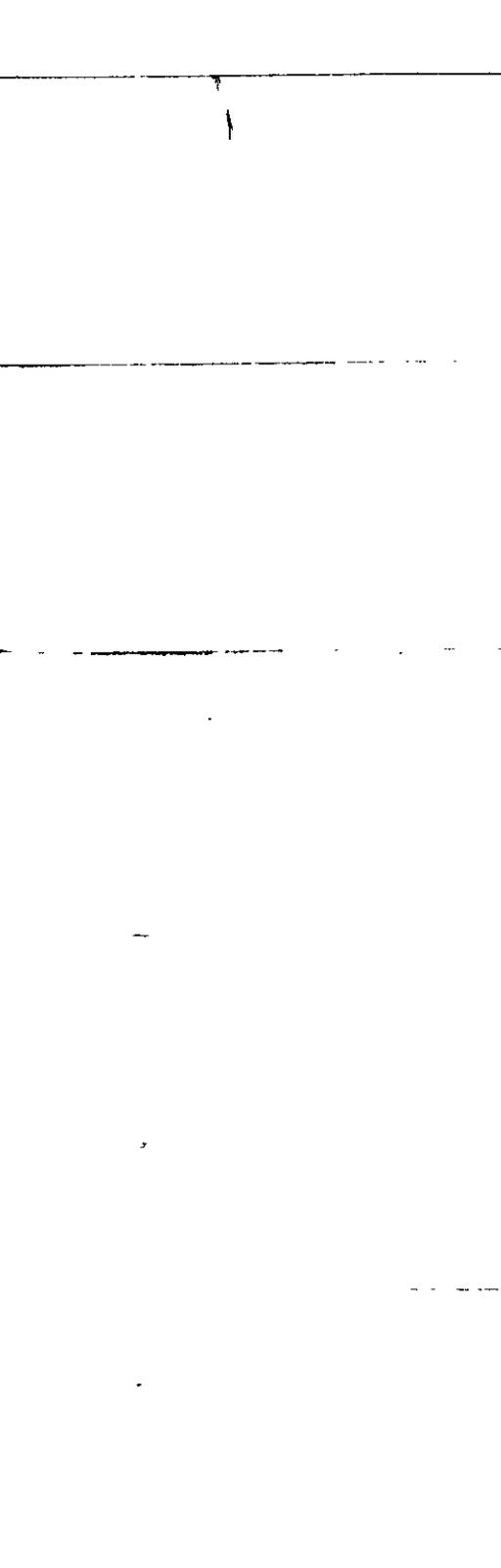
Janks said none of these chapter 3 rights was absolute and subject to restriction. However any restricting law must apply generally, must be justifiable, having regard to the basic norms of freedom and equality. For some rights the restriction must also be absolutely necessary.

Janks pointed out that although there had been a flood of cases decided in the courts on constitutional issues, no clear trends had yet emerged.

"The result is that there is still a great deal of confusion on matters such as whether or to what extent the fundamental rights apply to private transactions and what the proper approach is to constitutional interpretation generally," he said.

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Italians, SBDC in co-operation talks

John Dladlu

(30) M 24/7/95

and manufacturing.

ROME — The Conferazione Generale Italiana dell'Artigianato, an organisation representing more than 300 000 Italian micro firms, is negotiating a co-operation deal with the Small Business Development Corporation intended to encourage SA/Italian joint ventures.

This would be accomplished by tapping into funds from the European Community's investment partners scheme.

The scheme, which was extended to SA last year, supports development by encouraging joint ventures between European firms and those from developing countries. This support comes via loan finance, training and technical assistance grants, and loan equity investments.

In SA, it is administered on the EU's behalf by Nedcor, First National Bank and Standard Bank.

In an interview with visiting SA journalists at the weekend, confederation international director Andrea Benassi said the talks with SBDC official Carl Handley were aimed at forging co-operation between the two bodies, as well as encouraging joint member firm ventures in a range of sectors, including those like textiles

"We would also like to see a technological transfer resulting from this co-operation," Benassi said.

Although the confederation sought co-operation from Gauteng-based firms in particular, Handley suggested that other areas be included, for example Port Elizabeth, Durban and Cape Town.

Talks on the mooted deal had been facilitated by the SA mission in Rome, Benassi said. The two organisations intended applying for funds in one of the partnership scheme's assistance mechanisms to realise their mission of encouraging joint ventures.

The confederation represents micro firms — or artisans as this sector is called in Italy — which operate in textile, knitwear, footwear, leather goods, mechanical building, ceramic and glassware industries.

In Italian terms, the name micro refers to firms employing fewer than 10 people.

About 15 confederation affiliates are expected to visit SA in September. The affiliates will be there as part of an Italian economic mission.

An unconfirmed number of Italian firms are expected to take part in the SA International Trade Exhibition this year.

US boost for local small businesses

Star 25/7/95 (30)
■ BY PETER GALLI
FEATURES EDITOR

The US government is to put \$100 million in seed capital into the Southern Africa Enterprise Development Fund (SAEDF) over the next five years to encourage the development of small- and medium-sized businesses in Southern Africa, SAEDF chairman Ambassador Andrew Young said at the weekend.

Speaking in a satellite link-up to Washington, he said: "The fund, which is a private non-profit corporation and not linked to either the US government, or the US Agency for International Development (USAID), will channel \$20-million a year into Southern Africa over five years.

"We envisage South Africa receiving half of this over that period, with the balance allocated between Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, Swaziland, Tanzania, Zambia

and Zimbabwe."

The fund was set up in January and has just received its first funding. It was in the process of finding an office in South Africa and recruiting staff, and would be operational by next January at the latest.

In the interim, proposals and applications for funding could be made through the USAID office in Pretoria.

The fund would consider debt and equity transactions, quasi-equity and providing guarantees.

It expected to invest a large portion of its portfolio with a range of financial intermediaries operating in the region including small enterprise banks, leasing and franchise companies, venture capital firms, mortgage banks, investment trusts and non-profit non-government organisations.

The US Government through USAID, would provide the \$100 million seed capital, which would be repayable after 10 years.

Govt plans to help small business

(30)

Sowetan 25/7/95

By Isaac Moledi

THE Government has made significant progress towards establishing institutions which will support small businesses, Trade and Industry Minister Trevor Manuel said yesterday.

Speaking to more than 1 000 black business people at the National African Federated Chamber of Commerce and Industry's annual conference at Sun City, Manuel said since the watershed president's conference on small business in March, plans were at an advanced stage to establish the National Small Business Council, Local Business Services Centres and Small Business Development Agency.

The institutions would shape a policy framework as well as support systems for small business.

Nine provincial small business committees have been elected by a provincial council made up mainly of small and me-

diu business people themselves, Manuel said.

He added that significant progress had been made, including the establishment of the SBDA to which his department has recruited people on secondment to head some units. Manuel said the SBDA would concentrate on policy, training and subcontracting as well as the establishment of a wholesale finance facility. It will also create a national credit guarantee fund.

Training programmes had already started to equip small and medium businesses to render the necessary support services, he said.

Opening the conference, Deputy President Thabo Mbeki said the Government would establish a development fund to assist black business.

He said black business was frustrated with institutions like the Small Business Development Corporation, adding there was a need for the Government to intervene.

Mbeki: Small business is big

CT (MR) 25/9/95

(30)

By LLEWELLYN JONES

STAFF WRITER

The government had to create an environment in which business organisations could increase investments and enhance productivity if it was to achieve its goal of high and sustainable growth, the executive deputy president, Thabo Mbeki, said at the 31st Nafcoc annual conference at Sun City yesterday.

Government would also have to play a creative and somewhat interventionist role in promoting the economic empowerment of disadvantaged communities without displacing individual initiatives by entrepreneurs and communities.

"Throughout the world, the small-enterprise sector is playing a critical role in absorbing labour, penetrating new markets and expanding the economy in creative and innovative ways," Mbeki said.

This had led the government to facilitate the development of a policy on small and medium enterprises which recognised the special

circumstances of black businesses and other marginalised groups.

This called for bold and innovative steps in dealing with economic concentration and monopoly, and the government was reviewing competition policy and the role of the Competition Board.

"The government is also committed to making an important mark in black economic empowerment in the area of government procurement and contracts. We have initiated a review process which will result in the restructuring of the tendering process."

He said this was one reason why unity, co-ordination and strategic partnerships were important.

"If South Africa is committed to united and integrated strategies, it also needs to emphasise relations between employers' and workers' organisations.

"For the small- and medium-enterprise sector to develop in unison, there is a need for shopfloor conflict to be contained and for the social partners to agree to at least the basic objectives, especially on issues such as innovation, rising productivity and rising incomes.

"Small and medium enterprises will need to develop relations and systems which encourage both involvement and flexibility, while providing good standards of protection for the workforce.

"In other words, Nafcoc and the rest of the small- and medium-enterprise sector must develop relationships which allow them the required flexibility with the union movement.

"A strong partnership and common understanding of the needs of both parties will ensure the sustained growth of the small- and medium-enterprise sector."

'Government must play a creative role in economic empowerment'

Prohibitive laws will go, Manuel promises black entrepreneurs

Theo Rawana

SUN CITY — Government would remove all legislation effectively barring black entrepreneurs from areas such as mineral rights and finance, Trade and Industry Minister Trevor Manuel said yesterday.

Addressing the National African Federated Chamber of Commerce (Nafcoc) conference, Manuel said breaking with the past was not without its difficulties. Several laws remained which, although they were not racial in content, were hostile to small and emerging business.

"Among them are: the Act on mineral rights and financing and laws on land tenure systems, such as the permission to occupy, which creates uncertainty and insecurity for small business in rural areas."

He attacked the emergence of a few rich blacks. "Our mission to create an environment to support small and medium business can never be about the creation of five or six black billionaires. It has to be about the removal of obstacles that confront the rank and file of Nafcoc members."

He said the economic history of SA had been shaped by the development of large

conglomerates that straddled every sector of the economy. "This position of domination is one which the large conglomerates are unlikely to part with despite their lip service to small business development and black economic empowerment."

Laws on land tenure systems created uncertainty and insecurity for small business in rural areas.

Within institutions such as the Small Business Development Corporation there was an attempt to hang on to the past and frustrate government attempts to create new institutions for economic empowerment.

ment, he said. The task of economic empowerment would be impossible in the absence of strong competition.

"The legislation we are working on must remove the barriers for entry and must punish the anti-competition behaviour which still dominates the SA economy and maintains the exclusive position occupied by the old establishment," Manuel said.

But there were limitations to what government could and should do to create small businesses. Defining the limits was a challenge extended to Nafcoc, he said.

Manuel

Continued from Page 1

was considering disposing of its interests in six unlisted commercial companies linked to the former Bophuthatswana Sefalana Employee Benefits Organisation. These had been found to take up a disproportionate percentage of management's time compared to the returns that were being generated and the relative risk profile of these investments.

Black entrepreneurs would be given the opportunity to bid for these companies.

Cosatu president John Gomo urged Nafcoc to join his organisation in driving for the success of the reconstruction and development programme. He said the RDP had identified the existence of monopolies and conglomerates as the main obstacles to small business.

Deputy president Thabo Mbeki called on black business to unite so as to be competitive. Government was prepared to intervene on behalf of black business in areas such as the creation of a development fund and legislation encouraging competition.

Northwest Premier Popo Molefe told the conference the Northwest government had begun to get local black entrepreneurs engaged in small-scale mining. His government had reached agreement with mining houses to take an inventory of mineral deposits which were not worthwhile to them but could be used by other groups. This would be followed by the formation of a forum, which included small entrepreneurs, to investigate small-scale farming.

Molefe said the Northwest government

Continued on Page 2

ND 25/7/95

(30)

Radebe's scheme will favour blacks

Theo Rawana

SUN CITY — The Public Works Department would table a memorandum for the Cabinet next month for an interim tender format that favoured black contractors, minister Jeff Radebe said yesterday.

Radebe told a Nafcoc conference that the proposals also involved the appointment of black consultants ahead of whites.

He said the participation of black entrepreneurs should not be confined to simply the small emerging sector, but that in the medium term blacks should be fully active at all levels within the construction sector — including being stakeholders within large construction companies.

"I am happy to report that during the middle of August a memorandum will be tabled for Cabinet approval, incorporating interim strategies proposed for immediate adoption and implementation by the central government tender board," he said.

Radebe said although these strategies would have an effect upon all entrepreneurial activity, he was focusing on some of the changes that could occur within the construction industry. The changes involved the identification of reserve tenders or set-aside schemes. These schemes would target previously marginalised contractor sectors.

They would involve also preference formulas for particular types of construction work being developed to

ensure that work was appropriately targeted on entrepreneurs from previously marginalised sectors.

"We have committed ourselves to the principle that both the schemes would be underpinned by a sunset clause, namely that it will have a particular life span.

"In cases where these preference schemes and certified schemes have been put in place in perpetuity, complacency has set in and there was no further incentive for growth and competitiveness," Radebe said.

There would be a simplification of tender documents and tender procedures, without necessarily compromising the quality of product to be delivered. "For particular contracts, depending on the size and complexity, financial and performance guarantee requirements shall be waived, and this risk shall be underwritten by the state," Radebe said.

Large contracts would be broken up into small contracts to ensure easier access to black emerging contractors. "It must be stressed that such initiatives must be accompanied by training and support systems if we are to ensure that growth takes place within a sustainable format."

Radebe said the formulation and implementation of these interim strategies were the first step in the overall transformation of the procurement process in SA, "and we anticipate legislation in this regard being tabled in Parliament before the middle of next year."

Black firms to lobby government

Theo Rawana

(36) MD 26/7/95

SUN CITY — Seven black business organisations were to form a united front to lobby government on issues affecting this sector, Nafcoc president Joe Hlongwane said yesterday.

Hlongwane, attending Nafcoc's annual convention, said a committee had been formed to co-ordinate terms of reference and invite other black organisations to join.

Organisations forming the front were Nafcoc, Fabcos, the Black Management Forum, The Black Lawyers Association, Association of Black Accountants of SA, Theba Investments, and National Black Business Caucus.

The committee set up included

BMF president Bheki Sibiya, Danisa Baloyi of NDBC and Nafcoc executive director Benjamin Wauchope.

Earlier in his presidential speech, Hlongwane called for the formation of a broad coalition movement for black economic empowerment.

"We need a united front to lobby government and to deal with big business domestically and internationally. I am simply saying that we must now work together to push the black economic agenda, just as the black political leadership works for the political struggle," he said.

SA Development Bank chairman Wiseman Nkuhlu also made a strong call for the formation of a black economics front.

Businessmen unhappy with slow pace of RDP funding

MAUREEN MARUD

Business Reporter

The country's Reconstruction and Development Program (RDP) has failed the construction industry, businessman Nigel Cornfield told a Graduate School of Business Association meeting in Cape Town on Tuesday.

He was one of several business people at a panel discussion on the RDP who expressed frustration with the slow pace of allocating funds for job-creating projects like building houses, schools, hospitals and clinics and generally closing the gap between the haves and have nots.

"What the industry is telling government is that if you don't get the RDP going and channel those funds out, there will be no industry to make your RDP work," Mr Cornfield said.

In the first five months of 1994, contracts worth R600 million were awarded in the Western Cape. Over the same period in 1995, only R129 million in contracts were awarded, he said.

That represented one month's capacity turnover of the civil engineering industry in the Western Cape.

In the last quarter there was a 15 percent drop in employment in the construction industry country-wide.

"When you link employment to turnover we can expect the number of employees to drop by 50 percent in the civil engineering industry."

The number of capital projects had fallen drastically because money taken out of gov-

ernment, provincial administration and municipal budgets to fund the RDP had further reduced the disposable income those institutions had left after salaries and day-to-day running expenses were paid.

The RDP should not be seen in isolation, replied panelist, ANC MP Nyamezeli Boo.

The Western Cape provincial government was responsible to a large extent for the distribution of RDP funds, he said.

"You have to push the people who are controlling the resources. All of us need to find a way to solve the problems."

Mr Boo warned against rushing into producing projects.

"It is a dangerous route. We have seen it over many years in South Africa."

Panelist Willie Esterhuysen, professor of social and political philosophy at Stellenbosch University, blamed the slow process of allocating RDP money on the ANC's "obsession with democratising decision making". As a partner in the Government of National Unity, the ANC insisted on seeking consensus "into the next century" before deciding which projects to fund.

Strong leadership and a quick decision-making process were needed, especially for socio economic issues and the problems of poverty, he said.

Professor Esterhuysen said the RDP meant different things to different people.

Among the poor and disadvantaged it had the image of a Father Christmas presents galore, if you can only get hold

of the elusive fatherly figure."

Some government representatives spoke of the RDP as if it was South Africa's magic wand, he said.

In business and academic quarters the fear was expressed that the RDP, instead of fighting poverty, was fast becoming "a support system for bureaucracy and a growing chattering class of consultants."

Brian Kantor, professor of economics at the University of Cape Town and chairman of the Victoria and Alfred Waterfront Development, said "all sorts of new political entrepreneurs" were finding a niche for themselves in the bureaucracy.

Competition for bureaucratic spots in itself was slowing down the process.

"I would think that there was something in between authoritarianism and complete hiatus. There is room for leadership."

Panelist Nazeem Khan, quantity surveyor, said there had to be a lot more proactive communication by business with the communities. Business had to initiate and identify projects.

"By doing that I think you are going to be establishing work for yourselves with approval of communities."

The problem with that suggestion was that it was usually difficult to know who the real leaders were in any given community because there was no elected local government, Professor Esterhuysen said.

Hopefully after the local government elections, mechanisms would be put in place for policy implementation to get off the ground, Professor Esterhuysen said.

ARG 29/7/95

(297) (30)

Acocky Nafcoc lays down the law to government

(30) 130 31/7/95

A CONFIDENT National African Federated Chamber of Commerce (Nafcoc) came out of its 31st annual convention last week satisfied it was becoming recognised as an important economic role player in SA.

And with such prominent politicians as Deputy President Thabo Mbeki, Public Works Minister Jeff Radebe, Trade and Industry Minister Trevor Manuel and Northwest premier Poppo Molefe pledging active support for black economic empowerment, the appeal to Nafcoc to help achieve this was loud and clear.

Nafcoc president Joe Hlongwane had just spearheaded talks that brought at least seven black organisations into a united front to lobby government. He said at the end of the four-day conference: "We have made some headway. Now we have government taking us seriously, we are well placed to play our part in changing the SA economic scenery."

Hlongwane did not see previous

Nafcoc conferences — where resolution upon resolution was passed without evident implementation — as a waste. "It was all a build up to this moment; years of frustrating effort are beginning to bear fruit." Nor was he disillusioned that not all the resolutions taken last year were implemented. "We have succeeded in having some implemented and met failure in some, but we are happy with the progress made."

Radebe's statement that a memorandum for an interim tender for mat favouring black contractors — which also called for the appointment of black consultants ahead of whites — would be presented to the Cabinet next month, was matched in significance by Manuel's assurance that his department would renege all legislation effectively barring black entrepreneurs from such areas as mineral rights and finance.

Mbeki, stressing that government did not see black business as a

THEO RAWANA

junior partner, said the state would play a creative and interventionist role in promoting black economic empowerment. And in dealing with economic concentration and monopolies, government was reviewing competition policy and the role of the competition board.

Molefe urged Nafcoc members to take advantage of government's effort to get black entrepreneurs engaged in small-scale mining. The Northwest government had reached agreement with mining houses in the province that an inventory should be taken of small deposits of minerals they had found not to be worthwhile. A forum including black business would be formed to probe small-scale mining.

"This should lead to the development, by the province, of a small-scale mining strategy."

Molefe said six commercial companies of the Sefalana Employee Benefit Organisation, a provident fund inherited from the former Bophuthatswana government, were to be disposed of in an exit strategy that government had approved of, and black entrepreneurs would be given priority in bidding for these.

All these invitations and assurances from politicians came with challenges for Nafcoc to take a proactive stance and, through a united front with other black organisations, join government in efforts to assist the small entrepreneur.

In what Nafcoc saw as the first meaningful step to the realisation of this ideal, the Foundation for African Business and Consumer Services, the National Black Business Caucus, the Black Lawyers' Association, the Black Management Forum, the Association of Black Accountants of SA and Thebe Investments agreed to join hands with

Nafcoc in a common front to lobby government and the private sector.

Such unity, which would also include the civic and trade union movement, had been urged by Development Bank of Southern Africa chairman, Wiseman Nkulu and Cosatu president John Gomo, to help make reconstruction and development more efficient.

Nkulu stressed the importance of developing intellectual personnel to handle black advancement.

It was with an almost cocky boldness that Nafcoc passed resolutions demanding that government indemnify black businessmen of all apartheid tax arrears, that the trade and industry department should not formulate or implement policies on small business without its participation and involvement and that Nafcoc be involved in the formulation of policies on privatisation, investment and the sale of government assets.

Sacob wants a say in education and training spending

CT(BR) 2/8/95 (30) (28)

By JOHN SHERROCKS

KWAZULU NATAL BUSINESS EDITOR

Organised business, claiming a "legitimate" interest in how the country's educational budget is proportioned and allocated, is calling for a stakeholders body to be established to monitor the

implementation of policy.

Rudi Heine, deputy president of Sacob, speaking at a Damelin graduation ceremony in Durban last night, said education and training could contribute to a balance in growth and redistribution in the economy and that Sacob would encourage its members at provin-

cial level to play a role in determining how the new education and training system was implemented.

He said business could play a role in ensuring that educational and training systems in South Africa were more flexible in meeting changing needs.

He said Sacob believed the nec-

essary changes could best be achieved by the decentralisation of the delivery of education and training to local level.

Business would consider playing a greater role in an integrated education and training system if a negotiated package of government incentives was on offer, Heine said.

SA Foundation shifts to business focus

Kathryn Strachan

BD 2/8/95

THE restructured SA Foundation is aiming at extending its business network to developing international markets.

Foundation president Marinus Daling said yesterday that, by extending international contacts, the foundation would target businesses abroad, rather than political interests as in the past.

The new structure would be more focused in that it was limited to the top 52 companies in SA, providing a forum for CEOs to debate macroeconomic issues.

Daling said there had been a strong reaction against the foundation's decision

about two months ago to close its offices in Washington, Paris, London and Bonn.

The board had decided that because of emerging markets in the East and in South America, it was necessary to spread the network further by establishing associations with similar organisations in target countries and by undertaking high level missions to these centres.

People who headed the overseas offices, except in the case of Washington, would be retained in these cities as consultants because of the contacts they had built up.

The foundation would work with SA embassies abroad, while retaining its independence, said Daling.

Tax frame for small business in pipeline

Samantha Sharpe

20 2/8/95 (30)
GOVERNMENT had yet to formulate a workable tax framework for small businesses, despite the high priority it had given to the creation of small and medium enterprises in stimulating growth, sources said yesterday.

Deloitte & Touche tax partner Gerald Lambert told a tax seminar yesterday new legislation would enable the finance minister to determine the definition of a small business, taking into account the nature, turnover, taxable income or profit of the undertaking.

The minister could also change any provision of the Act relating to the determination of the taxable income derived from a small business undertaking and for the relaxation of various administrative requirements.

However, government had called for further consultation with interested parties before the introduction of effective relief for small enterprises.

Lambert said the Katz commission had proposed measures last November aimed at reducing the compliance burdens and cash flow constraints of small businesses.

The commission had identified that small and medium-sized enterprises contributed a significant share of the economy, with "considerable further potential for generating growth and redistributing income".

He said one of the commission's recommendations was that small enterprises could choose to be taxed on a cash flow basis which would allow revenue and expenditure to be recognised only when payment were made.

However, government had insisted that before legislation was introduced it was necessary to establish acceptable criteria to identify a small business undertaking, and the most effective measures that could be granted.

Independent tax consultant Willem Cronje said the worst thing that government could do was to introduce poorly drafted legislation in a hurry. The onus was also on the private sector to come up with workable solutions.

Thokoza shops struggle

(30) Sowetan 3/8/95

Businessmen in Kathorus face bankruptcy after being blacklisted

By Isaac Moledi

BLACK businesses in the East Rand townships of Thokoza and Katlehong are facing bankruptcy. They are unable to source finance because they are blacklisted by credit bureaus.

Since March this year, the Government has promised to address the credit bureau issue to assist black business people who are unable to meet their debt obligations after their businesses were destroyed by violence.

But so far not much has been forthcoming from the Government.

The Ministry of Trade and Industry told *Sowetan* this week that although the department took the issue seriously, it was not in favour of a blanket amnesty as this would undermine the whole credit rating system.

"Small, medium and micro enterprises may well find the credit bureaus are a valuable resource and could rely on the credit rating system," says the ministry's representative, Ismail Lagardien. Lagardien says the process of finalising a decision on how to resolve the impasse that has developed between the blacklisted black businesses and the credit bureaus will have to involve all stakeholders.

"There have been negotiations on the matter and an amicable outcome is within reach," adds Lagardien.

However, the chambers of commerce in Katlehong and Thokoza say the credit bureaus have become a stum-

bling block for business in the two areas. A spokesman says their attempt to appeal to creditors to grant their members credit to boost their businesses has been unsuccessful.

Most retailers says one business man, have closed down and retrenched workers because their businesses are no longer viable.

President of Katlehong Chamber of Commerce Mr Joshua Namane says he has a list of more than 20 businessmen in his area who have been blacklisted.

He says although there are businesses in the area that are trying to pick up, there is not enough cash to "boost them" to expected performance.

More than ten businesses in the township have already closed down and many others could follow soon, adds Namane.

"I don't know any of our members who is not blacklisted by the credit bureaus.

"How can we become part of the mainstream economy while we are denied access to finance?"

"Why don't credit bureaus understand that our businesses are the most vulnerable to violence?" says Namane.

According to National Economic Initiative executive director Mr Monde Tabata, the situation in all nine provinces is the same.

"It should be understood that some business people found themselves in a situation that was beyond their control and insurance companies refused to pay, saying they did not cover such an eventuality," explains Tabata.

BUSINESS**Aid for small businesses**

(30) Sowetan 3/8/95
 A lifeline has been thrown to small and medium businesses by Thebe

By Mzimkulu Malunga

SOURCING finance is one of the greatest nightmares of any small business – especially black business – but this could be a thing of the past with the launch of a R22 million equity fund this week.

Controlled jointly by Thebe Investments' financial services subsidiary Msele Financial Holdings and Nedcor's UAL Merchant Bank, Msele Nedventures Fund will provide finance to small businesses through the purchasing of shares in those companies.

The scheme will be administered by Nedcor's NedEnterprise, a division that specialises in funding and assisting small business with technical skills.

Investing in small business as opposed to giving emerging entrepreneurs loans is one the strategies advocated by the Government as it forces the lender to take more interest in the business because he is sharing the risk.

The fund will invest in small and medium sized companies that have shares worth between R400 000 and R2 million.

The investment will come in the form of buying a minority shareholding in such businesses.

The fund will purchase stakes ranging between 30 and 49 percent.

NedEnterprise's senior general manager Bronwyn Allan said the main objective of the investment would be to inject fresh cash into the small or medium entities concerned as well as help with technical skills.

The investment will be for a specified period, she said, adding that it could be between five and seven years.

Allan said the companies which will benefit from the scheme will be black companies, white enterprises that are in partnership with black businesses as well as white companies whose ventures create jobs and wealth for the black community.

Msele general manager Litha Nyhonyha said the establishment of the fund was the culmination of more than a year of tough negotiations.

Initially the two parties were "poles apart" he said.

With the help of the German and French development agencies as well as the Swiss government, the deal finally came together, said Nyhonyha.

Msele, he said, hoped that at the end of five years, a skills transfer process would have taken place.

Nedcor's executive director Lot Ndlovu said what South Africa needed after avoiding a "social hurricane" last year was "economic justice".

Ndlovu said funds like the one launched this week could bring about that desired economic justice.

Skills training for businessmen

CT (B/R) 4/8/95 (30)

STAFF WRITER

The National African Federated Chamber of Commerce and Industries and RAU have jointly developed a skills training programme aimed at developing small and medium businesses.

The programme is the brain child of Mashudu Ramano, the chamber's Gauteng president, and Deon Gouws, chairman of the accountancy department at RAU.

Ramano said the programme, starting mid-month, consisted of three certificate courses. The only requirements are a working knowledge of English and a standard 8 education. Graduates will be awarded a diploma in business development. Subjects covered are personal development, business sector development and management development. For more information, contact Nafcoc-Gauteng at (011) 836-5685/6/7/8.

LEIGH ROBERTS
Own Correspondent

JOHANNESBURG. — Going for growth is South Africa's path to the high road and this is achievable not by building houses, but by creating a new entrepreneurial class.

That's the view of Clem Sunter, scenario planner and chairman of Anglo-American's gold and uranium division. He addressed members of The Star/FNB Investors Club this week.

"We have to create a new entrepreneurial class to fuel a wheeling-and-dealing inclusive

Wheel and deal along the high road

30/1/95
5/18/95

economy with lots of small businesses. It's going to be messy and there's going to be uncertainty, with some people making money and others losing it — but it'll mean that everyone is employed," he said.

Sunter likened his economic vision of a buzzing entrepreneurial class to Johannesburg in the 1880s, "when people provided hard services and hard products with a minimum of officialdom."

that is needed to ensure people have houses, schools and hospitals."

The critical role of the entrepreneurial class to the future of South Africa is emphasised in Sunter's scenario-planning book, *The Casino Model* (Tafelberg), in which the economy is a casino, the government is the casino owner and the entrepreneurs are the gamblers.

One of the implications

Sunter draws from his model is that children should be taught to gamble and to become entrepreneurs.

Yet, says Sunter, too few schools teach the necessary entrepreneurial skills. "Right now education is out of synch with the job market. Education is still geared to the 1960s and 1970s when, if you gave a child a wonderful education, he would be assured of a job. But in the 1990s there is the world-

SATURDAY Weekend Argus, A

Sunter

wide problem of school and university leavers not finding jobs."

Answering a question from the floor on the future of the gold price, Sunter saw tough times ahead for the next two to three years, but the longer term outlook was more promising.

In the short-term the gold price was likely to wander between \$380 and \$400 because of

lower international inflation forecasts and relatively high real interest rates.

Towards the end of the century, however, the price of gold could rise as a result of shortages caused by jewellery demand in the Far East outstripping the supply from the mines.

But a factor which could negatively impact the extent of the rise was the world's existing stock of gold (127 000 tons including jewellery) which might be realised by holders wishing to take advantage of a higher gold price.

Regulating body needs funds

CT(MR) 7/8/95 (30)

By CHARLOTTE MATHEWS

INVESTMENT EDITOR

Proposed changes to the Companies Act designed to improve South African company reporting could be overturned by the lack of funding.

This week, a representative of the South African Institute of Chartered Accountants will present draft legislation, kept in the pipeline for four years, to Trevor Manuel, the minister of trade and industry.

The proposed changes, discussed and agreed to by a range of parties including trade unions and industry associations and endorsed by the World Bank, would give legal backing to standard accounting rules or "generally accepted accounting practice".

Review

The proposal calls for a review panel to be set up to act on complaints from interested parties.

If the panel concludes that a company's financial statements are misleading, any directors who were party to the approval of the statements could be prosecuted, held responsible for the costs of redrawing the statements and for any legal costs incurred in the prosecution.

According to Monica Singer, the technical director of the institute,



LEGAL BACKING Monica Singer, a director of Saica, is calling for the regulation of accounting practices

PHOTO JOHN WOODROOF

there is an urgent need for legislation to enforce accounting practices in line with international standards. However, there is uncertainty about how the new procedures will be funded. Singer estimated

about R2 million a year would be needed.

She is proposing that funding be raised through a small dedicated levy on the 150 000 companies that are registered through the office of

the Registrar of Companies.

To ensure that this levy does not disappear into government coffers, the institute is in favour of a self-funding, private sector organisation, Singer said.

Small business lobby criticises labour Bill

John Dladu

30
20 8/8/95

THE Sunnyside Group, an independent small business lobby group, has criticised the draft labour relations amendment Bill for failing to "empower small business to contribute effectively towards rapid economic growth, long-term development and the redress of economic imbalances".

This criticism is contained in the group's newsletter, SMME Alert, which discusses the effect of legislation on small business.

In the section dealing with industrial councils — negotiating structures for employers and labour to discuss wages and work conditions — the article says that the Bill fails to

address the macroeconomic problem of the councils' impeding economic activity, particularly for small business.

"Industrial councils are largely agreements between labour and big business. Few small firms are members of employer organisations on industrial councils. Also, few employees employed by the sector are unionised," the newsletter says.

Industrial councils may be seen as mechanisms for big business and organised labour to reduce the competitive threat from small firms and their employees.

Small business cannot afford the high labour costs which big business is able to carry.

Regarding the provision for workplace forums, another recommendation in the draft Bill, the group proposes that these structures be made voluntary platforms where both management and labour can engage with each other on an equal footing.

However, the Johannesburg-headquartered group also has praise for the proposed labour legislation. Aspects highlighted include the simplification of the law regarding unfair dismissal, the fact that workplace forums may be established only in workplaces employing more than 100 people, and that industrywide agreements must provide for an independent body to consider applications for exemption from non-parties.

Getting to grips with the fundamentals

Building together ... Sister Myra shows a trainee how it's done at the St Anthony's Adult Education and Skills Training Centre, near Boksburg, which was opened by Minister without Portfolio Jay Naidoo this week. Courses on offer include welding, bricklaying, sewing, computer training, shoe repairs, upholstery, secretarial, electrical, carpentry, basic office skills, knitting, painting and plastering. The courses vary in length from eight weeks to 12 months. More than half the young people who graduate from the centre are placed in jobs. In the East Rand townships of Reiger Park, Vosloorus, Tokoza, Katlehong and Daveyton there are hundreds of unemployed people who are not yet 20 years old. They have the opportunity of attending courses on a first-come, first-served basis. St Anthony's is a non-profit, non-governmental organisation managed by Father Stan Brennan. It is one of the oldest and most successful educational institutions operated by the Catholic Church in South Africa. An array of top companies sponsor its work.



South Africa has much to learn from the success story of Italian small and medium business, reports Diplomatic Editor Jean-Jacques Cornish

The little-big Italian way

(30) Star 10/8/95

Two years ago Nino Gloriano's computer business in Naples, employing 20 people, went to the wall. Today he is firmly back on his feet.

He has a staff of 10 and he confidently expects this number to increase as his new information technology business expands.

SPI's foreign relations director, Alessandro Petit, says the investment in Nino's and other businesses is well worthwhile. Experience has shown it is likely to create 30 jobs and it will swell the ranks of Italy's small and medium businesses - those employing between 10 and 200 people - who make up roughly 60 percent of the Italian economy.

Other countries also foster this area of the economy. But Italy has made it an art form.

In Emilia Romagna I was given the example of the hundreds of militant trade unionists sacked by Fiat in the 1950s.

Within months they had formed companies and co-operatives using their skills at making motor car components.

Soon they were supplying Fiat itself. And when, in the 1970s, that company looked abroad for cheaper suppliers, the small firms organised themselves to

of small and medium businesses. As a result of this fledgling Italian mortality rate - about 33% - in their delicate first year of life than do their European counterparts.

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trations pride themselves in creating a climate conducive to entrepreneurial efforts.

The traditionally communist region of Emilia-Romagna, for instance, is one of the most prosperous in Italy.

Its Trade and Industry Minister, Emilio Campagnoli, says the provision of, and sophisticated infrastructure is at the root of this.

Not only does the smooth transport network make it quick and easy for people to get to work, but the child-care programme frees women to take jobs.

Systems like this might be emulated, and there is a case for South Africa seriously examining the lessons to be learned in Italy.

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Within months they had formed companies and co-operatives using their skills at making motor car components.

Soon they were supplying Fiat itself. And when, in the 1970s, that company looked abroad for cheaper suppliers, the small firms organised themselves to

sell to other motor manufacturers in Germany.

They were able to market their skills abroad and the tradition of buses working alongside their employees in small firms gave them a jump-start on quality control recognised the world over.

A more recent example is the electronics firm in Imola that turned from making integrated circuits to electric eyes manufacturing cars entering the history centre of Bologna, thereby enabling authorities to limit the traffic flow.

Italy's system of industrial districts is another area that bears examination by South Africa.

Small, mostly family-based firms clustered in villages have developed a system of co-operation and competition that has made them world leaders.

Examples are the knitwear-makers of Carpi and the life-makers of Sassuolo.

These small enterprises make either complete finished products, or sub-contract to make pieces of a whole for a larger firm. They are served by a network of small firms specialising in complementary products like labels, insignia or packaging.

This specialisation further enhances quality, which Italians tend to rate above sheer volume of output.

Many times I heard the message: Don't try to make the cheapest, make the best.

The Roman rule of thumb

“Don't make the cheapest, make the best . . .”

the world's seven richest countries - with an economy built on small businesses.

Politicians take much credit for this.

The government has indeed created a support network that floats sympathetically and efficiently above the stormy seas of national politics.

At a regional level, admini-

Businesses interested in townships

AKU 12/8/95
MXOLISI MGXASHE

Staff Reporter

PEACE and calm in Cape Town's black townships has led to interest among several prominent businesses in Cape Town, which want to do business with the small entrepreneurs in these areas.

In its efforts to take advantage of this situation for the upliftment of small entrepreneurs and the development of the black townships, the Herr Organisation — an affirmative action pressure group based in Fish Hoek — has now resumed sponsoring tours of the townships for businesses which want to look at business opportunities there.

Herr Organisation initiated these business visits as far back as 1989 but ended them in 1993 because of crime and violence.

Herr Organisation director Pam Herr said the tours began on Thursday and would continue on August 16 and September 7, from 8.30am to 1.30pm, with each business person contributing R95 in advance.

She said the departure point would be the car park behind the Small Business Development Corporation centre, SBDC, next to the Oriental Plaza on Sir Lowry Road.

About 35 business representatives had so far enlisted and they would be visiting Khayelitsha, Crossroads, Guguletu, Philippi and Nyanga to meet local business leaders and explore trading opportunities.

Interested personalities include medical practitioners, personnel and financial directors, sales and marketing managers and diplomats and representatives of foreign businesses.

"The trip is very focused and the stops we make are researched. It is obviously very necessary to get people to start talking to one another and doing business together, because we need to challenge stereotyped thinking and it is much easier to change attitudes through physical experiences than in any other way," Ms. Herr said.

Improve your ethics, SA⁽³⁰⁾ business told

JOHN VILJOEN
Business Reporter

A SHARP warning went out to South African businessmen this week to improve their ethical standards, which are lagging behind accepted worldwide norms.

Peter Wrighton, convenor of the King Committee task group on ethics, told a Business Governance conference that business was paying a high price for fraud.

His criticism, echoed by other conference speakers, came just days before about 1 000 business leaders were due to meet in Johannesburg to discuss clean business practices.

Tuesday's conference, at the World Trade Centre, is due to be opened by President Nelson Mandela.

Mr Wrighton told the gathering: "When ethics impinge on our ability to make money, the codes do not apply to us, but to someone else."

The drain that fraud placed on South African business involved not only the amounts stolen directly, but also the burden of paying for accountants and lawyers.

"But perhaps the greatest cost of all is that senior management's attention is diverted from dealing with business issues," he said.

Roy Shough, partner in charge of corporate governance services at Deloitte & Touche, told delegates: "Our ethics in this country are shot and we all have a responsibility to do something about it."

Unethical dealings dated back to "the cowboy practices of the sanctions era".

Unless action was taken to end them South Africa would not keep up with First World standards.

Directors of companies should be specific when educating their staff on

ARL 12/8/95

business ethics, he said. For example, employees should know: "We don't take bribes and we don't give bribes."

Although in other countries ethics had only warranted one or two paragraphs in commissions on corporate governance, the King Committee had dedicated an entire task group to the subject, Mr Wrighton said.

"There was a strong realisation that in South Africa we need to spell out in more detail standards of ethics, so that they can be used as an educational resource."

There were four internationally broad ethical standards, he told the gathering.

The highest level was the ethic of "do unto others as you would have them do unto you".

The second was the ethic of public disclosure, followed by "if its legal, its ethical" and the ethic of survival — the lowest ethical standard.

Worldwide research showed that 80 percent of business leaders believed the first two standards were the norms which should be adopted.

He was shocked to find, when surveying South African businessmen, that only 60 percent believed the first two ethical levels were the benchmark.

"Ethical standards decreased as we went up the corporate ladder."

Compliance with the King Committee's code of ethics for enterprises would not be achieved through legislation.

Peer pressure among members of the business sector was the best method of ensuring that the code was followed, he said.

King Committee chairman Mervyn King told the conference that companies needed the services of a forensic accountant in instances of fraud.

Germans in SA to boost small firms

Adrian Hadland

(30) 2015/8/95

CAPE TOWN — The dominant role of large companies in SA's economy should be diluted by the expansion of small and medium-sized enterprises, the prime minister of Lower Saxony, Gerhard Schröder, said yesterday.

Schröder is currently on a trade visit to SA with a delegation of 18 German industrialists as well as a number of government officials and media.

Addressing a media conference, Schröder said he was aware of concerns regarding the "unilateral structure" of the SA economy and of the existence of some very large economic units.

"The importance of SMMEs must not be overlooked and is one of the core targets of our delegation's mission to this country," he said.

The state of Lower Saxony could provide a constructive boost in terms of investment, the provision of vocational training and in assistance for provincial administrations.

Lower Saxony would be signing a co-operation agreement with the Eastern Cape, headquarters of VWSA, later this week, Schröder said.

Chairman of the VW management board Ferdinand Piëch, who is part of the Schröder delegation, described the investment climate in SA as being "not bad at all".

VWSA, a wholly owned subsidiary of Saxony-based VW AG, recently became SA's market leader and intended to remain in that position, he said.

Other members of the delegation include the chairman of the board of management of the Norddeutsche Landesbank Manfred Bodin; chairman of the executive board of tyre company Continental AG, Hubertus von Grünberg; Volkswagen group board member Ignazio López; and the president of the association of the chambers of industry and commerce of Lower Saxony, Carl Ulfert Stegmann.

Black business aims for the RDP jackpot

Sowetan 17/8/95

(227) (30)

By Isaac Moledi

THE changing political scenerio in South Africa is forcing many black business organisations to effect fundamental structural changes to ensure that they benefit from the Government's Reconstruction and Development Programme.

After Nafcoc's annual policy conference at Sun City last month where the organisation stressed the need for unity within black business and closer cooperation with the Government, many black business organisations, particularly those affiliated to Nafcoc, are making fundamental changes to simplify communication with local governments.

The Greater Soweto Chamber of Commerce is one such organisation that believes that cooperation with local government is important.

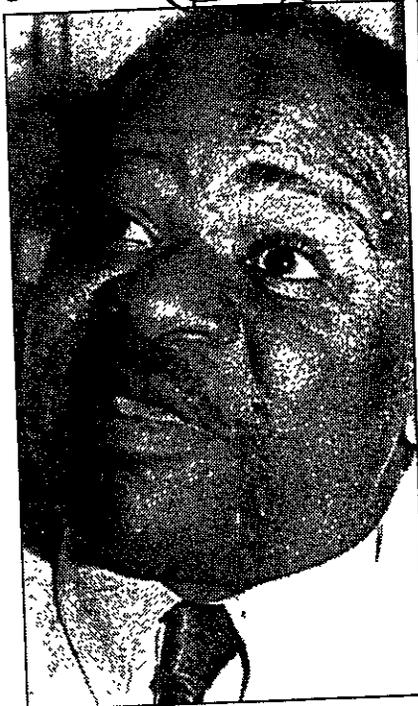
The chamber says to ensure its involvement in issues pertaining to business in the metropolitan sub-structure, structural changes within itself have to take place.

GSCC executive director Mr Max Legodi says the chamber is consulting broadly on a proposal document it has drawn up to establish a more representative governing council that will incorporate about 17 sectoral associations it (the chamber) has identified in Soweto.

The document, expected to be endorsed at the chamber's general meeting in September, also contains proposals about how the chamber should approach shopping centres and other development in Soweto.

Legodi says the proposed council will consist of representatives from all community-based business organisations. It will elect the board to liaise with the Gauteng government on business issues.

"Unless our business organisations bring about fundamental structural changes and liaise with the government, hope of our members benefiting from RDP will still be remote. We need a structure that will effect certain important



Max Legodi.

issues that relate to us," says Legodi.

Sectoral representatives in the council, according to Legodi, will monitor the activities of the chamber and improve communication and participation of membership at the grassroots level.

"We are talking to MEC for Economic Affairs in our region and mechanisms have already been worked out to ensure cooperation and our involvement in issues pertaining to business in metropolitan sub-structures," he adds.

The document will also be a guideline for investment aimed at empowering the Soweto community and how sectors involved in construction can participate in the government tender system.

"We insist that tendering rules be changed to accommodate our past history where our people were not given the opportunities," says Legodi.

Forum to discuss training for entrepreneurship

CT(BR)18/8/95. (30) (30)

By THABO LESHILO

The issue of including entrepreneurship education in southern Africa's school curricula would be the main focus of the third entrepreneurship education forum in Johannesburg next week.

Organised by the Richards Bay Minerals Business Advice Centre, the forum would be held at the Sandton Sun on August 24 and 25.

Peter Morrison, the director of

the centre and the convener of the seminar, said the region's secondary school and tertiary education systems had to include entrepreneurship education in order to alleviate the problems of youth alienation, poverty and unemployment.

"The education system is designed to equip people to work in established business. Hundreds of thousands of hopeful matriculants are churned out every year, but less than 7 percent are absorbed by the

formal sector," said Morrison.

The need for entrepreneurship training was even more urgent considering that 50 percent of the population of southern Africa was under the age of 18.

"The only viable solution is to equip pupils with entrepreneurial skills from an early age so that they can become self-employed on leaving school," said Morrison.

For further details contact Dorothy Blacklaws on (0351) 21291.

Black business unites in bid for empowerment

BY THABO LESHILO

STAFF WRITER

The disunity in black business appears to have been overcome, enabling the development of a common vision on black empowerment, Benjamin Wauchope, the new chief executive director of the National African Federated Chamber of Commerce and Industry (Nafcoc), said at the weekend.

"It is because of the lack of unity

that we are perceived as not being active in pursuing black empowerment, which is probably the single most important item on the agenda of black business," he said.

Wauchope, Danisa Baloyi, the executive director of the National Black Business Caucus and Bheki Sibiva, the managing director of the Black Management Forum, were chosen at the recent Nafcoc conference at Sun City to drive the process of setting up the united forum.

The committee of three has almost completed preparations for a meeting to launch the unified forum in mid-September to foster a common vision of black empowerment, lobby the government and to bring black business into the economic mainstream.

This practical step towards unity has been hailed as the most important outcome of Nafcoc's 31st annual conference. Business says the move reflects a new-found realism

on the part of Nafcoc and that it has realised it cannot dismiss other organisations as irrelevant.

There is unanimity, however, that unity need not mean the replacement of all existing bodies with a monolithic structure, but rather to find a mechanism to enable co-operation on policy issues.

Said Wauchope: "Black business interests are as varied as you can get. Although it bodes well for us to have a unified organ to promote our

common interests - it is not desirable to have one amorphous group."

The planned forum would enable black business to "move away from rhetoric", pool its limited resources and devise practical policies on issues including privatisation, unbundling and government and tenders.

However, black business must "mature to a level where we can compete effectively against each other", Moshapalo said.

ET(MA) 2/18/95 (30)

No interest.

Lots of i

Tax changes will benefit small businesses

(30) STAR 26/8/95

By LEIGH ROBERTS
YOUR MONEY EDITOR

Small businesses will score from the concessionary tax measures proposed in recent income tax changes, but in a surprise move, close corporations (CC) have been excluded from the deal.

In the latest round of amendments to the Income Tax Act, passed by Parliament last month, there appears a new section (S 37G) which will significantly affect the way small businesses are taxed.

Outline

The section enables the Minister of Finance to bring in certain regulations, at a future date, to govern the taxation of those small businesses run by natural persons (that is, only sole proprietors and partnerships).

The legislation is effective in the current tax year which ends on February 28 1996. Although the Minister has yet to announce the

specific terms of the regulations, the Act provides a broad outline of what will be covered.

■ A definition of a small business that takes into account the nature of the business, turnover, profit, number of employees, other income derived by the owner and any other relevant feature determined by the Minister.

■ A cash basis of determining taxable income will be allowed (that is, tax will be paid only on the net difference between cash actually received less cash paid out).

■ A variation in the method currently used to value trading stock.

■ The treatment of capital expenditure. (This could possibly be an accelerated depreciation period).

■ Any other provision which the

Minister of Finance believes will ease the load on a small business of carrying on trade.

■ An exemption or extension of the time limits on submitting income tax documents, payments and other forms.

The new section stems from recommendations made by the Katz Commission of Inquiry into Taxation in its November 1994 report, in which it recognised the importance of the small business sector as a means of job creation, as well as the compliance problems often experienced by small businesses.

The commission recommended a cash basis of determining taxable income in order to decrease the cost to a small business of financing stock and debtors, as well as allowing for simpler accounting records.

The commission's recom-

mendations, however, made no mention of excluding CCs from the definition of small business.

Presumably, when drawing up the income tax amendments, the legislators used a CC as the cut-off point to limit the range of the concessions. While some CCs undoubtedly house large businesses, they are also a popular vehicle for new entrepreneurs as they offer tax benefits as well as a degree of limited liability.

Leading tax consultant William Cronje says a possible reason for the exclusion of private companies from the concessions is that big group companies might be tempted to form subsidiaries that would qualify for the small business concessions and hence defeat the restriction to natural persons. This reason, however, cannot be extended to CCs as only natural

persons may be members of CCs.

He points out that the exclusion of CCs will create a policy uncertainty as CCs were originally created for the specific purpose of assisting small businesses. But the new section 37G should not be criticised too much, says Cronje, as it indicates government wants to help small businesses and that the new section is merely the first step in a long journey. "With lobbying, the section could be expanded to include CCs."

Method

As to when the Minister will issue the final regulations under S37G, they're likely to come only after the Katz Commission has given its opinion. The commission is working on the definition of a small business and deliberating the best method to tackle a small business that fits the definition at the start of the tax year, but falls out of it by the end of the year.



Good heavens! We have enough trouble competing locally!

Kagiso puts black empowerment on top of its menu

By DON ROBERTSON

BLACK economic empowerment can work provided it is handled correctly, says Nigel Dunlop, chief executive of R420-million-a-year Kagiso Khulani Supervision Food Services.

The first step, he says, is to get blacks involved in ownership. This was done with Kagiso 10 months ago, when the Kagiso Trust Investment Company, Khulani Holdings, First Corp Capital Investors and SFS Management bought 80% of Supervision Foods from Tongaat-Hulett for R53-million. Tongaat retains a 20% stake.

The deal created South Africa's largest black-owned catering company, handling 800 000 meals a day and employing more than 4 500 people.

Zuzi Buthelezi, Kagiso's business development director, is emphatic in his belief in affirmative action, saying its needs to be made meaningful.

"So many companies still appoint black people and totally disregard the imbalances of the past. They provide no support, no training. They throw new appointees in the deep end and shrug their shoulders when they fail."

Mr Buthelezi says the purchase by the partner-

ship was a strategic move to ensure growth and profitability in the longer term and make black empowerment a reality.

"I really believe we did it the right way. We went for breaking up ownership. In this day and age, I cannot see how any white company can continue to exist," he says.

Kagiso is part of the new South Africa, but Mr Buthelezi still has difficulty dealing with the "old guard" in many organisations, particularly the government.

Kagiso recently tendered for a catering contract to serve the Gauteng legislature but was unsuccessful. The three-year contract went to a French catering group.

"I find this incredible, that a contract should be given to a foreign company. When we asked why we were given no proper reasons," he says.

To overcome these problems, Kagiso, together with Enterprise magazine, held a seminar which was attended by Public Works Minister Jeff Radebe.

A committee was formed at the seminar to

review procurement procedures in an effort to simplify and standardise tender documents and make them more accessible to all levels of suppliers. The committee will meet next week and will make a presentation to the Minister soon after.

Kagiso is expanding its affirmative action procedures and uses the facilities of a large number of black-owned companies for supplies, including car rental and travel. It buys vegetables, meat and cleaning services from black-owned businesses.

Training is a priority at Kagiso. About 30 employees have been nominated for training in skills such as merchandising, hospitality skills, nutrition, hygiene and cost control.

About 46% of all control managers are black and six were recently appointed as senior managers.

Eugenie Richardson, Kagiso's human resource director, says affirmative action targets have been set which must be achieved by 2000.

The company has a formal affirmative action programme where employees with high potential have been selected for accelerated development.

Get Ahead loans 'give hope'

Theo Rawana

A REMARKABLE characteristic of the micro-lending scheme was the impressive rate of recovery, with an average of 90% of loans paid back on time, the Get Ahead Foundation said yesterday.

Get Ahead MD Don MacRobert said this timely repayment made it easy to reinvest the repayment into new business, enabling his and other lending programmes to continue creating hope and employment in townships across the country.

MacRobert said findings of a recent study showed that making credit available to small-scale enterprises encouraged growth and development.

The research was carried out among a group of Get Ahead borrowers with access to credit and a central group of prospective borrowers without this access. Comparisons were made on numerous business variables including monthly profit, job creation and value of fixed assets. Social indicators such as food expenditures per

capita, living conditions and monthly savings were also compared.

"Get Ahead's clients or borrowers regularly rated higher than the control group when considering business variables.

"The changes in monthly profit present the most dramatic and immediate impact of credit. The control group had an average annual increase of 43%, compared to an 80% average increase among first-time Get Ahead borrowers," MacRobert said.

In the area of job creation, results showed that although a small percentage of these businesses created paid jobs, Get Ahead's clients had an 86% higher employment growth rate.

"Because of the foundation's considerable client base (6 300 borrowers in February), this impact is extremely noteworthy. This type of investment in informal sector business is a cost-effective method of creating jobs and Get Ahead has the potential to assume a more significant role in reducing unemployment by retaining more repeat borrowers," MacRobert said.

(30) MD 28/8/95

Black business pins hopes on state

WMM (P/M) 28/7-3 (1985)

Meshack Mabogoane detects big underlying shifts in black business at the Nafcoc congress

THERE was a strong government presence at the 31st annual conference of the National African Federated Chamber of Commerce (Nafcoc) held this week at Sun City.

The main theme of the conference was how black business could emerge from the sidelines to become integrated into the mainstream economy.

Nafcoc is evidently looking to the government for the support black business needs to enter the mainstream. Three cabinet ministers, Deputy President Thabo Mbeki, Trade and Industry Minister Trevor Manuel, and Public Works Minister Jeff Radebe, and North-West Premier Popo Molefe, attended the conference and indicated that a closer relationship was imminent.

Nafcoc President Joe Hlongwane called for regular meetings with government.

Radebe indicated that black empowerment was viewed as the "cornerstone" of the Reconstruction and Development Programme and that measures would be taken to reduce the dominance of large companies. Within his ministry plans are already afoot to enhance the role of black contractors.

The mining sector, according to Manuel, is to be overhauled.



Jeff Radebe: Black business is the cornerstone of the RDP

Emphasis would be placed on the removal of barriers in the form of mineral rights that seem to perpetuate the grip existing companies have on minerals. This could open the way for new, largely black entrants.

Molefe said the North-West had taken steps to review mineral rights and involve black partners in new mining developments.

Nafcoc is also forging an alliance of black organisations to present a united front to pressure both the government and big corporations for business preferences, management advancement, and an enabling legal environment as well as tax breaks.

This would include the Black Management Forum (BMF), the National Black Business Caucus (NBBC) and

the Black Lawyers Association (BLA). A campaign to cancel black business tax liabilities was launched by Hlongwane because, he said, blacks were excluded from the government when tax decisions were made.

Repeated allusions to 1948 were made. Just as the National Party empowered Afrikaner business the ANC-led government, it was felt, must do the same for blacks.

There was much talk of black unity and upliftment, but several speakers tempered hopes.

Whatever the government might do to facilitate these changes, real movement still depended on initiatives from black business. "The buck stops with entrepreneurs and black communities," stressed Radebe.

Manuel warned that empowerment should not mean the creation of "a few billionaires", a reference to the "black" JSE companies which Cosatu's John Gomo castigated for creating the "black fat cats".

Recent moves in forming black conglomerates were reviewed by JSE-based investment analyst Emmanuel Lediga. He pointed to the pros and cons of listing, reminding delegates that while the stock exchange gave access to capital, both control and dividends had to be shared and that such moves would not only empower the black companies that took such a route.

Lediga said it was still the primary duty of black business to become more professional and to provide

mutual support. Nafcoc's major initiative, the African Bank, receives meagre support from black business itself. Black business also had to look after its own backyard, concentrating on forming holding companies to set up competitive shopping centres in the townships. Joint ventures with mainstream retail giants were necessary, he added.

These are the quandaries that have vexed black business, even during the "dark days". Nafcoc, an organisation of small businesses, has to be as mindful of the survival of its individual members who may be swallowed up by such moves.

Nafcoc's announcement that it is forming a holding company, with R100-million worth of capital, to participate in joint ventures with both South African and international companies may accentuate this dilemma.

As big black businesses emerge, Nafcoc's ability to speak on behalf of diverse and conflicting black business interests remains to be seen. Ironically, as calls for unity are made, a turning point has been reached that could see small and big black businesses pitted against each other.

Joint ventures will exacerbate the identity problem. The fear of black business losing its distinctiveness was underlined by former Nafcoc President Dr Sam Motsuanyane to the *Mail & Guardian*.

"We should not be swallowed up but continue to strive for a separate identity in the same way that the Handelesinstuut continues to represent Afrikaner business."

SA needs more medium-sized business, says Taiwan

By Audrey D'Angelo
Cape Business Editor

South Africa needs more medium-sized businesses, which are more likely to be flexible, labour-intensive and have good labour relations than larger concerns, says Chi Sheng, the vice-president of the Taiwanese Council for Economic Planning and Development and professor of economics at the National University of Taiwan.

Chi and Hou Sheng, chairman of the Taiwanese Council of Labour Affairs and professor of sociology at the university, were in Cape Town yesterday as part of a high-powered delegation to this country.

Hou Sheng said that Taiwan had contributed R144 million towards a skills-training centre to be set up near Pretoria.

He was puzzled by the fact that South African manufacturers regarded their labour costs as high in view of the fact that there was so much unemployment. This showed that trade unions could act against the best interests of the majority by discouraging labour-intensive industry.

Chi said South African industry seemed to be out of balance by having many large and small businesses but too few which were medium-sized. In a medium-sized business there was more likely to be an appreciation of the fact that workers and management had common interests and should work together.

A medium-sized business was also able to react quickly to changing trends and customer requirements, said Chi.

Taiwan had developed from a mainly agricultural economy to a manufacturing exporting one and had valuable experience that could be passed on to help South Africa make a similar transition.

Taiwan was being turned into a science and technology island with 20 to 30 industrial parks for hi-tech industry being built over the next 10 years, he said.

ET (PR) 29/8/95 (30)

Taiwan switched from an inward-looking, import substitution economy to an outward-looking export promotion one in the 1960s. Planners had realised that capacity was restricted by serving only a limited local market.

Statistics made it clear that exports of labour-intensive manufacturers were the main engine of growth in Taiwan for the two decades until the 1980s.

A package of policy reform adopted in the 1980s included the setting up of bonded factories and import-processing zones, tax rebates on exports, adjusting the grossly over-valued domestic cur-

rency and the removal of import quota restrictions on materials. Chi and Hou Sheng said there was a feeling of confidence in the future of Taiwan. There were mutual economic benefits both for Taiwan and mainland China in allowing business to continue as it was at present.

Chi said indirect trade with mainland China and investment in that country from Taiwan were becoming easier.

Taiwan was being turned into a science and technology island with 20 to 30 industrial parks for hi-tech industry being built over the next 10 years, he said.

Black business rejects Parsons

Renee Grawitzky

(30) (12)
THE National African Federated Chamber of Commerce (Nafcoc) yesterday rejected the appointment of Raymond Parsons to replace Bobby Godsell as business convener at the National Economic, Development and Labour Council (Nedlac).

Nafcoc president Joe Hlongwane criticised the manner in which Business SA (BSA) appointed Parsons without consultation or discussion with Nafcoc, which formed part of the business caucus within Nedlac. The move was undemocratic and showed that BSA "takes us for granted".

He said Parsons was not the kind of person with a mind to drive black economic empowerment. Parsons would rather push Sacob issues than issues affecting the broader business community.

BSA said its failure to consult Nafcoc was an oversight. *PD 29/8/95*
Parsons was elected to replace Godsell,

who resigned from his BSA position after his appointment as Anglo American gold division CE.

BSA president Dave Brink said Parsons had been appointed to replace Godsell and to take over his job and the functions he performed on behalf of BSA in relation to Nedlac, including that of overall business convener. He said it was assumed that his election would be accepted within the business caucus.

Brink said: "BSA certainly needs to sit in a caucus with Nafcoc to choose a convener from caucus level.

"We will have to consider a nomination from their side."

Hlongwane said he had written to Nedlac to advise it of Nafcoc's opposition to the election of Parsons.

BSA had had its chance to appoint a business convener from within its ranks and now Nafcoc should be given a chance, Hlongwane said.

'Business must guide politicians'

(30)

BY JOHN SHERROCKS

KEN BUSINESS EDITOR

CT (BR) 30/8/95
Lack of experience is severely handicapping the government and it is the responsibility of business to assist the politicians to prioritise tasks, said David Brink, the chairman of Absa Bank.

The positive factors affecting the economy were outweighed by the negative ones, said Brink in an address in Durban yesterday.

"The country is solvent, we have a base from which we can work, but things are not looking all that great."

He said the government was not able to deliver.

It was attempting to take on too many tasks and, although it contained a number of talented people, they lacked experience.

"We would not use them to run our businesses," said Brink.

"There are too many projects. Legislation is being revised... at the same time we are talking about gender commissions... these are the things to do when everything is under control.

"These issues (gender equality) are of particular importance if you are a woman — but all these things will come to nothing if we don't get South Africa sorted out."

Other problems included having to carry the baggage of apartheid and a shortage of capital. The debt trap prevented borrowing.

The flow of foreign capital into the country had relieved balance of payments pressure but there was concern as to how long this foreign capital would remain in the country.

Private sector investment was growing at a good rate but was being absorbed by government consumption spending. Job creation needed investment.

He added that in certain areas consumption spending was vital if problems were to be resolved.

For instance, spending should be increased if it would help in combating crime or improving the efficiency of tax collection, he said.

The struggle between First and Third World priorities, in areas such as such as health and education — primary care versus heart transplants for example — was slowing progress.

Brink said there was an urgent need to prioritise.

R100-m for black business

(30) *gwenyan*
31/8/95
Fund wants clear growth
plans and a shareholding

By Oupa Ngwenya

A PARTNERSHIP BETWEEN THE Commonwealth Development Corporation, Investec and Fedsure has resulted in the establishment of the R100 million Enterprise Capital Fund.

On his recent visit to South Africa, chief executive of the CDC Dr Roy Reynolds said the fund is a major initiative for the funding of the emerging black business sector.

The fund will provide development capital to medium scale enterprises in the form of equity and quasi-equity investments.

The focus of the fund will be on viable and expanding businesses and will incorporate meaningful economic empowerment of black entrepreneurs.

Fedsure's Mr Arnold Besserabie says the fund will be seeking commercial returns. In some cases it will provide specialist support to management of the companies in which it invests.

Fund's shareholding

The fund will be investing between R2,5 million to R10 million in each deal and take significant minority stakes in the typical range of 20 to 49 percent.

The board of the fund will consist of two to three representatives of the black business community alongside investor nominees. An investment committee, also including leading black businessmen, will be responsible for investment decisions.

The fund will be managed by the CDC, Investec and Fedsure through a joint management company for which each organisation will provide key personnel and support through their existing infrastructure and activities.

The CDC has experience of investing and managing similar funds. The first such funds were established in Uganda, Tanzania and Ghana.

It will bring links with UK businesses and other international firms with which it has worked over the years.

The managing director of Investec, Mr Stephen Koseff, says his company's black economic empowerment division has considerable experience of transactions similar to those targeted by the fund and intends to introduce potential business to it.

Mr Richard Derman of Fedsure says that through investment activities the company encounters numerous development capital opportunities which it will pass on to the fund.

The first general manager of the CDC fund, Mr Mark White, predicts that the fund will be looking for a listing on the JSE. This will only happen after a suitable track record has been built up and can be expected within four years.

The other option being considered is to engage in further fundraising through private placement prior to listing.

Definite expansion plans

The Enterprise Capital Fund will invest substantially in all of its private sector companies which have clear plans for business expansion and have potential for above average growth in earnings.

The investee companies will predominantly be unlisted small to medium size businesses of black entrepreneurs and shareholders. The purpose for this is to provide for the significant representation of members of these communities.

The fund will invest in enterprises where a meaningful transfer of ownership to members of the previously disadvantaged community will take place, either immediately or over time.

In order to secure investment, there should be a programme to promote black involvement in management.

The fund will normally look for significant minority stakes in the range of 20 to 49 percent. In certain instances the fund may take majority holdings with the intention of later reducing them.

In these instances there will be agreed arrangements for the purchase of a portion of the fund's holdings by other parties. The fund will make use of a range of financial instruments to invest in the investee companies.

For further details on the Enterprise Capital Fund phone Mark White at (011) 498-2152.



CDC: an initiative
for funding of the
emerging business
sector.

Privileged Bill slated

Gowetan 31/8/95
 NP concern that the small businessman
 may suffer after passage of labour Bill (30)

IT WAS "scandalous" that people with a direct interest in proposed labour relations legislation had no access to the draft Labour Relations Bill, National Party Labour spokesman Leon Wessels said yesterday.

He said it was a "farce and a disgrace" that the measure was being debated by Parliament's Labour Committee when the Press had no access to the document. It would only become generally available once the Bill was tabled in Parliament, and therefore the committee debate

was merely a "warm-up exercise", he said.

The legislation and the way it was being dealt with did not satisfactorily address the interests of the small businessman, who was important in creating jobs.

It was essential to obtain this sector's opinion on the proposed legislation. The Labour

Ministry has refused to release copies of the document to the Press.

Labour Minister Tito Mboweni has indicated he wants the Bill passed by Parliament before the end of this year so that the structure it proposes are in place by the next round of wage talks in March and April 1995. - Sapa.

By Oupa Ngwenya

A result of scenario planning, NedEnterprise, a division of the Nedcor group, was formed to address the problem of unemployment by finding ways to help people start their own businesses.

NedEnterprise does this by contributing to the upliftment of entrepreneurs and small business enterprises that result in job creation, the advancement of skills and wealth generation for the country.

The equity funds manager, Bronwyn Allan, says since more and more South Africans have little to no chance of obtaining employment in

Fund for needy entrepreneurs

the formal sector, school leavers and graduates should consider the option of working for themselves.

"We aim to support people who display entrepreneurial flair and drive, who have a viable and sustainable proposal, with appropriate financing," says Allan.

"Empowerment," he says, "does not mean handouts, it is giving individuals the ability to generate wealth and employment."

Allan says that franchising, by its

very nature, is one of the quickest means of transferring skills. This is because the franchisee receives on-going training in all aspects of his or her business.

Says Allan: "In our opinion, the biggest need for our economy to prosper is training and monitoring. Capital is a secondary need. Franchising, through the continuous training provided, provides both these primary needs."

"Franchising, with its ability to

transfer knowledge and skills from the base of a proven success process, has a vital role to play in creating opportunities in our country," says Allan.

He says in the United States close to 50 percent of all retail sales are through franchise, whereas in South Africa the figure is approximately eight percent.

According to Allan there is a definite opportunity for growth in franchising and at this stage the market is relatively untapped.

Relatively risk-free

His view is that franchising can be a quick, relatively risk-free way of starting a business.

The franchisee is required to pay an initial investment amount and regular fees to the franchisor. This is where NedEnterprise can assist in both providing financial assistance and expert advice.

The most significant avenue for assistance to entrepreneurs, particularly those from disadvantaged communities, is the R50 million venture capital fund - the Franchise Fund of South Africa - which is managed by NedEnterprise.

Venture capital fund

"To our knowledge, this is the first venture capital fund for franchising in the world and in South Africa. It will be used to fund both master licences and franchisees."

"Our task will be to identify and evaluate suitable master licences and franchisees as well as provide management advice to emerging entrepreneurs."

The banks generally require entrepre-



Lot Ndlovu... executive director of Nedcor.

neurs to have an own contribution of 30 percent of the total capital requirement when debt financing is applied for. The Franchise Fund as a partner with the entrepreneur can assist in this regard.

The applicable criterion when evaluating requests for equity funding by a franchisee is that the entrepreneur must invest 15 percent of the total capital required in order to have a controlling interest in the franchise. The other requirement is that the franchise must have a legal entity, a company or joint venture.

The most important document when applying for finance is a business plan.

The business plan should deal with the product or service, the target market, the competition and how the entrepreneur will get the product to the market.

The plan should show a two-year

cash-flow projection. By meeting these requirements the financing needs and the optimum way of financing can then be determined.

Allan says in analysing the entrepreneur's business plan, current and possible future scenarios are always considered.

Having assessed economic and demand factors against the business plan, the Franchise Fund is then in a better position to discuss the required finance with the entrepreneur.

Besides the investment capital of at least 30 percent in the venture, the business is assessed on other factors which include long-term viability and sustainability of the business, management expertise and job creation.

The venture capital fund will assist entrepreneurs with share capital.

But the fund prefers not to remain a partner in the business for more than five years.

Before terminating partnership though, the fund will negotiate an exit route in which the entrepreneur will buy back the funds' share. Before any finance is granted, NedEnterprise has a policy of meeting the applicants.

The purpose is to carry out site inspections of new and existing businesses.

NedEnterprise also offers, for both new and established entrepreneurs, a comprehensive service which include determination of financial needs, registration of the business entity, setting up accounting systems and setting up suitable operating and management systems.

For further details, phone (011) 484-1507.

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Nafcoc comes of age

BLACK BUSINESS seems prepared, eventually, to confront its problems head-on as opposed to waiting for the Government to do things for it.

The 31st annual general meeting of the National Federated Chamber of Commerce, which ended last week, could be the beginning of this new realism in black business.

Nafcoc's AGM is regarded as the highlight of the black business calendar, and this year, it may seem, there were more gains than in the past.

Because of pressure from Government and the media, Nafcoc's leadership was aware that it had to break with the past at this year's conference.

Nafcoc had to prove to those in the corridors of power, particularly black political leadership, that it deserved respect as the major black business organisation.

For the first time in its history, powerful stakeholders in black business formed a committee to lobby the Government to address problems affecting black business.

The committee comprises senior executives from Nafcoc, Foundation for African Business and Consumer Services, Black Management Forum, Black Lawyers Association, Association of Black Accountants of Southern Africa and National Black Business Caucus.

Nafcoc's executive director Mr Benjamin Wauchope, BMF's Mr Bheki Sibiyi and NBBC's Ms Danisa Baloyi will lead the committee.

The presence of senior Government representatives such as Deputy President Mr Thabo Mbeki, Trade and Industry Minister Mr Trevor Manuel and Public Works Minister Mr Jeff Radebe showed the Government's serious attitude towards Nafcoc.

Plans and programmes by the Government, coupled with its preparedness to create a favourable environment in which small and medium businesses can operate, was another issue of commonality between the two parties.

However, Manuel told delegates that significant progress made towards establishing institutions that would oversee the implementation of the Government's plan to support small businesses was not without difficulties.

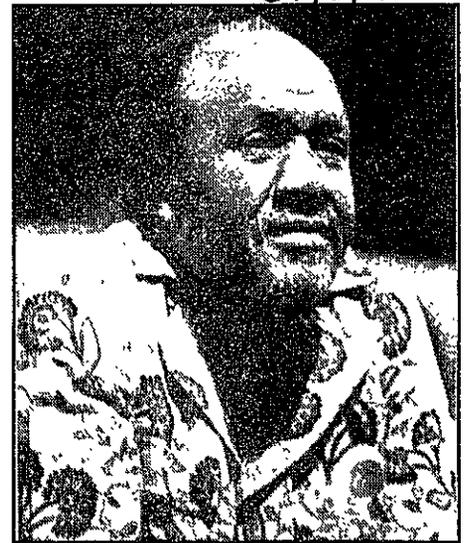
"Since your last conference, the Government has made significant progress, but there are limitations to what we can do and should do to assist small business," he said.

The Government, said Manuel, was working on legislation aimed at removing barriers preventing small business from entering the economic mainstream and punishing the anti-competition behaviour which still dominated the

After 31 long years of turbulence and struggle, the biggest black business organisation in South Africa begins a new era of realism and transformation.

Sowetan reporter **Isaac Moledi** reports. (30)

Sowetan 31/8/95



Nafcoc's leadership ... vice-president Peter Rabali, general secretary Cyprian Lekoma and president Joe Hlongwane at Nafcoc's 31st annual conference at Sun City.

local economy.

Nafcoc president Mr Joe Hlongwane told reporters his organisation was on the right track to transforming itself in line with the country's economy.

"The transformation of the South African economy to bring about black economic empowerment should occupy the centre stage as from today," he said.

Since June 1994, Nafcoc has implemented a number of initiatives to improve its capacity, he added. It moved its head office from Soshanguve to Johannesburg.

It also appointed an executive director, charged with the task of ensuring that Nafcoc influenced events in the South African economy.

Business development officers were hired as well at three regional offices in Gauteng, Western Cape and KwaZulu-Natal to implement effective business development and membership services programmes.

Another highlight of the past year was Nafcoc's victory against substantial odds to increase its representation in the National Economic Development and Labour Council com-

mensurate with its status as the voice of black business in South Africa.

"I am pleased to report that the leadership focused on three major policy issues highlighted at the 1994 conference: Government lobbying, the Nafcoc Investment Holding Company and the Nafcoc Business Manifesto," said Hlongwane. He said he was encouraged that, unlike previous governments, there were signs that the present Government was committed to black economic empowerment, and measures were already in place to lay the foundation to achieve these objectives.

"It is not enough to change the face of politics without changing the material conditions in which millions of South Africans find themselves — without jobs and adequate schooling, and continuing to live in poverty," he said.

Among other dignitaries were captains of industry such as De Beers Consolidated deputy chairman Mr Nicholas Oppenheimer and Nedcor chairman Mr Richard Laubscher, Cosatu president Mr John Gomomo, and Professor Wiseman Nkuhlu as other local and international policymakers.

Getting ahead with the Get Ahead Foundation

SAW 31/8/95

The Get Ahead Foundation (GAF), which operates South Africa's most successful micro-lending programme, granted a total of 12 041 loans countrywide in the second quarter of this year.

Of these loans, which create hope and employment in townships across the country, 6 457 were to first time borrowers. However, the GAF has

also been forced to get tough in some areas. In Atteridgeville near Pretoria, for instance, the loan office has been closed because the repayment level dropped below 50%.

"The micro lending scheme is run according to strict business principles. When offices are not viable, we channel the funds to places with a good record, where our

loans can be far more beneficial," said Don MacRobert, Get Ahead Foundation managing director.

MacRobert said considerable effort had been made to ensure the micro lending project was sustainable with rationalisation only taking place when necessary.

He stressed that the impressive rate of recovery was a remarkable

feature of the micro lending scheme.

"An average of 90% of the loans are paid back timeously, and are thus able to be reinvested in new businesses," he said.

MacRobert said since its establishment in 1984, the GAF stokvel programme had pioneered the group lending methodology in Africa. "In the 11 years since its establish-

ment, the scheme has loaned a total of R12-million to 25 000 clients.

"These entrepreneurs borrow anything from R100 and R5 000 to boost and the results are outstanding. Thousands of jobs are created and, for many, the loans provide the assistance needed to establish enterprises that support entire families."

"Stokvel clients repre-

sent the smallest and poorest businesses within the informal sector with many of the Get Ahead Foundation's borrowers operating what best can be described as survivalist businesses. Women make up 90% of the borrowers. An average size loan is R650 and research shows that one job is created for each R500 loaned. - Business Staff Writer.

SA's a giant

By THAMI NGIDI

(30)

CP 3/9/95
capitalisation of these four companies is 16,3 billion dollars against the total worth of Taiwanese giants that make some 20,0 billion US dollars.

FOUR South African companies are listed among the 30 emerging giants in the world today.

According to the latest issue of *The Economist* magazine Anglo American is the largest awakening "monster" in the country with a total market capitalisation of 5,5 billion United States dollars.

The three other companies mentioned are De Beers with 4,1 billion dollars, South African Breweries with 3,7 and Liberty Life of Africa with assets totalling 2,8 billion US dollars.

The combined market

capitalisation of these four companies is 16,3 billion dollars against the total worth of Taiwanese giants that make some 20,0 billion US dollars. One company, YPF from Argentina, has a net worth of 18,1 billion, the largest for a single emerging giant, which gives that South American country the highest total market capitalisation, worth 36,6 billion.

In terms of these figures South African companies come in at a paltry 30th, just after Mexico, whose telephone company Telmex is listed 29th with a market capitalisation of 16,9 billion dollars.

Govt plan for small business 'held up'

John Dlodlu

(30)

BD 6/9/95

GOVERNMENT plans to create a new financial institution for the small business sector have been delayed by bureaucratic hurdles, says Gauteng finance and economic affairs minister Jabu Moleketi.

Speaking at the launch of the Gauteng SME Tender Journal, a joint venture between Edward Mokhoanatsé & Associates and Trade Information Services, he said the problem related to transferring funds within government. Trade Information Services is a joint venture between Times Media and IBM SA.

He said the institution would come on stream sometime next year.

Moleketi said Trade and Industry Minister Trevor Manuel had told provincial finance ministers of the delay. The new institution would serve as a financial wholesaler, servicing retail lending institutions to facilitate the small business sector's access to funds.

Gauteng's plans to launch the support institutions for the small business sector — a network of local service centres and a small business desk within his department — were on track. The centres would be launched in mid-December, while the desk would be operational next year.

About 70% of emerging entrepreneurs operated in the retail sector, and this trend had to be reversed with more focus on growth-orientated industries such as manufacturing and distribution. He urged the private sector and non-government organisations to train small business people to enable them to expand their operations.

At the same function, Gauteng tender

Continued on Page 2

Small business

Continued from Page 1

(30)

BD 6/9/95

board director for procurement administration Cor Haak said the tender process had now been simplified to become more accessible for the small business sector. The need to provide security as a prerequisite for participating in a government tender had been scrapped.

However, the volume of documentation

had to be scaled down and the tender language made more user-friendly. Government would speed up the process of paying firms that won its tenders, he said.

According to Edward Mokhoanatsé, the weekly tender publication would target Gauteng government business as it spent its budget of more than R10bn. Plans were under way to spread the service to the whole country by next year.

Small business council up by next month

CF (B2) 7/19/95 (30)

By FRANÇOISE BOTHA

STAFF WRITER

The National Small Business Council interim co-ordinating office has announced that steps have been taken to finalise the establishment of a small business council with provincial subsidiary offices.

Final steps would be taken over the next month to establish the council, which should come into effect next month, said Mmatsatsi Ramawela, the provincial co-ordinator of the council.

Work has been under way since the president's conference in March to establish a body representing the

interests of small, medium and micro enterprises.

Ramawela said that a firm of lawyers, Madhlopa Attorneys, was set to draft a formal constitution, which would be sent to the provinces for their comments later this month.

Constitution

"After consultation, a national conference is scheduled to be held on September 20, during which the constitution will be ratified and adopted by interim structures.

"The aim of the council is to function at both the national level of

government and in the private sector," said Ramawela.

Preparations were also being made to present a national small business bill to parliament before the end of the year.

Following the conference, the election of provincial representatives would take place and they would go forward for nomination to the council.

"The establishment of the provincial councils will allow for better regional representation as they will be performing the same function at provincial level, under the guidance of the national council," said Ramawela.

PRO

STAFF WRITER

nd, is expecting sales of R21 million for the year to October next year

CF (B2) 7/19/95
the cement cartel that had been in operation for many years

Small business council under way

BY FRANÇOISE BOTHA

CT (PR) 8/9/95 (3)

The National Small Business Council Interim Co-ordinating Office has announced that steps have been taken to finalise the establishment of a national small business council and its subsidiary offices at provincial level.

According to Mmatsatsi Ramawela, the provincial co-ordinator of the national small business council, the council should come into effect during October.

Work to establish a body representing the interests of small, medium and micro enterprises, has been

under way since the President's Conference in March.

Ramawela said that a firm of lawyers, Madhlopa Attorneys, is set to draft a formal constitution which would be sent to the provinces for their comments later this month.

"After consultation, a national conference is scheduled to be held on September 20, during which the constitution will be ratified, and adopted by interim structures.

"The aim of the council is to function at both the national level of government and in the private sector," said Ramawela.

Small business gets off to sluggish start

(30) ST(NT)10/19/19

There's been much debate about a council to represent the interests of small, micro- and medium-sized businesses. Now a date has been set for a concrete result, writes **THABO KOBOKOANE**.

THE National Small Business Council will be launched in January, the council's interim co-ordinating office has announced.

The long lead-time is a setback for efforts to get policies on small, micro- and medium-sized enterprises off the ground.

The NSBC was conceived at the president's conference on small business in March this year, signalling the government's intent to establish small business as one of its major economic policy initiatives.

The role of the NSBC includes:

- Representing the diverse interests of the SME sector at national and provincial level.
- Making recommendations to the national government on policies to support SMEs.
- Playing a proactive role in shaping and implementation national and provincial policy, and implementing strategies affecting the sector.

Mmatsatsi Ramawela, provincial co-ordinator of the NSBC, says the provin-

cial councils should be up and running by November.

In a further move to strengthen the government's small business initiative, Trade and Industry Minister Trevor Manuel this week appointed the man who organised the March conference, his former special adviser Alistair Ruiters, as chief director of the Centre for Small Business Promotion.

Ms Ramawela says that in the last few months, provincial interim committees have focused on making submissions on the constitution of the NSBC.

A firm of lawyers, Madhlopa Attorneys, has been contracted to draft a formal constitution which will be sent to the provinces for comments, and the final document will be debated and ratified at a national meeting later this month.

The NSBC will be made

up of 30 members: 18 from the provincial councils; nine from the provincial SMEs; and three representing the Department of Trade and Industry — including Mr Manuel.

Meanwhile, the whole-sale finance facility scheme, which was due to come into effect in November, will be delayed until next year, according to Jabu Moleketi, Gauteng's Finance and Economic Affairs Minister.

Mr Moleketi said at the launch of the SME Tender Journal this week that the province was told the delay was a result of the transfer of funds.

The scheme aims to make start-up capital available to emerging business.

The weekly journal is a joint venture between Edward Mokoanatsé & Associates and Trade Information Services, jointly owned by Times Media Ltd

and IBMSA. The journal will provide tender information on the government's reconstruction and development programme and other projects generated by the government, parastatals and the private sector.

Eight other regional tender journals will be launched early next year.

"Most SMEs have been left out of the mainstream economy because of their inability to access tenders from the government. This journal is meant to redress that," says Edward Mokoanatsé, founder member of Mokoanatsé & Associates.

The journal will be distributed through existing networks of industrial parks which house SMEs and through SME structures such as the Small Business Development Corporation and the National Federated Chamber of Commerce.



NEW APPOINTMENT ... Alistair Ruiters

Nafcoc firm on its rejection of Parsons

Renee Grawitzky

BD 11/9/78 (30) (138)

CAPE TOWN — Representatives of the National African Federated Chamber of Commerce (Nafcoc) and Business South Africa (BSA) met last week to discuss Nafcoc's rejection of the appointment of Raymond Parsons to replace Bobby Godsell as business convener at the National Economic Development and Labour Council (Nedlac).

Nafcoc president Joe Hlongwane said that during a meeting with BSA president Dave Brink he advised Brink

that Nafcoc was not prepared to alter its rejection of the appointment of Parsons without joint consultations. He said: "It is unlikely that Parsons will be appointed overall business convener."

Brink said that it was necessary for BSA and Nafcoc to work together on this issue and to find a solution which was in everyone's interest.

He said BSA's governing body would meet within the week to consider this issue.

It would consider, too, the concerns expressed by Nafcoc.

Students to study to become entrepreneurs

Mduduzi ka Harvey (30) **ED 11/9/95**

GOVERNMENT aims to develop a national core education curriculum which will not only prepare students for formal sector employment but create a multi-skilled labour force that can help build the economy, says the education minister's special adviser, Sheila Sisulu.

Opening the third annual SA Entrepreneurship Education Forum in Johannesburg last week, Sisulu said equipping students to work in the formal sector, as well as empowering them to create jobs in the context of a competitive successful economy, required a shift towards an open learning approach.

This approach had to combine the principles of lifelong education, accessible and flexible learning, student support and high quality study materials.

She encouraged more than 100 delegates from Namibia, Swaziland, Lesotho and Uganda to liaise with the relevant committees to promote the incorporation of entrepreneurship education into national school curriculums.

At the heart of all developmental initiatives was the need to build partnerships for consultation, advocacy, planning and resourcing. The ministry's framework provided fertile ground for further deliberations on entrepreneurship education.

Free Market Foundations of Southern Africa executive director Leon Louw said meaningful reconstruction and development depended on the extent to which entrepreneurship training was recognised as a key component of the RDP.

Seventeen southern African technicians offered entrepreneurship training, and 20 technical colleges were running pilot courses. The education department had decided in principle to introduce entrepreneurship education and more private schools were incorporating courses.

Airline body calls for closer ties to agents

ED 11/9/95

Theo Rawana

PORT EDWARD — A joint onslaught by the Airlines Association of SA (AASA) and the Association of SA Travel Agents (Asata) to "claim a leading edge in the international travel market" would definitely win if the two drew closer. AASA CE John Morrison said at the weekend.

Addressing Asata's annual congress at the Wild Coast, Morrison said the two had been interfacing for sometime, but the time had come for them to work for closer co-operation.

The AASA represents the airline's interests, in particular with government and the civil aviation department where the industry has found that it is easier to negotiate with government collectively rather than each airline attempting to present its problems individually, Morrison explained.

In a speech read on his behalf, Morrison said both organisations and the travel industry stood to gain from the forthcoming merger (next month) of the AASA and the Regional Airlines Association of Southern Africa, which is open for membership to all scheduled air-

lines domiciled in Africa, South of the Equator, including the Indian Ocean airlines.

"The benefits of this merger are likely to be significant since the new association will be managed from SA but will be in a position to make collective representation in all of the countries of the member airlines and will be able to deal with issues affecting both the airlines and the travel industry in an enlarged geographical area," Morrison said.

"Resulting from the history of the association, the developing relationship between Asata and the AASA and the position and potential of our industry, domestic airline's conditions are in a critically challenging phase. A balanced and very necessary level of support exists between travel agents and the airlines and must be continuously developed for the ultimate benefit of all in the industry, as must co-operation between the airlines themselves," he said.

He concluded: "On behalf of the airlines and the association, we assure you all that we not only re-alise but greatly appreciate the value and the support of our agents."

Messina to store water in shafts

Mduduzi ka Harvey **ED 11/9/95**

THE transitional council for Greater Messina in Northern Province has launched a water conservation plan which involves the pumping of flood water from the Limpopo river into empty mine shafts.

The project has so far cost R180 000, compared to about R10m if the council had constructed a conventional open surface water retention dam.

The stored water, which will be used during drought periods, will ensure that residents, businesses and industries in the area will have sufficient water.

Messina and surrounding areas are usually supplied with water from wells in the river, but during the rainy season, kilolitres of flood water flow towards Mozambique without being utilised along the way.

The council will launch the plan as soon as it receives the geological report required by the water affairs department which will then issue a permit for pumping water from the river.

The pumping of water will start as soon as the Limpopo is in flood — within the next month.

The water will provide for the community's needs without being refilled for two-and-a-half years.

Atmosphere of glasnost in SA business, study finds

By DEREK TOMMEY

MINING EDITOR

There is an atmosphere of glasnost in South African business and a willingness at all levels to learn, to experiment, to think in new ways and to communicate openly.

This is one of the findings of a team of MBA students from the London Business School which has been conducting a communication audit at 13 South African companies. The team conducts intensive interviews to assess internal communications, and the results show how the organisation functions and what problems it faces.

CI(BR) 12/9/95 (30)
Nigel Nicholson, a professor of organisational behaviour at the business school, who is accompanying the students, says they have found a diversity of issues, some of them unique and some of them very familiar.

But the students have found that the glasnost attitudes are not enough. They have discovered problems of great complexity, blockages and inefficiencies in companies as well as some wonderful success stories.

Management skills — not so much technical, but behavioural skills; the skills of managing people — were at a premium.

Youth business trust branches out locally

ET(BR) 12/9/95

(30) (288)

JON BEVERLEY

SPECIAL WRITER

An organisation that will help young disadvantaged people to get into business with financial help and the provision of business advice has been launched in Durban by the Youth Enterprise Services International.

It is modelled on the well-known Prince's Youth Business Trust in Britain with the initial meeting under the banner of the Nations Trust recently established with President Nelson Mandela and

Queen Elizabeth as patrons.

It will be known as the Youth Business Trust.

David Hiscocks, managing director of the Youth Enterprise Services International with headquarters in London, said in Durban the aim was to help people under 30 who could demonstrate that they had a business plan and a skill, but who had been refused a bank loan.

Loans for "startup" or expansion could range from R500 to R10 000. The final parameters for the scheme would be decided by a steering committee headed by Beth

McAlpine, the project manager.

Hiscocks said the committee would decide on the length of loans and what interest rate would be charged.

The body would expand to Cape Town and Durban later.

The next development would be a workshop for advisers from Britain to be held in November this year in Johannesburg.

Hiscocks, who is on secondment from the Bank of England, said similar schemes had been established in other parts of the world including Swaziland.

Agreement worth R8,5-m

Nafcoc in deal with US

(30) Star 14/9/95

■ BY PATRICK WADULA

The National Industrial Chamber (NIC) of the National African Federation of Commerce (Nafcoc) yesterday entered into a three-year co-operative agreement worth R8,5-million with the United States Agency for International Development (USAid) in an "Affirmative Procurement" project.

The agreement, signed at the NIC's offices in Kempton Park, was termed "a concrete expression towards economic empowerment" by NIC's president, Joe Mogodi.

Mogodi said this project would bring a whole new thrust for small firms to participate meaningfully in the economy of their country.

The grant would be used to boost the ability of small business owners to trade with corporate businesses, parastatals and Government tender boards.

This would encourage both large companies and the Government to open

up supply opportunities to the small firms.

Mogodi also pointed out that the grant would enable them to increase their training and counselling activities and also expand their National Advice Centre Network.

In regard to USAid's assistance, he said the NIC had never accepted the notion of remaining small and marginalised.

However, with USAid's help they were poised to join the mainstream.

Mogodi said there could be more than 70 000 small firms producing goods and services.

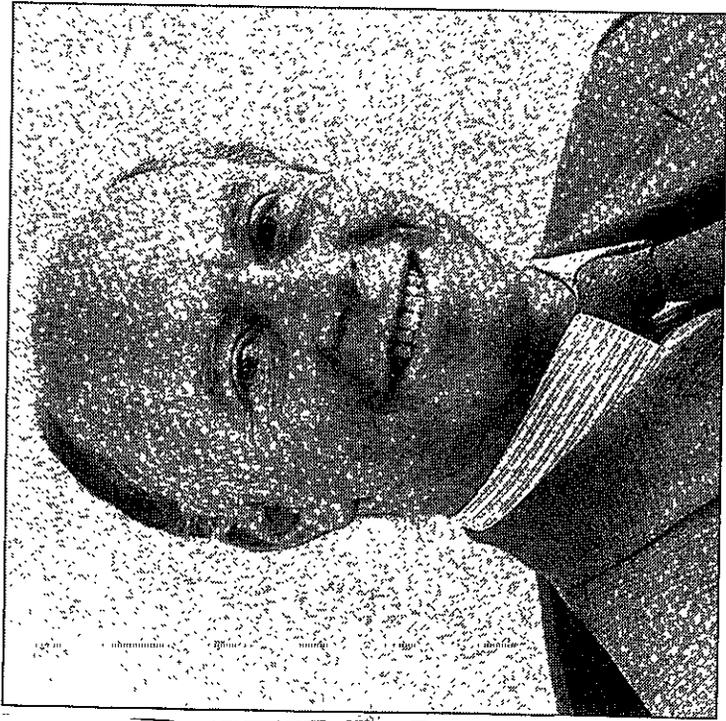
"Our challenge is to help many of these firms from basic management and technological levels to appropriate technology and deliver the quality that is expected in the market place," he said.

USAid's deputy director, Henry Reynolds, reaffirmed the agency's support for small and medium enterprises as the engine of growth for the new South Africa. He said an advisory committee would be appointed to give overall direction to the operations.

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The voice of prosperity

(30) CJ (BR) 14/9/95



ECONOMIC MISSION Sacob's president, Les Weil

FROM LES WEIL

SACOB PRESIDENT

Sacob's mission is to be the "voice of business", so as to both create an environment in which the South African economy and its people can flourish and provide a high level of service to its constituent members.

In pursuit of this mission, it has over the past few years been deeply involved in the economic political transformation of South Africa. The democratisation process reached a climax with the elections of a Government of National Unity (GNU) in April, 1994.

Since then Sacob has sought to promote the interests of business in the wider context of the historical, political and economic developments that have occurred.

Business in general — and Sacob

in particular — have been playing a crucial role in South Africa's social, economic and political transition.

This survey aims to reflect the broad range of matters addressed by Sacob and its affiliates to ensure that the "voice of business" is carried forward to the government, other policy decision-makers and society at large. Similarly, the GNU expects to hear mandated views from business in general and Sacob in particular.

The Chamber movement is very relevant to policy formulation in the development of South Africa.

It is well prepared and ready, under the Sacob banner, to influence the future of South Africa by addressing the challenges facing the new South Africa.

Good government and a vibrant economy are two sides of the same coin.

Effective governance at all levels is an essential criteria for sustainable developments, viable democracy and economic growth — and is an important dimension of the reconstruction and development of South Africa.

How can Sacob and its cham-

bers offer even more value-added services to business?

By constantly reviewing strategies and functions in the light of changing circumstances at every level.

Sacob and its chamber movement have a four-pronged task.

- The representational role at all levels;
- The dissemination of information relevant to business decision-making;
- Networking; and
- Specific services.

Using these mechanisms wisely and deliberately, business can secure a competitive edge in the market place locally and globally.

This survey gives some insight into how Sacob and the chamber movement can help business persons strengthen that edge.

Visitors beat a path to Sacob's door

CT (BR) 14/9/98 (30)
One of the first things that many foreign businessmen who are strangers to South Africa do when they arrive in Johannesburg is to make a beeline for Sacob's headquarters in Auckland Park.

For a major service rendered by the chamber is the provision of essential information and assistance about the South African environment such as the legal, financial and social framework within both local and foreign business.

This highlights one of Sacob's prime objectives — to encourage the promotion of both local and foreign trade.

But it is not only foreign businessmen who consult Sacob. Local businessmen wanting to enter the export market do the same.

"We have a multitude of inquiries every day," says Bess Robertson, personal assistant to Sacob's director general, Raymond Parsons.

Answers

"We never say no to any inquiry. If we can't answer the question straight away we find out and answer it later."

Sacob is often also the first port of call for foreign trade missions coming to South Africa.

"We address them on the political and economic situation. We always think it is good for foreign trade missions to start with a meeting with Sacob for we can set the economic scene for them," she says.

"We can tell them about the conditions in the country and give them an opportunity to raise matters which are of concern to them."

Sacob officials also help the foreign trade missions decide where to go and who to see.

Sacob promotes South African trade by making contact with other international/national trading or-

ganisations.

So far it has signed about 35 co-operation agreements with foreign trade bodies, with the latest signed two weeks ago with a Moroccan body.

The agreements normally provide for the signing parties to disseminate information which could help promote trade between their members.

They also oblige the parties to make representations to their respective governments to ease any restrictions that might be impeding trade between the two parties.

Since the Government of National Unity came to power and sanctions against South Africa were ended, Sacob has been extremely busy helping local businessmen understand foreign trade legislation and take advantage of newly opened foreign markets.

In order to help South Africa, many countries have given this country what are termed generalised special preferences.

This reduces the respective country's import tariffs either to zero or to below the normal tariff level on items imported from South Africa.

Sacob had to investigate these preferences to see how they should be interpreted and how they applied to South African businessmen.

Another important task of Sacob is keeping a careful eye on customs and excise regulations to see where problems could arise for business and how they could be overcome.

It also advises business on containerisation procedures and any other thing else that affects the movement of goods.

In short, Sacob's concern is anything and everything that affects a business when undertaking trade.

(30) (24)
CT(DR) 14/9/95
Focus on
crime wave

South African Chamber of Business has spent a great deal of time this year holding discussions with the government officials on devising strategies to control the escalating and unacceptable high levels of all categories of crime, says Ken Warren, the director of Legal Affairs.

The chamber met Maj-Gen George Fivaz in February shortly after his appointment as national commissioner of the South African Police Services and pledged its full support and assistance in endeavours to devise short-, medium- and long-term crime prevention strategies.

It subsequently met Sydney Mufamadi, the safety and security minister, in Pretoria in April to whom it submitted and motivated proposals aimed at developing a holistic, multi-sectorial and broadly based crime prevention strategy.

Early in May the Cabinet appointed a special inter-departmental Cabinet committee to design a process which would culminate in proposals for a national crime prevention strategy.

The committee set up a process task group and the chamber accepted an invitation to be represented on it. It is understood that the group's work is almost completed.

The chamber has also participated in specialised crime combating initiatives.

Playing a lead role in matters of government

CT(DR) 14/9/95 (30)

The chamber has played a unique and extremely important role in this country's affairs in the past 18 months.

Accepted as the official voice of organised business, Sacob has received high praise for the way it has helped the new government — which came to power possessing some strongly socialistic ideas — to understand the problems of business and to co-operate with business in solving them, while at the same time doing its job of servicing the interests of its members.

Sacob's role in government matters would possibly not have been quite so necessary if there had been a long tradition of democracy with its corner stone — a free enterprise system — in this country and if the people who took over power had had a greater awareness of the needs of a modern industrial state.

However, this was not the case and South Africa has been extremely fortunate in having an organisation such as Sacob which was able to so persuasively put forward the views of business and the importance of a free market-driven system that they were able to find favour with the authorities.

Some people tend to think that Sacob is speaking only for big business. But this is far from being the



RESPECTED VIEW Raymond Parsons, Sacob's director general

case. Sacob's constituency is an extremely large one. It represents more than 90 chambers of commerce and industry which together have a paid up membership of more than 40 000 businesses. The majority of these members are small employers, employing between eight and 10 people. As a result of this membership, it can claim to be the biggest employer organisation in the country and to have the right to speak for the small and medium-sized companies as well as for the large firms.

From these figures it is clear that Sacob, under its highly capable director general Raymond Parsons, not only has a right to speak but also to be heard by the authorities and listened to with some respect. To its great credit the government

willingly accepts this.

Sacob sees itself as a service organisation. One of its main tasks is facilitating the huge flow of information coming from the authorities to its members and in assisting them in interpreting it.

This is illustrated by the large number of publications and position papers issued by the Sacob secretariat.

The task of keeping its members informed can also be seen in the large number of Sacob presentations in many different parts of the country to explain and interpret to its members the Labour Relations Bill, soon to become law.

The other side of the coin is the constant need for Sacob to consult with its members and collect their views on a whole range of topics which affect business. It then needs to analyse these views and pass them on to the authorities and other concerned organisations.

Sacob is also famed for being one of the country's top "think tanks". The numerous high quality position papers and other commentaries produced by its staff are ample evidence of this.

And this is one reason why its members are so often called upon to participate in official and semi-official deliberations.

A POWERHOUSE OF DECISION MAKERS



Dean Trillipio, Sacab's honorary treasurer



Rudi Henne, Sacab's deputy president



Cedric Savage, Sacab's immediate past president



Moss Leoka, Sacab vice-president



Philip Krantz, Sacab vice-president

Presenting a broad view of business is the key to success

(30) CJ (1992) 14/9/95

Sacab is known for the effectiveness of its intervention in a great many areas of activity as it pursues its members' interests.

Nonetheless, there is one specific area where it is most highly regarded, especially by the government, by the academic and diplomatic worlds as well as by business, and this is for the numerous top quality and highly informative and lucid policy position papers which it produces on a host of issues of importance to businessmen.

These enjoy a wide circulation and have been highly successful in influencing the government and other bodies in positions of authority to be more sympathetic to business and to understand and support

its views. But these papers are not produced in an ivory tower. They are compiled only after widespread consultation with Sacab's members, says Dr Ben van Rensburg, the director in charge of the chamber's economic policy.

"Among our members we obviously have a large number of informed people and specialists in particular areas, such as tax, competition, privatisation, communication, retailing, the environment, and foreign trade and with whom we consult.

"We also get involvement from the chambers from all over the country, together with the 56 national associations which repre-

sent specialist interest groups and the 173 direct members, the large corporations.

"We have to take into account all their various positions. It means we must always be careful to present the broad business view and we can never plead on behalf of a specific business or a specific sector."

Van Rensburg said that Sacab was occasionally accused of representing only big business. But this was not true.

"Eighty percent of our members are small businesses. For example, about 70 percent of the members of the Johannesburg Chamber of Commerce employ 10 people or less, so we clearly have to take into consideration their views.

Senior economist Bill Lacey says that Sacab is sensitive about getting mandates from its members for its views.

"We go to our chambers and committee structures which can give us some direction so that we get and portray a suitably representative view of business."

However, not all Sacab's activities are devoted to preparing position papers. A good deal of its staff's time and energies are employed in attending the many forums, including Nedlac, that have come into being in the past 18 months and helping to for-

mulate views at these bodies. Nedlac is putting considerable pressure on Sacab's resources, says Van Rensburg.

He is a member of the fiscal and monetary policy chamber which meets twice a month. In addition this chamber can take at least two days of caucus meetings to formulate a business viewpoint on any subject.

"So for Nedlac alone you might have six to eight days of meetings a month if you serve only on one single chamber," he points out.

In addition, there are many

other forums which have been created along Nedlac lines.

They cover telecommunications, the environment, consumer affairs, the Post Office and many other areas and also require attendance from time to time.

Unfortunately Sacab has a limited capacity to serve on these forums and there is a need to prioritise attendances, says Van Rensburg.

Still to come are the forums which are being structured to serve the newly elected local authorities throughout the country and which will play an important role in the RDP and the creation of local authority structures.

These forums are not fully in

place yet but it is important for Sacab's members to know how to handle them.

It is estimated that eventually there will be about 850 forums, of which 40 will be making an impact on the infrastructure. Sacab will obviously not be able to participate in them all, says Van Rensburg.

However, the forums are making a major contribution to the consensus-seeking process. This is of great importance when there is a great divergence in the views of business and labour — a sector which often does not seem to understand how business operates.

"So although the forums are time consuming and take a lot of resources, they do provide a plat-

form for us," he says.

But in spite of the structures that have been created by the new government, Sacab still maintains a direct relationship with the government.

Sacab's director general, Raymond Parsons and other chamber officials regularly address government committees and meet cabinet ministers and top officials.

But while Sacab maintains links with the government structure it is also keeping strongly in touch at grass roots level.

In this way Sacab can claim to be a truly representative national organisation that has a right to be heard and for its views to be considered, says Van Rensburg.

No help - BOC

By Isaac Moledj
Sowetan

THE Business Opportunity Centre says it is disappointed by the lack of commitment from the corporate world in funding the institution's developmental programmes. 14/9/95

BOC was formed as a National Economic Initiative project to link small and big businesses as a way of empowering emerging entrepreneurs.

The centre also claims that many corporations still play lip-service to RDP to enable them to gain favours from the government.

BOC director Mr Vaney Mutele says although NEI has set in place all support mechanisms with its partners regarding access to finance, training and mentorship, big business is not responding to BOC programmes.

"I would like to register my disappointment regarding lack of commitment on the part of many companies which are dragging their feet in ensuring the implementation of innovative programmes," he says.

Warning

He warns that unless these companies move from their "comfort zones" and start practising what they preach, BOC will lobby government to radically enforce changes that lead to equitable distribution of business opportunities to the small and medium enterprise sector.

Mutele says internal targets should be set and closely monitored by top management to force big companies to support development programmes.

BUSINESS**Indaba on SMBs**

By Isaac Moledi

(30)

Sowetan 14/9/95
chairmanship of David Moshapalo of Fabcos, she says.

A NATIONAL conference has been scheduled for the end of this month to finalise the establishment of the National Small Business Councils and its sister organisations.

NSBC coordinators say since the President's Conference in March this year, much progress has been made towards the establishment of the Provincial Small Business Councils.

The PSBCs, which will represent the interests of small business at the provincial levels of both the government and private sector, will function under the guidance of the national structure of the NSBC, which will be the supreme body to represent small businesses.

NSBC provincial coordinator Mmat-satsi Ramawela says of the countdown towards the establishment of PSBC: "At provincial level, the process began with the selection of interim coordinating committees with the task of directly leading the process of establishing the PSBCs"

In Gauteng a 12-member interim committee has been established under the

"In the last months, the committee met regularly and focused their efforts on making input towards the NSBC constitution. This process has now been completed," adds Ramawela.

She says the national coordinating office, headed by Monde Tabata of National Economic Initiative, has appointed a firm of attorneys to draft the first constitutional document.

"This process will be preceded by a national conference this month, where the constitution will be ratified and adapted by interim structures."

Immediately after the conference, the nomination process for PSBCs' representatives will start. Provincial small business organisations will be requested to send nominees to the interim committee. A panel of judges will interview the nominees sent by the organisations.

Finalists in this process will then stand for election to PSBC office next month.

Ramawela says the elected PSBC councillors will select their representatives to the NSBC.

Charity a credit to small business

ST(BT) 17/9/95

30

WORLD Vision of South Africa plans to launch within six months a R1-million credit and training scheme for micro-enterprises and farmers in the Cape, writes **THABO KOBOKOANE**.

Ben Hoskins, the coordinator of the programme, says that, because the public and private sectors cannot absorb the unemployed, the charity group felt it was important to have them create their own businesses.

However, Mr Hoskins says WVSA research has shown that lack of credit for the small farmholder and entrepreneur have posed serious problems.

To this end, WVSA will make 1 000 loans, ranging from R600 to R5 000, available to small farmers and rural entrepreneurs.

The loan scheme is based on one developed by World Vision International, WVSA's parent organisation. Mr Hoskins says experience in six Latin American countries has shown that, with a minimum loan of R1-million at market interest rates, a repayment rate of 90-95% and assuming a low inflation rate, the programme will become self-reliant in four years.

IDIC to help black groups

By Mamkulu Malunga
2/1/94

ALTHOUGH many black business people are turning to joint ventures with foreign investors who bring money into this country, they lack information about this window of opportunity.

The Department of Trade and Industry's Industrial Development and Investment Centre could be helpful in this regard.

The IDC was established as part of the strategy to promote joint ventures between local and foreign investors.

Foreign Investment

The IDC also canvasses for foreign investment in this country. The centre has offices in all major industrial centres of the world.

The IDC maintains that there has been a poor response from black business to the services offered by the centre.

Partnership between investors who come to this country and black business has been identified by black business as one of the routes that could lead to black economic empowerment.

Joint ventures between black business and overseas companies is also seen as another way through which the black business skills base could be enhanced.

Obtaining capital

Other services offered by the IDC is assisting entrepreneurs with obtaining capital and technology for their ventures.

Helping business people explore new investment opportunities and arranging the funding for potential foreign investors when they visit South Africa are some of the services offered by the centre.

Roll Away among the grassroots

By SHIRLEY JONES

STAFF WRITER

Thethwayo, founder and chairman of Roll Away Small Business, a community-based support group for micro-enterprises in and around Durban, has cleared the first hurdle in his quest to better the lot of grassroots business in KwaMashu and surrounding townships.

In the greater scheme of things, the formation of township-based tailors, dress and jersey makers into a group, which was christened Saqakahle Clothing Service in Durban this week, may seem unim-

portant, but for Thethwayo this is proof that there is something in what he set out to do at the beginning of this year.

His vision is a simple and pragmatic one — the roadside trader has little chance of contracting to big business and big business has less chance of finding the small man in endeavours to initiate RDP type initiatives.

However, he insists, there is strength in numbers. As a result, his longer-term vision for the Saqakahle Clothing Service is the formation of a company in which each of the operators has a share.

Thethwayo has contacted companies in the greater Durban area to negotiate the supply of raw materials for the sewing group and is appealing for community support.

Thethwayo shrugs off the fact that established support groups and financial institutions have all but ignored Roll Away Small Business and are clearly failing to support people in their efforts to eek out a living. Provincial government has not yet honoured promises made at Roll Away Small Business's inaugural meeting in June.

His message is that if others cannot deliver, the business people

themselves will, at a cost of R5 a month for membership.

Roll Away Small Business is already assisting grassroots businesses in obtaining finance and insurance wherever possible and gives general advice. Members include clothing producers, shoe makers, fruit and vegetable dealers, farmers and butchers, motor mechanics, hairdressers, those in show business, building contractors and electricians.

Thethwayo intends continuing with the organisation of general dealers and food retailers, followed by hairdressers.

(30) CJ (BR) 22/9/95

Higher rates of literacy ³⁰

'vital for SA'
ET (BR) 25/9/95

BY RONNY TSHABALALA

STAFF WRITER

South African businesses are realising the importance of instituting learning programmes for their staff as the country's 40 percent adult illiteracy rate continues to undermine business performance.

"South African businesses are ill-equipped to deal with the changes taking place in the economy, mainly because of the vast extent of adult illiteracy. Productivity levels suffer due to language barriers, an inability to read safety signs and important notices and a lack of basic understanding of the business world.

"Many managers have realised that these problems have to be dealt quickly and effectively," said Anrica Foxcroft, the marketing director of Interman, a company involved in language, literacy and communication skills training.

Foxcroft said employee development should form an integral part of every company's training policy.

"One of the unique features of implementing a business-related literacy programme as opposed to a community-based one, is that it prevents costly misunderstandings between labour and management.

"South Africa is faced with over 16 languages. Concepts such as productivity, percentage increases and quarterly results do not translate into most of the country's indigenous languages.

"As a result, many blue-collar workers who know little English struggle to understand these concepts and often associate productivity increases with retrenchment, which can cause strikes and other work-related problems.

Developing an individual's literacy skills has positive effects for the company as well as the individual, she said. It improves self-confidence, general knowledge, communication, the individual's approach to the job and, as a natural progression, increases productivity.



"You can try African Bank" ...Ralph Zikalala was told.

By Mzimkulu Malunga
SOME SOWETO business people are terminating their accounts with major banks in favour of small ones because of what they term "bad treatment".

A number of business people say the banks treat them as "numbers" and have no personal touch, whereas at small ones they get better treatment.

One such business person is Solly Tshesane, who says "I pulled out my resources" from Standard Bank and First

Funds? Not for blacks

Black business people find top banks are not so friendly

(30) Sowetan 28/9/85

Zikalala, who owns Club 707, says he applied for a loan to expand his business and used his house as security.

The bank went to evaluate the house but the application was turned down because of what the bank called the "risk factor in Soweto", he says.

When Zikalala wanted to know how much his house

was worth, Standard Bank declined to reveal details of its evaluation, arguing that they were confidential.

In protest, Zikalala decided to try his luck somewhere else. "I related my problem to one manager at Nedbank's Industria branch and he told me that there was no problem and Nedbank could be of help."

But after he made an application for a R100 000 loan and the bank had valued his Soweto home - which he used as security - Zikalala's application was declined.

The branch manager said the decision to decline the loan was not his and gave Zikalala a number to call.

"When I called the number he gave me, the lady who answered the phone told me that if I was not satisfied with the fact that my application had been declined then I could go to the African Bank - this was after African Bank was reported to be having financial problems," he says.

When Sowetan contacted the Standard Bank manager who was handling Zikalala's loan applications, he initially said he was not prepared to discuss the matter over the phone and suggested we set up an appointment.

Half an hour later the manager called back. He said he had consulted with his superior who advised him not to see us.

Sanctions threat

Zikalala says after Sowetan had contacted the bank, the manager phoned Zikalala threatening him with sanctions in future as punishment for going to the media.

As for Nedbank, Sowetan's inquiry was referred to the public affairs section. A public affairs representative said due to the technical nature of the complain, it should be in writing.

Another Soweto business person who left a major bank in protest against service is Thami Skhenjane.

"The service is terrible. Anything you want, no matter what it is, the answer is no," he says.

Soweto Chamber of Commerce and Industry's executive director Max Legodi says the chamber is aware of serious problems that that some business people have with major banks. Talks have already been held with First National Bank and Absa as the first step to address the problem.

"The two banks have acknowledged that black business people have not been getting proper treatment and that the issue should be addressed," he says. However, says Legodi, at the moment there are no systems in place to correct the problem.

SBDC negotiations hit a slight snag

(30)

WM(MM) 29/9-5/10/95

Rowan Callaghan

NEGOTIATIONS between the Department of Trade and Industry (DTI) and the Small Business Development Corporation (SBDC) have gone largely unnoticed until a deadlock in talks caused the corporation's annual general meeting (AGM) to be rescheduled last week.

The SBDC has long been a target of criticism by particularly small black business, who have felt the SBDC has not done enough to empower them.

That the state owns a share of the corporation, it has been argued, should give it a bigger say in the way the SBDC is run.

The SBDC, on the other hand, has maintained that its independence is a valuable barrier to political corruption and eventual bankruptcy.

According to an SBDC spokesperson, negotiations which started around September 1994 are centred on "the reduction of the state's shareholding in the SBDC by way of a transfer of assets, functions and staff".

The SBDC believes the DTI is interfering in its decision-making and it argues that it "is not a quasi-government statutory body".

A source close to the SBDC says he believes it is the corporation's "white top leadership" that is the sore point

with the new government.

He said the organisation tried to avoid taking too many risks. He added that it tried to do this by "getting the government out" and becoming a commercial institution. This would then give the corporation the freedom to operate without government interference.

"They (The DTI) don't want assets, they want cash," he said. "The only way to solve the political feud around the SBDC is to decentralise it."

The SBDC claims that management was never an articulated issue.

"An agreement has been reached with representatives of the DTI that certain assets, functions and staff of the SBDC are to be transferred to the newly created government-controlled small business development agency," the SBDC said in response to the claim that government negotiators would only settle for cash.

The corporation was confident that further issues would be resolved before the October 6 date set for the AGM.

Airtime boost for smaller businesses

(30) ~~of~~ WM(BM) 29/9-5/10/95

Karen Harverson

THE power of advertising on television is uncontested but so far only big business can afford the medium.

The South African Broadcasting Corporation (SABC) is now offering small and medium enterprises the opportunity to buy airtime at reduced rates for six months.

"We believe that the television exposure will boost their businesses sufficiently to enable them to become regular rate clients of the SABC thereafter," says CCV category manager Prince Phaweni.

He says on average only 70 percent of advertising airtime is sold.

"We are offering the remaining unsold airtime at a reduced rate of 50 percent to small businesses for the first three months and, thereafter, at 25 percent for a second three month period."

The offer lasts for a one-year period from the first screening of the client's advert.

The campaign, begun three months ago, cost SABC some R1,5-million to launch and has since netted R2,6-million in revenue and boasts about 40 new clients.

The SABC has also secured the

commitment of various agencies and production houses to produce commercials for these small businesses at affordable prices.

Despite this, a prospective client must have an advertising budget of at least R100 000 to be eligible.

"We realise this amount still excludes a vast number of small enterprises who want to advertise but can't afford to," says sales executive Nokuthula Msezane.

She says negotiations are under way with radio stations to extend the concept of a reduced rate for first-time small business advertisers for a period of time.

Business supports RDP

Sowetan 5/10/94 (49)
Task force created to promote Soweto-Johannesburg business (30)

By Isaac Mofedi

THE GREATER SOWETO CHAMBER of Commerce and Industries has teamed up with its counterpart, the Johannesburg Chamber of Commerce and Industries, to support the RDP by jointly identifying business development in Gauteng.

JCCI spokesman Mr Don Nott says discussions on how organised business could support the RDP in the Greater Johannesburg area started last year and the result was the formation in March this year of a Soweto-Johannesburg Business Development Task Force.

The task force will identify projects

and opportunities that can be used to create business between established and emerging business sectors.

Its role, says Nott, is to provide opportunities for networking, the dissemination of information and matchmaking between potential partners.

Some of the responsibilities of the task force include:

- helping members of the two organisations to identify and maximise opportunities presented by the RDP;

- identifying opportunities for business development through communication with members of the chambers and other organisations; and
- supplying information about business opportunities in the Greater Johannesburg area.

"We will smooth the way and oil the wheels to remove obstacles and problems encountered in the process of pursuing the task force's aims, including communicating with all govern-

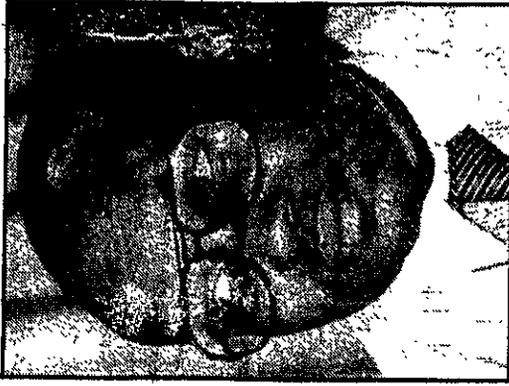
ment and regulatory authorities, both at national and provincial levels," says Nott.

The process will be monitored and reviewed on a regular basis, he adds.

The task force members include the Soweto chamber's president Mr Sam Noge and five members of the organisation's executive committee.

Models for cooperation include various forms of partnerships, joint ventures, franchising, contract work, supply outsourcing, agency and distribution agreements.

"Established business needs access to the mass market of several million people in Greater Soweto," says Nott.



Sam Noge...maximising opportunities presented by the RDP.

BUSINESS

Vaal 600 trained for business

(30) ~~1995~~ Sawetan 5/10/95

By Joshua Raboroko

THE Vaal Economic and Development Forum has trained about 600 people to become entrepreneurs.

VEDF chairman George Thabe says the people have been trained in computer and business skills such as manufacturing and management so that they can be empowered to create their own jobs.

After training, the entrepreneurs were offered miniloans for their own businesses which were monitored by the forum's consultants, Thabe says. The loans range from as little as R240 to R6 000.

Many of the candidates likely to participate in the forthcoming local elections have benefited from the programme which the forum sees as empowering societies, while some have been trained to monitor votes during elections.

The VEFDF has also embarked on various projects in housing, education, health and social upliftment.

Regarding housing, Thabe says the forum has submitted proposals to the housing board with the aim of curbing housing shortage in the area.

"We also want to train more blacks



George Thabe...seeking to make the Vaal a better place.

in fields such as bricklaying, plumbing, roofing, window and door manufacturing ... so that they can help build more homes for their communities." The people who benefit from the training, says Thabe, will also assist in the building of schools and health services such as clinics.

A Vaal Community Radio has been started with the help of the forum. It can be reached on the 90,6 stereo.

Focus on small business (30)

BY RONNY TSHABALALA

STAFF WRITER

The role of the corporate sector and government policies in facilitating the development and empowerment of small, medium, and micro enterprises (SMME) will be the focus of a conference entitled Empowering SMMEs to be held at the Balalaika Hotel, Sandton, on October 9 and 10.

The conference will be opened and chaired by Danisa Baloyi, the executive director of the National Black Business Caucus. It will try to establish effective strategies for empowering these enterprises and discuss the involvement of community-based organisations in economic development as a core objective of the RDP.

CT(BR) 6/10/95
The government's role in restructuring the policies with regard to funding to meet the needs of small businesses and the establishment of support programmes which will nurture entrepreneurship in disadvantaged communities will be emphasised.

Zwelinzima Vavi, the assistant general secretary of Cosatu, will outline the role of the union movement in suggested labour practices for and the empowerment of small businesses.

Abbey Mahlalela, the head of micro-sector finance at Standard Bank, will examine pilot projects which his group has undertaken to assist small business.

The conference will also define ways to link small and mainstream business.

To make a booking, contact Barbara at AIC on (011) 463-2808.

Spotlight on small business

(30) 20 6/10/95

Nicola Jenvey

DURBAN — KwaZulu-Natal will be considering a proposed uniform government-subsidised scheme for small, medium and micro-enterprises (SMMEs), provincial decisionmakers say.

The departments of finance and economic affairs and tourism as well as the regional economic forum said yesterday the scheme would be in existence for a determined time, possibly in line with the reconstruction and development programme, and would be discussed at an SMME workshop next week.

On the workshop's agenda would be methods by which those small businesses which had been

devastated by violence could be rehabilitated, and how those entrepreneurs could access finance.

The scheme would include micro loans (R100-R2 500), mini loans (R2 500-R6 000) and small business loans through the usual financial institution structures.

The province had recognised as essential growth points for SMME development areas such as electricity, housing construction, building materials, tourism, transport, agriculture and food, the departments said.

The possibility of establishing a community development bank to receive savings from economically active people, and of making these available for entrepreneurial growth, would be tabled.

Courses build business skills

~~(S)~~ (30) CT (BR) 6/10/95
STAFF WRITER

When Claes Malmnas came to South Africa in 1972 to study for a MBA degree at the University of Cape Town, he realised there was an urgent need for business training in the country.

"Training has always been the Cinderella. The culture of business did not exist for disadvantaged communities.

"In the old South Africa people were not brought up in households where they heard their parents discuss things like profit and loss," he said.

The Swedish entrepreneur em-

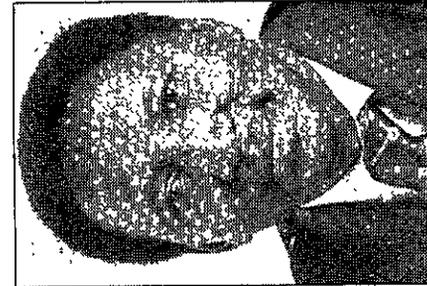
barked on a crusade to spread business skills. With aid from the Swedish government he began running business training programmes through the National African Federated Chamber of Commerce and Industry.

Courses offered include one for top executives and managers and concentrates on improving skills in strategy, policy, distribution, market research and development. Another is a basic, half-day course covering health care, services, manufacturing and retailing.

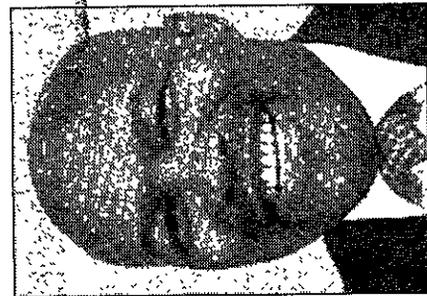
Further information can be obtained from Malmnas on (021) 683-4904.



Nail's Nthato Motlana



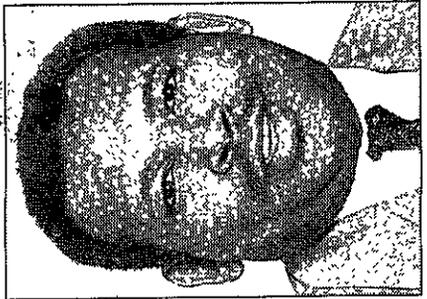
Rail's Don Ncube



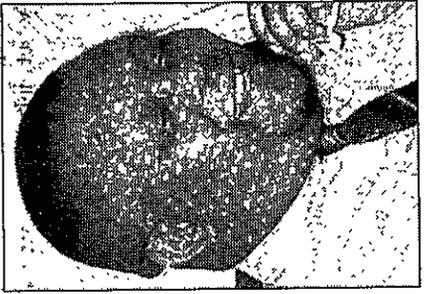
NSB's Mohale Mahanyele



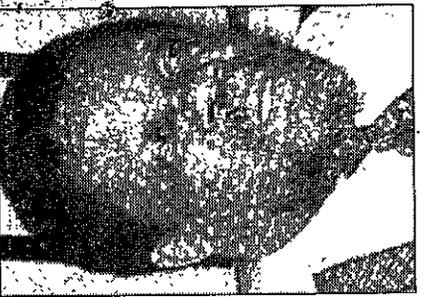
Richard Maponya



Future Bank's Jabu Mabiza



Zoli Kunene



Keith Kunene

Black business boosts SA economy despite African Bank's crash

BY LIEWELYN JONES

STAFF WRITER

Despite the recent collapse of African Bank, black businesses continue to grow and make a significant contribution to the South African economy.

No fewer than six groups have total assets exceeding R200 million and a further two are set to quickly close the gap.

Here are glimpses of the major players:

□ New Africa Investments (Nail) and associate Metropolitan Life (MetLife) are likely to be hit hard by the collapse of Afbank.

For the year to 30 September last year Nail reported pre-tax income of R15,3 million and attributable earnings of R12,1 million. It stands to lose its entire R4 million investment in Afbank.

However, the company's balance sheet seems more than strong enough to weather the storm with total assets of R792,6 million, while

shareholders funds stand at R657,1 million.

Metropolitan Life will also easily weather the storm. The life assurer recorded a solid 20 percent growth at each level of the income statement at the interim stage to March and looks set to show a similar result for the year to September.

Last year, total income rose 20 percent to R1,67 billion while shareholders surplus rose 32 percent to R118,4 million. On the balance sheet, total assets stood at R7,38 billion and shareholders were R373,9 million.

□ Don Ncube's Real Africa Investments, which listed in January, holds a 51 percent stake in life assurer African Life, 20,9 percent in fishing company Oceana, 20 percent in investment trust NSA and recently purchased a 30 percent stake in healthcare provider Life-care, with an option to increase the stake to 45 percent.

The company recently divested

itself of its interest in MTN and is looking for another telecommunications investment.

For the year to March, the group reported net income after taxation of R26,4 million and attributable earnings of R5,6 million, equivalent to 94c a share.

On the balance sheet the company held total assets of R722,4 million and shareholders funds stood at R230,2 million.

Subsidiary life assurer, African Life, showed sterling results for the year to 31 March.

Total income surged 72 percent to R328,7 million while attributable earnings rose 32 percent to R23,3 million. Total assets stood at R554,3 million and total shareholders funds in the assurer were R134,4 million.

Since then, AfLife has acquired a 70 percent stake in property developer RMS Syfrets and is intent on improving its asset management exposure through its latest acquisition, a majority stake in stockbroker G O'Flaherty & Co.

□ National Sorghum Breweries (NSB) has had a rough year since last reporting its annual results for the year to 30 June last year.

The company has weathered allegations of internal fraud and corruption, and the murder of a company group executive, Khatutshelo Mutshekwane.

Last financial year, the company reported a total turnover marginally up over the previous year at R543,5 million and attributable earnings unchanged at R11,98 million equivalent to 27c a share.

But in August this year leading Indian brewery, United Breweries, injected R70 million to bolster the company.

The R70 million bought a 30 percent stake, with an option to increase this to 50 percent at a later stage.

Mohale Mahanyele, the chairman of NSB, said the cash injection would be used to retire existing debt and provide much needed cash flow.

The injection should also stiffen

the balance sheet. Last year, the company had total assets of R367,4 million and shareholders funds stood at R177,4 million.

□ Kilimanjaro, the holding company of Kilimanjaro Manufacturing, which bottles soft drinks in the East London area, was listed in December last year.

The company is due to report its financial results for the year to June shortly, while the previous year showed turnover of R59 million and attributable earnings of R3,88 million. Attributable earnings for this year are expected to be R4,1 million.

On the balance sheet, the company shows total assets of R43,1 million and shareholders funds of R29,8 million.

□ Future Bank, the partnership between black business group Fabcos and First National Bank, also holds a position of influence in black business.

In the year to September last

year, total revenue rose marginally to R24,8 million while attributable profit slumped to R27 000 from the previous year's R2 million.

However, the bank looks set to show a turnaround for this year, with profit for the interim period at R804 000.

On the balance sheet, total assets stand at R221 million with shareholders funds at R18,1 million.

□ While few figures are available for the Kunene Brothers family business, the company is undoubtedly making its mark.

At the end of last year, Kunene entered into a R50 million joint venture with Coca Cola, while more recently it signed an agreement with Grinaker Electronics which would secure Kunene a 30 percent stake in Grinaker over the next five years.

In July, the company ploughed R8 million into national clearing contractor Supercare with an option to increase the investment to a 51 percent controlling stake.

(30) ST(BR) 2/10/95

'No veto for small business'

(30)
John Djudlu

BD 3/10/95
THE trade and industry department has denied that the draft law on national small business aims to give the small business sector veto power on matters jeopardising its interests.

The denial follows a weekend report in the Business Times, saying that the mooted law — the National Small Business Act — envisages a strong small business lobby with veto power.

A spokesman for the small business promotion centre, a section within the trade and industry department charged with the sector's development, said the report and the impression it created of a veto power were untrue. The lobby referred to related to the planned establishment of the National Small Business Council, which would serve as the voice of small business.

The official, who refused to be named, also denied that the Bill on small business had been gazetted on Friday as indicated in the news report.

The draft law in question was cur-

rently being studied by constitutional experts to see if it conformed to the boundaries set by the interim constitution. It was only after this evaluation that the draft Bill would be gazetted — perhaps later this month.

However, the official confirmed that one of the key recommendations of the draft Bill was that impact studies be carried out to identify laws that hindered small business development.

This was part of government's strategy of creating an "enabling environment" for the growth of small business in SA, he said.

In an interview yesterday, Small Business Project executive director Chris Darroll said his organisation, which replaced the restructured Sunnyside Group, the independent small business coalition — would welcome a law that strengthened the voice of small business.

Another source said any law that gave a particular sector veto power would set a dangerous precedent. "It would be creating a Tower of Babel."

Bank credit scheme for small business

Simon Barber

WASHINGTON — A World Bank-supported "apex institution" to increase black small businesses' access to finance is expected to be up and running by November 1, according to Thyra Riley, the bank staff member who has been co-ordinating the project.

"The intent is to develop the capability of the financial system as a whole to reach a much larger share of entrepreneurs from historically disadvantaged groups."

It is hoped that the new mechanism will boost tenfold — to 250 000 — the number of "emerging enterprises" able to obtain credit and other services over the next five years. At the same time, the proportion of commercial bank assets invested in such businesses is seen doubling to 10%.

The scheme was devised by the World Bank and an SA reference group representing government, commercial and investment banks, contractual savings institutions, small business and development corporations. Riley said if the system proved successful in SA it could offer "interesting lessons for other countries".

The bank has provisionally budgeted \$500m to help underwrite the scheme which will include incentives and subsidies to promote lending to "black microenterprises". But, the actual level of bank financing is expected to be much lower. "We believe we can access other, more appropriate funding, including grant money from donor nations," a senior bank official said.

During a five-year "learning period" the apex institution will offer subsidies to help banks and other lenders cover the initially high transaction costs of lending to microenterprises, a sum-

Continued on Page 2

Credit

Continued from Page 1

...ary written by Riley said.

The idea is not to provide a permanent crutch, but to establish the viability and broaden the base of the small business loan market. For example, a portfolio of small loans to qualifying microenterprises would be eligible for a subsidy that would "ring the cost of refinancing to around three percentage points below the average cost of funds to the commercial banking system".

The apex institution will also provide portfolio guarantees to limit heavy losses if loss rates become unmanageable. Riley says it will make available "funds and assistance for refinancing, seed grants, capitalisation and institutional development to institutions that are committed to meeting stringent standards of performance".

Those standards, based on interna-

tional best practice for microenterprise lending, would include 90% on-time loan repayment rates and annual portfolio losses of no greater than 4%.

Apex-supported portfolios would also have to meet "outreach" criteria: at least 1 000 active loans to microenterprises (that is, with loan sizes under R2 000) or 200 loans to small and medium enterprises.

Non-bank lenders, including development corporations and community-based non-governmental organisations, will be eligible for levels of apex support geared to their size and track record. Those that have already achieved substantial efficiency and scale of operations will have access to refinance and capitalisation grants. Those with some experience, but small or high-arrears portfolios, will be eligible for seed grants and "institutional development funds". New entrants with "outstanding potential" will be able to apply for seed grants and technical support.

New tender policy will 'keep standards'

(30) BD 9/10/95
John Ditudu

GOVERNMENT has moved to calm fears that proposed reforms to the tender policy, aimed at beefing up smaller firms' share in state business, will compromise service standards.

This assurance was given at the weekend by Public Works Minister Jeff Radebe at a small business conference in Midrand organised by the International Black Network Exchange.

He said the bottom line of the changes was professionalism, and emphasised that competency would not be compromised.

Radebe said he was shocked that many black entrepreneurs he had spoken to had never seen a copy of the State Tender Bulletin. This had to change.

Among the key changes his department had proposed were the simplification of the complex set of procedures entrepreneurs had to follow in bidding for state business, as well as making the language used in the documentation more accessible.

"Black companies have had to face the problem of lack of access to information, especially in goods procurement. There is an interim strategy to ensure information is understandable," he said.

Another change being considered was the feasibility of breaking larger contracts into chunks which would be accessible to small entrepreneurs.

He also called on banks to change their attitude when granting loans to black-owned firms, which often lacked financial collaterals.

To monitor the success of the overhauled tender system, small firms would have to be registered, and a monitoring or watchdog mechanism set up. To maximise transparency, the private sector would be asked to participate in the watchdog structure.

Picture: PIETER VAN DER VYVER.

of Retreat and Theresa Wright of Bergvliet.

Schoolchildren take entrepreneurial route

TASLIMA VILJOEN
Staff Reporter

ENTREPRENEURSHIP is fast becoming a way of life for many people because the present economic situation demands they create job opportunities for themselves.

That's the view of the Centre for Entrepreneurship at the University of Stellenbosch which is presently involved in

many entrepreneurial development programmes.

Simba Cash for Schools/First National Bank Entrepreneurs' Club is an entrepreneurial programme organised by Simba and sponsored by First National Bank. The programme was specifically developed by the Centre of Entrepreneurship for schools.

Cash for Schools aims to in-

corporate business principles into the education system. It offers the opportunity of learning the practicalities of raising funds through entrepreneurial ventures.

Above all, Cash for Schools encourages the development of entrepreneurship at school level, fostering a creative spirit, communication skills and teamwork which are vital ele-

ments in preparing tomorrow's leaders for a work environment.

The Simba Cash for Schools programme is implemented by means of the First National Bank Entrepreneurs' Club. The club helps schools set up their own entrepreneurial clubs.

The club provides the school with a training kit.

● Details 0800 111 901.

ITEMS in our daily noticeboard



Cape Town Ladies Choir invites sing-

SBDC to focus on niche role

(30) CT(BR)10/10/95

By SHIRLEY JONES

STAFF WRITER

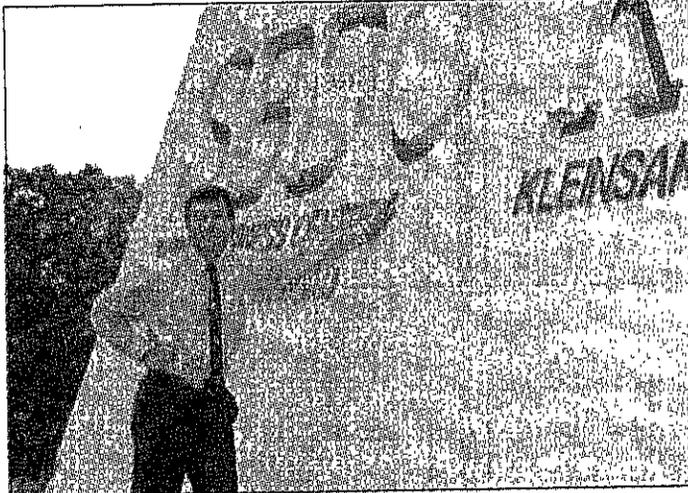
The Small Business Development Corporation (SBDC) says its future niche will be in potentially viable businesses with strong prospects, but little chance of getting finance through established channels.

"We are geared to establishing viability and taking the risks in providing loans to businesses without full security. We're not aiming to compete with commercial and merchant banks," said Gerrie van Biljon, the newly appointed KwaZulu regional general manager.

In future, he said, the corporation would use partnerships as a format for structuring deals and would no longer rely solely on the backgrounds of entrepreneurs.

Although valuable, these backgrounds were still selective and limited, he said, whereas complementary relationships in the form of joint ventures between the corporation, the businessman involved and suppliers, would benefit all involved.

Van Biljon said this could play a major role in boosting black empowerment and drawing valuable entrepreneurs into the mainstream



NEW BROOM Gerrie van Biljon, the newly appointed KwaZulu Natal regional general manager, looks forward to the developmental role to be played by a refocused SBDC

PHOTO: PURI DEVJEE

economy. The SBDC is negotiating to change the current 50-50 shareholding to one in which the government has a 20 percent interest and the private sector an 80 percent stake in the corporation.

Once talks had been concluded, Van Biljon said, the corporation would be free to focus on development.

Financing would then become

the nucleus of the operation with services such as training and property as adjuncts.

With these services operating as independent divisions, there were too many loose ends, he said.

The SBDC's central finance function would be administered in three ways — conventional start-up loan finance, equity finance and risk partner finance.

'Tender rules cramp small business'

(30) CT (B2) 11/10/95

BY DAVID CANNING

KWAZULU NATAL BUSINESS EDITOR

All financial security on public tenders less than R100 000 should be waived, according to Jacob Zuma, the minister of economic affairs and tourism for KwaZulu Natal.

Addressing a seminar on affirmative purchasing, organised by the Durban Chamber of Commerce and Industry, Zuma said the State Tender Board's general requirement for financial security was "without doubt the biggest barrier to entry for new businesses, particularly small contractors in the building and civil engineering sectors".

Review

The minister said a process to review existing procurement procedures was under way at national level and the government should underwrite risks on contracts below R100 000.

Although the review work, involving a number of departments, had just begun a number of "key elements" were already beginning to emerge. It was imperative that provincial governments should not be left out of this process.

He listed the following problems which faced budding entrepreneurs.

□ The continued accusations that the state tendering system was unfair, biased, inconsiderate and not transparent. Public contracts had been structured to favour well-established large contractors and manu-

facturers, and tended to exclude contractors from disadvantaged communities.

□ The lack of access to tendering information — for which he advocated simplification of the tendering process. Special tender advice services also had to be put in place to help small, medium and micro enterprises on all matters relating to procurement. Emerging small suppliers should be included in approved lists of suppliers.

□ The invitation for tenders for unduly large quantities, which made it difficult for small businesses to compete. Zuma advocated the putting to tender of the smallest possible quantities, without having a negative effect on the quality, time and cost of goods and services.

□ The cash-flow problems flowing from delayed payment of small suppliers — for whom he advocated that a more efficient public payment system be introduced.

□ Historically tenders had been awarded to the lowest tenderer. However, smaller entrepreneurs might not be able to compete with larger firms which enjoyed economies of scale. The tendering process needed to change to enable smaller firms to compete on an equal basis.

Zuma said it was important to promote integration of the large, medium, small and survivalist sectors through revision and redrafting of contract documentation in a way which enabled small entrepreneurs to have access to these opportunities.

World Bank advises on SA black business plan

Simon Barber

WASHINGTON — World Bank officials are playing down their role in the new institution to finance small black business being developed by the trade and industry department and a group of lenders and likely customers.

Reports of the bank's association with the initiative — due to be launched on November 1 — are understood to have strained relations between trade and industry department special adviser on small business Alistair Ruiter and the bank's lead adviser on the programme, Thyra Riley.

"We have played an advisory role," Riley said yesterday, "but this is their (the South Africans') programme and they are going to implement it."

"They sent us the terms of reference and I have tried to staff a team that would give them what they wanted."

The new mechanism, the Financial Services Apex Institution, will offer incentives for commercial lenders to

BD 12/10/95 (30)
serve medium-small black businesses while providing resources and counselling to develop a non-traditional, community-based loan market for micro-enterprises.

Riley was anxious to scotch the notion that the bank was pressing to lend money to fund the new entity. She said she envisaged the bank continuing to provide technical assistance, as requested, on a "non-loan" basis.

A bank project summary suggests the bank was preparing to make \$500m available to support the initiative through the bank's market-based loan window, the International Bank for Reconstruction and Development.

Bank officials said the amount was a rough estimate of what the initiative might need from all sources.

If the initiative needed money, bank officials said they were ready to co-ordinate donor countries — Japan is reported to be eager to contribute — and provide loans, which are currently priced at 6%.

Promotion agency to assist small businesses

BY MORGAN NAIDU

STAFF WRITER

A wide range of measures to boost the growth of small, medium and micro enterprises, including training and marketing guidance, is to be implemented from next month, a spokesman for the trade and industry department's Centre for Small Business Promotion said yesterday.

Speaking at the Small, Medium and Micro Enterprises conference in Durban, Alroy Dirks said the Ntsika Enterprise Promotion Agency was to be established as a statutory body providing core services from November.

It would be linked to another developing organisation, the Wholesale Finance Facility.

The news that the department of

trade and industry was getting its programmes into gear next month met with a favourable response from delegates.

Dirks said the enterprise promotion agency and the finance facility would provide entrepreneurial and vocation skills through programme grants. It would also give public and private sector assistance for small businesses.

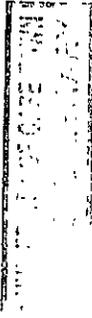
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CAPE TIMES

BUSINESS REPORT

SOUTH AFRICA'S NATIONAL FINANCIAL DAILY

THURSDAY OCTOBER 12 1995

Business concerned about vague board-membership rules

By CHARLOTTE MATHEWS

INVESTMENT EDITOR

The absence of clear rules on membership of government tender boards and disclosure of members' private business interests puts too much reliance on their own integrity, according to businessmen and politicians.

Reacting to the recent appointment of Gauteng Tender Board chairman Danisa Baloyi as vice-chairman of Denel, several busi-

nessmen indicated they would be wary of tendering against Denel for a contract in Gauteng.

Baloyi reacted with anger to the suggestion of any possible conflict of interest. Noting that Denel did not bid for government work, she said the basis for anonymous expressions of concern was "racism" and the persecution of black business.

"I was appointed because of my integrity. It is big business that is worried because of the pronounce-

ments I have made — that they will never have it the same way again and that small business is going to benefit."

Democratic Party spokesman Ken Andrew said a situation appeared to be developing in the black-business sector that was similar to the past, when a coterie of white directors was criticised for being on a large number of boards.

Integrity, like justice, not only needed to be done but had to be seen to be done. It was worrying

when people, no matter how high their integrity, were placed in positions which relied on their integrity to ensure there were no conflicts of interest.

A Denel spokesman said Denel did not work with the tender board but it could be a supplier to a company that did tender with such products.

Mashudu Ramano, the president of Natfoc in Gauteng, said that in the restructuring of parastatals and appointing directors to boards,

the government should consider that there were not only a few black names, but many others they could consider as well.

Cor Haak, the director of procurement administration at the Gauteng Tender Board, said the board had taken a firm stance that anyone who had an interest in a specific matter would definitely

re-use themselves and all board members were required to disclose any vested interests.

He could not state the business

(30) CT(CBP) 12/10/95

interests of the tender board members because he said the act did not require it, although it required at least half the members to come from the private sector. Those appointed to the board were of high integrity, and in practice it was not possible for them to conceal their business activities.

□ Baloyi sent a detailed response to the article which arrived too late to be included in full and will be published in tomorrow's Business Report.

BUSINESS DEVELOPMENT (30)

Budding industries

FM 13/10/95

SA's small and medium enterprise (SME) business sector hopes to follow the successful lead of other countries by creating an important role in this country's developing economy.

In particular, it hopes to emulate the experience of those countries which have shown that a co-ordinated approach, coupled with "cluster forming" among domestically competing small firms, can create a successful joint focus on quality exports and a reputation for product excellence.

SA's own, under-developed SME industrial sector will be assisted by the Department of Trade & Industry (DTI)'s newly

formed Business Development Services (Buds) division and possibly also by the Danish government aid agency Danida.

Buds executive director Raven Naidoo says plans are well advanced to launch a number of decentralised manufacturing technology centres soon. Extra assistance will be given by the National Productivity Institute (NPI), the Council for Scientific & Industrial Research (CSIR), provincial governments, technikons, universities and non-governmental organisations (NGOs).

The technology centres will be manned by senior institute and CSIR staff, on secondment for two years. Their intention, in targeted sectors of the economy, is to help SMEs develop towards competitiveness and excellence.

A potential R18m, four-year Danida sponsorship, coupled with a DTI contribution of R24m, will initially finance the formation of four technology centres. Technical assistance programmes will be based on international experience, adapted to SA's needs. The centres will, in turn, help create SME business clusters.

"The technology centres will be registered as nonprofit companies and we expect them to be run as NGOs by experts from the industry concerned, with initial assistance from Buds and the other founder members," says Naidoo. He adds that they will operate in close co-ordination with one another, as well as with the DTI's new chain of local business service centres, which are intended to "provide the first level of general business support and advice to the SME sector."

The combined new initiatives will fall under the aegis of the DTI's Ntsika ("Pillar") Enterprise Promotion Agency (the former Small Business Development Agency).

The NPI's Jacob Graaff says four SME industry sectors — timber products, clothing, motor industry components and the food industry — have been targeted for possible cluster-forming.

"We have done an extensive sectoral study of the local timber sector, which already exports semi-knockdown and completely knocked-down timber products worth about R250m a year. The industry is highly labour intensive. As a benchmark, we have also studied the Chilean timber products industry sector, which successfully progressed from raw lumber exports to sawmilled wood and now to value-added timber product exports," says Graaff.

Naidoo says the first two technology centres should be launched within two years and will probably concentrate on clothing and timber. Future targets include motor parts, food, leather, building components and even the chemical sector. "Creating an enabling environment for SMEs is a prime consideration in government's policy of assisting small business to fulfil a growing role in the economy."

EN

'Level playing field' for small business

By THABO LESHILO

EMERGING BUSINESS EDITOR

The Small Business Development Corporation this week called for decisive action to remove impediments to the development of small, medium and micro enterprises.

Adhir Singh, the new managing director for the corporation's central region in Gauteng, said it was time to level the playing field and do away with the second-class status of small business.

"Existing legislation, training policies and financial incentives indisputably favour large enterprises rather than small, medium and micro enterprises," said Singh.

He said a national small business development strategy was needed because of the sector's proven potential to combat unemployment and poverty.

Such a plan would also enable fair competition with big business, promote affirmative action and address constraints such as lack of access to capital.

Singh said because past laws had negatively affected the distribution of wealth and opportunity in the country, real economic empowerment required measures to assist disadvantaged communities to develop and make productive use of their resources.

"Entrepreneurship develop-

ment is a highly efficient and cost effective means of job creation and the spreading of wealth."

Entrepreneurial education should be included in school curricula in conjunction with vocational training, and tax-friendly policies introduced for young enterprises.

To overcome the problems of funding, financing schemes should be harmonised with other forms of business support and use be made of financing schemes outside the banking system.

Appropriate and practical business training should be developed and extensive use be made of the radio, journals and television to counsel entrepreneurs.

(30) CT(BR)13/10/95

Manufacturers, labour welcome IDC's R150m loans boost plan

BD 19/10/95

John Dlodlu

SA's vehicle and clothing industries yesterday welcomed plans by the Industrial Development Corporation for a new scheme to assist the country's manufacturers become more competitive.

Sandton-based parastatal IDC said this week it would provide low interest rate loans worth R150m, to help industrialists modernise their plants and machinery, reorganise their work methods and boost their productive capacity. The scheme forms part of government's package of supply-side measures.

Pretoria-based SA National Association of Automobile Manufacturers welcomed the measures, as did the National Clothing Federation.

The IDC plan has already been welcomed by labour, represented by the SA Clothing and Textile Workers' Union.

Labour said it should not be seen as a replacement for a more comprehensive plan of supply-side measures by the state on restructured industries.

SACOB CONVENTION

No bouquets — just brickbats

Trade & Industry Minister Trevor Manuel has a reputation for jumping in where angels fear to tread — and he seized his opportunity at this week's SA Chamber of Business convention in Port Elizabeth.

Castigating industry for falling short of global competitiveness standards, the Minister said he sees something fundamentally wrong with pricing policies when locally assembled motor vehicles cost 65% more than the imported counterpart — tariffs excluded.

Adding insult to injury, he blames industry for being sluggish, bland and mediocre — the result of a mindset created by years of isolation. Another reason, he adds, is businesses' "appalling" record of human resources development, which has led to poor levels of communication between shop floor workers — who get paid Sri Lanka and Mocambique wages — and management, which earns Wall Street salaries.

Manuel says an almost seismic fault lies in the inability of local firms to produce high volumes or to seek, establish and exploit niche markets.

While generalised, Manuel's views carry some truth. He is on solid ground as far as SA's lack of international competitiveness is concerned — in the World Competitiveness Report, SA came bottom of the pile. But Manuel is off target on the wages issue which continues to bedevil industry when coupled with a lack of productivity. While Manuel pulls few punches, Anglo American Industrial Corp's chairman Les Boyd showed he can trade blow for blow. Holding government "solely responsible" for ensuring political stability and combating crime and violence, Boyd burst Manuel's balloon, saying complacency over the current 3% growth rate is misplaced. The country needs to grow at 6%-8%, to create employment and wealth.

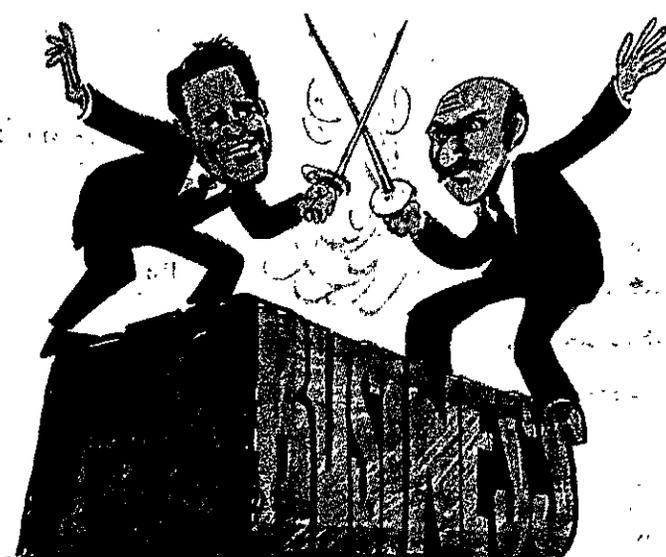
And, he adds, government has still not provided a framework for an improved investment environment which might attract capital away from other competing nations. He says government should abolish sec-

ondary tax on companies and remove exchange control. Section 37E incentives in terms of the Income Tax Act attracted R16bn worth of projects — and unless government creates a new package of incentives, SA will lose out to South American and Far East economies.

Boyd also took Manuel to task for reducing tariff levels below those negotiated in terms of Gatt. He cited two projects in the Amic group worth R2,75bn (Tongaathulett's aluminium project and Mondri's expansion plans) which are in jeopardy as a result of the uncertainty created by the move.

He also berates government for its tardiness on privatisation saying the issue needs to be pushed much harder as the proceeds could retire national debt, relieve the burden of loss-making enterprises on the fiscus and provide additional tax revenue.

But, while an unabashed champion of free trade, Manuel continues to pour cold



water on demands for a speeded-up privatisation policy. "Why does business expect us to launch a privatisation policy while it is itself guilty of not making any solid privatisation proposals?"

And then almost as an aside Manuel broke some news that will give many conglomerates heartburn. Addressing competition policy, Manuel said an important principle was that the legal remedy would be shifted from criminal prosecution to civil litigation — giving harmed parties the right to claim for damages. In other words, government will no longer hand out a slap-on-

the-wrist fine — aggrieved parties will be able to institute civil claims for damages caused by uncompetitive behaviour.

A fitting end to a convention in which Manuel made sure he had the last say. Or did he? It's a short hop to Wall Street. ■

MAIZE INDUSTRY ~~MAIZE~~

Ship ahoy

Government has finally relented and is to allow imports of US maize to alleviate domestic shortages.

Maize production this year has fallen to just 4,2 Mt from 11,9 Mt last year, driving up prices by two-thirds since a year ago to a record R850/t (see page 72).

Though free market purists will inevitably decry the imports, economists point out that SA is in no position to dither on the issue. Drought, poverty due to rampant unemployment and the danger of once again fuelling food prices gives government little choice. A threat of famine — or at worst deprivation — for certain sectors of the population could result, say industry pundits.

The move is also partly seen as a bid to discount talk of price collusion between farmers and the Department of Agriculture — a charge levelled by the milling industry.

The department says it has accepted the recommendations of an industry working group that permits be issued for maize which does not meet normal phytosanitary rules, on a short-term basis.

Permits will be issued allowing the off-loading of uncertified maize in Cape Town and Durban only, and its transport and milling under controlled conditions.

Government originally expressed concern about the risk of importing bacterial disease caused by wilt (*erwinia stewartii*).

Though parts of the US are free from wilt, it is not practical to separate maize produced in these areas from maize produced in infested areas, since all maize is stored and shipped in bulk.

Millers believe American imports could bring down white maize prices by around R100/t.

The partial relaxation in regulations should provide some relief to millers starved of supplies of white maize due to the domestic shortage. And farmers, who have been accused of withholding stock in order to drive prices even higher, may be prompted to resume deliveries. ■

Black business 'must participate'

STAFF WRITER

Mutle Mogase, the newly elected president of the Association of Black Securities and Investment Professionals, aims to increase the participation of the black business community in financial markets.

"Our ability to compete in the international market place depends upon the full participation of all the members our society," he said.

Mogase includes in the definition of black professionals those businessmen and women who helped expand the country's economy through innovation, hard work and by taking advantage of opportunities under difficult conditions.

He said the association was dedicated to:

- Sustaining and strengthening the economic structures of the black South African business community;
- Promoting the highest level of professional standards among its members;
- Developing business skills; and
- Increasing the social awareness of its members.

ET(BR) 20/10/95

Rural development body supports entrepreneurs

By THABO LESHILO

EMERGING BUSINESS EDITOR

South Africa's rural sector, with a projected growth rate of 3,5 percent, could be an increasing market and a significant contributor to the country's economy, said John Dommett, the managing director of Rutec.

Rutec (Rural and Urban Technology) is an entrepreneurial development body providing skills training in at least 22 fields, from brick-laying to small-scale farming.

Dommett said supporting the non-industrialised sector of the economy, particularly through the development of small, medium and micro enterprises, had the added benefit of increasing the productivity of the people in such areas.

He said the sector was not only limited to rural areas, pointing to its strong similarities with peri-urban and squatter settlements. "Com-

munities in all these areas suffer from similar problems — high unemployment, high levels of poverty, shortages of production capacity and skills, high costs of transportation, low local consumer spending and a lack of understanding of first world productivity," Dommett said.

Promote

Rutec has been helping rural people start micro enterprises for eight years.

In the past five years, however, it found that its methods and programmes were also suitable for informal settlements, townships and peri-urban areas.

Dommett has urged corporations to show more interest in the sector to promote self employment in these areas, despite the difficulties of poor accessibility

and low profitability.

"Opportunities do exist in this sector. If these opportunities are not harnessed, we face the serious threat of increased urbanisation, poverty and crime," Dommett said.

He said companies in cities could use the strong link most employees have with the rural areas to promote entrepreneurship among the unemployed and despondency in such regions.

"If the mining industry, which employs 300 000 rural men, were to give migrant workers relevant skills, the industry could effectively help three million people."

Dommett said the areas offering the greatest potential for sustainable job creation in rural areas included the processing of agricultural products for local consumption and the production of goods for government and business on a sub-contract basis.

CT(BR)20/10/95

(30)

'Very strong 2-year growth in retail sector'

CHARLENE CLAYTON (30)

Property Reporter

ARG 21/10/95

THE South African retail sector has seen very strong growth in the past two years with the addition of more than 30 shopping centres country-wide.

This growth had taken place despite the longest recorded recession in the history of the South African economy, said the latest review of the South African property market by RMBT Property Services.

The country now had more than 160 shopping centres with a gross leasable area in excess of 10 000sq m and 74 centres larger than 20 000sq m.

Gauteng had the largest number of centres larger than 20 000sq m with a total of 38, followed by the Western Cape with 14 and Kwazulu Natal with 11.

Despite the development of these shopping centres, CBD shopping in major cities and their surrounding suburbs had also strengthened.

In some cases, re-merchandising had taken place, but CBDs had fought back well and would remain strong shopping areas, said the review.

Many of the existing shopping centres had been extended or refurbished in order to reposition themselves in the face of new competition and the changing retail market environment.

"We have seen the development of many smaller centres and value centre type developments in the last year which cater for convenience shopping, and in some instances supplement the larger regional shopping centres.

"Further opportunities lie in the development of centres in the former black areas.

"Many of the traditionally up-market national tenants are beginning to show interest in positioning themselves in these developments.

"The retail sector is poised to capitalise on the upswing in the economy and with prime retail space hard to come by, there are good prospects for further significant increases in rentals of approximately 20 percent for 1996."

Certain international retail chains were showing interest in South Africa and "it is merely a matter of time" before some established themselves in the major shopping centres.



COMING OUT . . . Gerald Leissner nails his colours to the mast

Picture: COBUS BODENSTEIN

By ANDREW TRENCH

WHEN Anglo American executive Gerald Leissner stood on the side of the ANC this week he did more than nail his colours to the mast — he focused attention on possible shifts in party loyalty in the business community.

Observers were left wondering if more businessmen would reveal their colours and whether Mr Leissner's move suggested defections to the ANC by businesses such as Anglo American, historically associated with the Democratic Party.

But Mr Leissner's reasons for sharing a platform with the Labour Minister, Tito Mboweni, in the traditionally DP-supporting suburb of Glenhazel, in northern Johannesburg, were simple.

"I have been a supporter of the ANC for some time.

The politics of business

(30) ST 22/10/95

It has been difficult for people to become involved in politics. It's easier now for people to say what they want to say," he said.

He told the meeting of his enthusiasm for South Africa's growth and progress, and of his discomfort at working in an "apartheid environment".

Mr Leissner is the managing director of Anglo American Properties, a former leader of the Jewish Board of Deputies, and a prominent member of Jewish business community. But he stressed that his support for the ANC was "not a business thing".

He said he had never

been made to feel uncomfortable within the corporation because of his support for the ANC.

Mr Mboweni said: "A number of leading business people understand what the ANC stands for, and support it," he said.

"Old man Harry (Oppenheimer) has been coming out very appreciative of Madiba . . . I think the DP will find some difficulties on the financial side very soon."

However, Tony Leon, the leader of the DP, said this week: "There are at least 10 people at Anglo American senior to Mr Leissner who are commit-

ted to our position."

Anglo American declined to discuss its political position.

Arnold Bassarabie, the chairman of life assurance giant Fedsure Holdings said he was attending the meeting as a concerned resident and was not affiliated to the ANC.

He said he was satisfied that the economy was "moving along nicely" but would not speculate on possible political shifts in the business sector.

Marius de Jager of the Johannesburg Chamber of Commerce said South Africa was not as sophisticated as countries like Britain and the US where companies' political preferences were known.

"Business will say its customer base stretches across the political spectrum, and would therefore be hesitant to disclose its support," he said.

Forum for black business

A NEW 60-member group of Western Cape black businesses in the construction, engineering, architectural and related industries is set to see sales of more than R50 million over the next year.

(30)
Speaking at the launch of the Western Cape Business Opportunities Forum last night, chairman Mr Patrick Par-ring said the 60 black businesses had been recruited over the past year and the group aimed to facilitate capital and technological development. — Staff Reporter

CT 24/10/95

(30)

Stokvel scheme to aid small business

ARL 25/10/95
Staff Reporter

LENDING money to the poorest of the poor is regarded too risky by most financial institutions and as a result, hundreds of thousands of South Africans find it difficult to improve the quality of their lives.

But a local non-governmental organisation, the Get Ahead Foundation, has set itself the task of assisting the disadvantaged with several projects, the largest being a *stokvel* lending scheme.

Spokeswoman Jenny Williams said while numerous NGOs had their backs to the wall, her organisation was providing essential funding to small entrepreneurs across the country.

Ms Williams said a recent Independent Development Trust survey on NGOs showed a dire shortfall in the funds necessary for the operations of many of the country's estimated 1 500 organisations.

"Funding from local and international sponsors has meant an improvement in the lives of many, and the foundation is pursuing the tried and tested method of *stokvel* lending.

"We are eternally grateful to international sponsors for their contributions that have helped us assist numerous entrepreneurs."

The *stokvel* scheme provides loans, ranging from R100 to R5 000, to people right at the bottom end of the economic ladder. The loans work as part of a group-lending system in which peer pressure contributes to the remarkably high repayment rate.

In the past nine years the foundation lent a total of R12 million to 25 000 clients, and statistics for the second quarter of this year show that a total of 12 041 loans were granted, more than half of which were to first-time borrowers.

Ms Williams said an average sized loan was R700 and research by the foundation had shown that for each R450 lent, a job was created.

BUSINESS

Economic freedom fighters now needed for SA

(30) 26/10/95

Marinus Daling

APARTHEID has been scrapped and the international community has welcomed SA back with open arms. But, in economic terms, it appears that we have still not been able to overcome isolation and obduracy. We are still looking for solutions in ways that are at times in direct conflict with what is happening in the rest of the world.

We persist with high taxes, exchange control, undisciplined and illegal strikes, senseless crime and violence, unrealistic minimum wage demands and an apparently fatalistic acceptance of the wholesale loss of expertise. And we then expect the world to show interest in us as an emerging economy.

As a country we have succeeded in overcoming our political problems — in such an impressive way that it seized the imagination of the world. We can also act with vision in terms of economics. And we will have to start doing so soon, otherwise we could lose everything achieved in the past few years.

If we do not act now we will lose the opportunities offered by a world that wants us to succeed. But we cannot expect to be handed success on a platter.

Various factors, for which we have worked hard, also count in our favour. Inflation is down to single figures, the financial rand has been scrapped, the exchange rate is stable, import duties are declining and our exports are performing well.

However, this unique set of circumstances is not going to last forever. If we want to take advantage

of the situation, we will have to tackle our problems with determination. In order to be successful, we have to:

- Develop a credible economic vision which grabs the attention both here and abroad;
- Determine policy guidelines, priorities and actions necessary to make that vision a reality; and
- Ensure that everyone works together to realise the vision.

SA's biggest problem is unemployment, which gives rise to numerous other problems. The countries of Southeast Asia have shown that sustained high economic growth is the only real solution. The economy must grow in such a way that unemployment will have declined to normal levels by 2020. You may say we cannot wait that long, but unfortunately there are no instant solutions. This scenario already implies that our economy will have to grow by between 6% and 7% a year.

Our problem is that we always overestimate what can be achieved in the short term, but at the same time tend to underestimate the ability of the economy to resolve problems in the longer term, and therefore do nothing, thus running the risk of merely stumbling from crisis to crisis.

In order to realise this vision, specific policy guidelines, priorities and actions are necessary. The need for annual growth of 6%-7%, compared with our current 3% if things go well, places the urgent necessity for sound and focused implementation of policy in perspective. Although it may be politically attractive and factually correct to

blame the past, this does nothing to promote success. We must stop rehashing the past and start managing the future. This is a major challenge, but it is exciting.

We are not going to correct the situation by making minor adjustments to the economy. Several things demand urgent attention: taxes and the budget deficit have to be reduced; exchange control must be scrapped; crime has to be reduced; productivity must be increased; and our labour dispensation must be growth-friendly.

The tax burden, which currently amounts to 25% of GDP, is too high. The budget deficit of 5,8% of GDP is also unacceptable.

To reduce them simultaneously we have no option but to decrease government expenditure. The main cause of this high expenditure is an unproductive, unnecessarily large public service.

As a matter of urgency we must get rid of unnecessary services and posts. Privatisation must be approached with more speed, and the earnings used to reduce debt levels.

In addition, sophisticated services such as tax collection should be outsourced. Because of inefficient collection, the treasury loses an estimated R15bn a year. In any business context such inefficiency is totally unacceptable.

What is more, current taxation levels are scaring off entrepreneurs and investors. In this light, the proposed restructuring of the receiver's office is a significant development, which I trust will involve the privatisation of tax collection.

We are one of the few important

emerging countries with the milestone of exchange controls around our necks. Although considerable progress has been made in dismantling them, our vision cannot succeed if we do not rid ourselves of these measures completely.

Foreign investors will have greater confidence in SA if they know that incorrect policy options and economic management are directly reflected in the exchange rate. It is not enough for them to know only that they can withdraw their funds.

SA businesses must also have the ability and opportunity to become world players — something that often involves investments abroad. For as long as we do not permit this freely, our companies cannot succeed and compete internationally.

The sustained high level of crime is undoubtedly the most disappointing feature of the new SA.

According to a survey by Markinor, SA is the most violent country in the world. Whatever the causes of the increase in crime, it is vital that everything possible be done to bring about order and stability.

The time for condoning crime, for whatever reason, has passed. If government does not follow up its clear intentions to fight crime with definite action, the situation will continue to have an adverse effect on the development and progress of the country.

An improvement in productivity is essential in all areas. Skills are one of the core requirements for increased productivity.

How can we as a country with a lack of skills allow what we have to

be lost through early retirements and emigration, and by rushing blindly into affirmative action? It is impossible to create new skills overnight by getting rid of existing ones. There must be a healthy balance between the development of new skills and giving recognition to existing ones.

No country can grow economically with an unstable labour situation. It is necessary — actually not negotiable — that labour should respect agreements and structures in order to resolve grievances. Illegal strikes, undisciplined protest marches and senseless vandalism have no place in an economy in urgent need of investment. And as we all know, investment is what drives the economy.

We can also no longer rely on low labour costs. The average wage of a factory worker in SA is up to 10 times higher than those of many countries in Southeast Asia. We will be able to afford current levels of remuneration only if they are accompanied by disciplined behaviour and considerably higher productivity.

The entire issue of enforced minimum wages must be handled with great circumspection.

In the same way that apartheid was fought tooth and nail and everyone worked together to remove it, we are now going to have to fight for economic success. Political freedom fighters have to be replaced by economic freedom fighters.

□ Daling is chairman of Sanlam. This is an edited version of his address to the Afrikaner Handelsinstuut in Pretoria last night.

Actor at mano', keeping go to ch:

THURSDAY
OCTOBER 26, 1995 ★

RDP 'offers opportunities to business'

 (30)

MAGGIE ROWLEY

ET 26/10/95

The Reconstruction and Development Programme offered unprecedented opportunities for the private sector — and was not a threat, as perceived in some business circles, Mr Michael Leeman, future growth co-ordinator at Southern Life said yesterday.

Addressing the Social Involvement Association annual general meeting, Mr Leeman said that through the RDP, the government was opening up areas of opportunity which had previously been the sole domain of the state.

Added value

The government, he said, had made it clear it was looking to the private sector as a full partner.

"The government in fact has opened its arms to the private sector giving full recognition to the added value it can contribute."

The private sector had generally not yet made the same shift.



BUSTLING: These are some of the thousands of shoppers who queued throughout the day yesterday when the first supermarket chain store opened in Khayelitsha. The queues, which started early in the morning, showed no signs of shortening by late afternoon.

PICTURE: CLIVE SMITH

KHAYELITSHA GETS FIRST SUPERMARKET CHAIN OUTLET

Thousands at new store

(30) CT 27/10/95

KHAYELITSHA residents, many of whom had to travel long distances to shop, queued all day yesterday when a Shoprite Checkers branch opened. **FRANÇOISE BOTHA** reports.

MORE than 4 000 shoppers queued throughout the day yesterday when the first supermarket chain store opened in Khayelitsha.

The queues, which started in the early hours of the morning and stretched for over 500m, showed no signs of shortening by late afternoon.

Mr Selwyn Schiff, Western Cape divisional manager of

Shoprite Checkers, said the opening had met with a surge in sales and that certain items had sold out within minutes.

"We sold all of our stock of more than 100 Prima stoves in the first 15 minutes," he said.

There was also strong demand for staple foods such as bread, milk and sugar and household cleaning items.

He said the store was scheduled

to close at 7pm, but would stay open till 9pm because of the demand.

Mr Schiff said sales figures would only be available today, but that "a good couple of hundred thousand rands" in turnover was expected.

He ascribed the success of the opening of the store to the fact that in the past shoppers had to travel about 10km by taxi or train to Nyanga and Mitchells Plain to shop.

"The fact that they can save on the taxi fare has obviously played a

role," he said.

Mr Schiff said there was little doubt the good trading would continue, especially as weekly paid workers would be paid today and monthly paid workers a few days later.

The store, which rents its premises in the new Sanlam Centre there, has 1 200m² of trading space and an extra 800m² of storage space.

A Pep Stores outlet, which also attracted record sales, and a branch of First National Bank, opened in the same centre yesterday.

Debt amnesty call for black businessmen

■ Black businessmen should be forgiven their debts to banks just as the government indemnified political crimes, according to a black business consultant.

MXOLISI MGXASHE
Staff Reporter

BANKS should write off the debts of black businesses who had court judgments against them dating to the days of apartheid, according to Cape Town business consultant Patrick Ncube.

They should be granted financial amnesty in the same way the government had given people amnesty for political crimes, he suggested.

Such indemnities would have to take into account the fact that many black businessmen who had judgments against them had their property and stock destroyed during township violence.

"How do you indemnify criminals who really have committed the most heinous crimes against humanity, and yet punish the black business community for their inability to pay the banks when there was all this evidence to show that many of these business people had in fact been caught up in the crossfire of the anti-apartheid struggle?"

"Surely the government should be able to persuade the banks to offer this indemnity now so that we can move forward and have a complete business sector instead of the divided and weakened sectors we have at the moment," said Dr Ncube.

This would make it possible for most black businesses to operate as they could not now get loans from banks because the court judgments affected their creditworthiness.

It would contribute effectively towards black economic empowerment and general economic growth.

Dr Ncube said banks faced serious limitations in creating a "buoyant and dynamic intercourse between the first and third-world characters of our business sector".

The South African banking system was efficient — probably the most sophisticated in Africa — but that was normally restricted to the white business community.



Picture: LEON MÜLLER, Staff Photographer.

□ **INDEMNITY:** Economist and private consultant Patric Ncube.

"But when it comes to dealing with the black business community, which I am here calling 'the third world sector,' then we begin to have some problems because of the stiff qualifications for loans which banks impose," Dr Ncube noted.

"Let's look at each of these criteria, especially as it affected the third world business sector. Take the collateral. It's already known that blacks, under apartheid were not allowed to own any property in any urban area because they were supposed to be temporary sojourners in these areas.

"That situation only changed very recently in 1991. That means in the four years since, when and how would the black business community have been able to raise enough money as collateral for their loans for business purposes in such a short period?" Dr Ncube asked.

On the banks' requirement that borrowers show

(30) ARG 28/10/95
they could generate income based on a comprehensive business plan with a cash flow that guaranteed loan repayment, Dr Ncube said blacks had not been schooled in understanding all these concepts and practices and this alone disqualified them.

On the third criterion which emphasised good character, he said many people in the townships were in one way or the other involved in the struggle for change.

Many properties belonging to black businesses were burnt, looted and destroyed and their owners lost heavily including the ability to pay the banks their loans, and many of them had court judgments against them.

"When you look into all these three criteria for receiving loans, you will find that the banking system has actually been closed to the black community, except for a few blacks who manage to raise some small loans.

"Broadly speaking, our banking system is completely closed to engaging third-world businesses fully," said Dr Ncube.

To change this, Dr Ncube has made radical recommendations that he feels may not be accepted because South Africans might not be ready to think and move that fast.

One of them is doing away completely with the "tribal system" of ownership and allocation of land which raised the traditional leaders to levels of being land custodians.

Property owners in rural areas and even in the townships must instead be able to have title deeds so that they can qualify for bank loans.

"But, as I have said, this proposal would be completely rejected because the powers of the chiefs will be eroded.

"We have to operate with a clear mind that we will be eroding their traditional authority and their ability to allocate land will just have to go because this practice is in direct conflict with the capitalist system we want to put in place."

Dr Ncube said slipping the powers of traditional leaders would be seen by some people as a radical departure from what was romantically called "Ubuntu" — the African sense of humanism.

But in his view, the continued political authority and influence the chiefs wanted, was really a dead-end. Chiefs must be made to play mere ceremonial roles as was already happening with European royal families.

Township centre 'business example'

STAFF REPORTER

KHAYELITSHA's first major shopping centre, officially opened last night, was a prime example of how business was to be done in the new South Africa, said the head of the sprawling township's Development Forum, the Rev Otto Ntshanyana.

Big, white retailers and property giants were not allowed to simply move in as they pleased, but had to have the approval of community structures every step of the way, he said.

This was to ensure that ordinary people benefited most from jobs, training and the trading opportunities generated by it.

Small, informal traders would be allowed to set up shop on its periphery, said Mr Ntshanyana.

Khayelitsha was crying out for investment and development, and he encouraged everyone to stop demonising its people, who were loving and caring.

CT 1/11/95



COMPETITIVE EDGE Mof Terreblanche, the new president of the Afrikaanse Handelsinstituut, outside the institute's building. The AHI is committed to improving South Africa's position in the global economy

New AHI president identifies global competitiveness as the key

By ROY COKAYNE

Pretoria — International competitiveness has been earmarked by Mof Terreblanche, the new president of the Afrikaanse Handelsinstituut (AHI), as the key to economic upliftment and the major focus of the organisation during his presidency.

He said a strategy was needed to set the economy firmly on the path of continuous growth and development.

"It is the AHI's conviction that the linchpin of such a strategy is the strengthening of the competitiveness of South African business," he said.

But he stressed the AHI could not achieve this goal alone and it would work through Business South Africa and Nedlac in an attempt to influence its sister organisations and member companies to try and work together to achieve this goal.

Terreblanche said the government, labour and business needed to work as a team and, like the Japanese, develop trust in each other.

"There must be a common aim and a national drive to get these different components involved and to get something on the road," he said.

Although business did not regard labour as the enemy, Terreblanche said there was a need to involve the development organisations to get the correct balance because "there is no point in being bullied by labour".

The AHI has compiled a document on competitiveness which AHI economist Johan Rossouw described as a benchmark to measure whatever proposals were put to them.

"International competitiveness is the only way for South Africa to be placed in a position to achieve long-term robust economic growth which will relieve the burden on the country's unemployed and, in the long term, improve the life of all South Africans," he said.

Jacob de Villiers, the AHI executive director, said South Africa's economic performance was moving in the right direction but was not achieving its full

potential because people were striving for their own benefit and not for what was in the best interests of the country.

"We believe a common mindset, commitment and goal is the only way forward," he said.

Terreblanche said South African business had not been exposed in any real sense to foreign competition, which would intensify following the liberalisation of world trade.

He said to equip domestic undertakings to face the competitive onslaught, it would be necessary to strengthen the market orientation of the economic system.

Investment and entrepreneurial initiative thrived on minimum government intervention, limited to functions conducive to the market mechanism, which meant not only less government, but more efficient government.

"This implies thorough reform of the public sector by way of rationalisation, deregulation and privatisation.

"It goes without saying that if unit costs of production can be reduced to achieve more competitive prices,

increased turnover and improved earnings will result.

"South Africa's production costs are too high because, among other things, there is an adverse ratio between productivity and remuneration. This is partly why South Africa cannot compete in foreign markets.

"If more competitive influences were brought to bear on the input side of the production equation, lower production costs would result while stiffer competition on the output side will encourage the use of more cost effective technology," he said.

Terreblanche said companies had to invest in product development with the emphasis on innovation as strongly differentiated products of high quality might escape price competition.

He said a major prerequisite for

product leadership through innovation was a flexible, dynamic labour market.

However, he said labour productivity hinged on education and training.

Terreblanche said a number of economic incentives could be considered to stimulate growth and development but "the best medicine" was certainly,

"In order to plan, investors and business people need to know what is going to happen in the political economy. They also want to be part of the decision-making process so that adverse policy adjustment might be averted," he said.

Terreblanche said business itself had certain broad responsibilities and business practices had to be sound since corruption and fraud undermined the whole economic system.

In addition, given the levels of poverty in the country because of unemployment, Terreblanche said it was necessary to remove all structural impediments to job creation while business should assist through a job creating growth strategy.

With regard to the possible amalgamation of the AHI with other business or employer organisations, Terreblanche said a committee had been appointed by the AHI to look into the relevance and future of the AHI.

But he said there had been improved co-operation between the AHI and other business organisations in recent years and it served no purpose to attempt to force any amalgamation.

"We are a non-profit driven company that works for the interests of its members. At the end of the day our members must decide what we must do. We definitely see the AHI as part of the new South Africa. We are not exclusively Afrikaans. We are fighters for a more friendly environment, not only for Afrikaans business but for all business," he said

'A common mindset, commitment and goal is the only way forward'

(30) CT (Bk) 3/11/95

Formation of small business council brought a step closer

Business Report

(30) ARG 4/11/95

THE PLANNED National Small Business Council (NSBC) is being brought one step nearer with a request for everybody connected with small business to register with the Department of Economic Affairs.

All organisations, chambers and associations active in the small business arena are asked to register with the department by supplying the names of the organisation, its chairperson and its contact person, the type of organisation, its postal address, telephone and fax numbers.

The information should be posted to the SMME Desk, Department of Economic Affairs, 4th Floor, Regis House, Adderley Street, Cape Town 8001, or PO Box 979, Cape Town 8000, or may be faxed to (021) 483 3886.

Deadline for registration is November 10.

Confirmation of registration will be by way of nomination forms sent to each organisation.

The nominations are for two elected NSBC representatives for each region. People will be nominated into positions according to the structure of the final council.

Each nomination should be accompanied by an acceptance letter and CV of the person concerned.

The Western Cape SBC will have 18 regional representatives. In addition 12 people will represent associations, and a further six will represent sectors.

Organisations can nominate as many candidates as they wish. Completed nomination forms should be posted or hand delivered to the SMME desk before Friday, November 17.

Fundraising delays the launch of Khula

John Dlydlu

BD 6/11/95

(30)

GOVERNMENT's flagship project for promoting small business has missed its November 1 launch date after delays in raising capital.

Trade and industry department small business promotion head Alistair Ruiters said at the weekend that the R100m negotiated with government for the project's financial arm — Khula Enterprise Finance — had still to be transferred.

Ruiters said the launch had also been delayed because officials had been unable to get Trade and Industry Minister Trevor Manuel and Finance Deputy Minister Alec Erwin to attend the launch function.

Donors have already put up "substantial" amounts of cash, while Khula is canvassing the private sector and commercial banks to take part in the institution.

As the financing arm, Khula will be responsible for providing wholesale finance to intermediaries and running

Continued on Page 2

Khula

(30)

BD 6/11/95

Continued from Page 1

the credit guarantee fund to enhance access to capital by smaller firms.

Khula will co-exist with two other new government agencies — Ntsika Enterprise Promotion Agency (formerly the Small Business Development Agency) and the National Small Business Council.

The council, with representatives from the provinces, will be the voice of

small business in the country, while Ntsika will take over some of the functions of the Small Business Development Corporation. Government has changed the institutions' names to bring them closer to the users.

It is understood that small business promotion officials are keen to tap into the \$30m fund pledged by the Japanese government for organisations in SA.

To date all the plans have been coordinated by officials on secondment from the private sector and the Development Bank of Southern Africa.

Unity Act challenged

Nomavenda Mathiane

BD 7/11/95
THE Azanian People's Organisation, along with the families of Steve Biko and Griffiths Mxenge, plan to take the truth commission legislation to the Constitutional Court.

In a letter to Justice Minister Dullah Omar, seen as a preamble to Constitutional Court action, Azapo and the families argue that the Promotion of National Unity and Reconciliation Act takes away citizens' right to legal redress in situations where they have been wronged.

They said SA considered itself a law-abiding state. It was unlawful for it to "immunise against prosecution individuals who tortured and committed genocide".

Azapo secretary-general Jarius Kgokong, said it was strange that while most countries emerging from oppression had sought and prosecuted human rights violators, SA was bent on letting criminals "get away with murder".

He found it ironic that while Judge Richard Goldstone was in Europe helping bring Bosnian violators to book, the SA state was letting its own perpetrators go free.

Bid to bring unity to black business

Vera von Lieres and John Dladu

SENIOR officials from SA's leading business federations met in Johannesburg yesterday in an attempt to forge unity among the country's black business community.

The meeting was attended by representatives from the National African Federated Chamber of Commerce (Nafcoc) and the Black Management Forum (BMF).

Co-operation between the major players in black business — such as Nafcoc, the Foundation for African Business and Consumer Services (Fabcos) and the National Black Business Caucus — has been a scarce commodity in the past.

Fabcos spokesman David Moshapalo said black business had failed to be effective, because of being "too splintered" in its approach.

"This initiative is an attempt to bring together the black voice. As black business we agree on common objectives, but differ on the principles and processes to bring them about."

Caucus senior officials said they knew of the initiative, but none of their representatives could attend yesterday's meeting. Executive director Danisa Baloyi was reportedly expected to attend.

Previously, there had been tension between the caucus and Nafcoc over which body legitimately represented black business.

Black Management Forum official Bheki Sibiyi said the initiative's car-

dinal aim was to create a single voice.

He ruled out any possibility of a new organisation being formed or a new black economic empowerment vehicle being established, as was speculated.

Lobbying government would be on the agenda, which would be drawn up next week after all stakeholders had been consulted.

Sources close to black business said the real test of the new initiative would be the ability to rally all the players.

Although sources said the idea of the initiative came from Deputy President Thabo Mbeki, his economic adviser Moss Ngoasheng denied any knowledge of Mbeki's involvement. However, government officials previously criticised black business for lacking unity. Ngoasheng said government would deal with the mooted lobby like any other group.

Moshapalo said the fact that Nafcoc and Fabcos were both involved in the initiative meant the two organisations were "drawing closer together" and exploring common areas.

Early this year the divisions in black business became apparent again, with Nafcoc and Fabcos split over business's representation in the National Economic, Development and Labour Council.

The dispute arose over whether the two black groupings should be part of Business SA (BSA). Nafcoc pushed for separate black representation in Nedlac, while Fabcos opted to join BSA.

At present Nafcoc and BSA represent business interests in Nedlac.

Fishing for answers

ARG 11/11/95 (123) (153A) 30

Own Correspondent

DURBAN. — Small business and the informal sector do not offer quick, easy solutions to poverty and joblessness, says a leading development analyst.

Before investing vast sums in its programmes to boost small and medium-sized business, the government and the private sector should examine the whole question of intervention in the sector.

This advice is contained in an article, *Before you teach a man to fish, find out why he can't*, in SA Development Digest published by the Centre for Developing Business at Witwatersrand University.

The writers say many of the assumptions underlying assistance programmes for small

business are based on the premise, repeated often at seminars and conferences, that "it is better to teach a man to fish than to give him a fish".

"Given the decline in job opportunities in the formal sector, job-creation through self-employment is regarded by government and the private sector as a priority.

"Providing assistance to the small business sector has been portrayed as a seductively simple way of achieving this, as it provides an arena for achieving national as well as personal economic wellbeing."

However, the authors argue, with the country's vast needs and limited resources, it should be asked whether "straight-forward welfare" would not be

more cost-effective and beneficial than the promotion of small business — which is slow to make itself felt and for which it is difficult to predict results.

"Policy-makers must choose between the certainty of immediate but transient benefits (with welfare) and the possibility of deferred but substantial gain (by encouraging small business).

"In South Africa the needs are too great and the resources too limited for us to be coy about costs," say the writers.

They maintain the more general the form of business help offered, the less likely it is to succeed.

The fishing analogy, the authors say, requires that someone who cannot fish, is not self-

taught and has not learned the skill from family or friends, can gain the know-how through the intervention of an outsider.

Similarly with business, not everybody is equipped genetically, educationally or socially to become an entrepreneur. "People put at a disadvantage by an incomplete education or lack of property (to use as loan collateral) generally need a lot of help before they are able to run successful, self-sustaining businesses."

While most "true" entrepreneurs will succeed without assistance, large sums could be wasted providing subsidies or protection which distort natural markets and have proportionate benefit in terms of jobs and efficiency.

W Cape office for business group

CT 14/11/95 (30)
STAFF REPORTER

THE local offices of the National Business Initiative (NBI), the successor to the Urban Foundation, were officially opened last night.

The NBI, launched nationally by President Nelson Mandela in March, is an initiative by the business sector to help the economy grow, build democratic institutions and develop programmes for improving the lives of South Africans, a statement said.

The NBI said "positive and active" relationships had been formed with organised business and the organisation had entered into specific initiatives with Business South Africa, the South Africa Foundation and Cosab. It had also formed relationships with organised labour.

The statement said 180 companies had been invited over the past few months to become NBI members. So far 110 had accepted and 49 were considering membership.

Nafcoc firm on rejection of Parsons

BY BRUCE CAMERON

Warmbaths — The National African Federated Chamber of Commerce (Nafcoc) is still refusing to accept South African Chamber of Business (Sacob) director general, Raymond Parsons, as the convener of the business group at the National Economic and Labour Council (Nedlac).

But Parsons says he is occupying the position and carrying out his duties. He is also arranging to go abroad in his role as business convener at Nedlac.

In an interview with Business Report about the now months-long stand-off between Nafcoc and Business South Africa, Nafcoc president Joe Hlongwane said there were a number of reasons why Nafcoc could not — and would not — accept Parsons.

The main reason was: "He has not projected himself as one who is friendly to black economic empowerment. That is to put it mildly."

Hlongwane said he would be discussing the issue today with Dave Brink, the president of Business South Africa.

Both men are attending the high-level conference on the re-organisation of state assets being held over three days in this resort town.

(30) CT(BR)14/11/95

Unions get tough on privatisation

BY BRUCE CAMERON

Warmbaths — The trade unions have fired off warning shots at a major conference on the re-organisation of state assets, demanding a greater say in the process and an immediate suspension of any further measures aimed at commercialising state-owned companies.

Stella Sigcau, the minister of public enterprises, said she would take the issue of continued commercialisation to cabinet to see whether the moratorium preventing the sale of state land should be extended to other issues.

Exceptions

However there were exceptions where, if action was not taken, the company could collapse. This was the case with job lay-offs at the Avontura holiday resorts. She said Avontura was in serious trouble and its efficiency had to be improved.

Leonard Gentle of the South African Commercial and Catering Worker's Union opened the attack, asking why there was so much emphasis on the need for return on investments and not on social factors, such as employment.

After wars the public services of

countries were used to provide jobs. South Africa had emerged from a war and greater emphasis should be placed on provision of jobs, he said.

Stephen Maphari of the National Union of Mineworkers demanded to know why, and who, had allowed state-owned companies to continue with re-organisation, which included job losses.

Other union members said they were being allowed little access to the process of drawing up re-organisation options.

Sipho Shabalala, the head of the office for public enterprises, said the state had to balance social needs with the need to show a return on capital. If no return was shown on capital, it would be difficult for the enterprises to raise finance on the capital markets while there would not be money to service debt.

He gave an assurance that unions would be fully involved in the process.

Earlier, the conference organisers apologised to the unions for their late invitations to participate in the conference. Other participants include captains of industry, politicians, and senior executives of state enterprises.

□ See Page 16

Price of Nigerian debt takes a dive

BY JONATHAN THATCHER

London — Prices of Nigerian debt tumbled yesterday as investors worried that the international outcry over the execution of human rights activists on Friday would lead to economic sanctions against the country.

Analysts doubted the West would ban Nigerian oil exports but feared that a prickly military government might retaliate if it felt its economy was being threatened.

One way to do that would be to stop servicing its foreign debts.

The price of Nigerian Brady bonds — rescheduled foreign com-

mercial debt that is traded on the emerging debt market — slumped \$0,03 to a two-month low of just under \$0,44 in the dollar.

"It's over-reaction. I can't see Britain or the United States imposing sanctions. It would drive the country into further chaos," said Peter Worthington, emerging-markets economist at JP Morgan.

"The fact that this government can effectively thumb its nose at the international community means one cannot rule out something again happening," said Robin Hubbard a senior economist at Chase Manhattan in London.

Nigeria has defaulted on much

of its debt but not the Brady bonds, which offer one of the few instruments for investors in the country.

One factor against a Nigerian default is that Nigerians themselves — some in positions of influence — hold the debt and are unlikely to want to default on themselves, analysts said.

The key will be whether the West, especially the United States, imposes sanctions against Nigerian oil exports.

Meanwhile, Malaysia said yesterday it was considering imposing trade sanctions against Nigeria. The Commonwealth suspended Nigeria at the weekend. — Reuter

CT(BR)14/11/95

Boost for small entrepreneurs

John Dlodlu

BD 15/11/95

(30)

THE private and public sector think-tank appointed to review state procurement policy has recommended sweeping changes to widen access for small entrepreneurs.

In an interim strategy report submitted to government recently, the procurement task team said the changes should include restructuring the state tender bulletin — a weekly publication on state business opportunities — to make it more accessible and user friendly.

The 10-member team, comprised of government officials and private sector consultants, had also recommended a massive advertising initiative be undertaken to publicise the bulletin.

The interim strategy, which has been submitted to government for consideration, also called for the simplification of the language, and English would be used in the interim period. Team co-ordinator Deen Letchmiah

said a network of advice centres would be set up in the nine provinces to assist entrepreneurs with the tender process, and provide translation services.

"We have spoken to the provinces about the need to have standard and consistent policy."

In the long term, he added, it was envisaged the electronic media — especially radio — would be used to disseminate information.

This particular provision is known to have been used effectively in the Malaysian economic transformation.

A combination of set-aside and price preference criteria would be employed in a bid to increase opportunities for small entrepreneurs.

Letchmiah said the trade and industry department was drawing up a list of all small firms which would be targeted as main beneficiaries of the revamped tender policy.

The changes were being jointly initiated by the public works and finance departments.

BMF conference to focus on economic self-empowerment

BY THABO LESHILO

The Black Management Forum yesterday introduced the concept of "ukuzakha nokuzenzela", or self-development and self-empowerment, into the emotional debate on black economic empowerment.

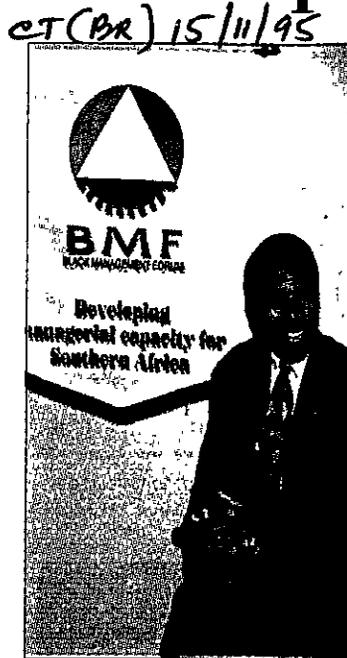
Bheki Sibiya, the BMF's executive director, said the Zulu concept was aimed at emphasising the role of the individual in empowerment, instead of depending on the government.

Ukuzakha nokuzenzela would be debated at the BMF's annual conference at the World Trade Centre, Johannesburg, on November 24-25, Sibiya said. The conference theme would be "black economic self-empowerment".

"This is arguably the most important phase of the liberation struggle because without black economic empowerment, political liberation will be like salt without savour," he said.

He said the BMF would give impetus to the efforts to unite black business by bringing together all parties involved in the quest for unity at the conference.

The BMF was formed in 1976 to facilitate the effective participation by blacks in business management.



SELF HELP Bheki Sibiya and the BMF will help unite black business

Its numerous programmes include an international management programme in Germany by Carl Duisberg Gesellschaft.

The meeting would also facilitate interaction between such arch-opponents as Joe Hlongwane, the president of Nafcoc, and Raymond

Parsons, the director general of Sacob.

The two have not seen eye to eye since Hlongwane's recent opposition to Parsons' appointment by Business South Africa to head the business caucus in Nedlac.

Stella Sigcau, the minister of state enterprises, will speak on the restructuring of public enterprises and government plans for black empowerment.

DP leader Tony Leon and the PAC's Patricia de Lille would be at the meeting, he said, to help ensure informed debate on the issue.

Honour

They would also ensure that the minister did not engage in public relations for the government, he said.

Sibiya said the BMF would use the meeting to publish the findings of its investigations into the performance of South African companies on affirmative action, a joint project with Ernst & Young.

He added that the BMF would also present President Nelson Mandela with its prestigious Extraordinary Leadership award in honour of his role in the struggle for liberation, reconciliation and peace.

BUSINESS

Unity key for BMF

(30) Sowetan 16/11/95

By Isaac Moleedi

UNITY AND ECONOMIC LIBERATION in black business are among the key issues that will be debated when the Black Management Forum (BMF) holds its annual conference in Kempton Park next week.

The two-day conference, to be held at the World Trade Centre from November 24, will enable black business and professionals to evaluate their achievement and where they have gone wrong this year.

"In this conference, BMF will debate and assess means and ways to enable black business and professionals to unite and achieve economic liberation. The objective is to collectively seek strategies to get it right," says BMF managing director Mr Bhekli Sibiya.

Among those who will tackle some of the key issues will be Public Enterprises

Black Management Forum puts economic empowerment on agenda

Minister Ms Stella Sigcau, who will talk about the government's plans to privatise state enterprises with the objective of empowering the black people.

Labour Minister Mr Tito Mboweni will talk about the transformation within the labour market while Public Service Minister Mr Zola Skweyiya will address the Sunset Clause and its implications on the implementation of affirmative action.

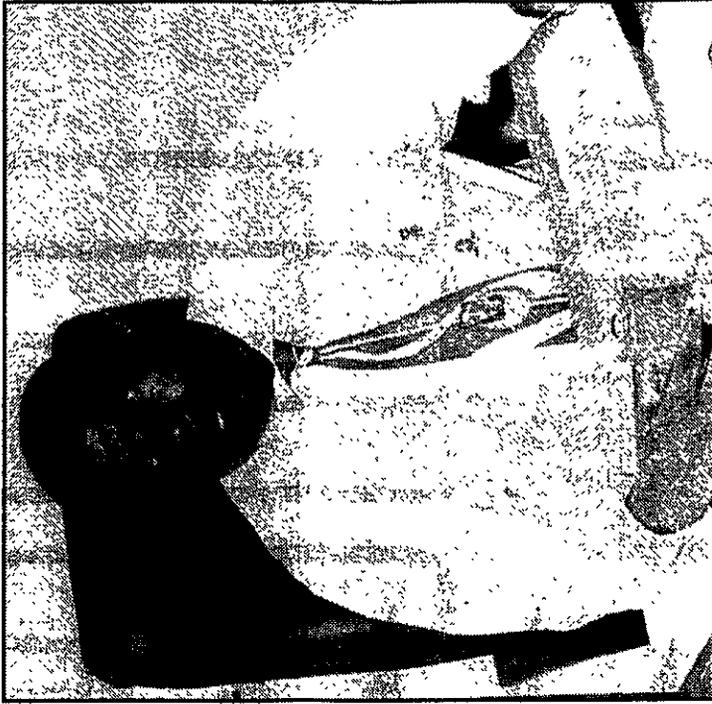
Speakers

Black and white business will also be well represented. Speakers will include former African Bank's chairman Mr Sam Motsuanyane, Nafcoc president Joe Hlongoane, Foundation for African Business

and Consumer services' president Sam Tuntubele, South African Chamber of Business' director general Raymond Paterson and Ernst & Young national director Julian Nagy.

Others include Gauteng Premier Tokyo Sexwale, MP and Pan Africanist Congress member Patricia de Lille, Democratic Party leader Tony Leon, New Age Beverages chief executive Khehla Mthembu, Transnet managing director Dr Anton Moolman, senior BMF executive members, union and business professors.

President Nelson Mandela will be presented with the BMF Extraordinary Leadership Award.



Khehla Mthembu is among the conference speakers.

Nominations open for small business council

CT (BR) 17/11/95 (30)

By THABO LESHILO

Johannesburg — The much-awaited election of the Gauteng Provincial Small Business Council will finally take place on Tuesday, according to Monde Tabata, national co-ordinator of the National Small Business Council.

The election process began with a general meeting to open nominations, held at the Business Opportunity Centre in Johannesburg on October 27.

The Gauteng election is part of a nationwide process to establish provincial councils to represent the interests of small business in the nine provinces.

The councils will participate in the formulation of policy on small business development in the provinces.

Two people from each provincial council will constitute the national council, whose functions will include representing small business at Nedlac.

The establishment of the councils are part of the government's strategy of creating an environment in which small business can flourish. The process began with the release of the the trade and industry department's White Paper on small business development earlier this year, and gained further momentum from the President Nelson Mandela's conference held in Durban in March.

Tabata said the adoption of the constitution and the nomination of candidates was an achievement for the national council.

Tuesday's elections will be held at the Business Opportunity Centre at 60 Smit Street in Braamfontein at 9am.

Small-, medium- and micro-enterprise organisations have been urged to send five representatives to vote at the meeting.

The names of the candidates have been available for viewing since yesterday.

Inquiries should be directed to Tabata at (011) 313-3595/3338.

Troubled former homelands face further major industrial exodus

(30)

CT(BR) 20/11/95

By ROSS HERBERT

Johannesburg — South Africa's former homelands, already afflicted with some of the highest unemployment rates in the country, are facing a potential industrial exodus.

What was a trickle of businesses leaving is growing, and business officials say that the government, development officials and unions do not take the issue seriously.

"There is a problem with the decentralised areas and no one thinks of that," said Hermann Dedekind, the director of Springbok Clothing and the chairman of the Babelegi Industrial Association, whose members operate in the former Bophuthatswana.

Dedekind says more than 10 percent of the association's members have closed or moved out of the former homeland in the past year and more than 100 factories stand vacant in the Babelegi area. At least 57 businesses have left the former Bophuthatswana. And it is not merely white business raising the alarm.

"There was a vibrant economy (in the former Ciskei). Now, I think, it is going to become a desert unless the government changes its thinking," said Nettleton Gwili, an Eastern Cape executive director in the National African Federated



INDUSTRIAL DECLINE Hermann Dedekind, the chairman of the Babelegi Industrial Association, outside one of what he says is a growing number of abandoned factories in former homelands

PHOTO: ROSS HERBERT

between R130 and R150 a week. "If I have to double my wages, I'm out. Already we're out of the market. If it goes on like this, there will no longer be a clothing industry in South Africa in five years," Dedekind said.

The National Union of Metalworkers (Numsa) also is negotiating with businesses in the former homelands to boost wages to metropolitan averages with a 12-month phase-in period. Business is asking for a phase-in over three years with wages at 70 percent of Numsa minimums at the end of the period.

Elias Monage, a Numsa national organiser active in the negotiations, said he does not believe business is under serious pressure in the former homelands.

The threat of business failures, he believes, is merely another "dirty-trick" negotiating tactic. Nationally, Numsa is trying to raise the wages of the lowest paid workers to a level closer to that paid to artisans. Monage argues that if businesses are given three years to phase in wage increases in the homelands, they will never catch up with the rising national minimum wages.

Universal Paper and Plastic is one business that recently decided to expand in Garankuwa. But Phillip Sher, the managing director, said the company's high capital

investment in machinery would make a move more costly than staying put.

If services are bad, transport costs high, managerial staff hard to find and wages the same everywhere, many businessmen feel they would be better off locating near a major city where there are more skilled workers and lower transport costs.

"If it weren't for our capital investment, we probably would have moved out. If the tax incentives given by the old state go, a number of people in this area will move," Sher said.

Business complains that infrastructure and services in the outlying areas — telephones, postal service, roads, rubbish removal — are declining rapidly.

Access to credit is also a problem. The development banks of various former homelands are in the process of merging and spend most of their time wrangling over bureaucratic issues, neglecting business development and lending.

Gwili said the commercial banks have expressed willingness to lend, but have done little so far.

"They are used to dealing with millions and are not used to small and medium businesses," he said.

"Each time we talk to the government, we list people preparing to leave and they say they'll look into it. We talk and nothing happens."

Big deals afoot as business networks with the Afristocracy

By DUMA GQUBULE

I should have guessed that another black empowerment deal was on the cards a few weeks ago, when I saw Altron chairman Bill Venter in a shebeen — of all places. Mama's in Rosebank, Johannesburg where you can meet the heavyweights in black business and politics — the Afristocracy.

A few weeks later, Telkom announced a short-list of five consortiums that would be considered for its Megaline contract for 3 million phones.

The contenders were: Siemens and Eric Molobi's Kagiso Trust Investments, Ericsson and Wiseman Nkulu's Worldwide African Investments, AT&T and !Khoisan X's outfit, Bell and Ntatho Motlana's Nail, and Altron subsidiary Altech and Alcatel.

Of the five, Altech and Alcatel stuck out like a teenager without a date at a matric dance. It did not have a black partner.

Recently, Thebe said it would pay R82 million for a 5 percent stake in Altron. It did not make sense at first. Why put so much money into a company with a dividend yield of about 2 percent whose earnings last year were lower at 728c than 1988's 762c, according to a report by stockbroker Edey Rogers' analyst Franco Busetti?

I put these questions to Busetti, who said: "If I had R82 million I would not put my money into Altron. It was a sell recommendation in my report. Our forecast is for 15 percent growth in the year ahead, much lower than most companies in its sector."

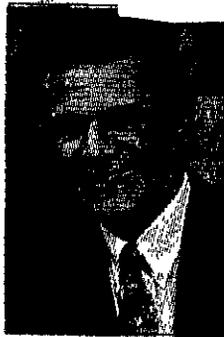
I remembered this the evening at Mama's when I spoke to a black merchant banker. "You must remember that Bill Venter made his money because he had good relations with the previous government," said the banker.

"He is trying to cultivate the same relations with the present government. It could be that Telkom told him they like his technology, but have a problem because the company is not showing the right face in the new South Africa.

"Also, Altron subsidiary, Powertech, will need some co-operation from the new ANC municipalities to sell their equipment. Thebe could

be expecting the Altron share price to increase significantly if it gets the Megaline contract, and Powertech can get some co-operation from the municipalities.

"Altron is getting a partner with impeccable connections. All they are paying is a discount on their shares — which is only there because the price moved up recently. Andile Ngcaba, Thebe's head of telecommunications, was supposed to be Pallo Jordan's director-general. He was previously head of the ANC's



Altron chairman Bill Venter

telecommunications desk."

Venter disputes this line of reasoning. He said he first met Thebe Investments managing director Vusi Khanyile at the inauguration of President Nelson Mandela 18 months ago.

"The proceedings started late. I told him it had always been my desire to develop a partnership with a professional, emerging company. Khanyile said he was still getting his act together. But we continued to see each other. We also met at Qunu, when I opened President Mandela's primary school."

Venter said Altron was one of the first major companies to give blacks an entry at the front door, at the holding company level, where the decisions are made.

"There are a lot of jealous people in this town. If this deal was about Megaline, we would have brought Thebe in at the Altech/Alcatel level. The tender said black empowerment would be an important consideration, but Altron did not rush to do a deal."

What about Altron's performance and prospects, which some analysts said were lower than most companies in the sector over the next year?

Venter said the pressure to increase earnings every year was not healthy. "Five years ago, 65 percent of the group's business was from parastatals. Today, the figure is just over 30 percent.

"Throughout this period of adjustment, the group has taken 2 percent a year of sales to put back into development. It's misleading

to look straight at the bottom line, because we have spent a lot of money on new products.

"We spent R65 million developing an electronic detonator for the mining industry; R25 million on Netstar, a vehicle tracking system; and R136 million on a Powertech package to provide electrification.

"We sold half of Altech Telecommunications to an international company (Alcatel) to prevent it coming in as a competitor. The investments we have made will pay off," Venter believed.

How would Thebe finance the deal? Eugene Ruiters of Thebe said the company would issue some preference shares at market rates and finance the rest from its own resources.

And why did Thebe pay so much money to get non-voting shares? Ruiters said it was because shares were available. Altron had received approval from shareholders and the JSE to issue the shares.

"We are in at the centre, and have two seats on the board and first option for opportunities across the company," said Ruiters.

Duma Gqubule is a special writer for Business Report and managing editor of Africom Business

Small business elections 'a joke'

Theo Rawana

PROVINCIAL elections paving the way for a National Small Business Council ran into problems this week when the African Council for Hawkers and Informal Business (Achib) cried "foul" and distanced itself from the process in Gauteng and KwaZulu-Natal.

The council was established last March when President Nelson Mandela announced the setting up of an organisation which would liaise with government on behalf of small, medium and microenterprises.

The provincial elections have to be completed by November 30, when the national council will be formally set up.

Achib president Lawrence Mavundla said yesterday his organisation had "distanced itself" from elections in Gauteng because hawkers were not properly represented. Elections in KwaZulu-Natal were not valid because the province had no constitution.

BD 22/11/95
He threatened to take the case to the Gauteng economic affairs department and ask premier Tokyo Sexwale — a patron of Achib — to declare the elections null and void.

Mavundla said Achib's objective was to get greater proportional representation as the organisation had the greatest number of members — 19 000 in Gauteng and 85 000 nationally.

He told a media conference in Johannesburg that Achib had pulled out of the elections after National Small Business Council co-ordinator Monde Tabata had objected to him bringing members from the West Rand, which is one of the provincial regions, into the election.

"All those who were elected came from greater Johannesburg. They did not represent small business, but were millionaires pulled in by the smell of R2,9m which government has set aside for small business," Mavundla said.

Mavundla said the process was

fraudulent because with 27 individuals taking part in the election, some got as many as 84 votes.

In KwaZulu-Natal Achib had called for the elections to be declared "null and void" because Achib had pointed out that the province had no constitution and no elections could be legitimate without a constitution, Mavundla said.

"The election was a joke because it had been hijacked by business consultants and people who have no place in small business."

Tabata said Mavundla had no cause to disrupt the process because "the door is open for us to talk this over".

Tabata said Mavundla had failed to follow procedure, submitted nominations two weeks after nominations had closed, arrived late for the election and went back on an agreement that proportional representation was not the appropriate route.

"Mavundla should come and we should talk this over," he said.

'State indecision hampers business'

(30) CT(B2)22/11/95

BY FRANÇOISE BOTHA

Cape Town — The president of the Cape Chamber of Commerce and Industry, Mike Stekhoven, said that the uncertainty surrounding numerous government policies, including the drive for transparency, was creating delays that were seriously hampering local business.

Stekhoven said that if business was to be encouraged to expand, and new investors were to be attracted, greater certainty and predictability of government policy at all levels was imperative.

The delay in finalising a by-law to regulate street trading and hawking was a case in point.

Expectations

Other areas included the expectations of business as they related to service levels of local government, crime and labour relations.

The postponement of the Western Cape local government elections had added "tens of millions" of rands to the outstanding debt, and had slowed the possibility of redressing the service backlogs which existed in the townships.

The cost of these services is going to fall largely on business as the biggest contributor to local government coffers. The metropole cannot be expected to shoulder these costs alone and the uncertainty of not knowing the extent to which government will contribute creates

doubts and concerns to businesses that already pay the highest local authority rates in the country," Stekhoven said.

He said that in the new municipal substructures, there would no longer be any dedicated business wards.

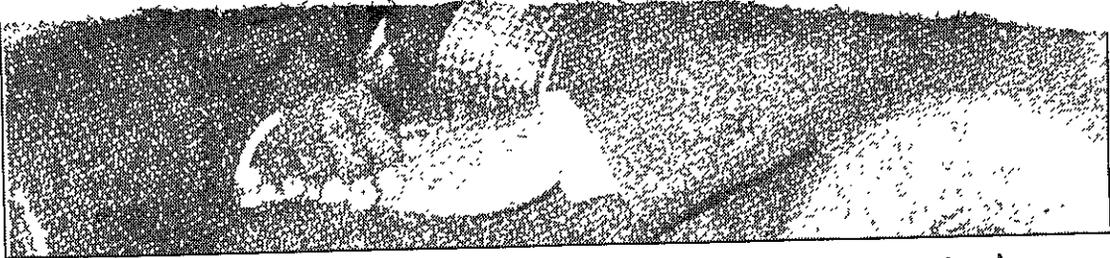
Untenable

"This means that business, which contributes over 50 percent of local government revenue, will have no direct say in how it operates. This is an untenable situation," he said.

Commenting on the Cabinet's decision to restructure the customs and excise department, Stekhoven said that while the move was most welcome, priority should be given to the development of effective anti-dumping policies.

"Poor customs controls have already hit local industries and government revenues hard. As tariff barriers are lowered, local industry will be under enough competitive pressure without also having to deal with dumping," he said.

"If this country is really serious about promoting exports, it must develop supply-side measures without any further delay and commit itself to policies well into the future, so that business and potential investors can consider exports in an environment of predictability — a most important change to the present situation," he said.



Northern Province premier Mr Ngoako Ramatlhodi.

Sowetan 22/11/95
Business people
(30)
unite for survival

By Khathu Mamaila

MORE THAN 500 businessmen in Venda have closed ranks to form the Thohoyandou Business Forum (TBF) to fight their common enemy - the collapse of the civil service, which threatens their survival.

In an exclusive interview with *Sowetan* in Thohoyandou, TBF chairman Mr Jessie Muthige said the forum was born out of their desire to stay in business.

"As businessmen, we realised that our survival was at stake. Business has declined by 50 percent. It was clear that if we did not do something, and urgently, we would be out of business within months," said Muthige.

He said the TBF established a task team that went on a fact-finding mission. It found, for instance, that the collapse of telecommunication services has adversely affected business.

Telephone lines are often suspended without notice. In certain cases, subscribers also receive bills of more than five times the usual amount they pay.

When they inquire, they are told the bill covers a period of up to six months as it could not be issued earlier because there was no stationery. Yet failure to pay the high bills leads to automatic suspension.

Damaged telephone lines are not repaired for months, with the explanation that there is no transport for technicians.

Vehicles supposed to be used by technicians are parked at the Department of Works in Sibasa for months without being repaired. The explanation given is that there are no spares.

The delay in the delivery of mail, sometimes for up to four months, has resulted in the receiver of revenue using the Louis Trichardt post office, about 75km away.

Post and telecommunication ser-

Venda tradesmen are frustrated by the collapse of services in province

vice officials blame the apparent collapse of services on the Postal and Telecommunication Workers Association for causing work stoppages by calling meetings during working hours.

However, Potwa's Venda branch chairman, Mr Joseph Silinda, said the collapse of services should be blamed on managers, who are no longer interested in their work as they are uncertain about their posts when the integration of telecommunication services is completed.

"Some of them have been told that their posts will be done away with. Obviously such persons only go to work to collect their pay and do not care about what happens to those they are supposed to supervise," he said.

"The other problem is managers who are trying very hard to change their anti-union stigma by failing to act against workers who do not do their job.

"These managers are aware of the gross incompetence of some of the workers but prefer to be quiet because they fear the workers will rise against them."

Silinda said Potwa has tried to cultivate a work ethic but there are some problems which workers can do nothing about.

"I know of 27 cars parked at the works department. These cars have not been repaired for months. How will technicians travel to attend to telephones that are out of order?" he asked.

Thohoyandou is also fast becoming a dumping zone because of the lack of effective refuse removal. There are very few rubbish bins and there is a lack of transport to remove refuse.

The truck and the tractor which were used to transport refuse are out

of order, and are also parked at the department of works.

The department of land, housing and local government has dismally failed to deal with the problem of illegal hawkers too.

Said Muthige: "We are not complaining about those old ladies who sell fruit and vegetables. We are talking about those hawkers who stand in front of a shoe shop and sell shoes at less than half the price.

"A case in point is of a man who sells shoes for R10. We investigated and found that the production cost of that shoe is R15. In the shop, the shoe sells for R30.

"Where is that man getting his shoe? How does he manage to sell it for R10 and still make a profit?"

"Clearly the government is not doing its job. We need some protection because we are paying licences and tax. The hawkers are not paying anything.

"Restaurants in this area are about to close too. How can you compete with people who sell food from little shacks, while you have to pay rent, electricity, tax and for a licence?"

The TBF also held discussions with the police about the lack of visible policing. A top policeman told them that while he agreed that deploying more uniformed police would reduce crime, policemen were refusing to wear their uniforms.

And senior policemen find it difficult to be hard on their juniors as they are not certain of their responsibilities in view of the integration of the police forces of the former homelands.

Confronted with this hostile climate for economic activity, businessmen are calling on the government to act decisively as the situa-

(30) ET(CBR) 23/11/95

'Not all white business is big business'

By THABO LESHILO

Johannesburg — Monde Tabata, the co-ordinator of the National Small Business Council, has rejected criticism of the Gauteng Provincial Small Business Council by Lawrence Mavundla, the president of the African Council of Hawkers and Informal Businesses (Achib).

Mavundla alleged that the body represented big business and consultants only and ignored small, medium and micro enterprises.

"Lawrence's mistake is to think that all white business is big business," Tabata said.

He said some of those elected included fleamarket traders, veteran Soweto businessman David Poee and several Nafcoc representatives. Achib is affiliated to Nafcoc.

"At least four plenary meetings were held to discuss the provincial council from June. It is true that Achib, through Mavundla, complained that they did not receive the invitations. From that day my office ensured that he was informed directly," Tabata said.

Mavundla was then nominated to represent Achib on the provincial council, with George Ngwenya, Achib's Gauteng regional manager.

However, on Monday Mavundla informed Tabata that he would bring 400 people to the elections and submit new nominations. The maximum number of delegates from an organisation was five and nominations closed on October 31.

"But the Achib delegation, led by Mavundla, was two hours late. They missed an opportunity to challenge the so-called consultants and big business persons they say are on the council," Tabata said.

The election of provincial small business councils will culminate in the formation of the National Small Business Council on November 30.

Built to Last: Why a few visionary firms dominate

By Jim Sarrin

Sun City — Professor Jerry Porras wonders whether Bill Gates, the brilliant founder of Microsoft, may prove to be the Achilles' heel of the world's most powerful software company.

Is Gates so charismatic and dominant a leader that he creates a culture of dependence within Microsoft and will he leave the company foundering when he's no longer around?

Such musings underlie Porras's ground-breaking thinking about visionary companies — those that have survived at least 50 years and have made an indelible impression on their societies.

Porras's analysis of these organizations challenges a dozen myths about best-practice management and produces an innovative framework of ideas on what makes some organizations "visionary," while others are just in it for the money — and are less profitable to boot.

His conclusions are based on American companies, but there are compelling lessons for South African business.

At the bottom, Porras finds that visionary companies have put their sweat and commitment into building lasting organizations that ruthlessly preserve a set of core values, yet at the same time manage to stimulate progress.

These firms are aligned to achieve a clear purpose that invariably reaches beyond mere profit. It is the quality of the organization itself that matters most, not its products or individuals.

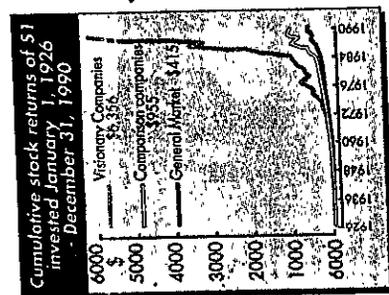
Porras, a professor of organizational development at Stanford Business School, is co-author, with fellow Stanford professor James Collins, of *Built to Last: Successful Habits of Visionary Companies*.

This study of 18 businesses was published in the United States last year and has been translated into eight languages. One reviewer ranked it as the best business book of 1994. Another called it as important as Tom Peters' and Robert Waterman's *In Search of Excellence* a decade ago. Peters was a PhD student under Porras at Stanford.

In addition to, or despite, his academic qualifications, Porras also has the gifts of clear and entertaining prose and a stage presence engaging enough to win a place with Tom Peters on the management-guru speaker circuit.

He enthralled those who heard his hour-long presentation at a Nedcor management convention this week at Sun City.

Porras and Collins surveyed 700 chief executives of Fortune 500 companies and smaller firms in 1990 to derive a list of "visionary companies".



SAGE PROFIT Porras' best firms have outperformed their rivals by 6.5-1 and the market by 15-1 since 1926

from accepted management thinking involves leadership. The evidence from Porras's research indicates that powerful, dynamic leaders can be obstacles to the creation of a visionary company.

Charismatic leaders are great at "announcing the time" to the business, but once they depart their successors are left without clocks to read the time.

Visionary companies have thrived, thanks to leaders with an architectural bent who build an organisational clock that will outlive them.

Take William McKnight of 3M, who nobody ever heard of outside Minnesota. A quiet, unassuming manager, he nevertheless built a flexible, imaginative organisation with a strong culture and an ability to adapt.

The firm now makes 60 000 products. Its main competitor, Norton, was once 10 times the size of 3M but blindly followed the leadership and product lines of its founder, Charles Norton. The company later tried to buy new products because its organisation was not constructed to develop new products.

Norton fell to an unfriendly takeover in 1990 while 3M's sales soared past \$13 billion.

"I think the most important change needed is an evolution in our notion of leadership," Porras said in an interview.

"In the US, there has been a notion of the John Wayne-type leader, a take-charge guy, somebody to follow.

"The reality of the leaders we saw in these 18 companies was that, just from a pure personality point of view, they were described with words like 'low-key, somewhat shy, retiring, professorial' — I like that one the best.

"If we begin to think of leaders in these dimensions — and start seeing their leadership as the contribution they can make in creating effectively running systems and organisations, and value that (contribution) more clearly so that it becomes a more credible way to think about leadership — that would be one way to break through this barrier about leadership.

"The charismatic visionary leader tends not to have the ability to build these kind of companies. If you're really all-powerful, no one else around you can develop. Everyone else learns to be dependent."

It would help change people's thinking about leadership if leaders like McKnight were honoured publicly, Porras said.

He noted that 3M recently opened an exhibit on McKnight's leadership — and he was finally admitted to the Fortune magazine Management Hall of Fame.

In contrast, Bill Gates, founder and leader of Microsoft, "may be the Achilles' heel of the organisation" if his personal brilliance overwhelms the company's ability to create a lasting organisation, Porras said.

However, Gates could emerge as one of those rare leaders, like Sam Walton of Wal-Mart, who manage to combine charisma with "clock-building organisational skills that ensure Microsoft sustains its excellence".

In addition to leadership, a second set of countervailing characteristics defines the visionary organisation, Porras found. He expresses this with the yin-yang idiom of maintaining the core ideology while stimulating progress.

Every visionary organisation maintained a stringent core ideology. Many built a cult-like culture that demanded conformity with the core ideology. Porras views this as healthy and necessary.

Thus Nordstrom's clothing salespeople are almost rote-like in their adherence to the firm's ideology, though they have enormous flexibility in how to achieve the single agreed purpose.

Nordstrom's employee manual is one paragraph long: "Rule 1: Use your good judgment in all situations. There will be no additional rules."

Surprisingly, nearly all the firms relied on home-grown management and only a couple brought in chief executives from outside throughout their history.

This dashed another myth that change needs new blood.

General Electric's Jack Welch, regarded as one of the finest managers in America and one of the best proponents of change, came up through G.E. Four of the five candidates who lost out to Welch went on to become chief executives of other big companies.

Porras said this showed the success of

| VISIONARY COMPANY | COMMON COMPANY |
|-------------------|----------------|
| American Express | Wells Fargo |
| Citibank | Loose-Motion |
| General Electric | Westinghouse |
| IBM | Burroughs |
| Merck | Howard Johnson |
| Motors | Zenith |
| Philips Morris | RJR Nabisco |
| Sony | Cawood |
| Wachovia | Columbia |

Promoting home-grown management is one device to achieve the yin or pre-serving the core. Porras also found that visionary companies use specific mechanisms for the yang — stimulating progress. These include BHAGs (big, hairy, audacious goals).

Boeing committed itself to huge goals such as building the first commercial jet, the 707, and later the 747.

Another successful mechanism is "try a lot of stuff and keep what works". And visionary companies make it known that "good enough never is". Wal-Mart's Sam Walton made a simple policy: "Beat yesterday."

Another fallen myth is that the most successful corporations are driven obsessively to maximize profit. All 18 visionary companies espoused some other fundamental value as their primary purpose.

For Merck pharmaceuticals, it was the preservation and protection of life. Merck often spent more on community health projects than its comparison company, Pfizer, which focused on profit.

Merck ended up far more profitable. Porras believes this lesson may be useful for South African companies groping with the transition from an environment of white minority rule toward a new set of values in the business community.

He noted that Sony said at its founding that "it was dedicated to making Japan a leader in the world".

"It seems to me that this may offer a parallel for some of the key companies in this country — rethinking their purpose to include the advancement of this country as part of what they are trying to achieve."

South Africans ought to be encouraged, Porras said, by the quiet deliberations of the constitutional assembly in Cape Town, which is working to finalise processes and principles governing issues such as political succession.

This compares favourably with the American constitutional convention in 1787, which focused not on who should be president but what processes would give the country good presidents in subsequent generations.

South African governance thus is encouraging clock-building, not time telling. The challenge for South African business, facing new global competition as well as pressures for affirmative action, is to deepen the capacity of organisations to become clock-building developers of skills for the long haul.

30 OCTOBER 23/1/95

BUZZSPEAK Jerry Porras compares successful companies with also-rans

PHOTO BY GUY WOOD

BMF model for unity based on inter-organisational structure

CT(MR) 24/11/95 (30)

By THABO LESHILO

Johannesburg — The Black Management Forum (BMF), one of the key players behind the bid to unite black business, has shed some light on the form the planned united front is likely to take.

BMF executive director Bheki Sibiya and the organisation's president, Wiseman Nkuhlu, are among the eminent professionals and business leaders charged with facilitating the formation of the united front to lobby the government on black empowerment.

The unity process started with the adoption of the Mopani Memorandum of Understanding between the ANC and black business at the Mopani Lodge, Northern Province, in late October 1993. The indaba had been called to address complaints that the ANC was pandering to white business interests and ignoring black business.

The parties involved agreed that, once in power, the ANC would promote black empowerment, pass affirmative action legislation, promote black business development and make public corporations representative.

For its part, the ANC said at the meeting that the rivalry among black business bodies caused

confusion, and that the party did not know whom to speak to.

To address this concern, the National Black Business Caucus (NBBC) was formed, headed by Danisa Baloyi, to enable black business to speak with one voice.

"Two years since the Mopani Accord there is still no unity. We have drifted away from the accord. Unity is still an elusive dream," said Sibiya.

The NBBC has effectively failed to provide a common platform for the various black business bodies.

The National African Federated Chamber of Commerce and Industry (Nafcoc) and the Foundation of African Business and Consumer Services (Fabcos) remain arch rivals, mainly because of Nafcoc's rejection of the new body.

David Moshapalo, Fabcos' general secretary, blamed personal differences and "perceived political affiliations of Nafcoc and Fabcos" for continuing to bedevil the drive for unity.

However, Sibiya remained optimistic that unity would be achieved. "It is very difficult and very challenging, but it is achievable," he said.

He said financial rewards that may possibly accrue to those who would eventually emerge the lead-

ers of the united front could be among the reasons blocking the formation of the front.

"The unity of black business has the potential of catapulting some people to higher levels of recognition and respect and may have very significant financial benefits," Sibiya said.

He also suggested that the formation of a united front could threaten the positions of some leaders within their own organisations.

BMF favoured an approach that would not threaten the existing organisations or replace them with a new, monolithic structure. This view is shared by Nafcoc and Fabcos and is likely to win the day.

BMF proposes the creation of an inter-organisational structure that would bring together top black business leaders, meeting quarterly, to consider progress on black empowerment.

The eminent persons would also investigate ways of influencing the country's economic policies, review government policies on affirmative action, adopt a common agenda to address the dearth of management

skills and capital among blacks and set targets for black empowerment.

Sibiya was chosen together with Benjamin Wauchope, Nafcoc's chief executive director and Baloyi at Nafcoc's 31st annual conference in July to drive the process to establish the envisaged united front.

For similar reasons, they have since combined their efforts with the six-man committee chosen at the Europe/South Africa '95 Business and Finance Forum which was held in Switzerland in June.

The Switzerland group is headed by Eric Molobi, chief executive officer of Kagiso Trust. It also comprises Nkuhlu, Don Mkhwanazi, George Negota, Vusi Khanyile and Winky Ximiya. The Swiss and the Nafcoc groups are planning a meeting to be attended by the heads of most black business groups,

professional groups, companies and prominent individuals in January.

The question of unity will be addressed at the BMF's annual conference which starts today at the World Trade Centre. The conference will be attended by President Nelson Mandela, Nafcoc, Fabcos, Cosatu and Sacob, among others.

'Two years since the Mopani Accord, unity is still an elusive dream'

MANAGEMENT

SA firms 'must change faster' in order to survive

BD 30/11/95 (30)

Reports by
Michael Urquhart

SA COMPANIES appear to have recognised the need for change but do not seem to feel a suitable level of urgency about it, says Proudfoot CE Malcolm Hughes.

A lot of what they did seemed to be a case of "getting ready to be ready" to implement change, he said. But survival was a matter of a couple of years, rather than the five years which most companies seemed to be giving themselves.

Hughes said the years of isolation and the uncertainty following the political transformation had seen little forward planning by top executives, who were busy coping with the day to day pressures of running their businesses.

SA business had little understanding of what it really meant to

operate in a global village, but it would not be long before it found out as foreign companies came into SA on a big scale. The ability to compete would affect SA's aspirations in the international arena.

Certain sectors of the SA economy, especially those involved with natural resources such as mining, had always competed on world markets and were up to world standards. But the manufacturing sector needed to make rapid changes to address the twin problems of low productivity and poor quality levels.

Hughes said SA companies should not wait for these factors to become a problem before changing their organisations to meet the challenge. "They should be pro-actively managing the process now."

Even when an organisation did set a timeframe for change it was

often longer than required. A change assignment could often be completed in six months, which could see the whole organisation taken through the process, with infrastructure put in place to continue the change.

Although Hughes pointed to the mining industry as one which had been exposed to world markets throughout SA's isolation, he said the mining houses faced the major challenge of changing the confrontational nature of their relationship with workers to one of co-operation.

When a mine did badly, management tended to blame commodity prices and labour.

Companies had to overcome the distrust between management and labour, and develop a co-operative approach if they were to succeed internationally.

Semantics hold up action on small business development

BY THABO LESHLO
ET (PR) 11/2/95 (30)

Johannesburg — The lack of a definition for small, medium and micro enterprises stopped Nedlac from adopting key recommendations yesterday for the development of the sector.

Among the recommendations were that a "competitiveness fund" be established to manage a demand-side grant scheme, which would share the costs of improving the competitive capabilities of these enterprises with large companies, on a fifty-fifty basis.

Such a fund would also match grants made to export service suppliers and explore upgrading the capabilities of manufacturing-oriented micro-enterprises.



FRUSTRATED Jay Naidoo and other ministers hope to speed up small business development.

PHOTO JOHN WOODROO

R250-m to help business sector

THE GOVERNMENT yesterday launched a R250 million financing and guarantee project to help the small, medium and micro business sector.

Two companies based in Midrand – Khula Enterprise Finance and Khula Credit Guarantee – have been formed to facilitate the implementation of the project.

Their main objective will be to increase access to finance and give “substance to a process whereby measurable change can be achieved and the entrepreneurial spirit of South Africans can be unleashed, enhanced and supported”, said Trade and Industry Minister Mr Trevor Manuel.

The Government will own 51

(30) Sowetan 8/12/95
Investment will help small,
medium and micro businesses

percent of the capital shareholding of the companies with the remainder being offered to the private sector and foreign donors.

Manuel said the main constraint in the development of the targeted business sector had been a lack of access to appropriate and sufficient funding “and the inadequacies among the financial intermediaries such as banks, NGOs and provincial development corporations, mainly because of little to no actual experience in the field.

“Khula has been created to

increase access to finance for small, medium and micro enterprises particularly those which had previously been barred or disadvantaged”.

The companies had been created “to overcome the legacy of a very narrow financial market. The formal financial system has neglected the vast majority of the population”.

Manuel said the Government had set itself a target of a 6 percent economic growth by the year 2000, and that next year it was expected the figure would be about 3,5 percent. – *Sowetan Correspondent.*

'Spazatainers' bring conflict and business

BY FIONA LENEY

ET (MR) 8/12/95 (30)

Johannesburg — Mantombi Twala brandishes her feather duster like a wand over the groceries stacked with military precision along the sides of her immaculate shop in Ivory Park township, Midrand.

"I am so happy. I was waiting, waiting for an opportunity like this," she said.

Twala has just become the proud proprietor of an ex-shipping container on the site of the new Ivory Park Spaza Wholesalers centre after years of selling beer from home to make ends meet.

She, and about 35 other residents of Ivory Park, this week officially began supplying the township's spaza shops as part of a joint scheme run with Malbak, the consumer products group.

The cost of the scheme — estimated at about R800 000 — and the time it took to set it up, were kept down by using containers donated by the Safmarine shipping group.

It is an increasingly popular solution to the problem of supplying instant infrastructure for small emerging businesses. But the issue is threatening to split the black business community.

Mashudu Ramanu, the president of the National African Federated Chamber of Commerce's Gauteng region, argues passionately that, far from empowering small businesses, container premises stifle black aspirations.

"If we are going to encourage economic development in the townships we have to work on proper premises," he said.

"It is white thinking that the more spazatainers you put down, the more development you get."

Ramanu said the quick fix solution of container cities in townships removed the pressure for laying down proper infrastructure, and demeaned those for whom they were erected.

"Containers are never the temporary measure they are claimed to be. Because it takes longer to install proper infrastructure, doesn't that mean it is worth waiting for?" he said.

Ramanu said the government should look urgently into building appropriate business centres in the townships if it wanted to encourage small entrepreneurs.

But Lawrence Mavundla, the president of the African Council of Hawkers and Informal Businesses, begs to differ.

"You cannot say that the homeless, or people who have no premises to sell their goods from, have to wait. Of course the use of containers is an interim measure," he said.

Certainly, for better or for worse, containers are being put to every conceivable commercial use. They are home to more than 15 000 shops around the country. Schools, creches and banks also operate from within their steel walls.

Mavundla said there would always be a place for containers as the first step on the economic ladder. "We set up 100 shops in Orange Farm when it was still a squatter camp. There are only two shops still in containers. People have grown out of them," he said.

Twala, flushed with excitement behind her make-up, agreed. "We have to start somewhere. I want to earn money and get a proper shop — the bad thing here is that it gets too hot — but otherwise I would have no shop at all," she said.

Black business gives cautious nod

By **Shadrack Mashalaba**

BLACK business has accepted with caution a move by the Government to privatise and restructure certain key state assets.

The key assets that the Government announced would be affected are in the transport and telecommunications sectors.

Labour federations, in particular, raised their concern about the number of jobs that will be lost following the restructuring.

It was also confirmed by Deputy President Thabo Mbeki last week that there would be job losses if the Government continued with restructuring.

He said the move however would ease the public debt and help black empowerment.

Black business also joined the privatisation controversy and aired their views.

Mr George Negota of the National Transport Forum said the restructuring of state assets is inevitable just as the restructuring of the South African economy.

my. "For restructuring to succeed it should be done in consultation and through involvement with organs of civil society. It should be done within agreed policy and that includes affirmative action, merit and should avoid creating a new elite," said Negota.

The participation of foreigners in the whole move would be accepted if it is to benefit black emancipation, add value and efficiency.

"Raising capital to finance the sale of

the state assets would not be a major drawback for black business," Negota said.

Nafcoc's Mr Mashudu Ramano said the Government had reneged on an earlier agreement that it would not privatise public assets.

"Its latest move begs a multitude of questions to Nafcoc.

"We raised our concern with the Minister of Public Enterprise at Nedlac and she agreed that we have legitimate concerns", said Ramano.

14/12/95
Sawetan

Help for small business

By JEFFERSON LENGANE

SMALL business ventures can now be linked with government and corporate business following the accreditation of the National Economic Initiative (NEI) to provide this service.

Business Development Services recently granted NEI accreditation for business linkages services. NEI will act as a local business service centre (LBSC).

Buds is the Department of Trade and Industry's (DTI) organ responsible for accreditation of agencies for business linkages.

NEI, the first to be accredited, is a non-governmental organisation that seeks to promote a fully integrated and growing economy through business linkages.

Through its project, the Business Opportunity Centre, it provides a consolidated small business support service under one roof.

Business Opportunity Centre director Vaney Mutele said: "We consider the promotion of business linkages between small to medium business, particularly those with underprivileged backgrounds, with big business to be a form

of affirmative action because of its direct impact on economic growth, transfer of skills and job creation.

"In the past the DTI had problems of identifying credible organisations that could implement development programmes for the small business sector.

"This accreditation will go a long way towards the mobilisation of expertise, skills and resources from a variety of service providers and eradicate unnecessary competition, duplication and waste of resources.

"To small business it is a victory because it



**LINKAGES ...
Vaney Mutele**

will be able to relate to a specific body which makes business opportunities accessible in terms of finance and standards," he said.

Details of the service will follow soon, he said.

Kei crisis 'unresolved'

By MATHEW MOONIEYA

THE UNIVERSITY of Transkei Vice Chancellor and Principal Prof Alfred Moleah says the problems facing his university which led to his resignation have not been solved.

"It is mere papering over the cracks," he said in reference to the issues which led to his resignation.

The issues are:

- The right of the workers' union, Nehawu, to participate in all shortlisting - even for academic posts;
- The extension of the contract of the Vice Principal, Prof Justice Noruwana, without the Principal being consulted to review his performance;
- The go-ahead for Rachel Gumbi to continue to hold

the post of chief director in the Department of Health while still retaining her post at Unitra thereby receiving two salaries.

The Nehawu issue has been resolved by the Principal being given the right to establish a committee to review the matter and make recommendations.

"The other two issues were passed without review and I am extremely unhappy about it.

"It essentially leaves the problem at Unitra unsolved and perpetuates the rocky relationship I have with the University Council," says Prof Moleah.

The Vice Chancellor said he withdrew his resignation following pressure from an overwhelming majority of academics, students and some workers.

Small businesses to get more clout

ST(BR) 17/12/95 (30)

By SVEN LUNSCHE

THE Department of Trade and Industry on Friday launched an offensive to stimulate the small business sector by gazetting the National Small Business Enabling Bill.

The Bill envisages creating a strong small business lobby with the power to "assess the impact of all proposed and existing laws on small, medium and micro-enterprises".

The Bill shies from earlier recommendations granting the proposed National Small Business Council powers to veto laws which prejudice small business interests.

However, it does require government departments to carry out impact analyses on all new laws to ensure that the interests of SMMEs are not compromised. Furthermore, the Minister of Trade and Industry can postpone the

implementation of new legislation in order to negotiate changes with the relevant departments.

The Bill is the first attempt to grant powers to the small business sector, which employs about 84% of the country's workforce but remains weakly organised and poorly represented on statutory bodies such as Nedlac.

The National Small Business Council, a statutory body, will interact with government on all matters relating to SMMEs, particularly on formulating laws assisting small businesses.

The Bill also creates the Ntsika Enterprise Promotion Agency, which has the responsibility to establish business service centres around the country.

The first service centre was accredited in Johannesburg this week.

In defining SMMEs the Bill splits companies into two categories, one focusing on the agricultural, transport, finance and services sector. The second category focuses on operations in the mining, manufacturing, construction, wholesale and retail sectors.

In the first category the turnover of medium, small and micro enterprises is limited to R15-million, R2,5-million and R500 000 respectively. In the second category the limits are raised to R25-million, R5-million and R1,25-million respectively.

The Bill states that SMMEs "must be privately, and independently or co-operatively owned and managed and not exceed the prescribed limits".

R2-m boost for business growth

ARG 19/12/95 (30)

ESTELLE RANDALL
Labour Reporter

THE Northern Cape government has put an initial R2 million into an innovative loan scheme to boost informal business development in the province.

Goolam Akharwaray, Northern Cape Minister of Economic Affairs, said the provincial government and the Amalgamated Banks of South Africa (Absa) had signed an agreement earlier this month to create a loan scheme for people who could not show sufficient collateral to qualify for loans under normal conditions.

Loans through the scheme will be available from April 1996.

Mr Akharwaray said Absa would carry the costs of administering the scheme, so leaving most of the provincial government's funding of it available for loan disbursement.

Loans from the scheme will be available only to people who wanted to start an economically viable business in the Northern Cape. Applicants would have to submit a business proposal for approval before the loan is granted.

Applicants must also have completed a basic business administration course and must be unable to get financing elsewhere.

Applications for loans will go to a loans officer, who will regularly visit major centres in the province to make it easier for people to get access to the scheme.

Mr Akharwaray said the scheme was part of the Northern Cape government's plans to create conducive conditions for economic growth and entrepreneurship in the province.

The province was highly dependent on mining, which had a limited lifespan and which had not generated the development of secondary industry.

Major diamond mining companies in Namaqualand recently indicated that they will cease operations within the next 10 years.

"We have to get people to think innovatively and in new directions," Mr Akharwaray said.

He said, tourism in the province, which had grown by four percent in February this year, was an example of an option which needed to be explored.

Empowerment is aim of Sanco business arm

(30) (171)
Robyn Chalmers BD 20/12/95

THE SA National Civic Organisation (Sanco) business arm, Sanco Investment Holdings, which has been established with links with both local and international groups, will be launched today.

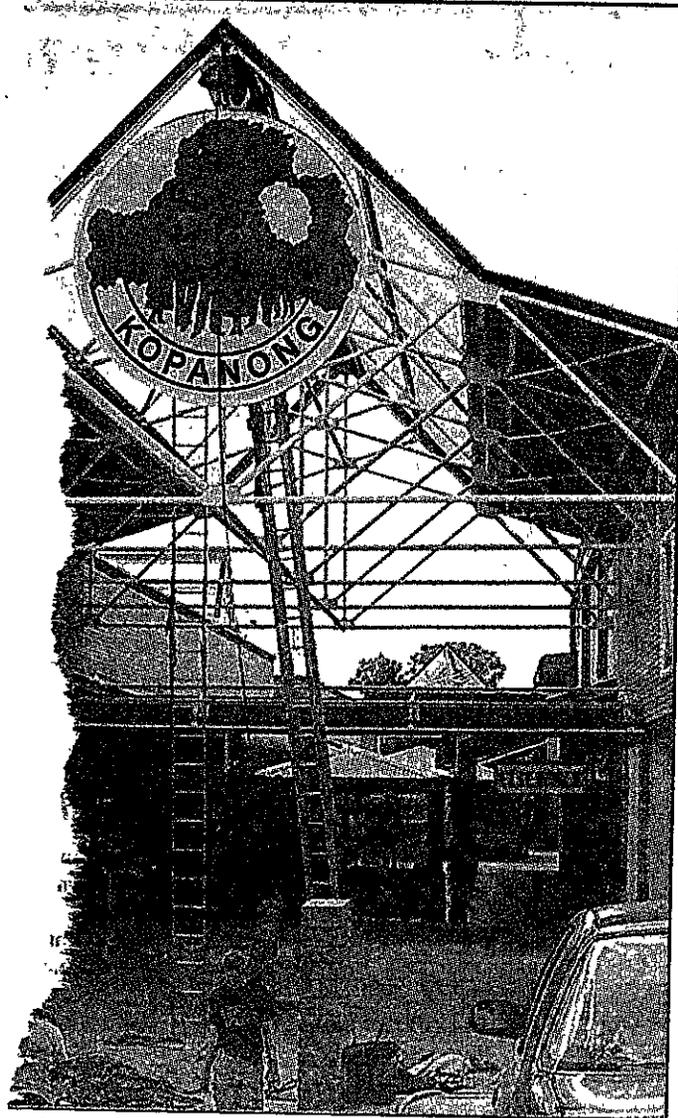
Sanco national general secretary Penrose Ntlongi said that Sanco Investment Holdings had been established as a vehicle for community-based economic empowerment.

"Sanco Investment Holdings has recently concluded transactions with Liberty Life and AIG SA," he said. AIG SA was owned by US-based AIG. Ntlongi said that further details of the transactions would be disclosed today.

However, sources believed the transaction with Liberty Life could encompass the formation of a financial services company as a joint venture to provide funeral and medical aid benefits for Sanco's 1.3 million members.

Sources said one of the main areas the new venture would focus on was privatisation, and it would be seeking ways in which communities could become more involved in the privatisation of state assets.

Sanco Investment Holdings would also focus on a number of other areas where business opportunities could present themselves, including unbundling services-oriented industries, and development of small and medium-sized enterprises.



They raised serious concern among black business who demand townships if black and white business people are in partnership.

Township row over *Sowetan 21/12/93* 'white' mall

Black businessmen ⁽³⁰⁾accuse one another of fronting for white business

By Isaac Moledi

SHOPPING COMPLEXES, particularly those connected to white business, are mushrooming in the townships, causing consternation and anger among black business owners.

Old sorghum beer breweries and "bantu council" administration buildings, which became rubble after the political upheavals of the '70s and '80s, are targets for development, resulting in individual black businesses pointing fingers at each other for using these to front for white businesses.

Allegations abound that individual black businesses are fronting for their white counterparts in the name of black economic empowerment.

A case in point is tension among business people and the community in Katlehong on the East Rand which developed as a result of the granting of permission by the Greater Germiston Transitional Local Council to local businessman, Mr Isaac Maqelepo, to build a shopping mall on the sporting ground and former administration offices.

Other business people and some members of the community reacted with anger at the council's decision and accused Maqelepo of building the complex to act as a front for white businesses.

Most local business people are angered by the planned presence of Pick 'n Pay supermarket as the main tenant of Maqelepo's planned shopping complex as they have opposed the establishment of big chainstores in the townships.

Other business people are understood to have complained that their efforts to buy the site had been turned down under the pretext that the area has not been rezoned for business purposes.

Maqelepo, however, felt the attack was unfair as many business people in the area supported his business venture.

"Even the people in my section were surprised to see the story in the newspaper because they do not understand why other people should get a mandate to talk

on their behalf," the businessman said.

Although he denied that he was going to act as a front for Pick 'n Pay or any other white business, Maqelepo alleged that there were similar complexes in the township which are solely or partly owned by whites. Many more were to be built next year, he said.

"We have so many shopping complexes which are said to be owned by blacks whereas nobody knows how these people raised their finance to start their operations.

"I am going to raise money for this complex.

"Although Pick 'n Pay is among the supermarkets I'm talking to for a franchise, that does not mean that I will act as a front for them," said Maqelepo.

The simmering tension in Katlehong takes place in almost every township where shopping malls with white connections have been established.

In Soweto, where white development companies have openly established these complexes, concern is now emerging as to what is to be the solution.

The recent R36 million shopping complex to be developed opposite Baragwanath Hospital, adjacent to a major Soweto taxi rank, has been announced by Investec Property.

Other complexes, including one to be established in Meadowlands early next year, are to follow, business sources said.

Nafcoc-Gauteng spokesman Mr M Mashudu Ramano said the organisation's position had not changed in relation to white companies establishing their businesses in the townships.

"Nafcoc-Gauteng has never been opposed to any development coming to the townships as long as it uplifts the well-being of the community and is being done in conjunction or in partnership with local black business and communities and be seen to be genuinely empowering our communities," he said.

Responding to black business people acting as fronts for whites, Ramano said "it's a shame that in this day and age there are still people who will prefer to be used as conduit for white interests."

Boost for budding businesses

30
BY FRANÇOISE BOTHA

CT(BR) 21/12/95
Cape Town — In a record year for informal market stokvel loans, more than R10,7 million has been loaned to entrepreneurs to boost micro businesses, figures released by the Get Ahead Foundation show.

Amounts loaned increased over the past year 270 percent from R2,8 million.

The number of stokvels financed also increased substantially, from 4 340 to 7 398.

The organisation is cash flush, showing an increase in net income of more than 82 percent for the year.

The non-profit organisation has reached more than 25 000 South Africans over the past nine years. The number of loans is slightly lower at almost 15 000.

Managing director Don MacRobert said that the increased borrowing had provided a "beacon of hope on the economic front", since the loans helped thousands of people become self-sufficient.

Figures showed that the majority — 90 percent — of the borrowers were women and of these 70 percent were primary breadwinners.

Get Ahead borrowers displayed an average increase in monthly profit of 80 percent, compared with just 43 percent for non-borrowers.

The foundation's success has been acknowledged by Trade and Industry Minister Trevor Manuel.

Sanco officially launches community-based company

(30) BD 21/12/95

THE SA National Civic Organisation (Sanco) yesterday officially launched its new community-based business arm, Sanco Investment Holdings (SIH).

The new company — which is controlled by the Sanco Development Trust — will focus on the establishment of joint ventures in clearly defined areas including the privatisation of state assets and the development of RDP-related projects such as electrification, roads and water reticulation as well as related services.

Sanco president Mlungisi Hlongwane said the company aimed to “empower the communities on a commercial basis” by reinvesting profits into community projects and infrastructure.

The Sanco Development Trust would hold an 80% stake in SIH with Liberty Life holding the re-

maining 20%.

A statement said Sanco Development Trust had been created to hold Sanco's shares in SIH on behalf of its 1,2-million members.

An agreement had been reached with US-based American International Group's local subsidiary, AIG SA, to provide a range of niche insurance products to Sanco's members “at highly competitive prices”.

Members would also be able to join a Sanco funeral fund and gain access to medical rescue services through UCB Criticare.

SIH had established an infrastructural project management joint venture company in conjunction with local and international consulting engineers.

The joint venture would aim to become a vehicle for the delivery of RDP-based projects. — Sapa.

Get Ahead assists 15 000 businesses

Theo Rawana

(30) 22/12/95

THE Get Ahead Foundation had provided more than R10,7m in micro loans to grassroots entrepreneurs this year, enabling almost 15 000 people to establish or expand their own businesses, the foundation said yesterday.

MD Don MacRobert said the organisation's Stokvel micro-lending programme was currently servicing 24 000 South Africans, 90% of whom were women. He said more than 70% of the borrowers were primary breadwinners.

"Statistics show that first-time borrowers display an average increase of 80% in monthly profits, compared to just 43% for non-borrowers," MacRobert said.

Get Ahead clients also had an 86% employment growth above entrepreneurs who had not borrowed money.

"By assisting micro-entrepreneurs and facilitating the growth of the essential informal market segment, Get Ahead is providing what the country needs. Our loans have enabled thou-

sands of people to become not only self-sufficient but, in many cases, employers of other previously jobless people," MacRobert said.

The foundation was also providing basic health care to about 329 000 people across the country through its primary health care programme.

The programme focused on the provision and training of community health workers.

"The project renders basic medical services at a cost of about R2 a person a year. It is funded completely by private companies and institutions.

"The aim of health workers is to present health education to their communities in accordance with the eight elements of primary health care as defined by the World Health Organisation," MacRobert said.

The effect of the programme could be assessed from the fact that in the Vaalwater area an infant mortality rate of 27% had been reduced to zero in the five years since Get Ahead began servicing the area.

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Shake-up expected of SBDC board

BD 29/12/95 (30)

John Diudlu

A MAJOR shake-up in the board of directors of the Small Business Development Corporation (SBDC) was expected when the state appointed seven new members to the board in the new year, MD-designate Joe Schwenke said.

Schwenke — who takes over from long-standing MD Ben Vosloo next week — said the process of appointing the new directors and their alternates was now at an advanced stage. An announcement of the new appointments would be made “within a month or two”.

The new appointments would be the first since the beginning of negotiations between the state, which holds a 50% stake in the corporation, and SBDC's private sector shareholders to restructure the corporation.

The board appointments come amid criticisms that the state cannot continue to be involved in an enterprise in which it cannot influence strategic direction. As a private sector-led partnership, the state plays no active role in day-to-day management of the corporation — therefore, board appointments represent the only means of keeping an eye on the corporation's strategic direction.

Although Schwenke was not planning a major shake-up in the management and staff of the SBDC, he said attention would be paid in selecting and training staff “to add value to the service received by entrepreneurs”.

On talks with government,

Schwenke said he expected the transfer of state assets — estimated to be worth about R500m — to begin in the new year.

An agreement was expected early next year. The accord would outline the process to be followed in reducing the state's shareholding to 20% and set out a timetable for the transfer of assets to the state or its nominees.

Some SBDC functions, including buoying the micro-enterprise sector, would be taken over by new state agencies, including the Ntsika Enterprise Promotion Agency.

It was unclear whether the state would ultimately pull out of a reshaped SBDC — an option preferred by some private sector shareholders, which include major corporations such as Rembrandt, SA Breweries, Standard Bank, De Beers, Anglo American and First National Bank.

Schwenke said the SBDC would continue providing loan finance. Two new projects were envisaged. Through the “risk partner” the SBDC planned to assist firms with poor risk profile, while the “equity partner” would see the corporation taking equity stakes in enterprises with potential for better returns.

Small business sources said a new challenge for the SBDC would be to compete on an equal basis with other agencies for taxpayers' funds wholesaled by the new Khula Enterprise Finance.

Combined SBDC shareholders' funds stand at about R1,1bn, making the corporation one of the biggest in SA.