ENERGY — 1985

OCTOBER — DEC.

R4 billion Escom plant in E Cape?

04/10/8 DISPATCH 55

Dispatch Reporter

GRAHAMSTOWN — Escom was looking at the Eastern Cape to put up a second R4 billion nuclear power station because the East Cape was where most development was taking place.

This was said at the opening of the annual South Eastern Areas Development Association (Seada) congress in Grahamstown yesterday by Mr Marius Rautenbach, public relations officer for Escom.

He said investigations for a second nuclear site started in 1982 when Escom looked at the whole of South Africa, at national and international boundaries, demography and the availability of cooling water.

Densely populated areas were excluded because of the risk of possible evacuation. Cooling water needed for emergencies excluded the inland areas. The Western Cape had been excluded because little or no development was taking place. The choice was narrowed down to two in the Eastern Cape: the stretch of coast between Cape Padrone and Sundays River and St Francis Bay and Tsitsikama Mouth.

"But please don't speculate in land," he warned. Escom would require a stretch of only 4 km along the coast and 2 km inland.

Mr Rautenbach said the presence of a nuclear power station did cause the sea temperature to rise as it had at the Koeberg plant.

He said "the white mussels did not like it and moved out. Crayfish on the other hand love warm water."

The cooling water was clean water. "The pollutant is heat," he said.

Mr Rautenbach said Escom did not yet know what other effects the presence of a nuclear plant might have but a team of scientists from Rhodes University, UPE and Vista were now looking at these.

He said: "You have a 50 per cent chance of a nuclear power station being built but more detailed studies have still to be made."

The next few years should see a steady growth in additional and enlarged Escom supplies in the Seada area providing Escom could overcome its capital problems, according to Mr Martin Opperman, head of power sales. Overseas capital sources had dried up, he said.

Escom was looking at spending about R9 million in areas in the immediate vicinity of Grahamstown: Fort Brown, Bathurst, Carlisle Bridge, Coombs, Post Retief and below the Adelaide-Fort Beaufort line.

Reduced rates for electricity plus the greater pooling of costs were making Escom supplies economical in many areas where prices had been unacceptably high.

Mr Opperman said: "Applications are now streaming into our offices."

He said Escom's presence in the area could also provide an economic injection. While Escom preferred a semi-permanent staff, a nuclear power station could bring in as many as 2 000 families.

Sasol killer blast probe complete — sent to A-G

STAR 7/10/85 (55)

Pretoria Correspondent

The police investigation into the Sasol killer blast which left four people dead and 16 injured earlier this year has been completed, and the docket has been submitted to the Witwatersrand Attorney-General for his decision.

This was confirmed by the head of the Northern Transvaal CID, Brigadier Hendrik du Plessis. Although the blast was in Pretoria, the docket had to be sent to Johannesburg in terms of the Mines Works and Factories Act, the brigadier said.

Three members of the South African Air Force fire-fighting team, Sergeant Wynand Hawkins (30) of Waterkloof Air Base, Corporal Donald Clench (22) of Berea Park and Airman M S Knoetze (23) of Westering, Port Elizabeth, were killed when a blaze swept through a Sasol fuel storage depot in Pretoria West in the early hours of May 21.

A night watchman on an adjacent premises, Mr David Mketi of Dennilton, sustained serious burns and later died in Kalafong Hospital.

DAMAGE ESTIMATES

Damage, at the time of the blaze, was estimated at more than R1,5 million. This figure did not include a R1-million Air Force Pathfinder fire tender and a tipper truck from the Pretoria Fire Brigade, which were destroyed.

Nuclear power to play major role

(55)

Coal production 'won't keep pace with demand'

B. Day 7/10/85

FRED STIGLINGH

COAL production by the year 2010 will not be able to keep pace with demand. More nuclear power will be necessary.

The latest report from the RAU Institute for Energy Studies forecasts coal production will peak between 2045 and 2051 at more than 587-million tons a year.

After 2010 production growth will not be able to keep pace with demand.

"It is obvious that nuclear power will play an increasingly important part in energy supply," writes Professor Dawie Kotzé.

"With the long lead times for nuclear plants, it will be necessary for decisions concerning further plants to be taken in the very near future."

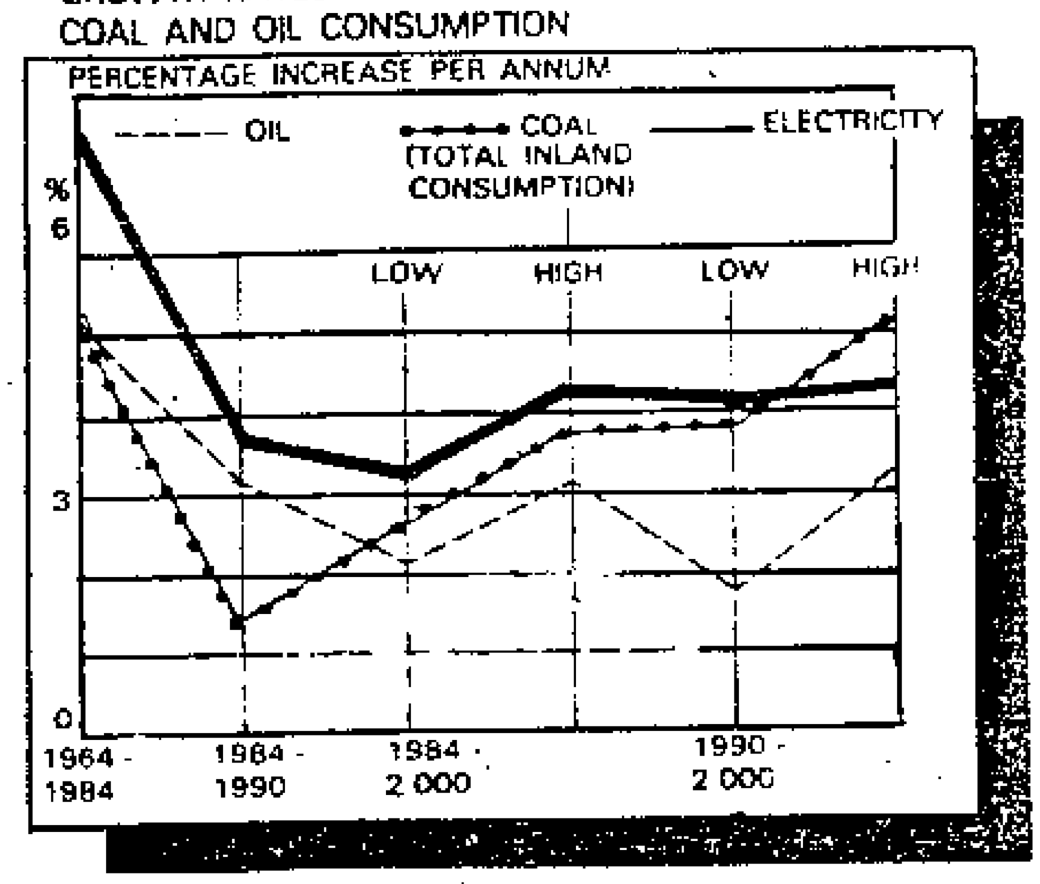
Current estimates of energy demand are much lower when compared to the previous projections, made in 1977.

Kotzé gives the reasons as poor economic conditions since 1980, and the much lower economic growth projections now assumed for the period to 2000.

The same reasons are given for the low projected growth rate of electricity demand. At between 3% and 4,3% for the period 1984 to 2000, it is much lower than the historical growth rate of 7,8% a year for the two decades prior to 1984.

"The implications on the development programmes for future power stations is profound," says Kotzé. "Much less capital will be required than has previously been projected."

GROWTH RATES OF ELECTRICITY, COAL AND OIL CONSUMPTION



Use of oil, which has increased at about 5% over the past 20 years, is expected to decline to 3,2% for the period 1984 to 1990, and to between 1,7% and 3% between 1990 and 2000.

Inland coal consumption has a low (1,4%) expected growth rate for the period 1984-1990, and higher growth rate (between 3,7% and 5,1%) for the period 1990-2000.

The higher growth rate for the latter period, says Kotzé, is due to the projected increase in coal liquefaction. The current coal-liquefaction capacity, he says, will need to be increased by between 120% and 150% by the year 2000.

Keep politics out of education, says minister

8/10/85 Mercury

Mercury Reporter

NEWCASTLE—The Minister of Education and Culture, Mr TJ Clase, made it clear last night the Government was not committed to the view that education should pave the way for a so-called 'open society'.

Mr Clase was opening the annual congress of the Natalse Onderwysersunie at the Iscor Club.

He said separate departments and schools for each population group were Government policy and, because there were so many cultural and other differences, the Government would not deviate from these principles.

He referred the delegates to principles outlined in a white paper on the Provision of Education in the country, whereby it was the Government's intention to offer equal educational opportunities with equal educational standards for every person, irrespective of race, colour, belief or sex.

Mr Clase said another important factor was that the Government recognised the diversity in the religious and cultural lifestyles of all those who lived in South Africa.

He made a plea for party politics to be left out of education.

'Don't misuse education for political purposes,' the minister said.

He said the Government would not tolerate this and such an approach was not 'educationally based'.

Electricity billing to be studied

Mercury Reporter

THE Durban Corporation will spend R33 000 on hiring a firm of management consultants to help prevent consumers being charged incorrectly for electricity.

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'We find the odd slip creeping in and we want to eliminate that possibility,' said deputy city electrical engineer Don Hill.

'If we make a mistake with a big consumer, there's a lot of money at stake.

8/10/85

'The system we're using now has been in use for 20 or 30 years.' Mercury

The city council yesterday agreed to a Management Committee proposal that Aiken and Carter be engaged 'to investigate communication and other procedures between the City Electricity Department and the Consolidated Billing Section, City Treasurer's Department'.

Harvesting of wind power urged

STAR By Jaap Boekkooi, Science Reporter 55

Instead of more giant power stations, South Africa could build a string of "wind farms" which could eventually produce four times as much power as all current hydro-electric projects, says a study by a University of Natal metereologist. 11/10/85

Dr Roseanna Diab says wind farms in California could produce one-tenth of all energy requirements for the state by the year 2000 and that large areas of South Africa, especially near the coastline, had ideal wind speeds of more than 4 m/sec to drive wind turbines.

Among ideal sites with high mean yearly wind speeds mentioned by the study in the *South African Journal of Science* are Cape Point (9,7 m/sec), Luderitz (8,4), Cape Agulhas (7,2), Cape St Francis (6,9), Cape Columbine (6,7), Cape St Lucia (6,6), Port Shepstone, Port St Johns and Victoria West (5,1), followed by many inland places with wind speeds well over 4 m/sec, but not including Johannesburg.

The most efficient wind farms would be those in places with little turbulence, which could cause damage to turbines; where there are dominant prevailing winds; on top of smooth well-rounded hills; open plains or shorelines, or in mountain gaps, where wind is funnelled, Dr Diab says.

Although a good alternative to thermal pollution by coal-fired power stations in the eastern Transvaal, wind farms should be placed so their own noise does not cause a disturbance and the do not create visual pollution in scenic areas.

They should also be placed away from migration routes of birds.

(55) FM 11/10/85

MOSSEL BAY OIL

Ready for launch

The word so anxiously awaited by SA's engineering and construction industries — the go-ahead for the R2,5 billion Mossel Bay fuel-from-gas project — is two months away at most.

Final recommendations by Southern Oil Exploration (Soekor) are to be placed before the Cabinet next week. But recent developments at home and abroad are making a favourable decision increasingly likely.

Originally, government's answer was expected towards the end of the year, but pressure from industry and from within government itself suggests that an announcement by the end of next month is now likely.

"We will probably be in a position in the next month to make a positive statement of intent," says a Department of Mineral and Energy Affairs spokesman.

Key considerations will be the high cost of imported fuel while the rand is at its current low level, the urgent need for more work for the construction and engineering sectors and the international sanctions threat.

Another major factor is the estimate by Louw Alberts, Director General of the Department of Mineral and Energy Affairs, that SA industry should be able to provide some 70% of the material required for the project, heavily reducing the need for offshore financing.

Work could start next year, and the project could be on stream by 1990.

Government must also decide on the AECI oil-from-coal project, also expected to cost R2,5 billion. This is being considered in conjunction with the Mossel Bay project.

The recommendations of the engineering study team (*Business* May 17) are for an offshore piled-steel structure with equipment to clean and dehydrate the gas and a pipeline to carry it ashore for processing.

The main drawback for the Mossel Bay project is that the extent of the main field — the FA structure — is not as great as originally thought.

Latest estimates are that the gas field has a life expectancy of 15-20 years and a capacity of 25 000 barrels/day. But there are other fields in the area of the original strike that also offer potential.

Soekor is carrying on its research at the neighbouring GA and EM fields with "promising results." If the project gets the go-ahead, these smaller fields will be exploited at a later stage, thus lengthening the life of the project. The onshore infrastructure will, at the same time, make the smaller fields more feasible.

The AECI oil-from-coal project uses Mobil technology to gasify coal to make methanol. The methanol is taken through olifins to petrol and middle distillates such as paraffin.

Both projects are being studied simultaneously. Similar assumptions have to be made as to the future of the rand, the oil price and interest rates on capital and loans.

Although there are predictions that the world price of oil will drop next year, government sources believe that in the long term, its real price will rise — and influence the profitability of local fuel projects.

To finance both projects, government is still keen to draw in the private sector. But no-one is talking detail on the financing package yet. ■

R6,9-m lights bill

SOWETO residents owe the Soweto City Council R6,9-million for electricity and water consumption dating back three years. Mr Nico Malan, the town clerk, said yesterday.

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The amount had shot up dramatically from R2,5-million in May last year.

Mr Malan said, however, the amount could have been inflated due to the wrong information which was fed into the computer and the delay in processing of electricity accounts at Jubilee Centre.

But, he said, it was not yet known to what extent the figure was inflated as an ad hoc committee was still investigating the matter regarding the exorbitant bills Soweto residents had been receiving since June this year.

The accounts up to September this year would be suspended to enable the ad hoc committee to carry out its investigations, he said.

This means residents with arrears dating back to 1980 when the Greater Soweto Electrification Project got under way, will have their outstanding accounts temporarily suspended pending the investigations.

SOWETAN

Residents have also been requested to simply ignore these accounts until they had received the verified and corrected accounts.

Mr Malan also said that another reason why the accumulated arrears rocketed to R6,9-million could be the current recession in the country.

"We fully realise that people are battling to make ends meet. That's why we have even given the consumer an opportunity to pay his account over a period of months," he said.

Foreign ministers discuss sanctions

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B. Day 18/10/85

Nordic oil shipments in jeopardy

OSLO — Nordic foreign ministers met yesterday to discuss ways of cutting trade links with SA. A Norwegian official said Oslo had begun talks with world shipping powers to try to halt oiltanker movements to SA.

The official of the Norwegian Commerce and Shipping Ministry said his minister, Asbjoern Haugstvedt, was in Athens meeting his Greek equivalent, George Katsifaris, and would travel to Panama and Liberia later this year.

Haugstvedt was discussing the possibility of a joint move by the world's largest oiltanker fleet-owners, which include Greece, Liberia and Panama, to ban their vessels from SA ports, the official said.

Norway, which also has a large fleet, has refused to take unilateral measures to force shipowners to stop the voyages.

The official said there was likely to be considerable opposition to the plan — some African states have flatly rejected participation — but support from Greece, Liberia and Panama would encourage Norway to halt its oil shipments.

Diplomats have been working on a new set of Nordic sanctions for two years. They would amount to a consolidated attempt to force Pretoria to re-

● To Page 2

Trade link threat

● From Page 1

verse its policy of racial segregation.

Sweden is the biggest Nordic exporter to SA, having sent goods worth $193m in 1984. Denmark buys the most, importing $130m of goods last year.

Norwegian tanker-owners have often avoided publicising their vessels' journeys to SA by registering them in a foreign country. Oslo has now said it might have to force owners to register each voyage with the authorities, which would mean names of vessels and their owners being published.

Foreign ministers from Sweden, Finland, Denmark, Norway and Iceland, in Oslo for a two-day meeting, are expected to adopt harsh sanctions against Pretoria and to appeal to the UN Security Council to adopt a full trade embargo.

Nordic trade with SA totalled $694m last year but anti-apartheid campaigners say Norwegian and Danish tankers provide vital crude oil to bolster SA's economy.

The ministers yesterday sent a telegram to President P W Botha appealing for clemency for Benjamin Moloise who is due to hang today for killing a policeman.

They are likely to introduce a series of sanctions that a Norwegian Foreign Ministry spokesman said amounted to a virtual trade embargo. It would ban all loans to Pretoria and restrict Krugerrand imports and the export of computer goods. — Sapa-Reuter.

Soweto power hikes 'halted'

THE Soweto City Council may permanently suspend further electricity levy hikes and maintain the monthly R12 levy at the current level.

This was disclosed by town clerk Mr Nico Malan, who told The SOWETAN this week that further hikes had been delayed pending investigations into the controversial electricity levy.

The levy, due to have risen to R17 in July this year, is being used to repay the R250-million electrification loans. It was supposed to have gone up in phases, from R17 to R23 in June this year, and to R25 in June 1986.

Said Mr Malan: "There is a possibility that the levy will remain at the current level, the number of electricity consumers has increased over the months. This means that this money is now being levied on more homes, thus easing the burden on the residents."

STAR

The town clerk said the levy, paid cash, amounted to R1 560 and Soweto's 103 000 householders had an option of paying it cash or in terms. In terms, residents could pay as much as R4 400 including interest charges over a 20-year period.

25/10/85

Blacks going back to coal and paraffin

B Day 21/10/85

LINDA ENSOR

DOMESTIC gas consumption has given way to the cheaper paraffin and coal as a consequence of price increases totalling about 31% this year.

"The steady decline of the rand against the dollar has been directly responsible for a 60% price increase in liquefied petroleum gas over the past four years," said Easigas marketing manager Harry Orchison.

Blacks, the major consumers of gas for domestic purposes, have turned away from gas and electricity to paraffin and coal.

However, Orchison believes this trend will be reversed when economic conditions improve.

Mark Johnson, promotions manager for Cadac, which sells gas appliances and paraffin stoves, confirms the trend towards paraffin.

Electrification of the townships has not had the expected poor effect on the use of optional sources of energy, Johnson says. Coal stoves are still the main way of cooking for most black families.

Seamen plan action on oil trade to SA

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The Star Bureau

LONDON — A plan to stop South Africa getting oil is to be finalised by representatives of more than 30 countries in London next week.

They will take industrial action against any oil company or shipping line involved in the sale or transport of oil to South Africa.

"If they sent oil to South Africa they would know we would stop or delay one of their ships sailing somewhere in the world," said Mr Jim Slater, head of the British National Union of Seamen (NUS).

BACKED BY UN

The plan, devised by the NUS, is being backed by the United Nations Special Committee Against Apartheid.

Seamen and dockers throughout the world are certain to agree to take industrial action against ships of any line which transport oil to South Africa.

The UN has agreed to donate $10 000 (about R26 000) to the conference to be held on October 30 and 31.

The conference will be opened by the leader of the Labour Party, Mr Neil Kinnock, and addressed by Major-General Joseph Garba, chairman of the UN Special Committee Against Apartheid.

ANC leader Oliver Tambo will also address the conference and Mr Slater said they had invited Bishop Desmond Tutu, but were still waiting to hear if he would attend.

Among the countries to be represented are Australia, New Zealand, the United States, Denmark, Poland, Sweden, Greece, India, Finland and Cuba.

Householders challenge council accounts

Soweto shelves electricity fees

55 86 383 127

24/10/85

The Soweto Council has temporarily waived almost R7-million in unpaid electricity bills due from residents and implemented a moratorium until it has completed investigations.

"This is done in good faith and we hope Soweto residents will benefit from it," the town clerk, Mr Nico Malan, said yesterday.

Council member Mr N T Botile said the suspension of electricity arrears came after an outcry from residents over alleged overcharging.

Mr Malan said that since a multimillion-rand project was launched in greater Soweto about three years ago to electrify the township complex's 110 000 units, unpaid bills had reached bout R6,9 million.

Thousands of residents had complained that their accounts reflected unreasonably high amounts of consumption and had voiced concern about the accuracy of the council's book-keeping system.

"An ad-hoc committee consisting of members of the Soweto Council and the West Rand Development Board was set up to investigate these complaints," said Mr Botile.

He said the council did not have a computer system of its own and relied on the board for its records.

STAR

METER READERS

The ad-hoc committee had found that part of the fault could be blamed on wrong figures being fed into the computer after being taken from the handwriting of meter readers.

"We are starting a thorough investigation to try to ascertain if there has been any irregularities in the electricity accounts," said Mr Botile.

Outstanding accounts from some of Soweto's 60 000 households would be placed on a "suspense account" and would not have to be settled until the issue had been resolved.

Residents would be required to pay electricity bills accrued from the beginning of October and the outstanding amount could be written off if found to have been wrongly debited.

Mr Malan pointed out that if it was proved that a household had used the amount of electricity charged, the householder would be allowed to pay the fee over a number of months.

The matter is likely to relieve some of the grievances of Soweto residents, who have complained bitterly about being overcharged by the council. Some readers have complained that they have been charged up to R300 a month.

Mr Malan said an average household usually used about 1 000 units of electricity — costing R50. Consumption above this should be queried.

A possible reason why some people received accounts in excess of R50 was that when power was installed households were charged only about six months later.

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Unions to discuss oil trade to SA

2 Day 28/10/87

LONDON — Representatives of dockers' and seamen's unions from more than 30 countries will meet in London this week to discuss ways of stopping what they describe as the secret trade in oil to South Africa.

The two-day conference is sponsored by the United Nations Special Committee Against Apartheid and by Maritime Unions Against Apartheid, an organisation formed two years ago.

A statement issued last week said the aim of the conference would be to co-ordinate support for a worldwide campaign by unions to enforce repeated calls by the UN General Assembly for an end to oil shipments to SA.

The chairman of the conference, general secretary of Britain's National Union of Seamen, Jim Slater, said: "It is up to the seafarers and dockers of the world to take direct action against apartheid because many governments have ignored demands from the international community to halt oil supplies to South Africa."

He said delegates would be asked to ratify a declaration of intent to monitor clandestine shipments and, if possible, take action against companies and ships known to be breaking the oil embargo. — Sapa.

Farmers' ethanol plan

Mercury 30/10/85 55

Mercury Correspondent

ABOUT 100 South Coast farmers have been given Government approval to set up an ethanol plant producing about 5 000 ℓ of low cost farm fuel daily.

Oribi farmer Errol Nicolay told a meeting of more than 100 farmers at Paddock yesterday that the Minister of Mineral and Energy Affairs, Mr Danie Steyn, had given verbal approval for the plant to produce fuel for farm use.

The ethanol could not be sold on the open market and if used on the roads would be liable to road tax.

Although a final decision has yet to be taken, specialist reports drawn up after a recent international conference on sugar and ethanol in Brazil suggested the ethanol could be produced from cane at a cost of about 37 c/ℓ, at 26 c/ℓ from molasses and 38 c/ℓ from maize.

According to Mr Ben de Boer, who has been closely involved in the planning from the start, the maize option has the advantage of producing cattle feed as a by-product which could be sold to lower costs.

Mr de Boer said the ethanol produced would not be blended with petrol or diesel but mixed with water at a ratio of 96 percent ethanol and 4 percent water.

Following the announcement, farmers gave their unanimous backing for further feasibility studies to be carried out and elected a nine-man steering committee.

Organisers are confident that members of the proposed 100-man co-operative, each investing R2 500, could reduce their fuel bills significantly.

Asked how soon the plant might be established, Mr de Boer said: 'We are talking about next year rather than next month.'

The meeting, organised by the Umzimkulu Cane Growers' Association, was also attended by the chairman of the South African Cane Growers' Association, Mr Tony Ardington.

average woman in the sample was 31 years old, and had her first pregnancy at 19.8 years. She had 3.5 pregnancies, 2.9 living children and wished for 3.9 children.

Familiy size was related to education, urbanization and age of mother. A sizable minority of women experienced at least one miscarriage or the death of at least one child.

65.5% of the women used some method of contraception between pregnancies to space births, and 57% of them were using contraception when interviewed. All but 13% of the those on contraception, were on the injectable progestogen, Depo Provera. In the urban areas a significent minority of women used the oral contraceptive and sterilisation for contraception. Very few women used the intra uterine contraceptive device.

The survey results suggests that it is more difficult for the poor to attain their desired family size. There is a need for family planning services, especially for teenagers,to be accessible to all. The motivation needed to decrease family size probably comes best from the settled family life and job opportunities that normally characterize urban life.

Petrol price reports denied

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Dispatch Correspondent

PORT ELIZABETH — Reports that the price of petrol would rise by 20c a litre on Thursday were denied yesterday by Dr Louw Alberts, director-general for Mineral and Energy Affairs.

DISPATCH

He said: "We are studying the issue extremely carefully, and the cabinet will have to make a decision soon, but we should not forget the cabinet is dealing with some important issues at the moment.

05/11/85

"If the price of petrol is to rise — and it will definitely not do so on Thursday — a full statement will be issued and there will be sufficient time for the public to be fully informed about the increase."

Dr Alberts refused to be drawn on how much the increase would be, but indicated that his department would inform the public how the price of petrol was determined.

"We want the man in the street to know exactly what is involved in deciding how much must be charged. There are many factors involved, including profits for the oil companies and garages, the road fund, general sales tax, a customs and excise levy, a transport levy, a pipeline levy, the new third party levy, etc.

"It is my intention to inform motorists in the simplest possible language just where their money is going."

Dr Alberts said the cost of converting existing pumps because of a price increase would be borne by the oil companies.

'Cost of living will go up with no prospect of wage increase'

Consumer groups slam increase in petrol price

55 Star 8/11/85

Consumer groups reacted with horror yesterday to yet another increase in the petrol price which will have a ripple effect on the economy.

The increase was "terrifying and an enormous blow to the consumer", said Mrs Joy Hurwitz, president of the Housewives' League.

She said businessmen had said they would not be able to pass further increases on to consumers because they could no longer sell their goods.

"There is a definite decrease in consumer spending," she said.

"We understand the problems with the exchange rate, but that does not do anything for us. We still have to live with our local rand.

"The cost of living will go up and there is no prospect of wage or salary increases," she said.

The new half-litre petrol pump pricing system would be terribly complicated, Mrs Hurwitz added.

A spokesman for the Consumer Council said the petrol price was devastating as it would affect the economy in general.

DIFFICULT

"It will have a domino effect on all products. Transport affects all commodities. We are in difficult times and we hope that the consumer will be able to adapt, be more discerning and knowledgable," the spokesman said.

Mr Eldridge Mathebula, executive director of the Black Consumer Union, said the rise would "forcefully push up the prices of basics which we depend on for survival.

"Consumers are facing such difficult times, with unemployment, deteriorating standards of living and high interest rates. It is insensitive of the Government to raise the price of petrol during such unbearable times, especially for black consumers."

Mr Clive Weil, managing director of Checkers, said the increase was not unexpected if the petrol price was tied to the rand/dollar value.

But he questioned the "strict secrecy" covering the matter, which meant the consumer could never be sure whether prices increases were actually warranted.

A petrol increase was particularly bad as it rippled through the packaging, plastics, transport and food businesses. Manufacturers might see it as an excuse to load their prices, he said.

Mr Gordon Hood, managing director of OK Bazaars, deplored the wide impact of a fuel price increase and described it as "a draconian increase".

"The consumer will pay more not only for his own petrol, but for every article he buys in any way dependant on petrol for its distribution," Mr Hood said.

In reaction to the announcement that petrol would have to be dispensed in half litres, the Automobile Association said this was a "most unfortunate but unavoidable development".

"It is the most economical and practical solution to accommodate older pumps that cannot register four digits. The AA urges road users to take careful note of the pump readings to ensure the correct amount is paid."

Mr Donald Masson, president of the Afrikaanse Handelsinstituut, said the AHI regretted the increase, but appreciated the reasons for it.

Despite the effect the increase would have on prices, the AHI felt it was better for such rises to be made on a regular basis.

It was to be hoped that any improvement in the exchange rate would be accompanied by an immediate decrease in the fuel price, Mr Masson said.

SETBACK

The South African Agricultural Union's president, Mr Kobus Jooste, said the increase would be a further setback for farmers trying to recover from a series of unfavourable seasons.

The increase represented a rise of about R135 million a year in farmers' production costs, without taking into account the further hike expected next year.

"In the harsh financial conditions in which agriculture finds itself, this sector is just not in a position to carry the increased cost," Mr Jooste said.

Price increases such as that announced yesterday eroded the profits gained from agricultural exports, while the ability of farmers to recover increased costs internally was limited.

Mr Harry Schwartz, the Progressive Federal Party spokesman on finance, said the latest petrol and diesel price increases demonstrated that the Government had given up hope that the value of the rand would increase in the short and medium term.

"This is particularly worrying bearing in mind that there is a foreign debt freeze, that the US dollar is weak, and conditions in the world oil market, which make fuel relatively cheap in international terms," he said.

He said the Government's policies to fight inflation "which have caused massive unemployment and so contributed towards unrest with its long-term serious consequences for the country" had "clearly failed and the sacrifices appear to have been in vain." — Staff Reporters, Sapa.

SPEAK OUT!

Angry callers to last night's *Speakout* branded the Government "inept" and "stupid" for its handling of the new half-litre petrol price structure.

Fears of "rip-offs", appalling confusion, queues and brawling at petrol stations were expressed and some callers even said the system of paying double the stated pump price for petrol would add to racial tension.

But some of the 57 callers said the system had worked successfully in Europe and Zimbabwe and fears resulted from people underestimating the South African population's ability to multiply by two.

Many callers offered alternatives to the half-litre calibration method — the most popular being simply to move the decimal place one to the left or right.

For example, if the decimal place were moved to the left, the price on the pump display panel would be multiplied by 10 to get the actual price — or a zero could be pasted on to the end of the pump's price display panel.

This method is used in countries suffering from hyper-inflation such as Israel and Portugal, according to some callers.

Another method suggested to avoid going to the garage with R10 and having to ask for R5 petrol, was that pumps should be calibrated to give litres per rand rather than vice versa.

Many callers also felt the price rise had been anticipated for months and the Government should have instructed all filling stations to make the necessary changes to the pumps.

The Minister of Mineral and Energy Affairs said yesterday that petrol companies had been given eight months to modify the approximately 40 000 pumps selling to the public to show the correct prices. An industry source said the modification would cost about R30 a pump.

Some of the opinions expressed by callers were:

- **Mr George Asteriou, who owns a motor workshop in Randburg: "The public will definitely go the petrol stations with digital pumps to avoid confusion."**
- **Mr Tony Voogt, Blairgowrie: "Rather than calibrate for the correct amount of fuel and have to double the price, the pumps should be calibrated to give litres per rand. This was instituted within 10 days in the Netherlands and worked very well."**
- **Mr J A Malgars, Westbury Extension 3: "The Government can always create false impressions overseas by showing photographs of our pumps calibrated for 55 c a litre."**
- **Mr Terry Herbert, Zimbabwe: "Everyone assumes pump attendants are stupid — they are not, especially when it comes to money. There is too much fuss over this system — it has been working in Zimbabwe for the past 18 months with no problems."**
- **Mr Andrew Hamilton, Randburg: "I will pay what the pump says — any comebacks and the garage can sue the Government."**
- **Mr Johan Naude, Brackenhurst: "Oil companies must absorb the extra cost until new pumps can be installed. They should have delayed the increase until after adjustment."**

before funeral arrangements could be made.

55 Star 8/11/85

Petrol hike will have ripple effect

Increases across the board, from bus fares to food, will inevitably follow the petrol price increase announced yesterday. Consumer bodies have warned of a ripple effect that will send up the cost of living.

Putco said today it would have to increase its fares, but the Johannesburg Transport Department is not likely to follow suit.

Reef motorists will pay R1,00½ a litre for premium petrol from midnight on Sunday — an increase of 5,9c a litre. Regular petrol will go up by 5,4c to 97,6c.

The Minister of Mineral and Energy Affairs, Mr Danie Steyn, said yesterday only half the actual price increase was being passed on to consumers.

It was the third increase in the petrol price this year. In January it rose by 24c a litre and in September by 4,5c a litre.

All petrol pumps — which can only reflect prices of up to 99,9c a litre — would reflect the price of half a litre of petrol for the meantime. Mr Steyn said petrol companies had been given eight months to modify their pumps to show correct prices.

● Other price increases: 98 octane sold at the coast increases 5,4 c/l; diesel: marine 6,5 c/l, public transport 4,7 c/l, agriculture 6,5 c/l, pump sales (GST incl) 5,9 c/l; illuminating kerosene: domestic consumption (incl GST) 8,3 c/l, industrial consumption 5,1 c/l.

● See Page 4.

All workers
Yes
Yes
15 days

All workers
All workers
All workers
65 days
-- days
4 months
3 days
--.0 %
--

PE bus fares — no shocks

E. Post 08/11/85

55

Post Reporter

BUS fares on many routes in the Eastern Cape will increase on Monday because of the petrol price hike.

But fares for all internal services in the black townships will remain unchanged.

Those on feeder services in the northern residential areas of Port Elizabeth are to be increased by 1c a trip.

All other fares through the white areas are to be increased by 2c a trip except on long distance journeys (costing R1,10c or R1,20c) where they will be increased by 5c.

PE Tramways, announcing these increases, pointed out that recent petrol price increases have been absorbed by the company.

The Minister of Energy Affairs, Mr Danie Steyn, announced yesterday that the price of petrol is to be increased by an average of 5,9c a litre, to take it just over the R1-a-litre barrier for the first time.

Mr Steyn said the price of 98 octane petrol would be increased by 6,6c a litre and 87 octane by 5,4c a litre, including GST. The increases would come into effect at midnight on Sunday.

In contrast to the reaction in PE, the Johannesburg bus company Putco expressed shock at the increases.

"We have only a week ago had to introduce a fare increase to recover rising costs," a spokesman said.

He said that in spite of the unrest, commuters had accepted the recent fares increase. Now they had to expect another increase because there was no way Putco could absorb the cost after a loss of R8,4 million for the 1984/85 financial year.

"This is the third diesel price increase this year which, with the GST increase, totals 70% since January. It is the least affluent section of the community that is hardest hit, and we appeal to the Government to exempt the passenger bus industry from this increase."

The president of Assocom, Mr Rocky Ridgway of PE, said Assocom accepted the inevitability of the increase, which reflected a rise of almost 60% since the start of 1985.

But Assocom expressed its concern at the ripple effect the increase would have throughout the economy and the added pressure on the inflation rate.

"In the present difficult economic situation, business will be unable to absorb the increase and the major part thereof will have to be passed on to the consumer," said Mr Ridgway

The Consumer Council said the latest increase in the price of petrol, and an expected further hike, would hit the motorist hard.

The council's director, Mr Jan Cronje, said in Johannesburg the increase would affect the price of all consumer items and have a negative effect on the inflation rate.

"The consumer will now have to use his own judgment and initiative to ensure his own financial survival as it appears we are losing the battle against inflation," he said.

"The council now also questions the wisdom of scrapping the 100 kilometres an hour speed limit on roads outside cities."

Mr Harry Schwarz, the Progressive Federal Party spokesman on finance, said today that the latest price increase were particularly worrying "bearing in mind that there is a foreign debt freeze, that the US dollar is weak, and conditions in the world oil market, which make fuel relatively cheap in international terms".

Petrol price up 5,9 c a litre from Monday

55

8/11/85

—Mercury Reporter Mercury 8/11/85

PETROL goes up by an average of 5,9 c a litre on Monday, bringing the total rise this year to almost 60 percent and the price inland to more than R1 a litre for the first time.

Similar increases can be expected early next year unless the rand-dollar exchange rate climbs to 42 U S cents, or even higher increases if it gets worse, it was announced yesterday.

Our Johannesburg correspondent reports that the January increase had been forced because every $100 worth of crude oil landed in South Africa had cost R199. Now the same amount costs R263.

From Monday, all pumps will reflect the price of half a litre of petrol because many cannot indicate a unit price greater than 99,9 c.

The indicated cost of petrol purchases will

◆ TURN TO PAGE 2

Petrol price up again

55 Mercury 8/11/85

◆ FROM PAGE 1

have to be doubled for the time being.

It will apply, even in Durban and other coastal areas where the price will not exceed R1 a litre.

The full increases, which come into effect at midnight on Sunday, are:

98 octane petrol up 6,6 c/ℓ (of which 0,7 c is general sales tax)

93 octane up 5,9 c/ℓ (0,6 c tax)

87 octane up 5,4 c/ℓ (0,6 c tax)

Coastal pump price of 93 octane: 93,3 c/ℓ.

Coastal pump price of 98 octane: 97,5 c/ℓ.

The Minister of Mineral and Energy Affairs, Mr Danie Steyn, said in Pretoria yesterday the exchange rate was the only reason for the increase.

The minister's spokesman, Mr Theuns Burger, said smaller, more frequent increases would 'lessen the shock effect on the economy'.

Mr Steyn said the Equalisation Fund had had to absorb a shortfall of R50 million a week for four weeks.

Oil companies would be given eight months to modify pumps to indicate the correct petrol price and the cost was expected to run into millions of rands.

Mr Jannie van Huyssteen, executive director of the Motor Industries Federation, said he had been in London when Britain's petrol price had exceeded £1 a gallon for the first time and half-gallon unit costs had created chaos in the beginning.

'We haven't got skilled guys on our driveways. We will need co-operation from everyone.'

The oil industry has issued pamphlets, placards and stickers to show that twice the indicated pump sum must be paid.

Said an oil company spokesman: 'Some garage owners are telling their attendants to ask motorists: "Do you mean cash money or pump money?" when they ask for, say, R10 of petrol. I think it's a good idea.'

Mr Steyn said the impact of the increase on inflation would be 'minimal . . . a maximum of 1 percent over the next few months'.

Diesel fuel increases are:

Marine — 6,5 c/ℓ, industrial — 4,8 c/ℓ, public transport — 4,7 c/ℓ, agricultural — 6,5 c/ℓ (all tax-free).

Diesel pump prices to the public will be increased by 5,9 c/ℓ (0.6 c tax).

Paraffin for domestic consumption will be increased by 8,3 c/ℓ and for industrial consumption 5,1 c/ℓ (tax-free).

Overseas fuel prices are now: Britain R1,58 c/ℓ, West Germany R1,38 c/ℓ, France R1,85 c/ℓ.

SOWETAN
FRIDAY, NOVEMBER 8, 1985 27c + 3c GST (PWV) Elsewhere 35c

PETROL PRICE GOES UP

55

8/11/85
SOWETAN

THE price of petrol goes up by 9,5 cents a litre on Monday.

The hike was announced yesterday by the Minister of Mineral and Energy Affairs, Mr Danie Steyn, who said the petrol price increase would help cover the shortfall caused by the poor rand/dollar exchange rate.

By LEN MASEKO and SAPA

This increase represented only a half of what was needed to cover the shortfall, he said.

The price of 98 octane petrol will increase by 6,6 cents a litre, 93 octane by 5,9 cents a litre, and 87 octane, by 5,4 cents a litre. The pump price of 93 octane on the Witwatersrand will now be 100,5 cents a litre, while that at the coast will be 93,3 cents a litre.

The price for domestic consumption will be increased by 8,3 cents a litre.

Mr Steyn said the Government decided to pass only half the needed increase to assist the public before the coming holiday season, although the price would have to be reviewed early in the next year.

The increase, which is likely to have a ripple effect throughout the economy, reflects a rise of almost 60 percent on the price of petrol since the start of 1985.

Negative

The Black Consumer Association has slammed the increase, saying it was "insensitive" of the Government to introduce the price hike when the consumer was going through difficult times.

"We view the petrol price hike as shocking in view of the fact that the rate of unemployment is very high," a BCA spokesman said.

The latest increase in the price of petrol and an expected further hike would hit the motorist hard, the Consumer Council said yesterday.

Reacting to the announcement, the council's director, Mr Jan Cronje, said the increase would affect the price of all consumer items and have a negative effect on the inflation rate.

The president of Assocom, Mr Rocky Ridgway, said the increase reflected the overseas perception of the economic and political situation in the country and the consequent need to speed up reform.

He said Assocom accepted the inevitability of the increase, which reflected a rise of almost 60 percent since the start of 1985.

Assocom expressed its concern at the ripple effect the increase would have throughout the economy and the added pressure on the inflation rate.

All fuel pumps at service stations in South Africa and the TVBC countries are to be adjusted to register half the total purchase price, a spokesman for the oil industry said in Cape Town yesterday.

The reason for the adjustment is that many fuel pumps cannot register prices over 99.9 cents a litre.

To calculate the correct purchase price, the amount shown on the money register should be doubled, the spokesman said.

For example, if a motorist asked for R20 worth of petrol he would receive the correct amount in litres. However, the pump would register only R10 and this figure would have to be doubled for payment.

Petrol system: fist fights feared

55

E. Post 09/11/85

By WENDY FRAENKEL

SOME petrol pump owners in Port Elizabeth predict fist fights, long queues and big money losses when the new "half-litre" petrol pricing system is introduced countrywide on Monday.

But they do not intend going along with Durban where some garages (also selling petrol below R1) have decided to continue quoting prices per litre.

The PE owners are hoping that with the respite after the weekend's big fill-up forecourt staff will have a chance to get used to the system.

But they fear cash losses in rush hours — and even fist fights when customers jostle for positions at the pumps.

Said one station owner: "We had fist fights before — when people tried to beat a price increase — and we'll have them again. For some reason, a man is not his normal self when he's behind the wheel of his car."

To minimise on cash loss, a Walmer owner, Mr Thomas Ferreira, is considering closing two of his four petrol pumps to make things easier for his staff.

"Maybe I'll be able to keep things under control that way," he said.

Mrs Mary Wilson, owner of a garage in Central, felt her biggest headache would be her customers.

"My staff normally catch on very quickly, it's the public, who don't read their newspapers. I still have some people still wanting to pay for petrol with credit cards," she said.

But Mr Brian Univer, owner of a Main Street garage, said it was pointless trying to buck the system and continue to sell petrol by the litre because it would mean risking a R2 000 fine.

Petrol cheaper in Butterworth

DISPATCH

EAST LONDON — Fuel price increases escalated as drivers proceeded towards the interior, but the price in Butterworth in Transkei was one of the lowest in the country, a spokesman for the petrol industry said. 09/11/85

The cost of fuel in random Border areas from Monday will be as follows:

East London: 49,5c a half litre for 98 octane, 47c a half litre for 93 octane. King William's Town is on the same grid and prices are the same there.

Aliwal North: 47c a half litre for 87 and 49c a half litre for 93. There is no 98 octane available there.

Queenstown: 50c a half litre for 98 and 48c for 93.

Umtata: 49c a half litre for 98 and 47c for 93.

The spokesman could give no figures for Grahamstown which he said was on a different grid.

He confirmed that paraffin prices would rise according to the grid on which the town was.

Fuel: farmers get month's reprieve on diesel prices

DISPATCH 07/11/85

PRETORIA — The government has delayed implementation of the diesel price increase for agricultural use for a month to allow farmers to complete ploughing and planting.

This was announced in a joint statement in Pretoria yesterday by the Minister of Mineral and Energy Affairs, Mr Danie Steyn, and the Minister of Agricultural Economics and of Water Affairs, Mr Greyling Wentzel.

The statement said the two ministers had decided after talks to delay the increase, which would have taken effect on Monday, until December 10.

"The reason for this concession is to enable farmers to complete their ploughing and planting activities as far as possible before the announced price increase comes into effect.

"This concession is made in view of the good, though late, summer rains and the fact that farmers based their financial planning on the present price of diesel fuel," the statement said.

Reacting to the delayed increase, the SA Agricultural Union said it greatly appreciated the measure.

"This step attests to a positive understanding and sensitivity for the present circumstances in agriculture," said SAAU president Mr Kobus Jooste.

The unfavourable dollar-rand exchange rate had created a situation in which an adjustment in the petrol price was unavoidable, the Automobile Association said.

However, the director-general of the AA, Mr Peter Elliott, said in a statement that the state, "in one form or another, derives over 24c for every litre of petrol sold."

He said while there was no increase in the various levies on petrol, which amounted to 14,3 cents per litre before GST, or on the retailers' and wholesalers' margins of about 10 cents per litre, GST would on average rise from 9,4 cents to about 10 cents per litre.

"It is therefore imperative that, before taking the 'second bite of the cherry' in February 1986, reductions in the various levies receive the urgent attention of government."

"The state is benefiting from fiscal drag on the petrol price and it is iniquitous that the various levies accruing to the state should in addition be subject to GST — in effect taxation on taxation.

"In the short term, the energy fund levy of four cents should be abolished and customs and excise duty, a further four cents, should be paid by the Treasury out of GST takings," he said. The AA also believed that the 5c road levy should be reduced if the situation deteriorated any further.

"Essentially, the nation simply cannot afford 'normal' pricing structure in the present abnormal times," Mr Elliott said. —Sapa

Fuel rise could be 'last straw' for agriculture

Mercury 11/11/82 55

Pietermaritzburg Bureau

THE latest petrol price rise and the fear of yet another early next year could be the proverbial last straw for some farmers in Natal who already have their backs to the wall.

The director of the Natal Agricultural Union, Mr Alwyn Bisschoff, said he could see farmers having 'a very hard look' at whether their industry was still a viable one.

What concerned the NAU terribly, he said, was that the farming sector was extremely vulnerable to fuel price rises.

'Farmers have long distances to travel to cart their input requirements and produce is very dependent on road transport, so another fuel price increase will have a tremendous effect on them.'

Mr Bisschoff said the new petrol price would have an obvious ripple effect through the entire economy and in every sector of agriculture.

The NAU was alarmed that another petrol price increase was in the pipeline.

The president of the S A Agricultural Union, Mr Kobus Jooste, said although the increase had been expected because of the value of the rand it would be a further blow to farmers who were struggling to recover from unfavourable seasons.

The SAAU was als 'extremely concerned' about the increases in input costs, particularly imported implements.

'The spate of increases agriculture has had to deal with is seriously undermining the financial independence of farmers,' Mr Jooste said, adding that the survival of a large section of the farming community was being threatened even more.

New law today on petrol sales

CAPE TIMES 12/11/85

(55)

Staff Reporter

CONFUSION reigned yesterday as some City petrol stations switched to selling petrol by half-litres, while others stuck to the old system after press and radio reports said it was not necessary for coastal pumps to use the new system.

However, a spokesman for the Department of Trade and Industries in Pretoria said yesterday that a Government Gazette, amending the Trade Metrology Act, woulld appear today. In terms of this notice it will be illegal to sell petrol in litres.

The spokesman said the half-litre system was a purely temporary measure aimed at eliminating confusion.

A Motor Industries Federation (MIF) spokesman said a large number of garages in the Peninsula had not changed to the new system.

'Double price'

He attributed this to press and radio reports which said that as coastal prices had not exceeded R1, it was not necessary for coastal stations to change.

Under the new system, all petrol pumps will sell petrol in half-litres and motorists will pay double the price reflected on the pump.

This became necessary because some petrol pumps are unable to reflect prices higher than R1 a litre — which is the new inland price after petrol, diesel and paraffin prices increased yesterday.

A survey of Cape Town garages showed that many had not switched to the new half-litre system and most were concerned or angry about the change.

Mr R Eintracht, owner of a Newlands garage, said: "I've got the equipment to handle the increases. Why should we be penalized because everybody can't do it?"

Mr Robin Guest, owner of a Bloubergstrand petrol station, called the new system "messy".

Petrol stations which had changed over to the new system said they had not experienced any serious difficulties.

Mr Peter Pickup, owner of a Woodstock garage, said there had been "a couple of complaints, but they seemed mainly to abuse the government".

Minister warns garage owners against self-service pumps

55

13/11/85 Mercury

Motoring Editor

THE Minister of Mineral and Energy Affairs, Mr Danie Steyn, yesterday cautioned garage owners not to act hastily about introducing self-service petrol pumps considering the effect they would have on employment.

Mr Steyn was addressing the Motor Industries Federation annual conference at a Durban beachfront hotel when he voiced the Government's objections to unmanned service stations.

'In many European countries a situation already exists where the private entrepreneur is being forced out of the system and where distribution points are being operated by agents acting on behalf of the oil companies,' Mr Steyn said.

'This, of course, is not in line with Government's policy of promoting small business development.'

Mr Steyn said that while the advantages of technical development should be exploited, those advantages should be weighed against the resultant loss of job opportunities.

Suffered

'Any such development will be closely monitored by the Government and treated with the greatest circumspection,' Mr Steyn said.

One delegate at the conference put it to the minister that the Government should rethink its policy of implementing petrol price increases from midnight on any Sunday.

Mr Steyn agreed to look into the matter and meet the MIF to discuss the problem.

The reason the issue was raised was that local MIF members felt those stations which operated 24 hours a day, seven days a week, were the ones which suffered, yet were the ones blamed when they claimed their tanks were dry.

They explained that the owner who closed at 6 p m on a Sunday and opened at 6 a m on a Monday, then had full tanks and could use the extra capital gained to improve his cash flow situation.

The MIF also passed a resolution to urge the Government to consider economic and tax reforms that would restore the rand's realistic value against major foreign currencies.

By doing so it would help restore the confidence of multinational corporations to expand their investment commitment in South Africa.

Staff cuts

The resolution was for submission to the State President and in it the motor industry, the second largest employer in South Africa, voiced deep concern at the political situation in the country and urged the Government to speed reform.

At the conference, the president of the South African Motor Industry Employers Association, Mr John Herdman, said staff reductions in the industry were inevitable because of the general decline in the economy.

Mr Herdman said the declining economy had had a marked impact on new car dealers and workshops and many had closed or been consolidated.

'For the first time for many years we have skilled journeymen unable to find work,' he said.

Mr Herdman said the need to create employment opportunities 'for our rapidly increasing, mainly black population', had always been South Africa's greatest single problem and challenge.

INDUSTRY

Operators warn of spiralling costs

Diesel rise to be passed on

ALAN PEAT

PASSENGER, freight and agricultural sectors say they cannot absorb the latest diesel price increase.

As a result, say spokesmen, costs will have to be passed down the line.

This will mean increases in the price of vegetables, fruit and other farm products.

Bus fares will also rise and users of public road hauliers will pay more to transport their goods.

Private transporters — companies like SAB, Premier Milling and Coca-Cola which own transport operations to haul their own products — are likely to be faced with similar cost increases.

Kobus Jooste, president of the SA Agricultural Union (SAAU), said the diesel price increase — delayed for farmers until the end of the 1986 planting season — meant total cost increases of R135m a year.

"In its present state of economic rigidity, the sector will just not be able to carry the increased costs," he said.

"The survival of large parts of the farming community and of rural areas is being threatened."

The Public Carriers Association (PCA), comprising independent hauliers, is equally positive the increase cannot be absorbed on top of the industry's other cost rises this year.

"The only way to lessen the [illegible] to the consumer is for the government to allow an increase in the maximum permissible axle mass," said PCA deputy chief executive Gert Grobler.

"This increase would increase unit productivity on mass by 10%-15%. This would give hauliers a big saving."

The bus industry is also in a rigid economic situation, having faced large numbers of cost increases this year and an industry-wide cost from unrest of about R30m.

Each 1c rise in the price of a litre of diesel costs organisations such as Putco R1m a year.

"Our executive meeting today will decide on our future strategy," said Braam de Jong, deputy chief executive of the SA Bus Operators' Association (Saboa).

"Individual operators will not be able to absorb the increase for any length of time although some have indicated that they will delay any fare increases until February."

The only answer for absorbing the latest fuel rise, according to De Jong, would be an increase in government's passenger subsidy rate.

The Department of Transport is, however, investigating the possibility of lowering, even removing this benefit.

I swopped SA explosives for Iran oil, claims Swede

The Star's Foreign News Service

STOCKHOLM — A Swedish businessman claims he has been the middleman in a deal which swopped South African explosives for Iranian oil.

Mr Karl-Erik Schmitz (50), named by a special Swedish prosecutor and the Swedish Press last week as the Mr Big behind an arms export scandal in Sweden, said Wednesday he had extensive connections with Armscor. He claimed it had used his company, Scandinavian Commodities, in covert deals to ship South African explosives to Iran.

Mr Schmitz's business deals are under investigation by Swedish police and customs officers.

He said from a luxury suite at the Geneva Hilton: "I have no moral points of view about business deals. Money is money."

He said he exchanged South African explosives for Iranian oil. This was shipped to South Africa at huge profits to himself. He would do further deals "if the price is right".

"The Iranian authorities told me they wanted powder, military explosives, detonators and other military equipment — they use a lot of it against Iraq."

Swedish police and customs officers raided his office in Malmo, southern Sweden, in August and took away boxes of documents linking his dealings with Bofors, the Swedish arms company, Singapore, South Africa and the Middle East.

BLIND EYE

But Schmitz claims he is not concerned about being charged with breaking domestic Swedish laws on arms deals.

"I had no reason to think of export permits and such things. But you might also accuse the Swedish authorities of turning a blind eye when it was needed.

"What are war materials according to the Swedish definition, and what are not? I don't think the Swedish Government is sure about the terminology when it comes to definitions."

Mossel Bay fuel could flow by 1991

Argus 15/11/85

(55)

Political Correspondent

FUEL could flow from the huge gas extraction and conversion project at Mossel Bay by 1991 and could include a considerable volume of diesel oil which South Africa lacks.

Meanwhile the search for further gas supplies in the sea near Mossel Bay is continuing and the operations may be expanded further along the Eastern Cape coast and in the direction of Plettenberg Bay.

This was confirmed today by the Minister of Mineral and Energy Affairs, Mr Danie Steyn.

The R3 500-million scheme to convert offshore gas at Mossel Bay into fuel was announced yesterday by President P W Botha.

The new scheme could provide 10 percent of South Africa's fuel needs and could, with the present Sasol installations, provide between 40 and 50 percent of South Africa's fuel.

Mr Steyn declined to confirm these calculations today. He said fuel supplies were regarded as being of a strategic nature.

MEETING

He is to address a National Party meeting in Mossel Bay on November 23 where he will give further details.

Today he said the new scheme was expected to produce the equivalent of 24 000 barrels of petrol and diesel fuel a day.

The conversion process being considered was adjustable and could produce more than 50 percent diesel oil. South Africa was particularly short of diesel fuel, he said.

The process would also produce a condensate of thousands of barrels a day in the form of light oil which could go to refineries.

The site of the conversion plant near Mossel Bay had yet to be decided.

graphs are allowed to be era equipment". off."

2 badly hurt by petrol bomb

CAPE TIMES 15/11/85

Staff Reporter

TWO men sustained serious burns when a petrol bomb was thrown through the open window of their car near George yesterday.

The incident happened shortly after 1pm as two 20-year-old Oudtshoorn men drove through the Lawaaikamp township outside George.

A police spokesman in Pretoria last night said police did not know what Mr M Swigelaar and Mr Deon van Schalkwyk had been doing in the township, but that the matter was being investigated. He said no arrests had been made.

Mr Swigelaar, who received serious burns, was yesterday afternoon flown to the Tygerberg Hospital in Parow. He was being given intensive care, a hospital spokesman said.

Stoning

The other occupant of the car, Mr Deon van Schalkwyk, was admitted to the George Hospital.

● In Soweto one person died when SAP members opened fire with shotguns on a group of people stoning a delivery vehicle, Sapa reports from Johannesburg.

Other incidents of petrol-bombing, arson and stonethrowing occurred in parts of the Western Province, the Eastern and Northern Cape, the Boland, Port Natal and in Soweto.

● More unrest reports, unrest map, page 2

Multi-million Mossel Bay boom ahead

CAPE TIMES 15/11/85

By BARRY STREEK
Political Staff

THE go-ahead for a boom in the Southern Cape has been given by the government's announcement yesterday that the initial phases of the multi-million rand Mossel Bay gas project is to take place.

President P W Botha, who announced the go-ahead for the gas project in the President's Council yesterday, said the capital costs of the projects would be "in the region of approximately R3 500-million" — and that some 10 000 new jobs would be created during the peak of the construction phase.

He also said the number of new jobs could be doubled "if the satellite industries are taken into account".

'Property'

Even before Mr Botha had made his announcement, Sapa reported that the possible exploitation of the gas fields had resulted in a tremendous property boom in the past two weeks.

Last night the Town Clerk of Mossel Bay, Mr Willem van Heerden, said the announcement had caused a lot of excitement despite the fact that everybody has been expecting it.

He said the council had been approached with regard to what it had to offer developers in the line of land, residential areas, schools and water.

Mr Van Heerden said the council was adamant that the character of the town would in no way be spoilt and no eight-storey office blocks would scar the skyline.

In his speech, Mr Botha said: "The decision was taken after comprehensive studies proved that the gas reserves are of an economically exploitable quality and quantity.

He said the project "will be financed without resorting to loans. The financing of these projects will come to a large extent from the available resources of the Central Energy Fund and will be further supported by anticipated private sector participation".

Meanwhile, **Patrick Cull** reported yesterday that it had been reliably learnt that the refinery which would process the gas would be established at Stilbaai.

It is understood one major source of finance for the project could be AECI.

● PC move 'too late', page 13

● Mossel Bay gas — share buying spree ahead, page 16

crack of dawn

"I'm sorry, Madam, I can't confirm unconfirmed detentions unless they've been confirmed."

Guessing the size of PE's oil slice

55

B. Post 16/11/85.

OIL is likely to begin flowing from the sea at Mossel Bay at the rate of about 5 000 barrels a day, in four years time.

The total cost of releasing natural gas from its ancient seabed reservoir some 90km due south of Mossel Bay, and refining it into oil, has been estimated at R3 500 million.

For householders and businessmen in Port Elizabeth and Uitenhage — situated 350km from the scene — the question that remains is how the complex will benefit economically from this project. Tentative estimates by BUSINESS POST put the income destined for this area at between R200 million and R300 million.

It is already widely accepted, though not yet officially confirmed, that the project's onshore facilities (the refinery) will be located at Mossel Bay, which leaves unanswered the question of where the offshore facilities (a steel "jacket", and associated production platform), will be fabricated.

Cost breakdowns of the projected R3 500 million expenditure announced by President P W Botha on Thursday are not yet available, though additional details are widely expected Affairs on November 23 when Mineral and Energy Affairs Minister Danie Steyn plans to address a National Party meeting in the Mossel Bay Town Hall.

By Louis Beckerling
Business Editor

However, a study conducted in December, 1984, by stockbrokers Ed Hern Rudolph produced the following cost schedule for the project (figures in millions of rands):

Offshore production facilities	R600
Transferral to shore facilities	R150
Onshore storage and conversion facilities	R1 000m
Supporting infrastructure & sundries	R250
Total expenditure	**R2 000**

The estimates were made before the Government commissioned a detailed feasibility study upon which this week's figures were based (see footnote).

Assuming the same cost relationship between the offshore production facilities and the refinery as that contained in the Ed Hern Rudolph report, however, puts the refinery's costs at R1 750 million, while construction of the offshore facility will cost some R1 050 million.

The Mossel Bay regional economy thus clearly stands to benefit most — from direct expenditure on wages and salaries for construction workers, and demand for those supplies and light-manufacturing requirements that can be provided locally, for the refinery and associated infrastructural work.

The budget for the "offshore" component of the scheme may, conceivably, run into more than R1 050 million, however, and most of this could be spent elsewhere.

In a visit to Port Elizabeth in July, Mr Mike Farrell, manager of Engineering Management Services, said the "jacket" on which the production platform would rest in the sea, could be built in a single piece and hence at a single location.

Several hundred highly-skilled artisans would be employed in its construction, which could take up to two years.

In an interview this week Mr Paul Graylin, engineering manager for Emso, the company which conducted the feasibility study on the offshore project, said he could not comment on detailed cost breakdowns. These, he said, had not yet been completed.

He was nonetheless "optimistic regarding Port Elizabeth's chances of garnering a meaningful share" of the money to be spent on the offshore component of the project.

Mr Graylin said three potential South African locations for construction of the "jacket" and production platform had been identified by Emso, the consortium commissioned to investigate the offshore component of the project, namely Durban, Cape Town, and Port Elizabeth.

"I personally see a fair amount of work going to all three locations," said Mr Graylin. "There is unlikely to be any one site since the timing of the project requires many activities to take place parallel to one another so that various components can be finished simultaneously.

"So I see at least two major locations, and possibly three. It is impossible to predict who will get the single largest share since this is a matter the contractors will have to decide."

Though the jacket and platform could be manufactured overseas and floated to Mossel Bay, this possibility appears remote.

Mr Graylin declined to be drawn on financial details of the scheme. However, a general "rule of thumb" applied in the engineering industry on major projects of this nature, is that one third of the budget is spent on wages and salaries, one third on capital equipment purchases, and one third on overheads, administration and profit.

Since no Port Elizabeth-based company has a prospect of winning the contract for constructing the jacket and platform, one third of the R1 050 million may immediately be discounted, leaving an amount of R693 million.

Accepting Mr Graylin's hypothesis that all three of the country's port cities will contribute to the offshore project, and assuming this is on an equal basis, suggests an amount of some R115 million could be injected into the Port Elizabeth/Uitenhage area in the form of wages and salaries.

However, if the PE harbour area was nominated as the single site of the location of the "jacket" and platform, this amount could conceivably be more than doubled.

Finally, there is the question of how much of the capital equipment existing PE and Uitenhage engineering companies will be able to provide.

Local engineers were sceptical about the ability of PE companies to produce the heavy special purpose engineering components required for either a refinery or a jacket and platform.

With perhaps one exception (Mangolds Engineering), the manufacturing sector, they pointed out, was geared to long production runs of light automotive components, and not the fabrication of "one-off" special-purpose equipment.

A relatively small share of the one-third estimate (or R347 million), is therefore likely to be spent in Porth Elizabeth, they argue, on capital equipment.

W/C Argus 16/11/88

A new era — Mossel Bay strikes it rich

nard of Thursday morning — the council had gone ahead to make provision as far as possible for the anticipated expansion the town would go through if the project went ahead.

A new R10-million sewerage scheme was built and the water supply was ensured.

"We have two dams, the council-owned Ernest Robertson on the Great Brak River and the Klipheuwel, a state dam on the Little Brak," said Mr Barnard.

"Klipheuwel is a two-year dam, it will not run dry even after two years without rain."

The town is connected to a well-developed infrastructure including the new N2, a high-speed highway still under construction which connects the area with Port Elizabeth and Cape Town, has a small harbour which can accommodate coasters and a single railway line to the hinterland.

"Very quiet"

"We don't know what South African Transport Services is planning for the railway," said Mr Barnard.

"Possibly they will double it and probably someone is thinking about it, but the Government seems to have been working on a need-to-know basis and such things are being kept very quiet."

Mr Barnard, a retired school principal who has been mayor of Mossel Bay for the past 11 years, almost the whole period that oil fever has been endemic, said the project promised great things for the town.

"It happened that I had to attend the opening of an engineering firm with some municipal officials on Thursday afternoon and when we heard the news about the project going ahead we made it a very thorough celebration," he said.

"It is the end of 12 years of waiting and makes all the efforts of the town council worthwhile.

"Someone had to pay for the sewerage scheme, at R115 a pan a year, and there were some complaints about that, but now the cost will be spread as more people come to town and residents will start reaping the benefits of the demand for goods and services.

"It is a great boost not only for Mossel Bay but the whole of the Southern Cape," he said.

President of the Mossel Bay Chamber of Commerce Mr John Michler, an oilman himself, said it was one of the best bits of news the country and the region had had for a long time.

"It will have a tremendous economic effect on the region and the whole of the southern Cape will start picking up.

"It will become the premier growth point of the country.

"The demand for goods and services will help relieve the unemployment situation in the town and it is up to the people of Mossel Bay to deliver the goods," he said.

"I warned businessmen 18 months ago that they should start thinking ahead and planning for this eventuality — talking to their banks about finance and picking up good agencies.

"Now it is too late. If they haven't considered the possiblities they have missed the bus."

Demand

During construction there will be local demand for almost everything — housing, entertainment, tools and equipment, construction and engineering services, food and television sets, clothing and cosmetics...

"Of course, many of the people who come here will choose to live elsewhere, they'll be from Johannesburg and used to commuting 35km to work every day so they'll also move into other communities — but Mossel Bay will be the focal point and it is on us that the demand will fall," said Mr Michler.

Ran wild

From time to time rumour ran wild with reports of massive oil strikes and in the middle of last year, under the impact of the latest of these, the property market temporarily went crazy.

"Things have settled down at present," said Mr Barnard.

"Prices are high, but they're high all along this coast. It's become a very popular area to buy holiday cottages and also the council took some of the pressure off by opening up new erven.

"We knew that Soekor had taken out options on farms along the by-pass, but that was no certain indication the project was coming here.

"I understand that Port Elizabeth had also made out a very strong case which was presented to the Government and they also have the necessary infrastructure and harbour facilities.

"As it is, it seems as though they will get a lot of benefit from the engineering work which will then be brought down by road."

Outsiders

Many of the 10 000 jobs expected to be created during construction will be filled with outsiders, skilled and semi-skilled migrants trained for the specialised jobs the massive project will require, who will leave once it is completed.

But there will be jobs for the unemployed in the area.

"We have always been looking for ways and means of creating economic development and jobs for the unemployed there," he said.

"I hope the people of Mossel Bay will be glad and make full use of this opportunity."

There will also be an influx of about 2 000 permanent jobs once it is in operation, a significant addition to the little town which will now have a suddenly expanded economic base.

Retirement

There are those who do not altogether welcome the prospect.

But for the unemployed among the 18 000 coloured population and the businessmen the future looks bright.

It is only the beginning.

Completion is projected for 1991.

"Things are not going to happen overnight, but we're on our way," said Mr Michler.

Port Elizabeth — 'willing, waiting'

Weekend Argus Bureau

PORT ELIZABETH. — The announcement that the Government is to proceed with the exploitation of the Mossel Bay gas fields has been received enthusiatically in recession-hit Port Elizabeth whose industries stand to gain from the giant project.

The mayor of Port Elizabeth, Mr Ben Olivier, said the city had the industrial capability — standing willing and waiting — to take advantage of any spin-off contracts.

"We have the infrastructure and we are more able than anywhere else in the country to give a better service and execute contracts. Anything we get will be very welcome," he said.

The president of the Port Elizabeth Chamber of Industries, Mr Bill Oddy, said the city's heavy industries would benefit most from the construction of the project and added that he felt Port Elizabeth was the place best suited for the assembly of the offshore platform to be used.

Heavy steel

Mr Brian Wilson, an economist with the chamber, said industries that would benefit most were those engaged in heavy steel construction, while the electrical, air conditioning and pipe making and welding firms would also have major spin off benefits.

Mr Ken Akehurst, general manager of Mangolds Engineering, one of the largest engineering firms in the city, said that while no actual work on the project might start for another two years, the decision to go ahead with the exploitation of the field would give the depressed Eastern Cape a confidence boost it badly needed.

1C Argus 16/11/85 (55)

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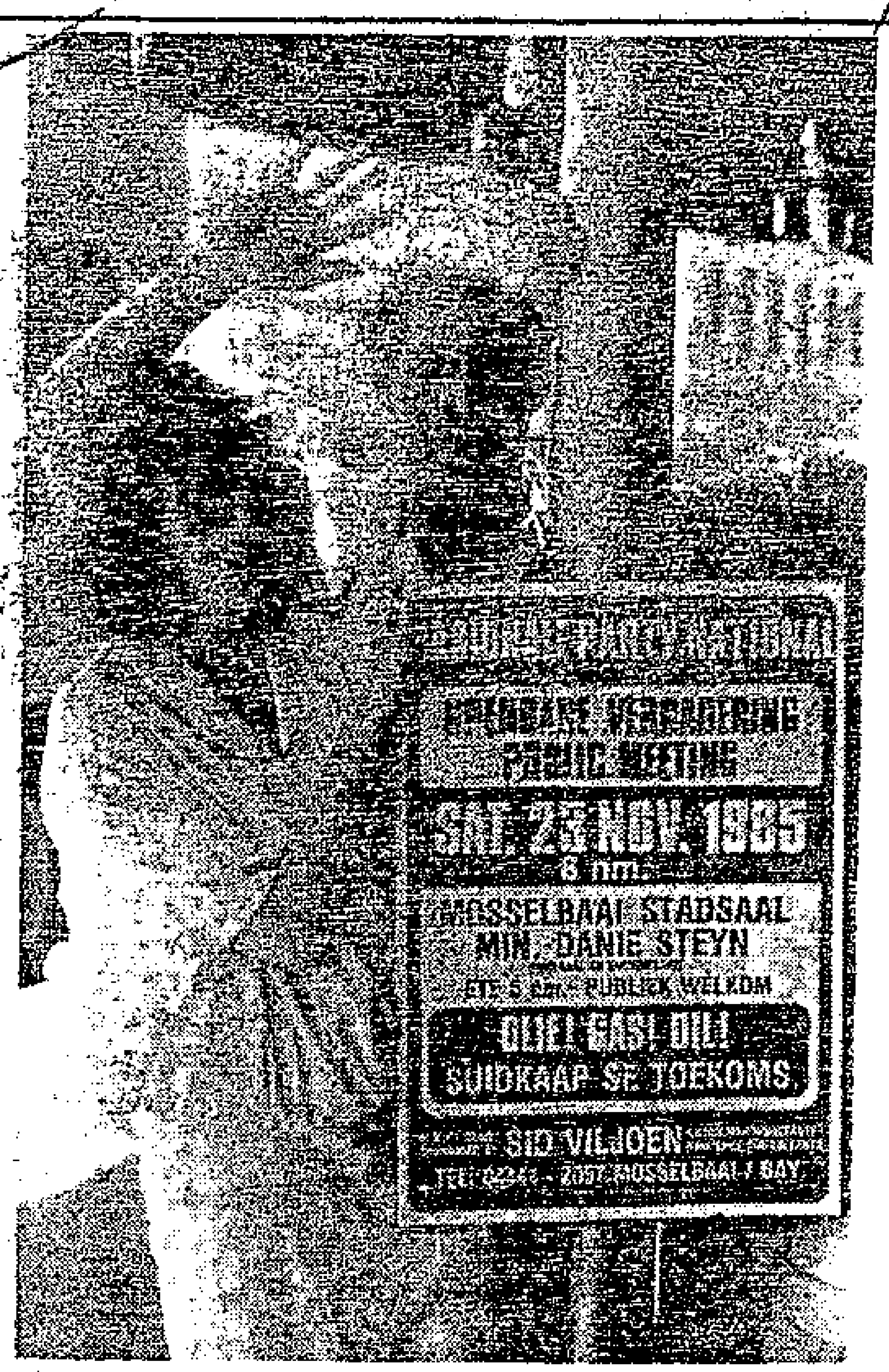

The poster promises oil. Caught up in the general excitement were, from left, Andrew and Linda Sanderson.

Port Elizabeth — 'willing, waiting'

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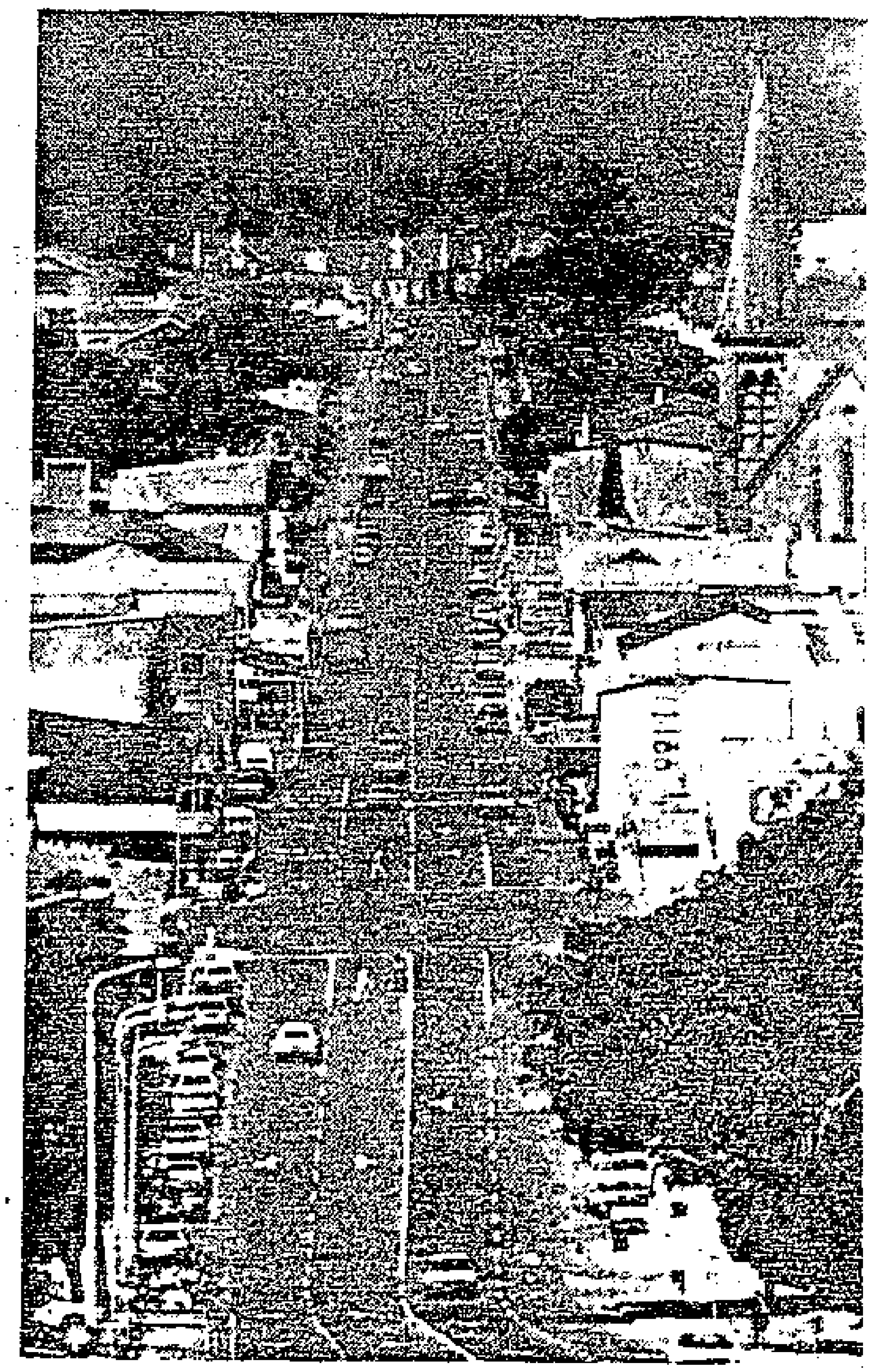

A quiet little holiday town all set for big changes.

MAN'S SHOP
WOODSTOCK. Ph 47 4313

at one of Derek Kemm's plump catches at Bok Point on the West

CAPE TIMES 16/11/85

Gas project: Boom in W Cape expected

Chief Reporter

MR Robert Kaplan, president of the Cape Chamber of Industries, said yesterday that the government go-ahead for a multi-million-rand gas project at Mossel Bay could mean the creation of a petro-chemical industry in the Western Cape, as well as large-scale employment of workers from this region.

Both Mr Kaplan and Mr Andrew Peile, president of the Cape Town Chamber of Commerce, welcomed the move and said they believed the gas project would give a much-needed boost to the Western Cape's flagging economy.

In announcing the government's decision on Thursday the State President, Mr P W Botha, said capital costs of the project would be about R3 500 million and that some 10 000 new jobs would be created during the peak of the construction phase.

The number of new jobs could be doubled "if the satellite industries are taken into account", he added.

Mr Kaplan said yesterday the Western Cape had for many years been looking for an additional resource to be exploited for the general benefit of the area, and he believed that particularly the depressed engineering industry was likely to benefit.

Mr Peile said not only was the Western Cape in a "highly-competitive" position to supply skills, materials and labour needed, it was also well-placed logistically, with road, air and sea links with Mossel Bay.

Meanwhile, our Port Elizabeth correspondent reports that Mossel Bay's town clerk, Mr Willem van Heerden, believes that more than half of the R3 500 million allocated for the project will be spent in Port Elizabeth.

"The government has already indicated that most of the manufacturing work for the construction phase will be done in Port Elizabeth," he said. "We do not know what percentage of the 10 000 jobs to be created by the development will come here."

Mr John Michler, chairman of the town's chamber of commerce, said the plant would change the entire pattern of commerce and trade in the Southern Cape.

Mossel Bay authorities expected to be briefed about details of the project by Mr Danie Steyn, the deputy Minister of Mineral and Energy Affairs, at a meeting on November 23.

Mr Van Heerden said the council did not know yet where the conversion plant would be situated.

It was reliably learnt, however, that the probable site was 15km from Mossel Bay on the Albertinia side.

Cut-price petrol row looms

Mercury 20/11/85

CUT-PRICE fuel could be on sale in Durban in a few days in the face of an outcry from petrol station owners after the Department of Mineral and Energy Affairs took no action over the Boksburg Hypermarket's discounting of fuel.

Mercury Reporter

The Transvaal hypermarket is handing back 4 c/ℓ to customers who use its self-service pumps and the same procedure is now expected to be introduced at the Pick 'n Pay Hypermarket in Durban North.

The hypermarket's general manager Mr Martin Rosen, told the Mercury his store would discount fuel 'within the next few days', providing the Government did not interfere at Boksburg.

Mineral and Energy Affairs spokesman Theuns Burger said: 'The department is not in favour of discounting at retail level, but no specific action has been decided on. The situation is being studied.'

However, he pointed out that although the Petroleum Products Act made provision for the minister to follow a number of options, he was not forced to act.

Our Cape Town correspondent reports that a meeting of Pick 'n Pay directors will decide today whether the final implementation of discount petrol prices would take place at 12 of the chain store's branches around the country.

Pick 'n Pay director Peter Price said yesterday that if the go-ahead were given, the same system could be introduced nationwide within two weeks.

At this stage the general feeling among the directors was that the concept would be adopted, he said.

'One snag has still to be sorted out. We are waiting for 10 computerised tills needed at the outlets,' said Mr Price.

The discount given was tied directly to the volume of petrol sold, he said. It could be lowered to 3 c/ℓ if a certain amount of fuel was not sold in a given area.

Each service station at the 12 outlets will also have facilities for normal petrol distribution where attendants service cars and normal prices are charged.

With the introduction of self-service pumps in Boksburg, the outlet increased it volume from 350 000 ℓ a month to 1 200 000 ℓ.

Advantage

A number of service station owners are up in arms over the plans and one owner near the Hypermarket said the Government should step in and stop the discounting.

He claimed that of 45 000 petrol attendants in South Africa between 60 percent and 75 percent would lose their jobs if self-service was introduced.

'The average motorist uses 30 ℓ a week or about 120 ℓ a month. That's a saving of R5. So to save R5 a month we would put thousands of people out of work.'

A Motor Industries Federation member said: 'The department should act immediately. They should not allow him to get away with it.

'This guy has an unfair advantage over the ordinary retailer and it's wrong.

'Look how they acted when owners wanted to reflect the full price of fuel on the pumps instead of the half-litre system.' The Government threatened to close service stations if they did not comply with the laid down pricing system.'

Unions in 30 countries unite

Global bid to cut oil flow to SA

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20/11/85

The Star Bureau

LONDON — A global plan by seamen and dockworkers to [illegible] South Africa getting oil is likely to be launched [illegible] according to union sources.

Preparations for the programme will be wound up with a meeting of the United Nations Special Committee on Apartheid next week.

The plan, agreed by seafarers' and dockers' unions from more than 30 countries, is to take industrial action anywhere in the world against any vessels owned or chartered by any oil or shipping company involved in the secret sale or transport of oil to South Africa.

US visit

Mr Jim Slater, general secretary of the British National Union of Seamen (NUS) — in the forefront of the Maritime Unions Against Apartheid action — will visit the United States next Monday and Tuesday to address the UN Special Committee.

He will present a paper outlining the global plan which unions believe will reduce South Africa's crude oil supply to a trickle.

An NUS spokesman in London said the programme would be launched in earnest early in December and oil shipments and the companies involved would be monitored by unions in ports worldwide as well as by the Shipping Research Bureau in Amsterdam.

Unions believe the increased likelihood of industrial action in any port will deter shipping and oil companies from signing deals with South Africa and the increased risks will push up South Africa's crude oil bill.

MOSSEL BAY PROJECT

Springboard to growth

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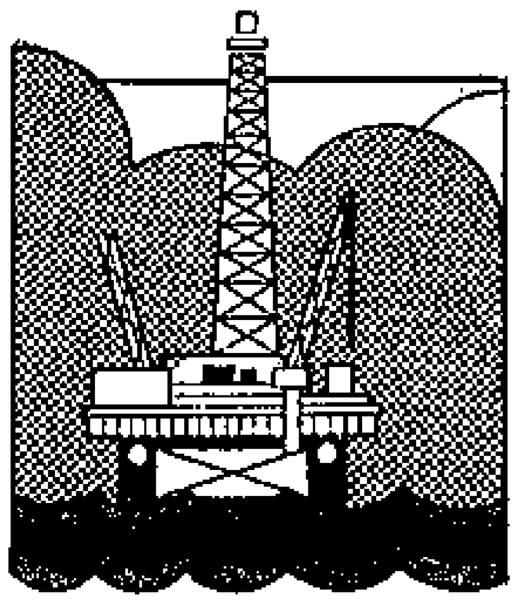


The announcement by State President P W Botha that SA is to proceed with development of the gas fields some 85 km off the coast of Mossel Bay does not come as a surprise. The existence of commercially exploitable offshore reserves has been known for years, and the collapsed rand has made a necessity of what would otherwise have been an affordable and desirable, although obviously less urgent, luxury.

Not only are the trillion cubic metre gas reserves of sufficient quality and quantity in themselves to keep the project going for at least 20 years; the gas to oil conversion plant has the makings of a world-beater that could well turn a buck out of foreign gas imports. Certainly the ability to process gas *from anywhere* will enhance the staying power, versatility and profitability of the project, which looks pretty good from the start.

The banks and oil companies have indicated to the *FM* (and government) that they are happy to participate, but there would not be a problem even if they were not keen. It doesn't take much number crunching to see that the State could easily go it alone.

Somewhat to the embarrassment of government, the Central Energy Fund now stands at an exceptionally robust R5 billion, the *FM* understands — more than enough to accommodate the project in its entirety.

The *FM* understands too that the State planners are hoping for 2:1 offshore: onshore capital cost ratio for the project. About R3,1 billion is earmarked for the offshore facilities, including the production platform and pipeline to shore. There have been no new submissions on the Engineering Management Services Offshore (EMSO) technical feasibility study

Three major energy projects are planned for SA, of which Mossel Bay is preeminent. The private sector will be involved from the inception, in partnership with the Central Energy Fund, which is flush with cash. In the long term, the projects are planned to be sold back to the private sector.

(*Business* May 17), indicating that the project will be based on the originally intended production platform (about the size of the Carlton Hotel) which will be sunk into the seabed on an eight-legged steel jacket. Some 2 000 t of steel will go into the jacket, which in turn will carry a massive support frame topped by a 1 100 t processing and accommodation module.

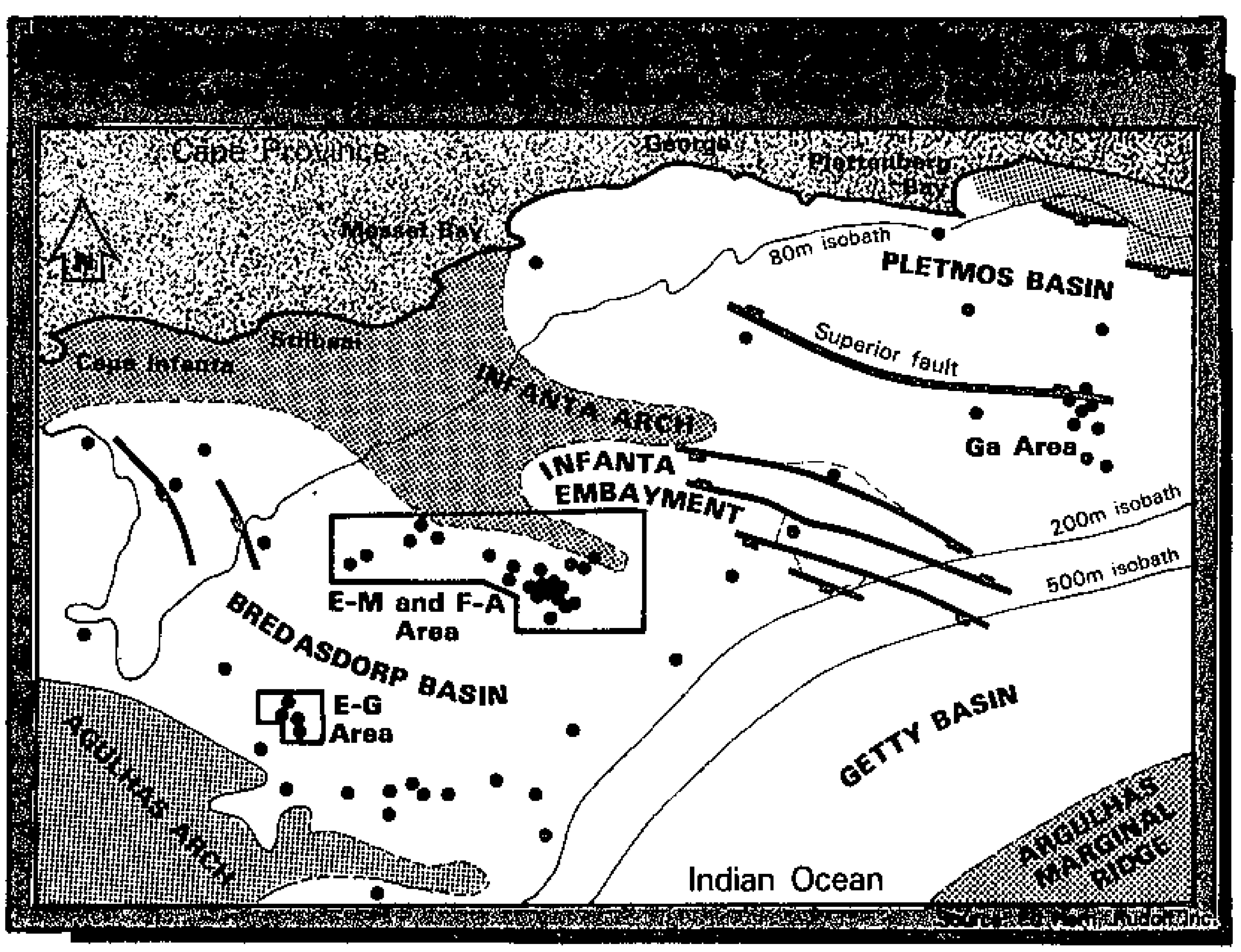
The State President was apparently allowing for inflationary expectations by boosting the cost of the platform and pipelines by an additional R400m to R3,5 billion in his announcement last week. Onshore processing facilities are expected to cost an additional R1,7 billion, the *FM* understands. Finance for this portion of the project could normally be obtained by way of long-term credits from suppliers of the machinery; but given SA's foreign debt moratorium, the norm is unlikely to be the rule in the case of Mossel Bay.

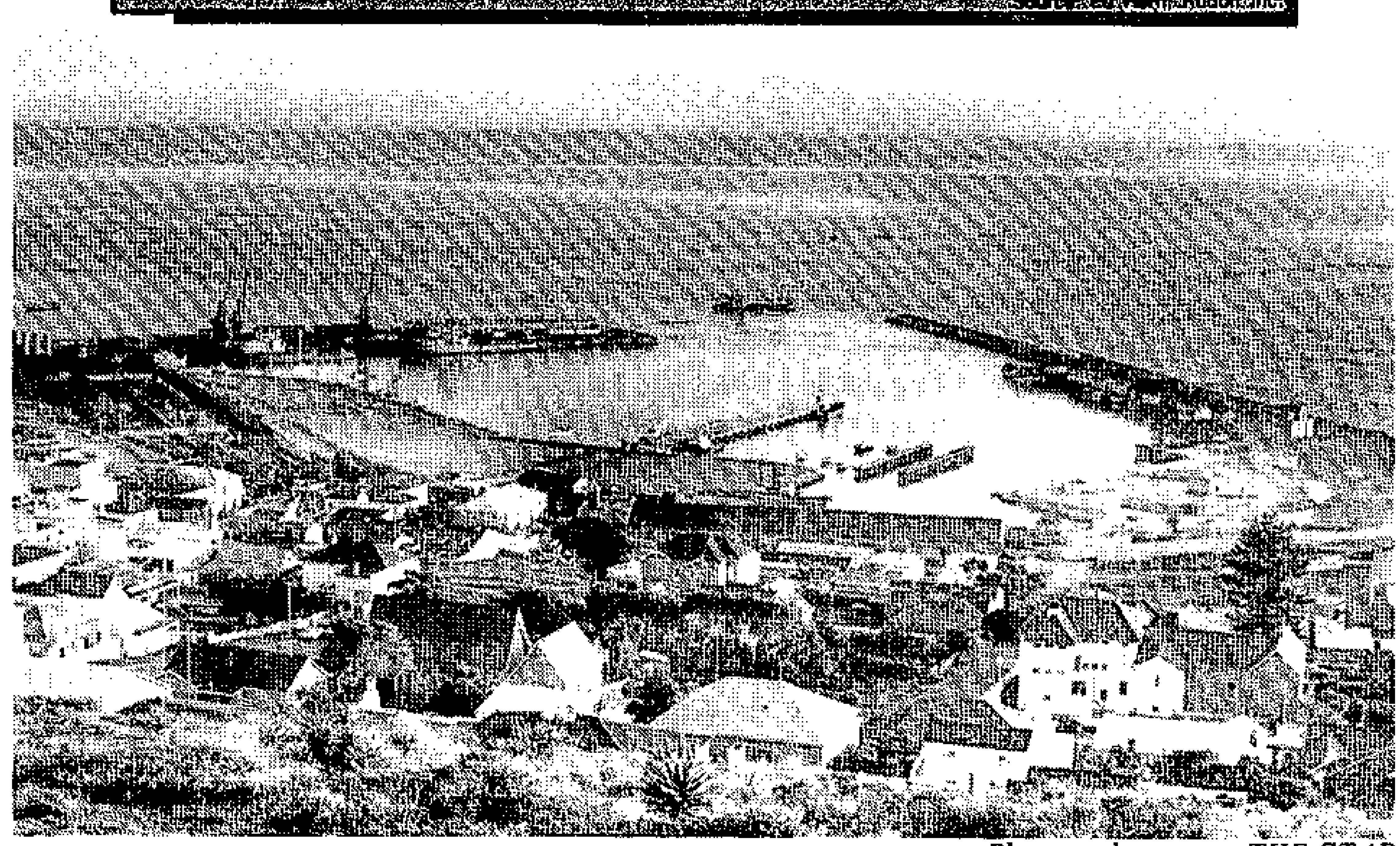
Industry thinking at the moment is that government will initially offer SA's oil majors and other interested parties a stake in the onshore component. The State would then supply the gas, and the private sector would process it. Private-sector enthusiasm will, of course, depend on the price of the gas. Since the gas could, in theory, be brought in from abroad, its price will presumably take into account international levels.

"In a nutshell, we are keen," says one of SA's top oilmen. "Market growth has more than absorbed extra production since Sasols 2 and 3 came on stream . . . we would like to get a part of any new production."

The receptive atmosphere in the private sector must come as a relief to government since the concept of wellhead gas and oil production is a microcosm of transitions in the economy at large. When the oil exploration programme began to take off in the mid-Sixties, government was offering lucrative tax inducements to get overseas firms involved. The majors came, they saw, and they went away after unimpressive seismic findings and other discouraging tests.

Politics was not a factor, except in the case of the rich Kudu gas strike in Namibian waters, which was relinquished by Chevron because of uncertainty as to who had jurisdiction over the area. Now development rests with government, and pay-





Photograph courtesy THE STAR

Mossel Bay . . . sleepy no more

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Out to sea . . . and the search will broaden

ment, effectively, with the taxpayer.

True, ever growing isolation has forced SA's hand, but on economics alone this might be a good thing. One only has to look at the fortune it has cost the Canadians to buy back their reserves of crude from the US to realise that foreign exploitation of non-replaceable natural resources is not always in the best interests of the host country.

The nuts and bolts of the Mossel Bay project, due to come on stream in 1990, are expected to be made available by Mineral and Energy Affairs Minister Danie Steyn next week. Meanwhile, the State President has indicated that 10 000 new jobs will be created during the peak of the construction phase. It doesn't require much imagination to extrapolate that figure considerably once satellite industries are taken into account.

And the gas fields are but one of three synfuel projects in the planning stages. Elucidating at the Capex Energv Conference last wt·k, Department of Mineral and Energy Affairs Director-General (energy) Dirk Neethling said the development of natural gas finds could be used not only for the development of synfuels, but also for producing chemicals and electricity, especially in a combined cycle mode. He added: "This latter option could even be viewed as an alternative to a coastal nuclear power station, provided sufficient gas and/or oil has been located to satisfy domestic fuel requirements."

A second project — a coal to synfuels plant proposed by Amcoal and AECI — is also likely to be given the go-ahead. Director-General Louw Alberts says he "suspects the two projects (Mossel Bay and Amcoal's) will run concurrently, with a phasing difference of about a year."

The coal to synfuels plant would also cost about R3 billion to develop.

A third proposal, which is still in the feasibility stage, is also awaiting the nod from government. The project, proposed by Gencor, would involve the distillation of oil shale (torbanite) to syncrude and the subsequent production of petrol and diesel in a conventional refinery. It is the cheapest of the three — the ballpark figure, at the moment, stands at under R1 billion.

Louw appears to be optimistic. "It is a very viable little project," he says, "and all three, *pro rata*, would be most beneficial to local industry."

Neethling said the Central Energy Fund would continue to play a key role in the funding of these projects. However, "this time the private sector will be involved from the start," he added.

A partnership between the private sector and the Central Energy Fund is expected, with the fund offering bridging finance at low dividends. In the long term, the projects would be sold back to the private sector.

About 70% of the work involved should go to South African companies, and Neethling has somewhat condescendingly warned the relevant industries to prepare themselves — "particularly engineers, technicians and supervisory staff. The projects would not only have a significant impact on the local energy industry, but would also place service demands on the financial, industrial and skilled manpower resources of the country."

Energy D-G Alberts . . . regional benefits

There can be little doubt in present circumstances, however, that sufficient spare capacity exists. But some of the expertise will have to be imported and logical sources are Britain and Norway, and there are strong prospects of Japanese entry.

The British are keen to "make a constructive contribution," says British Consul General Colin Brant. He says the Mossel Bay project is "tailor-made" to suit British expertise and technology developed over the last 15 years in the North Sea. Trading terms are of course the prerogative of the individual

Banks are losing patience with SA, debt mediator warns govt

CAPE TIMES 25/11/85

GENEVA. — Mr Fritz Leutwiler, the Swiss mediator in South Africa's efforts to restructure its debt with foreign banks, yesterday warned the State President, Mr P W Botha, that time for political reform was running out.

In a newspaper interview, he also said he expected Pretoria to extend unilaterally its moratorium on repayments of its $24 billion (R64,8 billion) foreign debt beyond the end of this year.

However, banks would be willing to go along with such a move for technical reasons, he added, without elaborating.

Mr Leutwiler told the Zurich daily Tages-Anzeiger he was disappointed that the political climate in South Africa had worsened, and said the commercial banks he was mediating for were finding it increasingly difficult to deal with the crisis.

"Time is running out. Something has to be done very soon.

"We urgently need at least some kind of public declaration in the right direction from the South African head of state."

Mr Leutwiler said he saw no basis for a rescheduling pact in the near future in the absence of signs of willingness from the South African government to get political reform under way.

"The banks must be able to justify their signatures somehow," he was reported as saying.

"If South Africa hesitates much longer, certain clients, especially of American, British but also other banks, will declare: 'We will not be satisfied until the one man, one vote principle exists in South Africa.'"

Mr Leutwiler said he would meet South African delegates with his advisers all day today to discuss technical questions.

The next full meeting due on November 26 was cancelled in the wake of recent developments in South Africa.

In his interview Mr Leutwiler said a meeting at this time made no sense against the backdrop of recent political events.

"We would be kidding ourselves if we thought politics did not play a very big role," Mr Leutwiler was quoted as saying. "From a strictly financial point of view the debt question would be relatively easy to solve."

Mr Leutwiler suggested South Africa lift its October clampdown on media coverage which Pretoria has blamed for fuelling unrest. "I consider it stupid to muzzle the press," he said.

Clearly some protest incidents had been staged to attract maximum publicity but this phenomenon was bearable as long as most of the media continued to report objectively, he said.

He also criticised the wide powers given to police under the state of emergency. — Sapa-Reuter

Big boost for PE from gas project

CAPE TIMES 25/11/85.

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Own Correspondent

MOSSEL BAY. — Port Elizabeth is in line for a billion-rand injection from the exploitation of the huge gas deposits off Mossel Bay.

Invitations to tender for the project — the total cost is R4,8 billion — will be extended this week.

Announcing this here on Saturday, the Minister of Mineral and Energy Affairs, Mr Danie Steyn, said it was intended that "a major part of the final construction of the gas production platform will take place in Port Elizabeth".

He said the project and its concomitant activities "will contribute greatly in remedying the lack of employment opportunities in the Eastern Cape".

He said the project could also "contribute significantly" in combating unrest in the area "insofar as the lack of employment opportunities is a causative factor in the unrest situation".

The minister said 1 400 employees would be directly engaged in the project while 10 000 would be involved at the peak of construction — 5 000 of them in Mossel Bay.

This did not include those involved in providing services such as housing for the 1 400 permanent employees in Mossel Bay.

Mr Steyn said the project would cost R4,8-billion — R3,1-billion for offshore gas devlopment and R1,7-billion for onshore processing plant. It would be fully commissioned by 1992.

Gas plant 'likely to save millions'

25/11/85 Mercury (55)

MOSSEL BAY—South Africa's Mossel Bay gas project should save the country R800 million a year in foreign exchange at present rates when it came into full commission in 1992, Energy Minister Danie Steyn said here.

The first synthetic fuel from the project, on which work is due to start early next year, should be on sale in 1991.

South Africa, faced with an international oil embargo, aims to produce equal amounts of diesel and petrol from the gas.

Mr Steyn estimated capital costs, based on a 30-year project life and an exchange rate of R1 to U S 40 c, at R4,8 billion, R3 billion of it needed by 1991.

Of the total cost, R3,1 billion is for offshore development and R1,7 billion for the processing plant.

Proven reserves of 41 billion m^3 guaranteed a project life of 20 years, and further drilling aimed at confirming the size of further reserves estimated at 25 billion m^3 was under way, Mr Steyn said.

The Central Energy Fund would handle financing, with maximum private-sector involvement.

'It is also possible that shares will be offered to the public.'

Of political implications of the project, he said: 'It is an indication to the outside world that, in spite of the immense pressure being applied on South Africa, the economy has the inherent driving force to internally generate the required funds as well as to initiate overseas participation.'

The project was expected to create 1 400 jobs directly while construction would provide another 10 000 at its peak.

Unemployment was seen as a major cause of South African rioting, and 'it is believed this project can thus contribute significantly in combatting the unrest'.

Initial local content was estimated at 40 percent and would be increased as far as possible, particularly if the rand fell further against the dollar.

'Maximum technological-expertise transfer to South African organisations in co-operation with overseas partners is aimed for, to enable the local engineering industry to master and establish the necessary project management, technological and other capabilities,' Mr Steyn said.

South African-affiliated companies would be invited to tender for design, implementation and management work. — (Sapa-Reuter)

Aussie flights

JOHANNESBURG—South African Airways has withdrawn its application to the Australian Government for additional flights over the Christmas season, the chief executive of the airline, Mr Gert van der Ver, said yesterday. — (Sapa)

NOV 1985

55

2 caught in Koeberg 'leak'

By CHRIS ERASMUS
Science Reporter

TWO members of the media were yesterday "exposed" to "very high levels of radiation" during a simulated emergency drill to test Escom's ability to deal with a major radiation leak at Koeberg nuclear power station.

The simulated emergency was part of an annual assessment of Escom's ability, together with the Cape Divisional Council and Cape Town City Council, to institute the emergency plan for dealing with a serious accident at the nuclear plant.

Yesterday's simulation was watched by umpires from the Atomic Energy Corporation (AEC), whose licensing branch is responsible for licensing all South African nuclear installations.

The drill began with a loss of on-site and off-site electrical supplies and back-ups at 4.19am, leading to a loss of coolant in the unit two reactor and a leak of highly radioactive steam into the reactor building.

A site emergency was declared, quickly followed by a general emergency when a situation developed which "could pose a radiation hazard necessitating action beyond the Koeberg site boundary".

The Divisional Council and later CCC civil defence units were called into action as the emergency developed and by 7am instructions had been given by the emergency controller to evacuate residents in four areas within a 16km radius south and east of the station as a radioactive plume moved inland from Koeberg.

Sheltering inside homes was ordered for two additional areas within a 16km radius of the station.

The two reporters were allowed on to the station site after the evacuation of the surrounding areas had been called for and were allowed off site again without being "decontaminated".

Escom spokesman Mr Andre van Heerden said at a press conference held later that if the emergency had been genuine the reporters would not have been able to get close to the station, let alone enter it, as roadblocks would have been in place on approach roads.

He said roadblocks were not put up for this exercise because of the disruption this would have caused.

Mr Clive le Roux, a member of the emergency control team called out to deal with the "accident", said at the press conference that all the technical problems posed by the scenario had been handled without too much difficulty.

SA needs engineers and technicians

26/11/8

Hitch in Mossel Bay oil scheme

LAWRENCE BEDFORD

PLANS to develop the Mossel Bay offshore oil scheme could be hampered by a lack of skills.

A welding industry spokesman said yesterday SA fabricators lacked key people needed to make the hardware necessary for the Mossel Bay scheme.

He added that the period between physically quoting for a job and being given the go-ahead would be too short to train adequate people to meet the demands.

SA needed welding engineers, technicians, inspectors, supervisors, non-destructive testing operatives and ordinary skilled welders, the SA Institute of Welders' executive director Chris Smallbone told *Business Day*.

And the SA Institute of Chemical Engineers has issued a warning that SA has a shortage of chemical and other engineers and that the number of engineering students entering universities was dropping rapidly.

"Traditionally the engineering skills needed to meet periods of great economic activity have been obtained through immigration, but this route is not expected to provide such a ready source in future," he said.

Smallbone said even though SA industry was in recession, it was having to import ordinary welders, mainly of Portuguese extraction, to meet present needs.

"What is more worrying is the absence in SA of welding engineers."

Smallbone's institute is running a three-week welding training course at R4.5m Johannesburg training centre but this is not expected to make much impression on the skills situation.

"It means we are going to have to import people."

Row over discount petrol

CAPE TIMES 27/11/85

(55)

By EBRAHIM MOOSA

THE managing director of Pick 'n Pay, Mr Raymond Ackerman, is to defy a government order prohibiting the sale of petrol at discount prices which starts in Brackenfell today.

Under the self-service scheme, motorists will be charged 4c less on every litre of petrol bought at the hypermarket's filling station.

The Minister of Mineral and Energy Affairs, Mr Danie Steyn, said the prohibition was a necessary "intermediate" measure pending a thorough investigation on fuel price controls early next year.

The scheme will be prohibited from today in terms of a notice published in a special Government Gazette.

Yesterday Mr Ackerman said: "We are absolutely appalled and angered that the minister has taken the decision without offering us a courtesy meeting which had been scheduled for today.

"We are not discounting at all. They forced us to sell at pump price. The consumer of this country needs a square deal."

He said that legally there was nothing wrong with the scheme and that a team of lawyers were conducting further investigations.

'A kick in the teeth'

"We are selling tomorrow," he said.

He described the government's move as a "kick in the teeth" after he had battled all of last week to persuade overseas investors and manufacturers to maintain business links with South Africa.

This is the "surest way towards a Marxist state", he said.

Mr Allan Gardener, Pick 'n Pay executive director, will today have a meeting in Pretoria with the minister and the director of the Department of Mineral and Energy Affairs, Dr Louw Alberts.

Fears were expressed that if the scheme spread, some 45 000 pump attendants could lose their jobs.

Mr Steyn said that if the practice of paying motorists who served themselves with petrol was widely adopted, it might lead to further unemployment and congestion at service stations.

He identified unemployment as a "most important factor in the present unrest situation".

The minister said his department followed a policy whereby the establishment of service stations was not only coupled with the supply of petrol, but that maintenance facilities also had to be made available to the public.

● Pick 'n Pay beer sales stopped, page 19

sold

20 000 litres of cut-price petrol

CAPE TIMES 28/11/85

By ARNOLD KIRBY

FIRST-DAY sales of cheaper petrol at a hypermarket in Brackenfell were more than treble normal daily sales, as the government and a supermarket chain met to decide the future of cut-price fuel.

Mr Sakkie Joubert, director of Pick 'n Pay's Brackenfell Hypermarket, said 20 000 litres of fuel had been sold yesterday, compared with an average 6 000 litres on a weekday this time of the month.

"At 2pm we had sold about 9 000 litres of fuel and from then on there were an average of between 25 and 30 cars on the petrol station's driveway as sales rose dramatically," he said.

But the future of the self-service scheme depends on the outcome of "two or three sensitive issues" being considered by the government, said Mr Raymond Ackerman, managing director of the supermarket chain.

This follows a two-hour meeting in Pretoria yesterday between four of the company's top executives, the Minister of Mineral and Energy Affairs, Mr Danie Steyn, and his Director General, Dr Louw Alberts, which was described as "reasonably amicable".

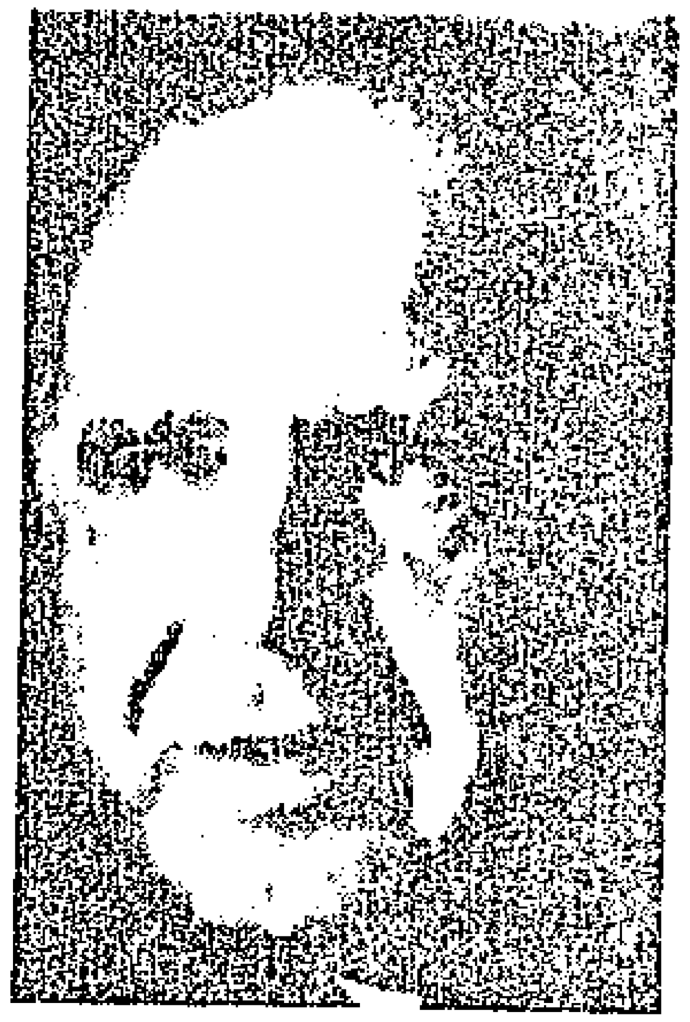
"The Department of Mineral and Energy Affairs was considering the sensitive issues and would contact the company later today, Mr Ackerman said after the meeting.

"We will then decide on any future action.

"In the meantime Pick 'n Pay will continue to pay motorists who serve themselves 4 cents for every litre they pour at 12 hypermarkets throughout South Africa, even though the government has not given us permission to do so," he said.

The government has issued a special Government Gazette banning the sale of petrol at discount prices.

The Pick 'n Pay negotiators were two executive directors, Mr Alan Gardener and Mr Peter Dove, as well as Mr Peter



Mr Ackerman

Jelcy, director of the Boksburg Hypermarket and Mr Richard Fries, director of garages.

Our Johannesburg Bureau reports that Mr Ackerman said yesterday his company was "going for the jugular against massive cartels such as the oil companies and the liquor distributors".

The chain has already ploughed R100 000 into advertising cut rate help-yourself petrol.

Mr Ackerman said he was taking legal advice to challenge the "arbitrary edict" which he believed had been passed against his company's operations.

Pick 'n Pay was this week banned from selling light beer, which Mr Ackerman said could bankrupt the independent Windhoek Breweries.

"While the government is intending to investigate cartels and monopolies it seems that they are prepared to see the collapse of a small concern such as Windhoek Breweries."

Meanwhile, Sapa reports from Johannesburg that according to a statement issued yesterday the Association of Chambers of Commerce (Assocom) wants the ban on discounting petrol to be submitted to the Competition Board.

Reacting to the announcement prohibiting the discounting of petrol, Assocom reiterated its "commitment to free enterprise with a minimum of control".

Mr Harry Schwarz, Progressive Federal Party spokesman on finance, said yesterday it was highly undesirable to encourage or create a situation where the example of one firm could possibly jeopardize many black jobs.

In a statement to Sapa, he said that unemployment had been a major contributing factor towards unrest and that if such competitive practices which in normal circumstances should be allowed to exist should spread to petrol stations generally, it could jeopardize many jobs and have very serious consequences.

Moves to stop SA getting oil

55

29/11/85 Star

The Star Bureau

LONDON — Maritime unions worldwide are mobilising their programme this week to stop South Africa getting oil.

And companies involved in the secret trade are being told to withdraw or face boycotts.

Mr Phillip Heaton, spokesman for the Maritime Unions Against Apartheid in London, said yesterday that letters were being sent to all shipping and oil companies known to be supplying crude oil to South Africa warning them any of their vessels would be targets for union action anywhere in the world if they continued to "fuel apartheid".

"We believe it is only fair to warn them first. The letters they will receive spell out in detail the declaration approved at our recent conference in London," he said.

In terms of that declaration, seamen's and dockers' unions from more ~~than~~ 30 countries have agreed to boycott or take other action against vessels anywhere in the world belonging to oil or shipping companies supplying oil to South Africa.

Over the next week, unions throughout the world will receive lists of companies and ships known to be involved in the trade. They will then monitor shipping movements and take action in terms of the declaration.

Unions hope to squeeze South Africa's oil "pipeline" and reduce the 15 million ton annual supply to a trickle.

They also believe the increased risks suppliers will now have to take will make the oil that does reach South Africa more costly.

It is estimated South Africa's present oil supply costs around £3 billion (about R11,4 billion) a year.

PE escapes electricity tariff rise

55

6/12/85

E Post

Post Reporter

THE COST of electricity in the Eastern Cape will not go up on January 1 when Escom increases its tariffs

According to municipal sources, present tariffs for Port Elizabeth and Uitenhage will remain unchanged until July 1.

Sapa reports from Johannesburg that PFP finance spokesman Harry Schwarz said Escom's 15.5% tariff increase for 1986 was bad news for those hoping for a decrease in the rate of inflation and was a sign that the Government had given up the fight against inflation

Mr Schwarz said the increase was likely to heighten inflationary expectations because Escom users were already planning their own price increases.

"It is obvious that the Government has given up the fight against inflation, and in the light of this announcemnet and others such as rail tariffs, wage and salary demands are unlikely to be restrained despite the influence of a high degree of unemployement."

Widespread condemnation from organised commerce, industry and consumer bodies has followed Escom's announcement.

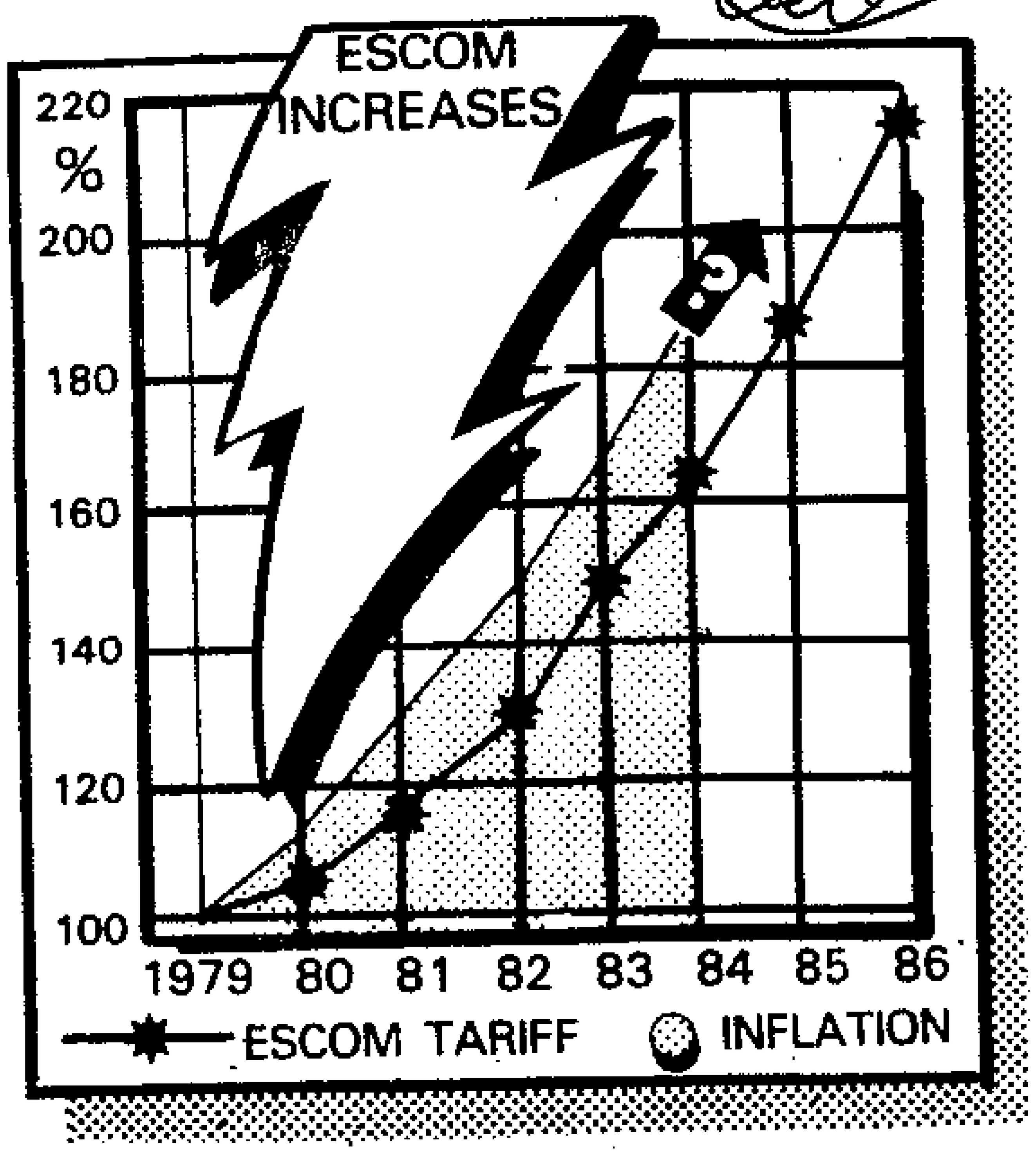
Assocom said the increases came at a "very inopportune moment when business viability is under pressure", while the Afrikaanse Handelsinstituut described the rise as "disturbing".

The SA Consumer Council warned that the move would have a "negative effect" on the man in the street, and the Federated Chamber of Industries (FCI) warned that it would result in a decrease in demand for electricity.

Assocom said: "Not only will these increases impact upon the cost of living, but they will have an adverse effect upon the production costs of most industries."

Mr Donald Masson, president of the Afrikaanse Handelsinstituut, said the increases indicated the higher price consumers would have to pay because foreign capital supplies were not readily available.

The SA Consumer Council said that although the increase — bringing to more than 60% the total rise since 1982 — was lower than the current 16% inflation rate, it would still exercise a negative effect on all consumer goods as well as on the inflation rate.



The FCI estimated that the increases would raise basic power tariffs by 21% by the end of 1986

Announcing the increases yesterday, Escom's chairman, Mr John Maree, said they would be implemented in two stages, averaging 10% each, on January 1 and July 1.

Major cost factors causing the increase included higher interest rates on the local capital market and lower income from electriciity sales as a result of lower economic growth.

The impact on Escom of higher interest rates was estimated at more than R600 million for the period 1985 to 1989 — Sapa

● Editorial Comment — Page 8

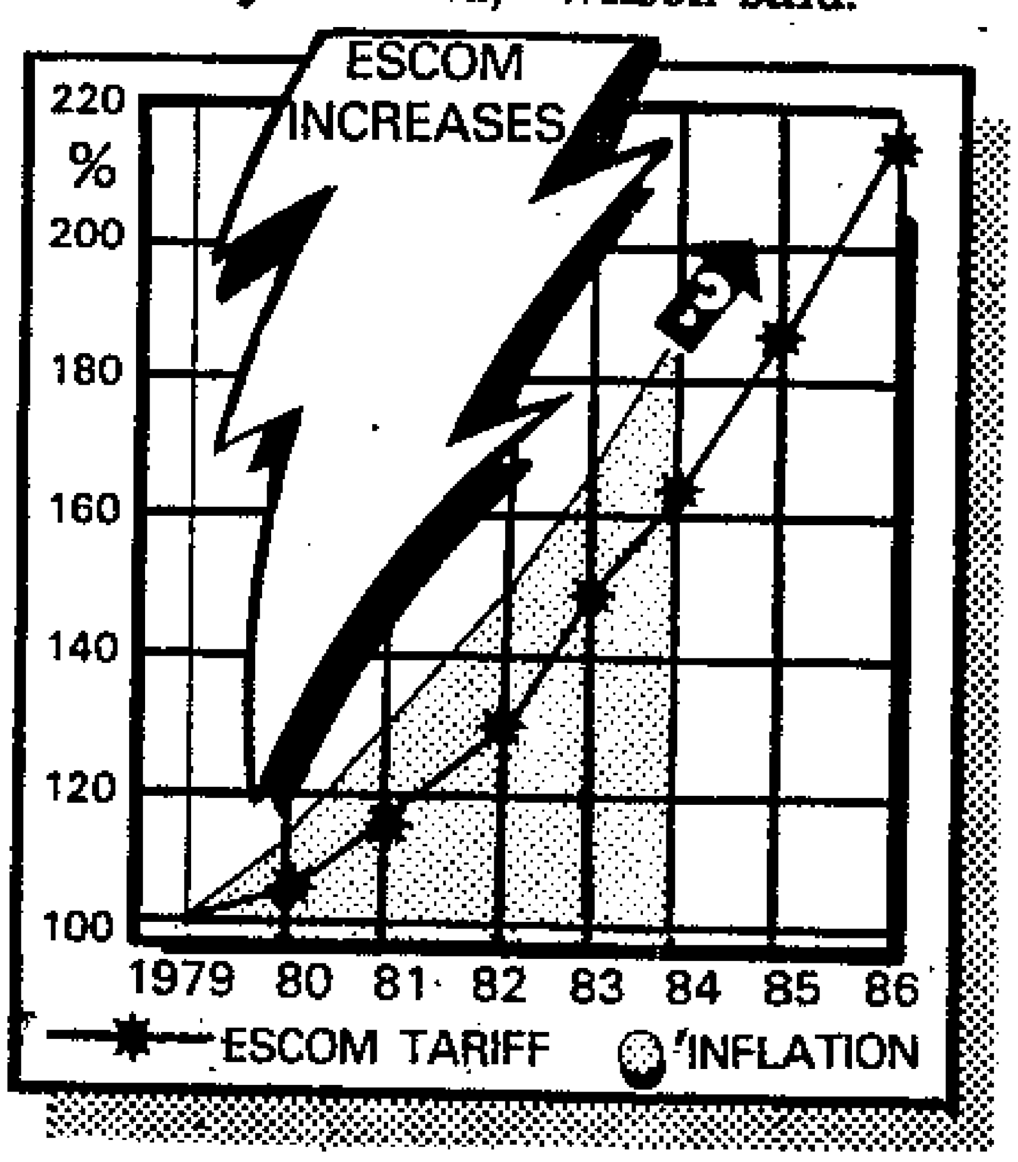
BUS DAY 6/12/85

15,5% increase in two stages

Escom rise 'a setback to recovery'

THE 15,5% electricity tariff increase next year will aggravate Escom's financial position and delay economic upturn, said Federated Chamber of Industries (FCI) president John Wilson.

"A tariff increase of this magnitude at this time will undoubtedly further curb electricity demand," Wilson said.



FRED STIGLINGH, GERALD REILLY and SAPA

Escom chairman John Maree yesterday announced the increases would be implemented in two stages, on January 1 and July 1, amounting to a cumulative 15,5% for the year.

This year saw similar increases, on January 1 and September 1.

Maree said major cost reduction had to be implemented to keep the increase below the 16% inflation rate.

Cost factors include:

- Higher interest rates on the local capital market due to difficulties in getting foreign loans.
- Lower income from electricity sales resulting from lower economic growth.
- The decrease in the rand value boosting cost of imported equipment.
- The import surcharge.
- Higher transport costs.

The increases would raise basic power tariffs by 21% by the end of 1986, FCI's Wilson said, adding: "This occurs alongside substantial increases which have already taken place, resulting from

● To Page 2

Escom hike 'a setback'

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changes in the basic rate structure."

He said decline in electricity demand was partly due to a history of tariff increases which averaged 18% over the past 10 years.

This was more than 5% above the average inflation rate.

An Assocom spokesman said the increases came at an inopportune moment when "business viability is under pressure".

"Not only will these increases impact upon the cost of living but will have an

● From Page 1

BUS DAY 6/12/85

adverse effect upon the production costs of most industries," the spokesman said.

Volkskas economist Adam Jacobs said the combined impact of the power tariff hikes, the 15% hike in railway rates from January and the expected increase in the petrol price — also in January — would send the inflation rate above 17%.

The current CPI level is 16,6 — the highest since 1922.

Evening Post

Friday, December 6, 1985

COMMENT

Escom rises mean hardship

E. Post 6/12/85

(55)

FIRST the fuel price, and now electricity tariffs... increases in these two major components of the costs of goods and services will ensure continuing high inflation next year. And with the country already struggling to keep going, real hardship will be the lot of millions of South Africans in the foreseeable future.

Escom says it is going to increase its charges by an effective 15,5% in two stages — in January and July — but by the end of 1986 the cost of electricity will be up by 21%, according to the president of the Federated Chamber of Industries, Mr John Wilson.

It has become customary for spokesmen announcing price increases to expect a pat on the back if they keep their margins below the inflation rate, and so it is with Escom, which on paper has stayed half a percentage point on the right side of the current rate of 16%. Escom's chairman, Mr John Maree, needs to be reminded of the commission's appalling record in the recent past. Mr Wilson points out that Escom tariff increases have averaged 18% for the past 10 years — more than five percentage points above the average inflation rate. It need hardly be said that such increases are the cause rather than the effect of the high inflation which is crippling the country and damaging the prospects of exporters who are supposed to be leading an economic recovery.

Two reasons given for the Escom increase are the reduced demand for electricity because of the economic downturn and the difficulty in obtaining overseas loans. Its answer of a higher tariff to counter a lower demand defies logic. Like the marketing boards, it seems to believe it will make good its losses by charging more, when in fact it should be lowering its charges. The second problem is a very real one. Foreign loans have dried up because of failing confidence in South Africa, and the resulting rise in Escom tariffs is an example of how the whole country must suffer while the political turmoil continues.

Escom says change won't cost jobs

STAR 11/12/85

55

Escom is planning major changes to make its organisation more businesslike, to decentralise functions and to bring it closer to the consumer — but none of its 66 000 workers will lose their jobs.

Mr E H Thal, communications manager, said staff would not lose financially through transfers or changes.

Escom's chairman and senior general manager had met 400 senior managers nationwide in the last six months to explain the proposals and give assurances about jobs.

In response to reports that staff in Colenso feared retrenchment and the collapse of the town — it relies on the power station — Mr Thal said change brought insecurity in a company as large as Escom, especially in insecure economic times.

Details of changes would be available early next year.

Race no bar to jobs at Escom — journal

STAR 18/12/85

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Escom has announced an official equal opportunities policy for employees of all races and has undertaken to investigate a number of racial issues relating to employment.

In the latest issue of its in-house journal, *Escom News*, Mr Ian McRae, senior general manager, says Escom has accepted the need to formalise its long established equal employment practices.

"Our ultimate goal is to weld Escom's 66 000 people into a strong and effective team that will continue to maintain our position at the leading edge of our field," said Mr McRae.

Meetings have been held with trade unions to convey Escom's commitment to the maintenance of equal opportunities, the journal said.

MERIT

Among the issues discussed with trade unions so far were:

- Tangible proof of equal opportunities.
- Non-discriminatory policies and systems.
- The optimal utilisation, training and development of manpower and equal career opportunities.
- Appointments on merit and promotion according to performance as well as equal pay for equal work.
- The opening of further facilities to all races.
- Decent and reasonable treatment of all workers and the elimination of all forms of race discrimination.
- The maintenance of healthy labour relations.
- The promotion of co-operation of trade unions and workers and the development of a personnel code.

Other issues which will receive attention include the recruitment and training of all races into all posts and the protection of minority interests.

The attitudes of members of other races will also receive attention.

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(58) (200) BUS DAY 27/12/85

Escom official alleges 'unfair dismissal'

ESCOM, whose financial affairs have been under scrutiny since "Dr" Gert Rademeyer stole R8m from the organisation, is faced with another controversy.

This time it involves the dismissal of former chief financial planner Dr Jacob de Bruyn.

He has lodged papers in the Johannesburg industrial court claiming unfair labour practices and unfair dismissal.

The papers say that he was not given a fair warning nor was he given reasons for the termination of his employment.

Escom has seven days in which to reply to the allegations.

An application has also been lodged with the Minister of Manpower requesting a conciliation board to settle the dispute.

De Bruyn was appointed chief financial planner in November 1984.

He was dismissed on December 3.

DISPATCH

EL ups power tariffs

28/12/85

Dispatch Reporter

EAST LONDON — Electricity tariffs here will rise between 15 and 16 per cent early in the new year.

The rise is due to the implementation of Escom's recently approved new standard national tariffs, which means that while electricity cost will actually go down a few per cent, the 17 per cent Decentralisation Board subsidy will be substantially reduced.

The chief city electrical engineer, Mr K. Robson, said there was also another 10 per cent increase on the cards for July next year, but that would only be considered when the city council looked at Escom's 1986-7 tariff structures. The present increase also incorporated Escom's September 1985 and January 1986 hikes.

The 15 to 16 per cent rise will be applicable to accounts from February 1 next year.

Details of the proposed tariff amendments may be inspected at Room 20, City Hall, during normal office hours. Any objections should be in writing and reach the town clerk before January 20.

ENERGY – 1986

JANUARY – DEC.

~~SEPT.~~ – ~~DEC~~

Coastal motorists not affected by fuel hike

DISPATCH 3/1/86.

55

Dispatch Reporter

EAST LONDON — Motorists at the coast will not be affected by the fuel price hike, but inland motorists will pay 2c a litre more on the pump price of 93 octane petrol.

The chairman of the Border branch of the Motor Industries Federation (MIF), Mr Dave Forsyth, said yesterday the price of 93 octane petrol in the Transvaal had been increased by 1,8c a litre but, when rounded off, the increase would be an effective 2c more a litre.

"We do not yet know exactly what the new price increases are for the Border area but motorists will pay progressively more as they move further inland."

He said the new rail tariff increases, which were announced by the Minister of Transport in October last year and came into effect on January 1, had meant a rise in the price of all fuel products.

Mr Forsyth warned motorists to brace themselves for the government's expected petrol price increase later this month.

On November 11 last year, the price of petrol went up 6c a litre.

At the time the Minister of Mineral and Energy Affairs, Mr Danie Steyn, said the fuel price would have to be reviewed early in the new year if the situation did not improve as the November increase was only half of what was needed to cover the shortfall caused by the poor rand/dollar exchange rate.

However, a spokesman for the Department of Mineral and Energy Affairs said yesterday a further increase was by no means a certainty.

The Opec price of crude oil was dropping and if the exchange rate improved there was a chance the increase could be avoided.

He said the increase was not related to the payment of South Africa's fuel bill but was linked to rising transport and pipeline costs and had been levied by the South African Transport Services (SATS).

However, the Minister of Transport, Mr Hendrik Schoeman, yesterday denied that the petrol price hike was attributable to the increase in transport services.

Mr Schoeman said in an interview on TV the increase in goods transport tariffs would only have made an average increase of 0,5c a litre necessary.

Where the petrol prices have changed

4/1/80 Mercury 55

Mercury Reporter

THE recent 2 c a litre increase in the price of petrol in many parts of the country has caused considerable confusion. The increase is the result of a rise in the cost of transport and affects only fuel delivered by rail.

Most coastal cities and towns and areas where petrol is delivered by road tanker are not affected.

A spokesman for an oil company listed the following Natal towns affected by the 2 c increase: Bulwer, Creighton, Dalton, Donnybrook, Estcourt, Greytown, Harding, Impendle, Kingsley, Mtubatuba, Newcastle, Pongola, Scottburgh, Stanger, Umzinto, Umzimkulu and Vryheid.

While BP has stated that Hillcrest and Amanzimtoti have been affected by the increase, a spokesman for Mobil said the petrol price at Amanzimtoti would stay the same.

Durban and Pietermaritzburg have not been affected.

According to Mr Harald Bielfeld, a spokesman for the Department of Mineral and Energy Affairs in Pretoria, areas where the price rise would have been less than half a cent a half-litre have also been exempted from the increase.

He said this was because the price increase was rounded off so that in some areas the petrol price remains unchanged, but in others it rises by 2 c a litre.

He said in Johannesburg and Pretoria 98 octane petrol now costs 53 c a half-litre and 93 octane 51 c.

The Automobile Association said in a statement that the increase and the resultant confusion highlighted the need for an urgent investigation into the fuel price structure.

The AA has already recommended to the Department of Mineral and Energy Affairs that a formula be designed to ensure truly cost-related basic prices for imported and local fuels; provide for the application of appropriate levies; apply taxes such as GST to the cost of production before the addition of levies; clearly identify exemptions/subsidies and ensure these were appropriately funded — by central revenue if necessary and clearly accounted — and review the principles applied to wholesale and retail profit.

Rail tariff

'The latest increase is in effect double the rail tariff increase, but this is accounted for by the fact that the pump price now relates to half-litres, requiring a rounding up or down of the price to avoid fractions of cents.

'Whereas the previous increase was favourable to the motorist on the Reef because the price was rounded downwards, this latest hike has required a rounding upwards,' the AA said.

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Koeberg quizzed on spent fuel

Argus 16/1/86 (53) 86

Staff Reporter

KOEBERG Alert has called on Escom and the Atomic Energy Corporation to clarify what will happen to the high-level spent fuel about to be removed in Koeberg power station's first refuelling shutdown.

"We believe the public should be informed whether the waste is to be reprocessed to extract plutonium, how much this will cost and what safeguards will prevent the plutonium from being used in nuclear weapons," says the organisation.

A spokesman for Koeberg Alert said there would be even greater uncertainty about these questions if locally-manufactured fuel was being used at Koeberg as this would probably not be audited by the International Atomic Energy Agency.

Koeberg Alert has also questioned the assumption in an Escom statement announcing the refuelling shutdown, that Koeberg's electricity has so far been cheaper than power from a coal-fired station.

"Electricity from Koeberg is very expensive. Its enormous cost may be judged by the fact that even the cost of a coal-power station the same size as Koeberg in Cape Town would have been cheaper, according to figures given in Parliament."

Randburg electricity rates go up 14 pc

22/11/86 STAR (55)

Electricity tariffs for Randburg residents were increased by 14,3 percent this week due to an effective 15,6 percent rise in Escom tariffs.

This was announced at a special meeting of the Randburg Town Council last night.

The first electricity accounts at the increased tariffs will only be rendered in March. The monthly increase for the average household is expected to be about R10,73.

A statement issued by the council said it had been forced to raise the tariffs — despite pledging in May that it would not do so in the current financial year.

This was because the increases in Escom tariffs meant a further expenditure of R1 167 million in this financial year for the council. This could not be absorbed with a budget already "cut to the core", the statement said.

Escom increases comprised a 10 percent rise in the general tariff, a 3 percent rise for tariff restructuring and a 2,6 percent increase due to the higher coal price.

Sowetan 24/1/88

53

Petrol: 40 000 jobs in danger

By NKOPANE MAKOBANE

ABOUT 40 000 people will lose their jobs if self-service is allowed in the retail petrol industry, Mr Sydney Druckman, chairman of the Southern Transvaal Division of SA Motor Traders' Association, said yesterday.

Addressing a Press conference in Johannesburg, he said his federation opposed self-service because of the threat to existing jobs and the creation of new jobs.

"Unemployment in South Africa, especially to those population groups from whose ranks driveway attendants are traditionally recruited, is a serious problem.

"The government is presently spending millions of rands to create new job opportunities. We therefore believe that it is extremely irresponsible for any sector of our economy to destroy employment opportunities within its industry.

"This will be the result if self-service is allowed in the retail petrol trade.

"We estimate that 40 000 persons employed as driveway attendants and in other supporting positions will be affected.

"These people cannot be placed in alternative positions, especially in the current economic circumstances," he said.

He pointed out that the modification of the existing petrol pumps to self-service pumps would cost millions of rands. To place one premium and regular petrol pump at every service station would, for instance, cost the country R80 million.

City power 'among world's cheapest'

By Shirley Woodgate, STAR 24/1/86
Municipal Reporter

Johannesburg's electricity tariffs are among the lowest in the world, according to the City Electrical Engineer, Mr Wessel Barnard.

In a paper presented last night to the South African Institute of Electrical Engineers, Mr Barnard traced the history of 80 years of electricity supply to the city.

He said: "Johannesburg boasts one of the largest and most sophisticated municipal electrical undertakings in the world, with a maximum demand approaching 1 300 MW and income exceeding R300 million administered by a staff of 3 500."

This was a far cry from 1888, when the first concession was granted for the production and delivery of gas for lighting, heating and power for a population of little more than 3 000.

Mr Barnard told the SAIEE's historical group that the official view of the Newtown cooling towers was that they were unsafe and "had to go".

He continued: "This contrasts with two of the Kelvin power station towers which were underdesigned and developed cracks. They are being repaired at considerable cost, using a method that has not been employed elsewhere in the world.

"Today, nearly 60 years after people came from all over the country to wonder at the magic of I W Schlesinger's first traffic controller, erected at the intersection of Rissik and President streets, the city boasts 800 traffic lights.

24/1/81

55

8 pc rise in cost of electricity

Mercury

Municipal Reporter

DURBAN consumers will probably pay an extra 8 percent for electricity from February 1.

The City Council will hold a special meeting on Monday to discuss the possible tariff increase.

Mr Denis Fraser, City Electrical Engineer, said the price increase was necessary because of the 10 percent increase in Escom tariffs which came into effect on January 1.

The difference between the Escom increase and that proposed by the council was because the cost of buying electricity from Escom made up 60 percent of the council's total electricity bill and the balance of the council's costs had not been as high as 10 percent.

'The one-month delay in implementing the increase has been taken into account in the proposed increase,' Mr Fraser said.

Power to cost 8 p c more

2144

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Mercury

28/1/86.

Municipal Reporter

THE cost of electricty in Durban will increase by 8 percent from Saturday.

The tariff increase was approved yesterday at a special city council meeting.

Councillor Patrick O'Connor said the increase would create a R10,6 million surplus but he could get no seconder for his suggestion referring the matter back to the Management Committee.

Mr Peter Mansfield said restricting the increase would have short-term benefits but long-term disadvantages.

Mr Denis Fraser, City Electrical Engineer, said the price increase was neccessary because of the 10 percent increase in Escom tariffs, which came into effect on January 1.

Power supply for Jabavu Centre

CP Reporter

A PERMANENT electricity supply – with a capacity to supply 300 houses with power – is being installed at the new-look Jabavu Community Centre in Soweto.

Soweto's electrical engineer, RE du Toit, said a cable would carry power from the Mordka 132kv sub-station to the centre.

When work is completed at the beginning of February, the centre will have 1000kva – enough power to supply 300 houses with electricity.

CITY P 2/2/86 55

Tips on better business

By SELLO SERIPE

THE NCR Corporation of SA will hold a two-week seminar for black businessmen from February 3.

NCR public marketing manager AH van der Linden said the seminar – at the National Exhibition Centre near Baragwanath Hospital – will be held in close conjuction with the Greater Soweto Council.

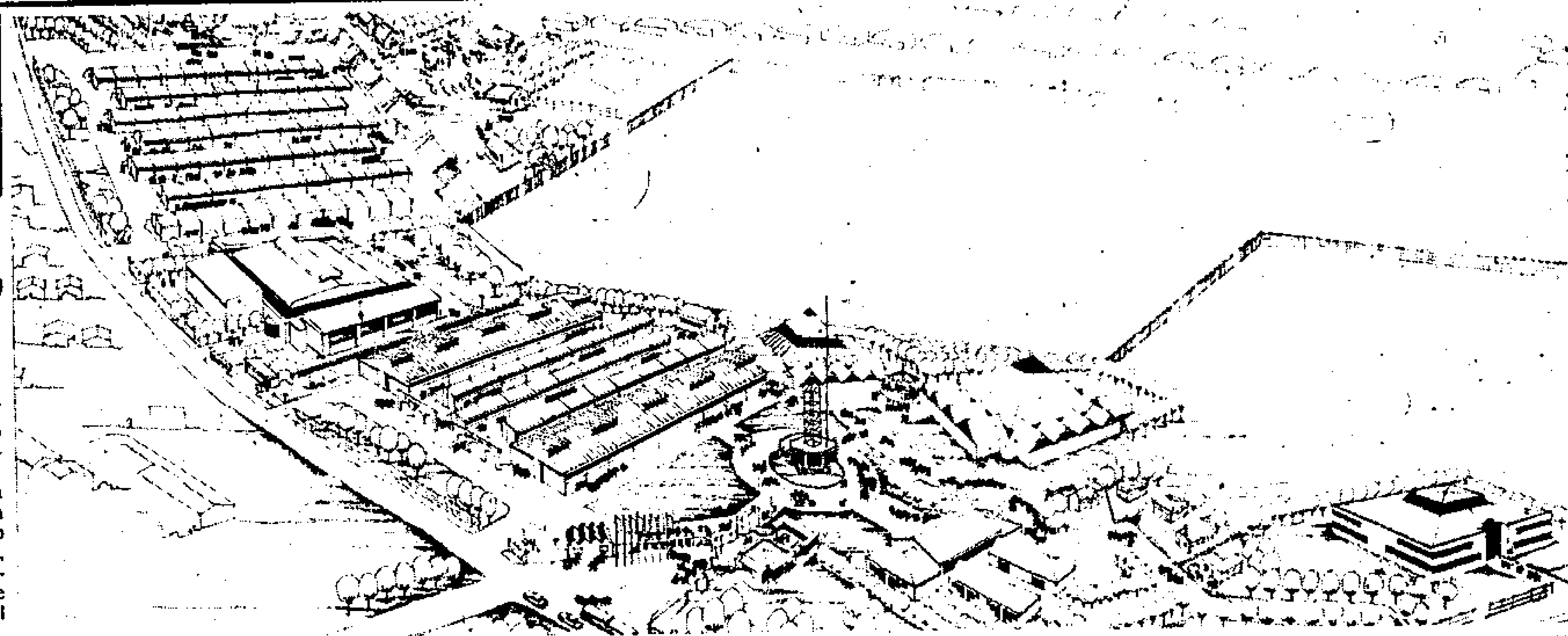
It will address areas of vital importance to retailers, including finance and administration, modern retail merchandising techniques, stock management, marketing strategy, communication and group problem-solving.

Among the highly qualified lecturers are Elsie Khojelwanyo and Floid Mdluli.

The fees are R70 and R110 for different courses. Participants will be awarded certificates of success after completing the courses.

The cost of installing permanent electrical power is R90 000, and was arranged by All Time Promotions, who have taken over the promotion of trade shows in Soweto from Adele Lucas Promotions.

ATP, headed by a black businessman and a member of the Soweto Chamber of Commerce, will run two shows annually for the next five years. The first show will be held in April.



Petrol price: No rise

E. Post 6/2/86

By DIRK VAN ZYL
Political Correspondent

CAPE TOWN — The Government announced today that there would be no fuel price increase now.

This confirms all indications over past weeks as the rand/dollar exchange rate entered an improved position for South Africa.

The Director-General of the Department of Mineral and Energy Affairs, Dr Louw Alberts, announcing the good news today, pointed out that when the fuel price rise was announced last November, a similar increase was envisaged for early this year if there was no improvement in the rand-/dollar exchange rate.

"Since then the exchange rate has improved to such an extent that it is possible to avoid this price increase so prices will remain unchanged for the present time," Dr Alberts said.

Investigations were proceeding on the following matters which could result in later price adjustments:

- The effect of the further course and stability of the rand/dollar exchange rate.
- The effect of the crude oil cost on this.
- The composition of fuel prices, especially in the light of the financing of third party insurance from May 1 by a levy.
- The lowering of lead levels in fuel and the accompanying cost.
- The issue of whether to have retail price control.
- The effect of stopping rounding-off of prices at petrol pumps if they are able to handle fractions of a cent.

Dr Alberts said the Ministers of Government departments with responsibility regarding specific components of fuel prices had decided that all announcements on fuel price adjustments, for whatever reason, would be made by the Minister of Mineral and Energy Affairs, Mr Danie Steyn.

The giving of information about such adjustments and the resultant adjustment at pumps would remain the responsibility of the various private sector institutions.

Energy to cost more in July

E.Post 7/2/86

Municipal Reporter

PORT ELIZABETH residents will not pay more for electricity until July.

This was decided at yesterday's Works and Traffic Committee meeting when certain recommendations by the City Electrical Engineer, Mr Charles Adams, and the City Treasurer, Mr Amandus Strydom, were accepted.

Recommendations include that the balance of the State subsidy will continue to be paid at a rate of 14% to the end of April and all electricity consumers will receive a discount for May and June.

These recommendations follow the announcement of Escom's tariff increases and the adoption of a standard national tariff. The immediate effect of this is that there will be a 14% reduction in tariff in the Eastern Cape area effective from January.

The matter will now go to the Policy and resources Committee.

- It was also decided to amend the 1985-86 operating budget for the maintenance of PE's main roads, which are badly cracked.
- The committee also decided that the Town Clerk would conclude an agreement between the Government and the council for the supply of water to the council from the Gamtoos River Government Water Scheme and the Kromme River Government Water Scheme.

Escom: second nuclear station?

DURBAN — Development pressure in Natal may soon force Escom to begin scouring the province's coastline for possible sites for a second nuclear power station.

Although Escom has yet to make a decision on whether to build another nuclear power station, an R8 000 000, six-year-search for a future station site began in October last year.

In an interview yesterday, Mr Marius Rautenbach of Escom's communications department, confirmed that of 19 selected candidate areas along the whole of South Africa's coastline, "suitable areas have been identified in Natal". 7/2/86.

But investigations were currently focused on two candidate areas, to the east and west of Port Elizabeth.

"The decision to start the investigation in the Eastern Cape arose not from any preference, but because of development pressure.

"There is definitely a lot of pressure in Natal, as there is along other parts of the Cape coast, and a decision on where to start investigating next will probably have been made by the end of the year." 55

Escom says that although a decision on whether to build a second power station might only be taken in 10 years' time, "basic prudence dictates that viable sites should be identified as soon as possible, so that both government and local planning authorities can take them into account and avoid conflict over land use".

"Only when all 19 areas have been investigated will it be possible to establish from the total picture which areas should be preferred," Mr Rautenbach said.

Escom has declined to confirm that a site under consideration was a spot near Zinkwazi, at the mouth of the Tugela River in Natal.

Since the search began in October, Escom has been concentrating its investigation on a 60 km stretch of coast between Cape St Francis and the Tsitsikama River mouth.

More detailed investigation of a second candidate area, about 120 km long, and between the Sondags River mouth and Cape Padrone, would begin towards the middle of the year.

Investigation involved mapping areas of population distribution and detailed geological surveys to determine the vulnerability of the area to earthquakes and earth movements.

"Once we have completed our detailed investigations we may find that from the 19 areas we have chosen, only some are really suitable for the purpose."

Mr Rautenbach said Escom should know by the end of March whether there were any serious geological faults in the first candidate area, west of Port Elizabeth. DISPATCH

"If we find serious faults there, we will probably tell the people straight away that we are no longer interested," said Mr Rautenbach.

He said a decision on whether to build another nuclear power station was "still some time off . . . probably in the 1990s.

"But even if we were to announce a decision tomorrow, it would be another 10 years before the station was actually operational."

Escom's senior general manager, Mr Ian Macrae has said he believes nuclear power from fission and fast-breeder reactors seemed the best alternative to coal likely to be available commercially in the next 20 years.

Hopes for lower fuel price soon

7/2/88 DISPATCH

53

Dispatch Correspondent

PRETORIA — Petrol prices could fall in March or April, the Automobile Association said yesterday after the government announced that there would be no immediate increase in fuel prices.

The energy sub-committee of the Federated Chamber of Industries said it hoped there would soon be a reduction in the fuel price.

According to the Director-General for Mineral and Energy Affairs, Mr Louw Alberts the stronger rand had eliminated the need to adjust the price upward for the present.

The rand continued its strong performance yesterday when it moved up almost one cent to close at O,46 US cents.

But almost dashing hopes of a fall in price, Mr Alberts said a later adjustment in prices could result from investigations now under way.

The investigations included:

- The effect of the further stability of the rand—dollar exchange rate on fuel prices;
- The effect of the cost of crude oil on fuel prices;
- the effect of the termination of rounding-off at petrol pumps when they are able to handle fractions of a cent.

However, the AA director-general, Mr Peter Elliott, said the outlook for a reduction was promising, providing the comparatively favourable exchange rate and the lower crude oil prices continued, and depending on the outcome of the review of the petrol price structure.

The fuel director of the Motor Industry's Federation, Mr Jannie Van Huyssteen welcomed the standstill on the petrol price issue and the investigation into the price structure.

"Because there is no doubt there is ample scope for reducing it." He said it was imperative the huge profits being made on the fuel pipeline should be reduced and that the motorist stop being forced to subsidise urban commuter rail fares.

In a statement yesterday, the chairman of the FCI's energy sub-committee, Dr R. A. P. Fockema, said the dropping of the fuel price would be an important factor to counter the current excessive rate of inflation.

"The FCI feels strongly that the cost of liquid fuels could further be reduced by removing excise duty and bringing down General Sales Tax and the pipeline charges which particularly affect the inland consumers," Dr Fockema said.

- The composition of fuel prices. especially in the light of financing third party insurance by means of a levy;
- the lowering of lead levels in fuel and the concomitant cost,
- The problem of whether or not to have retail price control, and

making false representations to ... days), with a further

Complaint against Koeberg contractors

Mercury 11/2/86

Staff Reporter

THE Industrial Court is to hear a complaint of unfair labour practice against a French sub-contractor at the Koeberg nuclear power station following the removal of a Cape Town trade union leader's security permit.

The site permit of Mr Cecil Theys, chairman of the Electrical and Allied Trades Union of South Africa (Eatusa), was withdrawn by Escom officials on December 12.

Union officials allege this was after a meeting between Escom, the security police and a representative of C Gee Alsthom, the French electrical sub-contractor employing Mr Theys.

They have accused the company of "victimising" Mr Theys and of "an unfair labour practice".

HEAD OFFICE

The company denies attending the meeting and claims it had no say in the issue of security permits, which was done by Escom.

A representative of the International Metal Federation (IMF), Mr Brian Fredericks, said details of the matter had been referred to the head office in Geneva, who would liaise with French union affiliates.

These included FLM, a major metal union at car manufacturers Renault. He could not "give detail" of possible strategies "at this stage", but did not rule out union action.

Mr Theys is still employed by C Gee Alsthom, but cannot work as he is unable to enter Koeberg power station. Officials claim he has not been paid since the end of December.

FULL COMPENSATION

Eatusa has demanded that C Gee Alsthom ensure the "physical reinstatement" of Mr Theys or pay him full compensation to the end of the company's contract at Koeberg.

Mr M Janot, deputy-site manager for C Gee Alsthom, refused to comment on any of the points raised, saying it was a "company matter". He confirmed that Mr Theys was still employed by C Gee Alsthom.

In a prepared statement Escom said: "Mr Theys's permit was withdrawn in accordance with Escom's reponsibility in terms of the National Keypoints Act."

The matter was heard by the Industrial Council for the Electrical Contracting and Servicing Industry (Cape) last week and has been referred to the Industrial Court.

PE families have waited 20 years to 'switch on'

55

11/2/86. E. Post

By RAYMOND HILL

FAMILIES in the coloured township of Helenvale, Port Elizabeth, are still waiting for electricity more than 20 years after moving into their homes.

They have petitioned the municipality twice, asking for speedy action to be taken.

Many are people who can afford washing machines and TV sets — and some have actually bought them in anticipation only to sell them again in frustration.

This is the last coloured area of the city to be without power.

Although some of the poorest families live there, a recent survey by the Northern Areas Management Committee has shown that at least 20 households are able to afford electricity.

The families concerned drew up a petition four years ago and sent it to the council.

Another petition was sent in 1985 when they became impatient.

Members of most of the families concerned today complained about the inconvenience the lack of electricity has caused since settling in their homes in Martin Street and Gail Road.

Mrs Sheila Fillis, 52, moved into her home in Martin Street 22 years ago.

She did the family's cooking on a conventional wood and coal stove until there was a smoke problem. Now she uses a gas stove that is slightly better.

"The sooner we get electricity the sooner our problems will be over," she said.

Mrs Rebecca Classen, a widow, moved into her home in Martin Street 19 years ago.

She bought a paraffin-operated fridge on an instalment basis about two years ago. Now she has decided to return it to the store because she prefers an electrically-operated model.

"It is frustrating to work with paraffin all the time. It has a strong, unhealthy smell. My fridge cost me more than R1 000 and I am not happy with its performance.

"I have to do my cooking on a small gas stove, although I can afford an electric one.

"It is about time that electricity was installed here," she said.

Mr Piet Coetzee, 71, of Martin Street, has already returned his paraffin-operated fridge to the store where he bought it.

"My children and I do not like the smell of paraffin in the house. We also discovered paraffin was more expensive than we expected.

"And as far as our television set is concerned, we are tired of operating it on batteries.

"The batteries must be re-charged too often and reception quality is poor," he said.

Mrs Sarah Jansen, 75, lived in Schauderville for about 40 years before moving to Helenvale.

In Schauderville she always had electricity.

But soon after moving to Martin Street, because she wanted a smaller home, she had to leave her electric appliances with relatives.

"I would never have moved in here three years ago if I had known I would have no electricity for so long. I am accustomed to electricity," she said.

Mrs Jansen also got rid of her paraffin-operated fridge and battery-operated television set last year because she was "fed up".

"The TV battery got flat too often and we could seldom enjoy the programmes because the screen would flicker all the time," she said.

Mrs Annie Samuels, a widow, who has been living in Gail Road for the past 12 years, also returned her portable television set to the store recently after experiencing battery problems.

She said she could easily obtain the necessary electric appliances and was just waiting for the big "switch on".

Mrs Susan Cornelius, 66, a resident in Martin Street for the past 18 years, has to do her family's washing by hand although she can afford to buy a washing machine.

"But while I do not have electricity here, I am forced to do the washing by hand. It is about time our problems were solved," she said.

Tenants interviewed also complained about food wastage, especially on hot days because they did not have fridges, and the dangers of lighting candles and lamps at night.

Many people living in other parts of Helenvale said they would like to have electricity in their homes but were too poor to afford it.

The city's Director of Housing, Mr Eddie Samuels, said there was a possibility that electricity would be installed in the houses concerned after June this year. Money for the project was still awaited.

BUS DAY 12/2/86 55

Escom to spend R3,6bn

ALAN SENDZUL

ESCOM plans to spend R3,6bn this year to cover capital expenditure, servicing of local and foreign debts and working capital. Only R300m will be tapped from foreign sources.

The utility revealed yesterday it had already pre-placed 55% — or R2bn — of its funding needs; with R1,4bn in 90- and 180-day project bills that can be rolled over continuously; R300m in the form of an import credit scheme and the remaining R300m from refinancing of assets for employee housing.

This leaves about R1,6bn for the local capital market in 1986. But of this amount, about R300m has already been privately placed with certain financial institutions.

This means that R1,3bn worth of loan stock is to be earmarked for the local capital market.

SA Transport Services (Sats) is also rumoured to have concluded a number of big private deals that have not gone directly through the market.

Last year Escom spent R1,9bn in the domestic market after a budgeted amount of R1,6bn, although about R300m was switched onshore from the 1985 foreign loan programme of R1,5bn.

Sats — the other major borrower — will release its 1986 funding plans on February 19 when Minister of Transport Hendrik Schoeman delivers the Transport Services Budget.

Posts and Telecommunications will make its figures known a week later.

Once the total public corporation funding picture has been delivered, pension fund managers should be better-placed to estimate how many bonds they will able to pick up for their portfolios.

Escom's funding needs are R1,3bn down on last year because of cutbacks on the number of capital projects.

Capex has been scaled down by an estimated R1,1bn over the next four years.

Several projects, including nuclear power and hydro-electric plants, have also been shelved.

BUS DAY 12/2/86

Police shoot dead 13-year-old schoolboy

Business Day Reporter and Sapa

POLICE shot dead a 13-year-old Atteridgeville, Pretoria, schoolboy on Monday during a class boycott by hundreds of pupils.

A spokesman for the Police Public Relations Division in Pretoria said Daniel Mothupi, 13, a Standard Five pupil at the Mboweni Higher Primary School, was killed when a policeman fired a rubber bullet at youths stoning a police vehicle.

A man was shot dead and another seriously injured by a Maraisplaas, Mossel Bay, resident whose house was stoned by a mob on Monday night.

A policeman was injured in KwaDabheka, near Durban, in an attack on a bottle store.

Police fired shotguns and used tearsmoke to disperse a mob which was throwing petrol bombs at SAP vehicles in Cleremont, near Durban.

A bus in Atteridgeville was damaged by stone-throwers and a cafe was set alight in Bridgeton, near Oudtshoorn.

Confusion could delay farmers' fuel plant

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12/2/88 Mercury

Mercury Reporter

CONFUSION over what duties and levies are payable to the Government is threatening to delay the establishment of a farm-fuel ethanol plant on Natal's South Coast.

The Minister of Mineral and Energy Affairs, Mr Danie Steyn, gave verbal approval in October last year for a group of about 100 farmers to set up the ethanol plant at Paddock, west of Port Shepstone.

At that stage the establishment of the plant was subject to the condition that the ethanol produced could not be sold on the open market, and if used on the roads, would be liable to road tax.

Last week, the Umzimkulu Cane Growers' Association, which estimates it could produce 5 000 ℓ of ethanol from molasses at a cost of about 29 c a litre, received a telex message from the Department of Mineral and Energy Affairs.

Although the telex formally authorised the setting up of the plant, the farmers were told that the approval was subject to 'the applicable levies and customs and excise duties being payable'.

Mr Ben de Boer, chairman of the association, said yesterday it was not clear what levies and excise duties would have to be paid, and the association would be writing to the Government departments concerned to clarify the position.

'We are unhappy about being levied as such because we feel that we should not have to pay towards the Fuel Equalisation Fund or the Central Energy Fund.'

And according to the Department of Customs, said Mr de Boer, present legislation would mean that the ethanol distilled would be liable to an approximately R9 a litre 'consumable liquor' levy.

'And with levies like that, said Mr de Boer, 'it would be laughable to even think of setting up the plant.'

A spokesman for the Department of Mineral and Energy Affairs could not be reached for comment yesterday.

CAPE TIMES 13/2/86

Dispute over Koeberg permit

Staff Reporter

THE case of a worker claiming he was prevented from working at the Koeberg nuclear power station on the advice of security police, and that his employer did little to protect his interests, is to come before the Industrial Court.

The dispute is between the French company C Gee Alsthom, which employs electrician Mr Cecil Theys, and is a sub-contractor at Koeberg, and Mr Theys's legal representatives, the Legal Resources Centre.

Mr Theys contends that the withdrawal of his security clearance effectively cost him his job and constituted an unfair labour practice. The hearing, scheduled for next month, is believed to be the first of its kind involving a French company operating in South Africa.

A spokesman for Mr Theys's trade union, the Electrical and Allied Trades Union, said the case had been brought to the attention of the European Parliament, the European Economic Community and French labour unions.

An Escom legal adviser confirmed that Mr Theys had first been told by Escom that the permit withdrawal had been on the advice of the police, but said "it was later found that the police were not involved".

The police have also rejected Mr Theys's allegation, and have said: "It is the right of any employer to decide on termination of any employee's employment."

Mr Theys said that in December last year his Koeberg work permit had been withdrawn. He believed this was related to his detention last November after allegedly taking part in a candlelight procession.

The assistant legal manager of Escom, Mr B F Rheeder, said he had told Mr Theys that the security police had recommended the withdrawal of his permit.

"But I found that I had been mistaken," he said. "After further investigation, I found that Koeberg security had actually wanted the withdrawal of the permit. For reasons of security I cannot disclose the reason for this."

Electricity: Sandton to avert crisis

STAR 13/2/86

By Janine Simon

Steps are being taken to avert a possible electricity supply crisis in the central business district of Sandton.

Next month senior Escom and Sandton Town Council officials will meet to thrash out a long-term solution to the problem.

Last year Escom officials predicted that parts of the Sandton CBD could face an electricity supply crisis unless another sub-station was put up.

Sandton municipality — which is to take over the electricity supply system from Escom — said then that Escom would have to buy or expropriate the land necessary for the sub-station.

Escom has since installed additional cables and transformers at Sandpark sub-station.

But these would cope with the expected increase in demand for only about 18 months, said Escom's Distribution Area Manager, Mr Dennis Ackermann.

There are no skeletons in traffic officer O G Promnitz's cupboard, only a string of achievements that put him among the best first aid instructors in the country. He has been awarded a special advanced diploma for scoring more than 90 percent, the highest percentage in South Africa in the St John Ambulance lay lecturer's examination. He went straight back to work at the department's training centre where he passes on the tricks of the trade to traffic cops who may one day need to save a life on the road.

Seeking a solution to education crisis

Education Reporter

STAR 13/2/86

An international conference "To Educate the Human Potential" will be held at the Johannesburg College of Education from July 3 to 5.

Organised by the Montessori Society of South Africa, the conference has been called, they say, to try to solve the education crisis in this country.

"South Africa is at an education turning point. Ways have to be found to provide all South African children with quality educational opportunities," said the conference secretary, Mrs Wendy Hartman.

The conference will examine education at a pre-primary and primary level and its purpose is to assemble a forum of people in the forefront of education throughout the world.

Speakers will include Mr Tony Buzan, an expert on learning methods and the potential of the human brain, and Mrs Renilde Montessori, a primary teacher trainer in Toronto, Canada, and granddaughter of Dr Maria Montessori.

Other speakers will be Dr John Bremer, director of the Institute of Philosophy in South Carolina, and Dr Barbara Clark, author of many publications and a staff member at the Division of Specialised Education at California State University.

Delegates can attend several workshops and educational exhibitions.

The closing date for registration is March 30. Application forms are available from the Conference Secretariat, 457 Sussex Avenue, Lynnwood, Pretoria 0081, telephone (012) 47-2304.

No score in SA ...

Detainees visited by State doctors

HANSARD 13/2/86

31. Dr M S BARNARD asked the Minister of National Health and Population Development:

(1) Whether any visits were made by State doctors in 1985 for the purpose of examining persons detained in terms of security legislation; if not, why not; if so,

(2) whether records were kept of these visits; if not, why not; if so, what total number of visits were made in 1985;

(3) whether any reports on such visits were submitted by State doctors to his Department in 1985; if so, how many such reports were submitted;

(4) whether any action was taken by his Department as a result of such reports; if not, why not; if so, (a) in respect of how many cases was action taken and (b) what were the circumstances of each of these cases?

The MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT:

(1) Yes.

(2) Yes = 2378.

(3) Yes = 2378.

(4) (a) 50.

(b) *Hunger Strike:* = 15 cases

(i) Taken to hospital, where necessary, and treated.

(ii) Persuaded to eat—with success.

Depression: = 30 cases

(i) Consultation arranged with psychiatrist where necessary.

(ii) Treated at Prison or Hospital by District Surgeon.

Minor Injuries: = 5 cases

Treated according to injury by District Surgeon.

THURSDAY, 13 FEBRUARY 1986

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†Indicates translated version.

For written reply:

General Affairs:

X

Lebowa: electricity

HANSARD 13/2/86 55

6. Dr W J SNYMAN asked the Minister of Education and Development Aid:†

(1) (a) How many towns in Lebowa are supplied with electricity at present and (b) in respect of which date is this information furnished;

(2) (a) what agency administers the consumer costs in respect of the supply of electricity and (b) at what unit cost is the electricity supplied;

(3) whether street lights are switched on in uninhabited areas of Lebowa-Kgomo in the evening; if so, (a) why, (b) where and (c) what agency is responsible for the cost of the power consumed in this regard?

The MINISTER OF EDUCATION AND DEVELOPMENT AID:

(1) (a) 13.

(b) 7 February 1986.

(2) (a) The Department of the Interior of the Lebowa Government.

(b) To small consumers at 6,27c per unit and to large consumers at 3,3c per unit and R10,70 per kVA.

(3) No.

Children born

HANSARD 13/2/86

58. Mr A B WIDMAN asked the Minister of Administration and Economic Advisory Services:

How many (a) White, (b) Black, (c) Coloured and (d) Asian children were born in South Africa in 1984, (i) including and (ii) excluding the national states?

The MINISTER OF ADMINISTRATION AND ECONOMIC ADVISORY SERVICES:

	(i)	(ii)
(a)	81 550	81 472
(b)	730 000 (Estimated)	400 000 (Estimated)
(c)	89 492	89 471
(d)	22 454	22 440

Medical doctors leaving Republic

HANSARD 13/2/86

59. Mr A B WIDMAN asked the Minister of Administration and Economic Advisory Services:

(a) How many medical doctors left the Republic permanently in 1985 and (b) what was the age distribution of these medical doctors?

The MINISTER OF ADMINISTRATION AND ECONOMIC ADVISORY SERVICES:

For the period January to October 1985.

(a) 44.

	Age	Number
(b)	20–24	1
	25–34	27
	35–44	9
	45–54	3
	55–64	2
	65+	2

Information for November and December 1985 not yet available.

Male/female immigrants

HANSARD 13/2/86

60. Mr A B WIDMAN asked the Minister of Administration and Economic Advisory Services:

(a) What is the estimated number of (i) males and (ii) females who entered the Republic as immigrants in the latest specified period of 12 months for which figures are available and (b) how many such (i) males and (ii) females were 17 years of age or younger?

The MINISTER OF ADMINISTRATION AND ECONOMIC ADVISORY SERVICES:

For the period November 1984 to October 1985.

	(i)	(ii)
(a)	9 557	9 806
(b)	2 472	2 348

NATIONAL

ARGUS 14/2/86

78 55

Escom switch to brighter side of life

Staff Reporter

A MAJOR programme has been launched to restructure Escom, the R24-billion company which supplies 94 percent of South Africa's electricity.

A new management team led by chairman Mr John Maree, formerly executive director of Barlow Rand and senior general manager Mr Ian McRae has committed itself to a two-year programme to improve customer service, management systems, financial controls and cost savings, according to an Escom statement.

Detailed planning is complete and a nationwide restructuring of the company's vast activities is under way in which the two major functions of generation and distribution will be separated.

The new programme follows the De Villiers commission of inquiry in 1984 whose recommendations were accepted by the Government. It aims at decentralising management authority and responsibility by creating self-contained "strategic business units" which will function against clearly defined performance targets.

Although the new moves are unlikely to result in a drop in the price of electricity, Escom officials believe future increases will be kept reasonable.

Escom aims to reduce its staff from 66 000 to 60 000, although no retrenchments are planned.

Escom also announced a formal policy regarding equal employment opportunities for all and said an "integrated approach" to make progress in this connection would be formulated by next month.

Employee morale

Mr Maree said the two-year target date to complete the transformation of Escom into a creditable business was practical because of its vast size and a legacy of problems, including a poor public image and low employee morale.

"Most important, we don't want to make claims and promises that we can't immediately fulfil.

"But I want to stress that we are totally committed towards achieving our goals and we have a management team with the skills and dedication to do so," he said.

Because of Escoms's size it would not be possible to eradicate shortcomings entirely but he promised to deal "firmly and effectively" with irregularities and problems.

MONDAY, 17 FEBRUARY 1986

†Indicates translated version.

For written reply:

General Affairs:

HANSARD 17/2/86 Q·COL 69.

Lebowa: water condensation machines

5. Dr W J SNYMAN asked the Minister of Education and Development Aid:†

(1) Whether the Government of Lebowa has purchased any more water condensation machines since the reply by the Minister of Co-operation and Development to Question No 83 on 17 February 1984; if so, (a) how many such machines (i) have been purchased since and (ii) are in operation at present and (b) how many litres of water are provided in this way for consumption;

(2) whether tests have been carried out to determine the average unit cost per litre of water; if so, what is the unit cost per litre of water?

The MINISTER OF EDUCATION AND DEVELOPMENT AID:

(1) Yes.

(a) (i) Two.

(ii) Four.

(b) Approximately 2 000 litres per day, depending on the humidity of the air.

(2) Yes. Between 13 and 17c per litre.

HANSARD 17/2/86 Q·COL 69.

Cahora Bassa

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25. Mr F J LE ROUX asked the Minister of Mineral and Energy Affairs:†

(1) (a) What amount of electricity has the Cahora Bassa Scheme supplied to the Republic since the conclusion of the agreement to which he referred in his reply to Question No 187 on 25 February 1985, (b) what amount was paid for it and (c) in respect of what date is this information furnished;

(2) whether the Republic contributes financially to maintaining the supply of this electricity; if so, (a) what amount (i) was paid and/or (ii) is payable for this purpose and (b) in respect of what date are these figures furnished?

The MINISTER OF MINERAL AND ENERGY AFFAIRS:

(1) (a) 152,5 GWh. Since the conclusion of the agreement on 2 May 1984, Escom received electricity from this source only during January and February 1985.

(b) R381 397,91.

(c) 2 May 1984 to 11 February 1986.

(2) No. In terms of the agreement Escom makes no financial contribution towards the maintenance of power installations or power lines within Mozambique and pays only for electricity supplied.

(a) and (b) Fall away.

Advertisements: amount spent on

HANSARD - QCol 70. 17/2/86

134. Mr D J DALLING asked the State President:

(1) What was the total amount spent by the National Intelligence Service in 1985 on placing advertisements for any purpose in newspapers in the Republic;

(2) what amount was paid to each specified newspaper in the above regard in that year?

The STATE PRESIDENT:

(1) None.

(2) Lapse.

17/2/86

BUS DAY. -55

Big Escom revamp

ALAN PEAT

ESCOM is to undergo a major restructuring programme over the next two years to bring its performance and philosophy into line with standard business management principles.

This is in addition to a saving of R1,5bn on projects cancelled or deferred in the 1985-1989 period; normal attrition of staff bringing the workforce down to 60 000 by the end of the year; plans to sell assets and use others more efficiently; and the possibility of privatising Escom's less important functions.

The electricity giant is rated among the top 10 utilities in the world, with fixed assets of R24bn, staff of 66 000 and an annual turnover of more than R4,6bn supplying 94% of SA's electricity.

"We have always been able to keep the lights burning, but criticism has been this has never been properly managed," says John Maree, chairman of the controlling body for Escom, the newly-formed Electricity Council.

The restructuring effectively converts the formerly unwieldy three-tier management structure into two tiers.

Apart from streamlining the head office function, Escom will have a far greater degree of delegation of management responsibility.

"The aim is to create self-contained strategic business units with staff complements averaging between 1 000-2 000 people," Maree says. "These will function against clearly defined performance targets, and be of a size to be effectively managed."

The prime move has been to separate the two entirely different functions of Escom — power generation and distribution.

"This will allow the respective management teams to concentrate that much more fully on their specific area of the operation," Ian McRae, chairman of the management board and senior GM, told *Business Day*.

"In simple terms this will mean burning less coal and reducing cost for the same output."

PORT ELIZABETH, TUESDAY, FEBRUARY 18, 1986

Hint of drop in petrol price

By DIRK VAN ZYL
Political Correspondent

18/2/86 E.POST

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CAPE TOWN — The chances of the petrol price being decreased soon are growing by the day.

An announcement could be made in about a month's time, possibly on March 17, when the Minister of Finance, Mr Barend du Plessis, delivers his main Budget for 1986-87.

A senior spokesman for the Department of Mineral and Energy Affairs told the Evening Post today there was "nothing formal" about a petrol price drop being formulated at this stage. However, the matter was continually being considered.

If the rand-dollar exchange rate continued to improve and the world crude oil price continued to remain low, there was a chance of the petrol price being lowered.

The spokesman said there was "nothing in the air" for the next three to four weeks, "but an adjustment is inevitable, and we strongly hope it will be a decrease".

The Minister of Mineral and Energy Affairs, Mr Danie Steyn, announced this month that there would be no petrol price rise now — as had been mooted in November last year. He listed several factors affecting the South African petrol price which were continually being monitored.

These included the world crude oil price, the rand-dollar exchange rate, the third party fuel levy to be introduced from May 1 and the effect of reducing the lead content in petrol.

Mr Steyn also said in his statement that he would in future be solely responsible for all fuel price announcements.

But his spokesman said today that exceptions could be made, such as possibly when Mr Du Plessis delivered his Budget speech to Parliament next month.

The rand yesterday burst through the 48 US cents level and it is expected in monetary circles that it could reach 50c this week.

There is no sign at this stage of the international oil price rising.

Sources in the oil industry have stated that they believe the chances for a decrease in the petrol price are good.

But, they say, an important factor is to determine to what extent the rand has stabilised at its improved dollar exchange rate.

tained burn wounds as a result of petrolbombs.
5 injured by rioters of which one sustained a gunshot wound and four injured by stone throwers.

(3) Yes.

(a) and (b) Since 15 February 1986 increased patrols have been carried out in the townships and on 18 February 1986 concerted actions by the SAP and SADF were carried out to remove obstacles from roads and to search houses in an attempt to arrest suspects.

(4) No, not at this stage.

Own Affairs:

HANSARD 25/2/86

Committee of Inquiry into Certain Aspects of Child Care

*1. Mr R M BURROWS asked the Minister of Health Services and Welfare:

Q COL 207

(1) Whether all the recommendations contained in the 1982 report of the Committee of Inquiry into Certain Aspects of Child Care have been implemented; if not, (a) why not, (b) which recommendations have not been implemented and (c) when is it anticipated that these recommendations will be implemented;

(2) whether he has received any representations for the implementation of all the recommendations contained in this report; if so, (a) from whom, (b) when and (c) what was his response thereto;

(3) whether he will make a statement on the matter?

†The MINISTER OF HEALTH SERVICES AND WELFARE:

(1) No.

(a) Schools of industries do not fall under my jurisdiction and consequently I can only furnish a reply on places of safety and children's homes. In respect of places of safety the majority of the recommendations have already been implemented. These recommendations are: The appointment of multi-professional teams, upgrading of tending personnel, expansion of in-service training of personnel, appointment of experienced social workers as superintendents, determination of new standards for buildings, re-establishment of existing accommodation as good as possible as an interim measure to create a therapeutic milieu and the improvement of security measures.
Children's homes are run by private welfare organisations who are encouraged by departmental officers in the regional offices of the Department to implement the recommendations. As far as the Department itself is concerned attention has inter alia been given to: the amendment of registration of children's homes. The registration certificates of at least 80% of children's homes have been revised. Children's home liason committees have been implemented in all the regions except one. Research on the child's readaptation after discharge from a children's home has started and a guide for management of children's homes is ready for the press. Due to the financial implications which other recommendations entail, it cannot be implemented at present.

(b) Recommendations with considerable financial implications such as the erection of more places of safety and the rebuilding of children's homes according to the home unit system.

(c) In the long term as funds become available.

HoA

(2) No.

(a), (b) and (c) fall away.

(3) No.

Mr R M BURROWS: Mr Chairman, arising from the hon the Minister's reply, I should like to know whether he is convinced that the recommendations that have been accepted, as well as those that have not been accepted, will lead to the ending of the kind of conditions in places of safety that were widely reported in the media during the latter part of 1985?

The MINISTER: Mr Chairman, I think that question should be tabled. [Interjections.]

For written reply:

General Affairs:

25/2/86 HANSARD

Fuel pipelines

26. Mr B B GOODALL asked the Minister of Transport Affairs:

SS

Q COL 209

(1) Whether, with reference to his reply to Question No 3 on 11 June 1985, he has calculated the volume in litres of fuel lost from the South African Transport Services fuel pipelines during the period April 1982 to March 1985; of not, (a) why not and (b) when will this information be available; if so,

(2) with regard to the above-mentioned period, (a) how many litres of fuel were lost and (b) what was the cost to the South African Transport Services of (i) the loss of fuel, (ii) repairs to the pipelines, (iii) cleaning up the spillage and (iv) compensation for damage;

(3) (a) what was the position occupied by each of the persons against whom disciplinary action was taken and (b) what was the nature of the disciplinary action taken against each of them?

The MINISTER OF TRANSPORT AFFAIRS:

(1) Yes.

(a) and (b) Fall away.

(2) (a) Approximately 0,0064 per cent of the volume of product handled.

(b), (i) The divulgence of this information is prohibited in terms of the provisions of section 4A of the Petroleum Products Act, 1977 (Act 120 of 1977).

(ii) and (iii) R110 730. Separate figures are not available.

(iv) R57 650.

(3) (a) Two Controllers (Pipelines)
Assistant Controller (Pipelines)
Technical Supervisor (Electrical)

(b) Appropriate fines were imposed on the employees concerned who were found guilty of negligence.

Q. COL 210.

Commission of Inquiry into Health Matters

HANSARD 25/2/86

30. Dr M S BARNARD asked the Minister of National Health and ~~Population~~ Development:

With reference to his reply to Question No 32 on 12 February 1985, (a) what amount was spent on the Commission of Inquiry into Health Matters in the (i) latest specified financial year and (ii) current financial year as at the latest specified date for which figures are available and (b) what total amount had been spent on this commission as at that date?

HoA

— meet policy-makers and opinion formers and to

— discuss matters concerning our bilateral interests with such persons

(e) Approximately R200 000,00. X

ESCOM losses

HANS · 25/2/86 · [redacted]

*8. Mr B B GOODALL asked [redacted] ter of Mineral and Energy Affairs: 55

(1) Whether, with reference to his reply to Question No 40 on 19 February 1985, Escom has suffered any further losses; if so, (a) what total amount was lost, (b) over what period, (c) how did these losses occur, (d) how were these losses discovered and (e) in respect of what date is this information furnished;

Q. COL 163

(2) whether any action has been taken as a result of the discovery of these losses; if not, why not; if so, (a) what action and (b) when;

(3) whether the management of Escom has taken any steps to prevent the recurrence of such losses; if not, why not; if so, what steps;

(4) whether he will make a statement on the matter?

The MINISTER OF MINERAL AND ENERGY AFFAIRS:

(1) No. It may be mentioned for the hon member's information that, as I undertook in the reply to Question 40, section 7(a), (b) and (c) of 12 February 1985 the relevant information was, after auditing, published in the 1984 Escom annual report (pages 14 and 44) and for his convenience I would like to quote the applicable section on page 14 of the said report.

"The refusal of the authorities in the United States to release enriched uranium, under contract with the Department of Energy, obliged Escom to find alternative supplies on the open market so that the power station could be brought into operation without undue delay. The problems involved in arranging these alternative supplies, together with the project delays arising from the sabotage in 1982, led to an excess stock of natural uranium feed (converted material) and enriched uranium in the United States, as well as surplus stocks of natural uranium ore concentrate in South Africa.

In 1983 it was necessary to write down the value of stocks of uranium feed and enriched uranium held by Escom in the United States because there had been a sharp reduction in the market price of such stock. The provision of R59,3 million required to write down the stocks to market value was done in accordance with normal accounting practice and included in the 1983 accounts.

In collaboration with and with the approval of the Atomic Energy Corporation and the South African government it was decided to dispose of all stocks of natural uranium feed and enriched uranium held in the United States. This was done mainly because it was unlikely that the authorities in the United States would release supplies of enriched uranium to South Africa or that there would be an improvement in the Dollar market price of the enriched uranium. The sale, finalised in 1984, resulted in a realised loss, including holding costs, of R56,8 million. This was R2,5 million less than the R59,3 million provided in 1983.

A comparison was also made between the costs of holding surplus stocks of natural uranium ore concentrate in South Africa for a prolonged period and selling surplus stocks at present-day prices. That indicated that it would be advisable to sell the surplus stock at present-day prices. This action resulted in a loss of R59,5 million, which is shown in the notes to the financial statements before deduction of the surplus provision on R2,5 million."

(2) No. The losses were caused by circumstances beyond Escom's control.

(3) It is unlikely that similar circumstances will again be encountered in future with resultant losses of this nature. Escom's new management has, anyhow, committed itself publicly to a new businesslike approach aimed at achieving a high standard of efficiency and at improving customer service. As part of the new philosophy considerable emphasis has been placed on thorough planning, strict budgetary control and good management information. In accordance with this, Escom's internal auditors report monthly to the management board and two independent auditing firms will report twice yearly to the Electricity Council.

(4) No.

Alexandra: civil unrest

HANS · 25/2/86 · [redacted]

*9. Mnr D J DALLING asked [redacted]ter of Law and Order.

(1) Whether any civil un[redacted]red in Alexandra in 1985; if so,

(2) whether any inquiries have been instituted in this regard; if not, why not; if so, who is or was in charge of these inquiries;

Q. COL 165

(3) whether these inquiries have been completed; if so, what were the findings; if not, (a) why not and (b) when is it anticipated that they will be completed;

(4) whether any action has been or is to be taken as a result of the inquiries; if not, why not; if so, what action?

†The MINISTER OF LAW AND ORDER:

(1) Yes.

(2) Yes, but in 348 instances cases which were related to civilian unrest, were investigated by the SA Police.

(3) Yes, 343 cases are completed of which 297 were found undetected; 4 were found false, 36 were acquitted and 6 cases are still attended to in court.

(a) 5 Cases are still being investigated in an attempt to trace the suspects.

(b) It is not known when these investigations will be completed.

(4) Yes, 42 cases were brought to court.

Alexandra: [redacted]

*10. Mr D J DALLING asked the [redacted]ter of Education and [redacted]:

HANS · 25/2/86 [redacted]

(1) Whether any school boycotts occurred in Alexandra in 1985; if so,

(2) whether any inquiries have been instituted in this regard; if not, why not; if so, who is or was in charge of these inquiries;

Q. COL. 166

(3) whether these inquiries have been completed; if so, what were the findings; if not, (a) why not and (b) when is it anticipated that they will be completed;

(4) whether any action has been or is to be taken as a result of the inquiries; if not, why not; if so, what action?

The DEPUTY MINISTER OF EDUCATON:

(1) Yes. Only at secondary schools.

(2) Yes. The acting Circuit Inspector.

(3) Yes. The reasons for the boycott were:

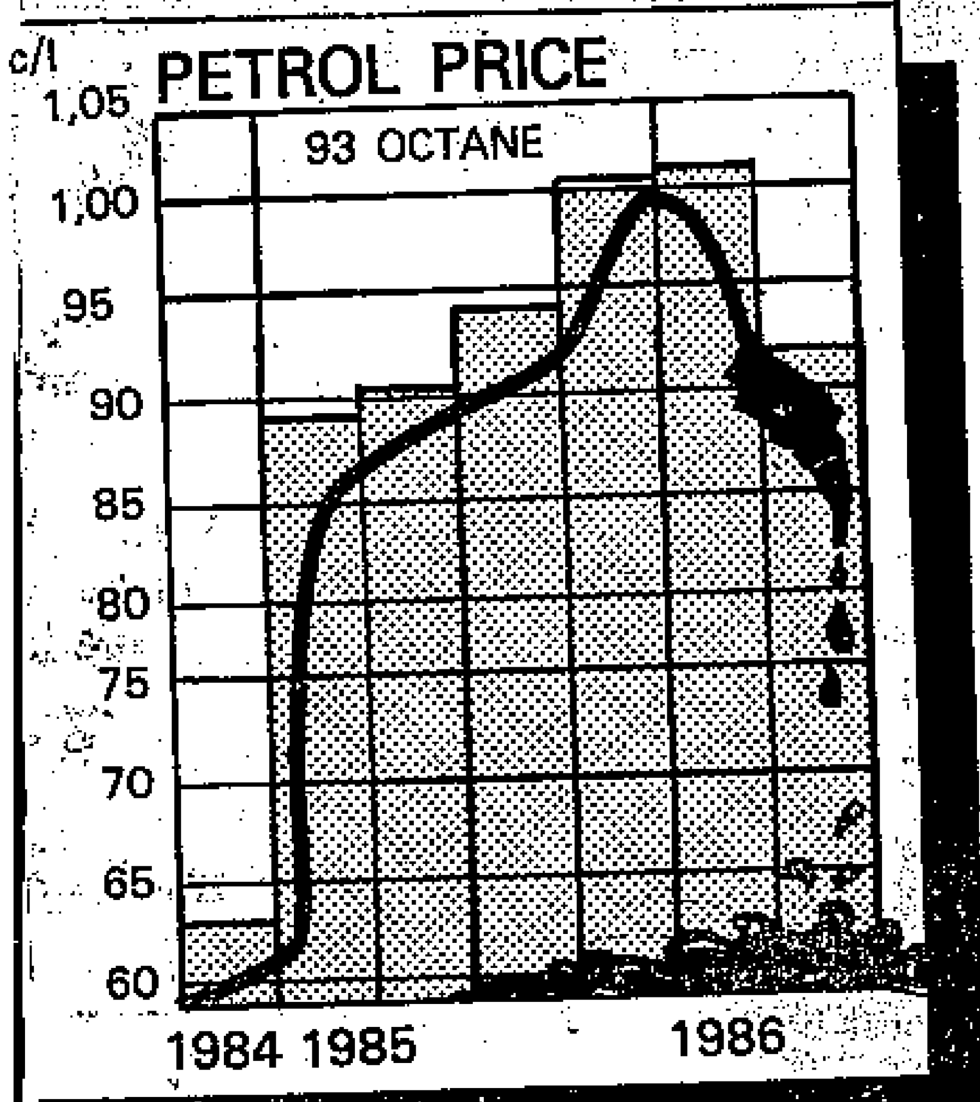
3.1 Intimidation.

3.2 Demands: Release of detainees; withdrawal of SAP and SADF.

3.3 Complaints against one of the principals.

(55) BUSDAY 27/2/86

Fuel price cut hailed by all except Pick 'n Pay



Business Day Reporters

PICK 'n Pay is the odd man out in nationwide approval of the petrol and diesel price cut.

While commerce and industry yesterday applauded the reduction, Pick 'n Pay said the decrease could have been double or more, and criticised government for continuing to protect oil companies.

Executive director Alan Gardiner said Pick 'n Pay would reduce the price of petrol sold at its garages by 10c and 8c from this morning, instead of from midnight on Monday.

Raymond Parsons, chief executive of the Association of Chambers of Commerce (Assocom), said the drop in the fuel price would strengthen business and consumer confidence at an important stage of the economic upturn.

"In the highly competitive environment prevailing in South Africa, Assocom expects many businessmen will take the opportunity of translating the fuel price reduction into benefits for the consumer," he said.

George Beckman, chairman of the Motor Traders' Association, said the cut was a step in the right direction.

He called on association members to keep pumps adequately supplied between now and March 3 and not to wait for the start of the lower fuel price.

"I would be very disappointed if any member's pumps ran dry. We should not pass any inconvenience to the public."

Others to welcome the fuel cut included Checkers MD Clive Weil, OK Bazaars MD Gordon Hood, Afrikaanse Handelsinstituut president Donald Masson and Agricultural Union president Kobus Jooste.

Economists saw the price cut as the biggest single blow to inflation for years, reports GERALD REILLY.

The fear of hyper-inflation that had taken root among consumers and fostered inflationary expectations would now recede, they said.

Acting director of the Stellenbosch Economic Bureau Ockie Stuart said the cut should slow down the inflation rate.

He estimated the immediate impact on the consumer price index at 0,5%. It would be greater once the ripple effect was taken into the calculation.

"The psychological effect on businessmen and consumers will be significant and should help depress the inflation rate below the 20% level."

However, a lot would depend on the extent to which manufacturers and traders passed on the benefits to consumers.

prospect of the Right's return to power is faced with less than total equanimity by the investment community.

Eyes have been less on corporate news than on political tea leaves. Attention has been turning more to the consequences for financial markets — most notably, the package of privatisation sales promised by the Right — that could be in store after March.

One of the few proposals holding out direct promise for equities is the Right's plan to align tax treatment on bonds and shares. Fiscal treatment of equities, while made more generous under the Socialists, has failed to keep pace.

Some right-wing politicians have also been proposing measures that could open up French companies to the prospect of aggressive takeover bids from outside groups — events seldom seen in Paris but which seem certain to become more common.

The part of the Right's programme attracting far the most attention, however, is denationalisation. The Right has promised to sell off state stakes over the five-year legislative period in all nationalised banks and insurance groups as well as the six big industrial companies taken over in 1982.

The Socialist government has taken a leaf out of the book of the Earl of Stockton by accusing the Right of wanting to find a painless way to stock up state finances to finance tax cuts. There is also, however, modest pre-electoral propaganda in the fact that banks and industrial groups acquired by the state in 1982 for FFr45 billion are now worth, conservatively, FFr150 billion.

If the Socialist government still pretends to be against denationalisation, heads of nationalised companies are not so coy. Loik Le Floch Prigent, the Socialist civil servant appointed chairman of the nationalised chemical group, Rhone Poulenc, in July 1982, has come out publicly in favour of denationalisation. Executives at other state-owned corporations make no secret of active denationalisation plans.

The threat of state flotations puts a question mark over the absorptive capacity of the bourse. But since all the companies are interested in carrying out capital increases in tandem with selling state stakes, foreign investors will have plenty of choice of denationalisation issues in 1986. ■

FIN MAIL 28/2/86

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FACE TO FACE

FRANCOIS BOTHA

Outlining Escom's financing

Francois Botha is Funding Manager at Escom, SA's second largest borrower, which is in the news over its refinancing and rationalisation programme. The *FM* spoke to him about Escom's refinancing plans in a climate where offshore funds are unavailable, borrowing long term is expensive, and local investors are reluctant to invest long.

***FM*: How has Escom managed to cut its external funding requirements from R4,9 billion last year to R3,6 billion?**

Botha: We have been serious about cutting non-essential operating costs and improving efficiency. We aim to reduce our employees from 66 000 to 60 000. This should save R100m-R150m a year and will be done by not replacing people who leave, a retirement incentive programme and reviewing performance. We have also cut capital expenditure by deferring or cancelling projects. In addition, the initial expansion programme provided for capital expenditure to peak in 1985.

What is Escom's funding philosophy?

We have always had a conservative approach and try to maintain a sound debt equity ratio, healthy maturity structure with respect to loans, sufficient liquidity and finance ourselves 60% locally to lessen our dependence on particular markets.

Will the intended R1,1 billion reduction in capital expenditure and R1,4 billion reduction in operating costs over the four years to 1989 not harm the local economy?

Sure it will, and we are liaising with industry. Coal companies will be hit by lower growth in demand, as will the construction industry by less capital expenditure.

Will this not lead to an electricity shortage?

We can afford to defer electricity expansion as current commitments will lead to excess generating capacity. Load growth has been reduced to 5,5% from 7% as a result of economic slowdown.

Do you foresee problems raising some R1,6 billion on the local capital market?

No, provided there are no negative structural changes on the capital market. Some R2 billion of the total R3,6 billion funding requirements has been arranged, including R1,4 billion from local project-related financing and R300m from foreign import financing. The remaining R300m already arranged comes from special transactions with local investors.

This leaves R1,6 billion to be raised on the capital market, R1,4 billion of which will probably be borrowed on the secondary market (less than last year's R1,5 billion). The market feared that because of the difficulty in obtaining offshore funds we would have heavy local requirements. This has not happened.

What proportion of these loans will be raised on the long end?

Around 40%. It suits us to borrow on the medium to short end as we are paying nearly 18% on the long end. Even though investors want short stock we are resisting because we cannot overload our refinancing commitments. Our entire capital market funding operation should be complete by October, when we expect rates to start rising.

There is concern that Escom is merely deferring heavy borrowing to 1987-1988, when it has heavy commitments.

There is a bunching of foreign repayments due in 1987-1989 arising from expansion during the early Eighties, when we borrowed 7-9 year project-related loans on the foreign market. Efforts are being made to reduce commitments during these years and capital expenditure will be lower.

Last year Escom raised R1,3 billion offshore (R1,5 billion in 1984). What is the possibility of obtaining offshore funds this year?

With the debt compromise the situation should gradually get easier, but will take time depending on political and economic developments. For 1986 we budget R300m offshore for import financing facilities. With improving sentiment we are cautiously optimistic that limited foreign funds will become available.

Escom recently consolidated 13 stocks into one. Are there to be further consolidation schemes?

This was done to improve marketability. Before the consolidation there were 94 loans in issue (worth some R20 billion) of which less than 10 can be considered marketable. The plan is to reduce this to 30 loans over the next few years, depending on the benefits of the present scheme.

What other plans does Escom have to improve marketability of its stocks?

We are active in the secondary market — our turnover was R11 billion last year. We are considering developing new instruments, such as entering the option market and issuing floating rate stock. We have been waiting for the Stals Committee to report but this is still to come.

Despite all this restructuring and refinancing, the differential between Escom and other stock has not narrowed.

The margin between Escom and other stock increased towards the end of last year after the debt moratorium, when it was perceived Escom would need additional capital locally. The margins have since narrowed and should narrow further once the market absorbs our improved funding situation.

Do you welcome moves to abolish cash from prescribed asset status and change the evaluation to market values?

As a large borrower we are naturally supportive of any move which will increase availability of long-term funds.

28/2/86 55

Escom strategy takes shape

Focus on planning, economies, labour and customers

STAR

By Stan Kennedy

Escom, rated among the world's top 10 power utilities, has fixed assets of R24 billion, employs 66 000 and has a turnover of R4,6 billion.

It generates 60 percent of all the electricity produced on the African continent, and supplies 95 percent of South Africa's requirements and almost all the electricity consumed by Lesotho, Swaziland, Mocambique and Botswana.

With the recommendations of the De Villiers Commission of Inquiry in 1984, Escom was restructured. A new policy-making and controlling body, an Electricity Council, was formed, under the chairmanship of Mr John Maree, and a new management board chaired by Mr Ian McCrae, senior general manager.

Escom's redefined mission is now to provide the means by which customer's needs are satisfied in the most cost-effective way, subject to resource constraints and national interest.

What is most important is that its new strategy, which will be completed in the next two years, will develop Escom as a business that maximises the value of its products and services.

One of the men responsible for addressing the priority issues such as better planning, budgeting and management information systems, limiting capital expenditure, manpower management, assets management, supply-side management and Escom's image, is Mr MacCrae, who over the years has "pursued the noiseless tenor of his way".

Mr Ian McCrae
cost-effective

He said the aim was to decentralise management authority and responsibility by creating self-contained strategic business units which would operate against clearly defined performance targets, while bringing Escom closer to its customers.

Born in the Escom environment, Mr McCrae has been with the company for 40 years. His father worked for the Victoria Falls Transvaal Power Company, then later for Escom, for 45 years, and Mr McCrae was born on Escom property in Germiston 55 years ago.

After a year as an apprentice fitter and turner, he was granted a bursary to attend Wits University, where he gained his B Sc in mechanical engineering.

During his vacations he completed his apprenticeship at Wits Technikon, and his first major post was in the operational generation field as manager of Komati power station in 1961.

Later, he was appointed manager of the central generating undertaking and in 1977 he became deputy head of operations.

In 1983, when the engineering group and the design and construction group were merged, he was appointed manager, engineering.

During his 40 years with Escom, had promotion come quickly enough or too slowly?

"All my promotion steps came in advance of my expectations. I would just move into a position and begin to settle down when, suddenly, I was whisked away to something else.

"There is still room and time to go further up the ladder."

Forty years with the same company can often lead to people getting into a rut. What had motivated him over the years to overcome any feelings of ennui?

Motivation

"There were many opportunities to leave and develop, what I thought at these times, as a broader vision in developing my career. But the thing that kept drawing me back here was that Escom has always given me lot of challenges. It is in the nature of the environment. There is continual expansion and there are always more challenges during periods of growth."

On his task of motivating the 300 managers and 30 senior managers, Mr McCrae said this burden was lightened because of the many opportunities for career development.

"My job is, instead, to address those problems which demotivate people as there are sufficient motivating factors.

"There is a great camaraderie between myself and my staff. If someone does not match up to my expectations, I will see what skills and talents he has and try to fit him elsewhere in the organisation. There is no question of firing someone because he does not live up to expectations as he can often perform better in another area."

On criticism of Escom by the news media, he said: "I am not afraid of criticism. I like it because it helps me to become a better manager. But what eats me is criticism which I can see is not based on fact but is a perceived situation.

"I have myself criticised Escom in the past for not being able to handle these situations better. We have allowed too much of that kind of thing to happen because we did not have the communications staff to handle our public image.

"When I moved into my present position, negativism was at its peak and morale was seriously affected.

"So I jacked up our communications and relationships with the media and brought in professional help."

In such a critical enviroment, was it possible to be always satisfied and contented with the decisons he made?

Mr McCrae admitted that many of his decisions had given him a lot of concern and had often kept him awake at night. It was very difficult, he said, not to make a mistake when so many vital decisions were necessary.

He leaves for Europe today on one his major assignments as chairman of the Management Board.

This will be to present to Escom's European suppliers a clear picture of the political and economic situation in South Africa and to negotiate with them over the possible deferment or cancellation of some of its projects.

This situation had been brought about, he said, by the world's banks refusing to issue new loans.

"These decisions have a big impact on our suppliers and we have decided to meet them face-to-face and tell them of our plans and strategy and to discusss some options. At the same time, we will try to get some financial assistence from them."

Post Focus

A sizable reduction in the petrol price in South Africa was announced on Tuesday due to the strengthening of the rand and the drop in world oil prices. How has the oil price reduction affected the cost of petrol in Europe? DAVID STAMP reports from London:

Taxes erode petrol cuts

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28/2/86 E POST

MOST West European motorists can blame taxation for the scant difference the big drop in world oil prices has made to what they pay at the petrol pump, according to a survey.

West Germans may be celebrating the outcome of a fierce price war, but in most countries polled motorists' bills have fallen by less than 10%.

West German and Dutch car owners have seen the biggest price drops, up to 30% in some cases, and the British are enjoying a 16% cut.

But in Eire, Italy and Portugal, with Europe's dearest forecourt prices, they have been paying more than they were in December.

Crude oil prices have halved over the past three months and wholesale petrol prices have followed suit. Super grade now fetches only some $162 (R324) a ton on the European spot market compared with $280 in November.

But economists say car owners wondering why this hasn't cut the cost of motoring much should look at the tax and duty they pay. In most countries, this means at least half the retail price, and in Italy, it's a steep 65%.

Usually tax and duty are a fixed amount rather than a percentage indexed to wholesale levels. This restricts the chances of deep cuts in forecourt prices, they say.

Politics have become deeply involved in petrol tax. In France, a price war was triggered early last year when the Government freed petrol prices from State control.

With elections due next month, the Government has been content to let pump prices fall, reaping the benefit of lower inflation and a possible boost in its popularity at the polls.

But the centre-right opposition, widely tipped to win, is likely to push up petrol tax to pay for the cuts in direct taxation and the State deficit which it has promised, industry analysts say.

In Britain, the Conservative Government has also hinted at income tax cuts, to be financed by North Sea oil revenue.

But crude oil's dive has put these plans in doubt. Drivers now fear Chancellor of the Exchequer Nigel Lawson may try to recoup lost income by raising petrol tax when he presents his budget next month.

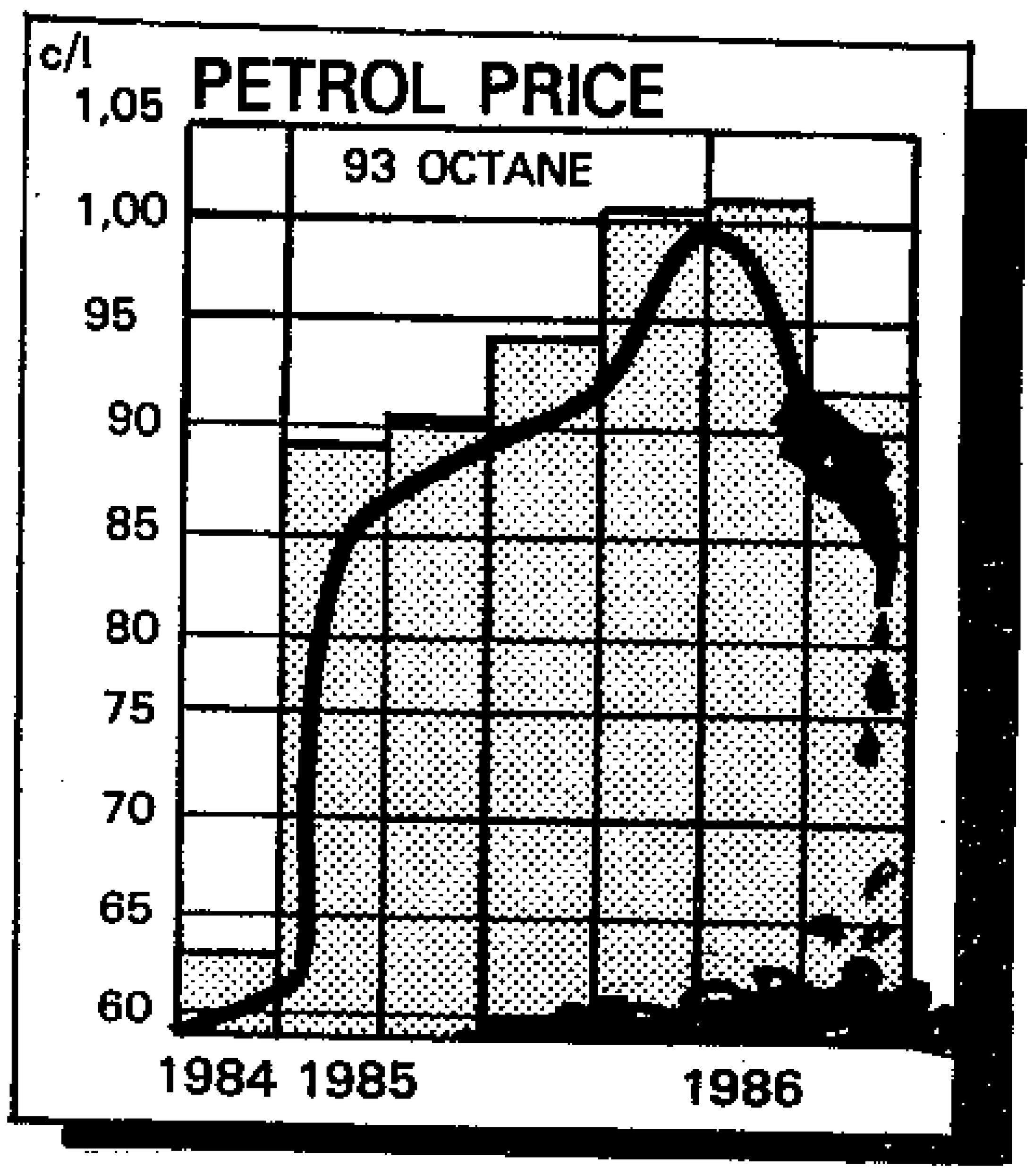
The chances of relief for Portugal's long-suffering motorists are remote, even though they pay the Continent's highest prices after Italy and Eire.

Finance Minister Miguel Cadilhe has said he is unwilling to forfeit revenue by cutting petrol prices at the moment. Savings on oil import bills would give him more room for manoeuvre in curbing state spending.

Car owners have also accused oil refining firms of being reluctant to pass on the benefits of lower spot market prices.

But Mr David Betts of Shell UK said prices before duty and tax had fallen by a quarter in the last year. Refining and marketing had until recently made heavy losses. "In the last few years, we've invested £1 000 million in production and marketing. The return has been very poor," he told reporters.

Industry analysts say refiners are likely to take advantage of low crude costs to boost their profit margins. — Sapa-Reuter



How the petrol price in South Africa has altered since the last quarter of 1984.

Bus. Day 3/3/86

Escom testing the market

ALAN PEAT

EXCITEMENT at Escom's possible privatisation of its employee housing scheme is premature, says corporate communication manager Ewald Thal.

The scheme, with a current capital evaluation of about R250m, has been reported as up-for-grabs to five interested building societies — the Perm, Allied, United, NBS and Saambou.

"But we are not on the verge of making any sort of immediate decision," says Thal.

"We are simply testing the market.

"I must stress that we are not going out with the sole intention of privatising large chunks of Escom. That is not a priority. Our aim is to make the business efficient.

"We also have to think about the impact on employees."

(3) (a) and (b) Yes.

(i) Lectures are given at units by members of a unit committee comprising officers qualified in a number of appropriate disciplines. Problem cases are treated according to laid down guide lines.

(ii) Officers with professional qualifications as physicians, social workers and chaplains at unit level and psychologists at Military Hospitals.

(iii) At units and Military Hospitals.

HANSARD 6/3/86.
QCOL 383

National servicemen: leave

326. Mr B B GOODALL asked the Minister of Defence:

(1) What is the minimum period national servicemen are required to serve before qualifying for their first leave;

(2) whether leave is compulsory for all national servicemen following this period of service; if so, what is the length of such leave; if not,

(3) whether the granting of such leave is subject to any conditions; if so, what are these conditions;

(4) what specified travel facilities are provided for members of the Defence Force who are given leave;

(5) whether members of the Defence Force are eligible for any discounts or concessions in travel costs; if so, what are these discounts or concessions in regard to each specified means of travel?

The MINISTER OF DEFENCE:

(1) After completion of basic training, i.e. after approximately 12 weeks.

(2) No, subject to the conditions cited in (3) below, seven days' leave may be granted to a member during the first year and fourteen days during the second year.

(3) Yes.

— That the member's services can be spared.

— The operational requirements of his unit should not be jeopardized.

— Leave is not accumulative.

(4) Only National Servicemen are entitled to a return train ticket at State expense for each of the two aforementioned leave periods.

(5) Members of the Permanent Force and civilians in the employ of the SA Defence Force are entitled to annual rail concessions in terms of the Public Service Personnel Code.

The following travel concessions have been negotiated for National Servicemen in respect of weekend passes:

— 30% discount on internal flights of the SA Airways during low occupancy periods, i.e. between 09h00 and 16h00 and after 19h00 and 50% discount on all journeys by train.

Officers Commanding also arrange on their own initiative, private bus transport at competitive rates for National Servicemen. Other members of the SA Defence Force may also make use of this.

QCOL 385
HANSARD 6/3/86

Oil pipeline

328. Mnr L F STOFBERG asked the Minister of Transport Affairs:†

(1) (a) What is the total capital investment in the oil pipeline and (b) in respect of what date is this information furnished;

(2) with reference to the latest specified three years for which figures are available, what (a) were the operating expenses for and (b) was the revenue from the oil pipeline;

(3) whether the oil pipeline earns revenue from (a) fuel on which an oil pipeline levy is payable but which is not transported by means of this pipeline and/or (b) a surcharge on fuel for this purpose; if so, what amount in revenue was so earned in the latest specified three years;

(4) what was the amount of the reserves for the oil pipeline, in terms of inflation bookkeeping, in the latest specified three years?

The MINISTER OF TRANSPORT AFFAIRS:

(1) (a) R229,6 million

(b) 31 March 1985

(2) (a) Total expenditure

1982/83	R48,6 million
1983/84	R51,2 million
1984/85	R54,2 million

(b) Revenue

1982/83	R194,2 million
1983/84	R202,3 million
1984/85	R229,7 million

(3) (a) en (b) No

(4) Contribution to higher replacement reserve:

1982/83	R5,9 million
1983/84	R7,3 million
1984/85	R9,7 million

Aircraft

329. Mr L F STOFBERG asked the Minister of Transport Affairs:†

(1) (a) How many aircraft of each specified type does the South African Airways own at present, (b) how many of these aircraft are leased to other aviation undertakings and (c) in respect of what date is this information furnished;

(2) in respect of the latest specified period of 12 months for which figures are available, (a) what (i) percentage and (ii) number of seats on all (aa) domestic and (bb) international flights of the South African Airways were occupied and (b) what total number of seats was available in respect of each of these flight categories?

The MINISTER OF TRANSPORT AFFAIRS:

(1) (a) Boeing 747 — 15
Airbus A300 — 8
Boeing 737 — 17

(b) Four

(c) 25 February 1986

(2) *1 January 1985 to 31 December 1985*

(a)	(aa)	(bb)
(i)	67,1 per cent	62,3 per cent
(ii)	3 495 259	712 408

(b) (aa) 5 209 029

(bb) 1 143 555

6/3/86

HANSARD QCSL 387 SS

Fuel pipeline

331. Mr B B GOODALL asked the Minister of Transport Affairs:†

(1) What was the total revenue collected in respect of the South African Transport Services fuel pipeline (a) in the 1984-85 financial year and (b) from 1 April 1985 up to the latest specified date for which information is available;

(2) what was the total maintenance and running cost in respect of this pipeline in the 1984-85 financial year?

The MINISTER OF TRANSPORT AFFAIRS:

(1) (a) R229,7 million

(b) R202,6 Million till January 1986

(2) R54,2 million

First/third class passengers

HANSARD 6/3/86

340. Mr A SAVAGE asked the Minister of Transport Affairs:

QCSL 388

What was the total number of (a) first-class and (b) third-class passengers transported by the rail services of the South African Transport Services in each of the four main metropolitan areas of the Republic in the 1984-85 financial year?

The MINISTER OF TRANSPORT AFFAIRS:

	(a)	(b)
Cape Town	44 591 635	122 712 109
Johannesburg	42 367 400	214 043 558
Durban	4 707 578	118 144 919
Pretoria	3 987 389	88 922 844

Rail commuter services: profit/loss

342. Mr A SAVAGE to ask the Minister of Transport Affairs:

Whether the South African Transport Services made a profit or sustained a loss on rail commuter services in the 1984-85 financial year; if so, (a) what was the amount of such profit or loss and (b) (i) in which areas and (ii) in respect of which services was the profit made or loss sustained the highest?

The MINISTER OF TRANSPORT AFFAIRS:

A loss was sustained.

(a) R488 million

(b) (i) Johannesburg

(ii) Third class

QUESTIONS UNDER NAME OF MEMBER

(c) Total expenditure

(i) Administration

	Financial year 1984/85 R
Salaries	17 103,51
Contributions: Pension Fund	4 100,28
Unemployment Insurance Fund	82,28
Bonusses	2 324,94
Workmen's compensation	157,62
Medical services	659,40
Contributions—Employer	135,45
Agency costs: Development Board	12 689,58
Printing and stationery	896,02
Uniforms and protective clothing	70,07
Insurance	2 654,95
Service Charges	6 180,78
Capital Development Fund: Interest	7 904,83
Redemption	12 648,96
Community Development: Interest	717,82
Redemption	258,32
Tools and plants	83,50
Bursaries	200,00
Subscription fees	239,60
Postal services	147,50
Subsistance allowances	669,72
Telephone	772,76
Allowances: Community Council Members	2 592,00
Transport (private)	40,76
Furniture and equipment	280,31
Refreshments	53,71
Entertainment	101,91
Fuel	1 654,20
Expendables	31,35
Cleansing Materials	708,61
Rent: Vehicles	1 978,20
Implements	2 899,70
Contributions: Rental reserves Fund	90,00
School levy Fund	337,60
Community Facilities Fund	10,00
Maintenance: Buildings	2 332,07
Total	R83 808,31
(ii) Development Schemes	R299 344,03
(2) (a) Building and/or renovation of housing	R3 464,03
(b) Building and/or maintenance of roads and drains	R262 477,74
(c) Provision of electricity, including street lights	R440,00
(d) Refuse ~~removal~~	R28 393,91

HoA

Tug John Ross

96. Mr D J N MALCOMESS asked the Minister of Transport Affairs:

Whether the tug *John Ross* is being kept on call to his Department; if so, (a) what is the estimated cost thereof for the 1985-86 financial year, (b) to whom are these moneys paid and (c) on how many occasions during the said financial year has this tug been used for the purposes for which it is being kept on call?

The MINISTER OF TRANSPORT AFFAIRS:

Yes.

(a) R1 325 000,00.

(b) Pentow Marine (Pty) Ltd, Cape Town.

(c) Two.

HANSARD 6/3/86
QCOL 361 . 55

Central Energy Fund

100. Mr B B GOODALL asked the Minister of Mineral and Energy Affairs:

What was the balance in the Central Energy Fund at 31 December 1985?

The MINISTER OF MINERAL AND ENERGY AFFAIRS:

On 31 December 1986 the balance in the Central Energy Fund was R1 990 656.

In order to put the role of the Central Energy Fund and this amount in perspective it is necessary that cognisance should be taken of the following aspects.

(1) The present Central Energy Fund levy (formerly the State Oil Fund levy) of 4 c/ℓ on fuel is made up as follows:

Synthethic fuel projects	3,725 c/ℓ
Combating of oil pollution	0,055 c/ℓ
Management of stockpiling activities	0,220 c/ℓ

(2) Because the levies for oil pollution combating and stockpiling are paid to the responsible organisations on a monthly basis and as the Fund no longer has a financial commitment towards Sasol Two and Three, the Fund is strengthened on a continuous basis by the 3,725 c/ℓ. The levy income of the Fund was approximately R216,8 million for the period 1 April 1985 to 31 January 1986.

(3) Since the privatisation of Sasol Two a partial capital repayment to the value of R887,6 million plus interest was made to the Fund. From this, however, an amount of R453,8 million which included profit on capital and interest, was paid back to the State Income Fund in respect of Parliamentary grants to Sasol Two and Three. Shares in Sasol Three were also purchased for R180,8 million while R18 million was made available to Escom.

(4) Further repayments of R300 million plus interest was made respectively by Sasol Two and Three. The Fund is furthermore strengthened as a result of interest on outstanding amounts payable by Sasol Two and Three.

(5) The outstanding commitment of Sasol Two towards the State is R1 091 million plus interest, while the projected value of Sasol Three's commitment is estimated at approximately R2 300 million. These amounts will accrue to the Central Energy Fund.

(6) The credit balance of the Central Energy Fund is in the first place owned by the motorist and it will be employed to the benefit of the motorist taking cognisance of priority requirements. The establishment of synthetic fuel plants is regarded as a first priority being in the best interest of the motorist and the country. If the contemplated synthetic fuel projects (including the Mossel Bay gas conversion project) be established, it is estimated that total financing requirement from the Central Energy Fund will peak at R6 133 million during 1991.

HoA

6/3/86 (55) B. Day

Escom, Receiver in GST dispute

LINDA ENSOR

THE Receiver of Revenue has obtained court orders to attach Escom electricity account payments totalling more than R6m from Randburg and Benoni municipalities in lieu of GST which, it is alleged is outstanding.

Sales tax of R6m and R1 100 is alleged to be owed by Escom on equipment, services and contracting work at power stations throughout SA.

The orders were subsequently set aside by action of the Commissioner of Inland Revenue after discussions with Escom.

Ters Oosthuizen, GM: Strategic Services told *Business Day* yesterday there had been a long-standing dispute between Escom and local receivers of revenue in a number of magisterial districts over the interpretation of the Sales Tax Act.

This was the first time, however, that legal action had been taken to recover the "shortfall".

"Escom has been paying purchase tax in terms of its reading of the Act. The receivers of revenue took action on the basis of a different interpretation and obtained court orders in terms of the Act to attach payments of Escom electricity accounts," Oosthuizen said.

He said he had personally discussed the matter with the Commissioner. They had decided to call a "standstill" until the dispute had been resolved.

Previous negotiations with individual receivers of revenue had been conducted on a local level, without co-ordination, Oosthuizen said. However, the Commissioner had now taken control of the situation nationally.

Oosthuizen stressed that Escom had not failed to pay tax on such items as imported equipment.

6/3/86. B DAY

55

Pick 'n Pay pushes oil giants to legal brink

PETER WALLINGTON

PICK 'n PAY will drag giant oil companies into court if government fails to back down over the mass retailer's coupon system.

Everything depends on Mineral and Energy Affairs Minister Danie Steyn's response to yesterday's letter from the mass retailer.

Pick 'n Pay wants petrol supplies resumed or it will seek an urgent interdict to force suppliers to start pumping.

Joint MD Hugh Herman delivered the letter to Steyn yesterday afternoon after Shell, Trek and BP cut off supplies for the second time in six days.

Trek and Shell, which between them supply 11 of Pick 'n Pay's 12 filling stations, said they were complying with last week's government directive prohibiting deliveries to retail outlets that discounted petrol in any manner.

He added Pick 'n Pay was not discounting petrol. It was sold at the normal price but the mass retailer gave a 4c discount coupon for every litre sold. The coupon was exchangeable for other goods at Pick 'n Pay hypermarkets.

Herman also pointed out that Pick 'n Pay believed Steyn had acted beyond his powers with regard to the coupon scheme. He said the Petroleum Products Act dealt with the supply and procurement of fuel while the issue of discount coupons fell under the Trade Practices Act.

He said these matters had been pointed out to Steyn in the letter and Pick 'n Pay had asked whether Steyn and the oil companies "had misdirected their minds on the matter".

He said he hoped Steyn would reply by today. If the response were negative Pick 'n Pay would seek an urgent interdict compelling oil companies to resume deliveries.

Company chairman Raymond Ackerman said the petrol coupon scheme had been launched after weeks of discussions with top legal counsel and, in their opinion, the scheme was not in contravention of the Petroleum Products Act.

(c)

1980/81	R123 616
1981/82	R183 676
1982/83	R218 867
1983/84	R227 823
1984/85	R407 244

(b)

1980/81	R23 619
1981/82	R19 984
1982/83	R22 928
1983/84	R21 960
1984/85	R25 012

(d) (i) Older than 5 years:

1980/81	554
1981/82	726
1982/83	617
1983/84	473
1984/85	857

Older than 3 years:

1980/81	1 727
1981/82	2 091
1982/83	1 900
1983/84	1 838
1984/85	2 571

(3)(a)

1980/81	R 60 605 227
1981/82	R 72 526 382
1982/83	R 87 485 855
1983/84	R115 539 362
1984/85	R136 481 341

(c)

1980/81	R35 305
1981/82	R37 953
1982/83	R33 060
1983/84	R34 727
1984/85	R37 148

Older than 4 years:

1980/81	960
1981/82	1 184
1982/83	1 126
1983/84	931
1984/85	1 498

Older than 2 years:

1980/81	3 236
1981/82	3 738
1982/83	3 454
1983/84	3 738
1984/85	5 056

(ii) (a) The late submission of claims to insurers, in many cases shortly before the two year prescription period expires, with the result that insurers encounter problems in investigating the cause of the accident, and in particular to determine the merit of the case. In many cases the driver of the vehicle concerned as well as witnesses can also not be traced at that stage;

(b) it is necessary in many cases to wait until the condition of the plaintiff has stabilised before negotiations aimed at settlement of the claim are commenced;

(c) the unrealistic values attached to injuries by those injured. Such persons are not prepared to settle out of court which defers finalisation of the claim as litigation which may be deferred 12 months awaiting a trial date, must then take place;

(d) insurers cannot effect payments at random from public funds unless proof is submitted that the driver of the insured vehicle was negligent and that the plaintiff sustained the injuries he avers;

(e) lacking confirmatory evidence for example birth certificates, medical accounts, documentation in respect of loss of earnings, etcetera, with the result that insurers cannot determine the *quantum* of the claim;

(f) the failure of owners or drivers of insured vehicles to inform their insurers of accidents in which they were involved with the result that insurers only become aware of accidents when they are presented with claims which necessitates that the accident must be investigated from scratch;

(g) judgements are taken on appeal;

(h) the insurer has a right of recourse against the insured under certain circumstances; and

(i) claims in respect of minors where prescription has not as yet set in.

(4) No.

(a) With the exception of Venda the remaining independent states conduct their own third party business.

(b) Venda.

(c) In view of the repeal of Act 56 of 1972 during the current Session the present system of compulsory insurance of certain motor vehicles will be abrogated. All motorists making use of the roads in the Republic will, however, by means of a levy on fuel contribute to the Motor Vehicle Accident Fund (MVA-Fund) from which all future third party claims will be defrayed. In addition the existing agreements between the Republic and the independent self-governing states, except Venda, will remain in force which will ensure that all motorists in the Republic and the relevant states will be covered against third party claims in terms of the relevant agreements.

Supplementary reply to Question 100 on 6 March 1986, put by Mr B B Goodall (col 361):

Central Energy Fund

S5

100. Mr B. B. GOODALL asked the Minister of Mineral and Energy Affairs:

HANSARD 10/3/86

What was the balance in the Central Energy Fund at 31 December 1985?

Q col 410.

The MINISTER OF MINERAL AND ENERGY AFFAIRS:

On 31 December 1986 the balance in the Central Energy Fund was R1 990 656 688.

In order to put the role of the Central Energy Fund and this amount in perspective it is necessary that cognisance should be taken of the following aspects.

(1) The present Central Energy Fund levy (formerly the State Oil Fund levy) of 4 c/ℓ on fuel is made up as follows:

Synthetic fuel projects	3,725 c/ℓ
Combating of oil pollution	0,055 c/ℓ
Management of stockpiling activities	0,220 c/ℓ

(2) Because the levies for oil pollution combating and stockpiling are paid to the responsible organisations on a monthly basis and as the Fund no longer has a financial commitment towards Sasol Two and Three, the Fund is strengthened on a continuous basis by the 3,725 c/ℓ. The levy income of the Fund was approximately R216,8 million for the period 1 April 1985 to 31 January 1986.

(3) Since the privatisation of Sasol Two a partial capital repayment to the value of R887,6 million plus interest was made to the Fund. From this, however, an amount of R453,8 million which included profit on capital and interest, was paid back to the State Income Fund in respect of Parliamentary grants to Sasol Two and Three. Shares in Sasol Three were also purchased for R180,8 million while R18 million was made available to Escom.

(4) Further repayments of R300 million plus interest was made respectively by Sasol Two and Three. The Fund is furthermore strengthened as a result of interest on outstanding amounts payable by Sasol Two and Three.

(5) The outstanding commitment of Sasol Two towards the State is R1 091 million plus interest, while the projected value of Sasol Three's commitment is estimated at approximately R2 300 million. These amounts will accrue to the Central Energy Fund.

(6) The credit balance of the Central Energy Fund is in the first place owned by the motorist and it will be employed to the benefit of the motorist taking cognisance of priority requirements. The establishment of synthetic fuel plants is regarded as a first priority being in the best interest of the motorist and the country. If the contemplated synthetic fuel projects (including the Mossel Bay gas conversion project) be established, it is estimated that total financing requirement from the Central Energy Fund will peak at R6 133 million during 1991.

(7) The credit balance in the Central Energy Fund is invested with approved financial institutions at the most advantageous interest rates.

Crimes of violence

HANSARD 10/3/86 Q COL 411.

105. Mr D J DALLING asked the Minister of Justice:

(1) How many (a) Blacks, (b) Coloureds and (c) Indians were hanged in 1985 for crimes of violence against Whites;

(2) how many Whites were hanged in 1985 for crimes of violence against (a) Blacks, (b) Coloureds and (c) Indians?

The MINISTER OF JUSTICE:

(1) and (2) Blacks executed after having been convicted and sentenced to death in connection with crimes of violence committed against—

(a) Blacks 46

(b) Coloureds 4

(c) Indians 6

(d) Whites 44

(e) Blacks and Whites 2

Coloureds executed after having been convicted and sentenced to death in connection with crimes of violence committed against—

(a) Blacks 2

(b) Coloureds 26

(c) Indians 0

(d) Whites 7

Indians executed after having been convicted and sentenced to death in connection with crimes of violence—

Nil.

Whites executed after having been convicted and sentenced to death in connection with crimes of violence committed against—

(a) Blacks 2

(b) Coloureds 0

(c) Indians 0

(d) Whites 4

(e) Whites and Blacks 1

Advertisements

111. Mr D J DALLING asked the Minister of Education and Development Aid:

(1) What was the total amount spent by the Department of Development Aid in 1985 on placing advertisements for any purpose in newspapers in the Republic;

(2) what amount was paid to each specified newspaper in the above regard in that year?

The MINISTER OF EDUCATION AND DEVELOPMENT AID:

(1) R400,00.

(2) *The Citizen* .... R400,00.

Advertisements

124. Mr D J DALLING asked the Minister of Justice:

(1) What was the total amount spent by the Directorate: Justice in 1985 on placing advertisements for any purpose in newspapers in the Republic;

(2) what amount was paid to each specified newspaper in the above regard in that year?

The MINISTER OF JUSTICE:

(1) R1 630,72.

(2) *Sunday Times* .... R902,72.
Rapport .... R728,00.

Stock theft

HANSARD 10/3/86

135. Mr R W HARDINGHAM asked the Minister of Justice: Q COL 414.

How many persons were convicted of theft of (a) small stock and (b) large stock in the magisterial districts of (i) Mooi River, (ii) Kokstad, (iii) Himeville, (iv) Matatiele, (v) Bushman's Nek and (vi) Umzimkulu during 1985 or the latest specified period of 12 months for which figures are available.?

The MINISTER OF JUSTICE:

The following information is for the year 1985.

	(a) Small stock	(b) Large stock
(i) Mooi River	9	5
(ii) Kokstad	13	0
(iii) Himeville	10	14
(iv) Matatiele	1	11

(v) Bushman's Neck: Included in the statistics in respect of Himeville.

(vi) Umzimkulu: Umzimkulu is situated in Transkei and statistics are not available.

Detainees

HANSARD 10/3/86

142. Mrs H SUZMAN asked the Minister of Justice: Q COL 414.

Whether any persons were detained in 1985 in terms of section 185 of the Criminal Procedure Act No 51 of 1977; if so, (a) how many, (b) for what period was each of them detained and (c) in respect of what crime in each case?

The MINISTER OF JUSTICE:

Yes.

(a) 16.

HANSARD 11/3/86

Koeberg Nuclear Power Station

QCOL 467 55

*29. Mr B B GOODALL asked the Minister of Mineral and Energy Affairs:

(1) Whether any workers attached to the Koeberg Nuclear Power Station have been exposed to radiation; if so, (a) how many, (b) on what dates and (c) what were the circumstances surrounding these incidents;

(2) whether these incidents have been investigated; if not, why not; if so, (a) in what capacity was each of the persons who undertook the investigations employed and (b) what were the findings;

(3) whether any action has been taken as a result; if not, why not; if so, what action?

The MINISTER OF MINERAL AND ENERGY AFFAIRS (Reply laid upon the Table with leave of House):

(1) (a), (b) and (c). Two incidents on 19 February 1986 and a further incident on 27 February 1986 occurred under the following circumstances:

— Five radiation workers of a contracting firm assisting with refuelling at Koeberg removed a seal from the reactor head without conforming to laid down health physics requirements stipulating that respirators be worn during this operation. A small quantity of radioactive dust was dislodged. As a result of inhaling the contaminated air, these workers received between 1 and 10 millirem radiation dosage.

— Five contractors' staff removing lagging from pipework were subjected to unnecessary exposure of between 5 and 150 millirem from an adjacent tank containing radioactive material. They were working without a "permit to work" which would have restricted their access to the area until after the tank had been drained.

— Radioactive material was lifted above water level in the fuel pool due to a spacer not having been used on the crane. When the mistake was realised, the staff concerned immediately lowered the material back into the water and the health physics team investigated, after which the staff stopped work. Health physics safeguards were in place at all times during the operation. Three Escom employees received between 10 and 15 millirem exposure, roughly the same as they would normally receive during a full shift on work of this nature.

These radiation dosages should be seen in the light that one chest X-ray photograph is equivalent to about 20 millirem while the natural background radiation at the Witwatersrand is between 55 and 190 millirem per year.

(2) (a) Yes.

P M Semark, Chairman: Escom Divisional Manager, (Nuclear Generation);
B E Oaten: Power Station Manager, Koeberg;
P J Wakefield: Production Manager, Koeberg;
A C van Schalkwyk: Chief Officer, Nuclear Services, Koeberg;
G Ives: Operations Department, Escom Head Office;
Dr B H M Fitzpatrick: Head of Health Physics, Koeberg;
M Harris: Senior Engineer, Outage Management, Koeberg;
L D Olivier: Head of Nuclear Fuel Management, Koeberg.

(b) The findng was that certain procedures were not strictly adhered to, but that the in-depth protection provided by the radiation monitoring programme ensured that the maximum exposure experienced by an individual during these incidents was only 3 per cent of the allowed annual limit and consequently nobody was exposed to radiation which was at all dangerous.

In all three incidents, the investigation indicated that the procedures and controls that were in place were adequate to prevent any excessive radiation dosage.

By the nature of the work at Koeberg, most staff are qualified as radiation workers. Stringent regulations are enforced by the Atomic Energy Corportion and any deviation from these standard is subject to immediate investigation by Escom.

(3) In all cases, supervisors have been informed of the findings, controls have been tightened and retraining of all staff involved is taking place.

In the third case, the possibility of adapting equipment so that it cannot function without the necessary spacer is being investigated.

Prison warders: charges of assault

HANSARD 11/3/86

*30. Mrs H SUZMAN asked the Minister of Justice: QCOL 469.

(1) Whether any charges of assault were laid by prisoners against prison warders in 1985; of so, how many charges;

(2) whether departmental enquiries were held into these charges; if not, why not; if so, what were the findings;

(3) whether any persons were convicted; if so, how many?

†The MINISTER OF JUSTICE:

(1) Yes, a total of 1 385 complaints of alleged assault were received and registered.

(2) Yes. The South African Prisons Service regards every complaint of an alleged assault on a prisoner by a member of the Prisons Service, no matter how petty, in a very serious light. In terms of the Standing Prisons Service Orders, every complaint of alleged assault must be registered in the appropriate register and properly investigated by the Commanding Officer. The minutes of the investigation must be forwarded to the Commissioner of Prisons together with a medical report indicating the nature and extent of the injury or injuries of the prisoner, if any.

Likewise, the assault on personnel by prisoners is also not tolerated and offenders are strictly dealt with. Fact is that the government will not allow selected officials to fall prey to perpetrators of violence.

In respect of 1 095 of the complaints of alleged assault on prisoners by members, no substance could be found after thorough investigation to institute charges against any member of the Prisons Service. Of the remaining 290 complaints a total of 42 was referred to the South African Police for further investigation while 248 complaints resulted in Departmental hearings in terms of Prison Regulation 71(1)(hh) read with Section 53 of the Prisons Act, 1959 (Act No 8 of 1959).

(3) The results of the formal charges were as follows:

Trials in terms of Prison Regulation 71(1)(hh) read with Section 53 of the Prisons Act:

88 Members were found guilty on 85 charges.
138 Members were found not guilty on 131 charges.
32 Charges involving 33 members are still in the process of finalisation.

Complaints investigated by the South African Police:

5 Members were found guilty on 6 charges.
5 Members were found not guilty on 2 charges.

which I do not have particulars available here that I, because I am willing to help hon members in this, would appreciate it if they would place any further question on the Question Paper.

Central Energy Fund

HANSARD 11/3/86 SS

*22. Mr B B GOODALL asked the Minister of Mineral and Energy Affairs:

QCOL 463

What total amount was collected on behalf of the Central Energy Fund in the latest specified financial year for which information is available?

†The MINISTER OF MINERAL AND ENERGY AFFAIRS:

R1 503,1 million in respect of the financial year 1 April 1985 to 28 February 1986.

National Road Fund

*23. Mr B B GOODALL asked the Minister of Transport Affairs:

What (a) total amount was collected for the National Road Fund in the latest specified year, and (b) was the balance in this fund as at the latest specified date, for which information is available?

The MINISTER OF TRANSPORT AFFAIRS:

(a) and (b) The hon member is respectfully referred to Statement 2 on pages 100 to 101 of the Annual Report of the Department of Transport and of the National Transport Commission for the 1984/85 financial year which was tabled in Parliament on 31 January 1986 and wherein the required information has been published in detail.

I respectfully request the hon member to do his homework.

Locust infestation: insecticide

*24. Mr E K MOORCROFT asked the Minister of Agricultural Economics:

Whether his Department is using any insecticide to combat the locust infestation in the Karoo region; if so, (a) what insecticide and (b) (i) what total quantity had been used as at the latest specified date for which information is available and (ii) over what period was it used?

†The DEPUTY MINISTER OF AGRICULTURAL ECONOMICS:

Yes, locusts are insects and are being combated with insecticide. [Interjections.]

(a) Diazonon, Finitrothion, Lindane and BHC.

(b) (i) Diazonon: 166 225 litres
Finitrothion: 66 000 litres
Lindane: 479 875 kg.
BHC: 2 383 475 kg.

(ii) From October 1985 until 28 February 1986.

Mr E K MOORCROFT: Mr Speaker, arising out of the reply given by the hon the Deputy Minister, is he aware of allegations that the measures being taken are inadequate to control the plague, and will he make a statement in this regard?

The DEPUTY MINISTER: Mr Speaker, I can assure the hon member that adequate control measures are being taken. We are doing everything possible to combat the plague. It is, however, not possible under any circumstances to have absolute control.

†Mr H D K VAN DER MERWE: Mr Speaker, arising out of the hon the Deputy-Minister's reply, can he inform the House how successful the application of the particular insecticides was in combating the locust infestation?

†The DEPUTY-MINISTER: Mr Speaker, with the exception of Lindane, which seemed to be unsuccessful in one of the developing stages of the wingless locusts, all the other agents were successful.

Mrs H SUZMAN: Mr Speaker, further arising out the hon the Deputy Minister's reply, could he tell the House whether any precautions are taken in order to prevent the

HANSARD 11/3/86

users of the insecticides from suffering any side-effects from those somewhat dangerous chemicals?

The DEPUTY MINISTER: Mr Speaker, yes, we are taling every possible precaution. We have had special clearance from the Registrar of Fertilisers, Farm Feeds and Agricultural Remedies for the use of certain of those insecticides.

Alexandra: medical records removed

HANSARD 11/3/86 QCOL 465.

*25. Mr P R C ROGERS asked the Minister of Law and Order:

(1) Whether members of the South African Police removed any medical records of patients from a clinic in Alexandra recently; if so, (a) on what date, (b) how many, (c) on whose authority and (d) why;

(2) whether he will make a statement on the matter?

The MINISTER OF LAW AND ORDER:

(1) Yes.

(a) 24 February 1986.

(b) 309 patient cards and one register, which was handed back to the clinic.

(c) By virtue of a search warrant, issued by the Chief Magistrate of Johannesburg.

(d) The South AFrican Police had information at their disposal which indicated that persons who were injured during the recent unrest in Alexandra, received treatment at the clinic. The management of the Alexandra clinic refused to supply information to the investigating officers or to render cooperation with regard to the investigation.

(2) No.

Regional services councils

QCOL 466.

*26. Mr E K MOORCROFT asked the Minister of Constitutional Development and Planning:

Whether any provision has been made for the representation on the proposed regional services councils of the Black South Africans living on farms in rural areas; if not, why not; if so, what are the particulars of the provision so made?

†The DEPUTY MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

(a) Yes.

(b) By means of a "representative body" as defined in section 1 of the Regional Services Council Act, 1985 (Act 109 of 1985), any rural community can be represented on a regional services council.

QCOL 466.

Mitchell's Plain: population statistics

HANSARD 11/3/86

*27. Mr P H P GASTROW asked the Minister for Administration and Economic Advisory Services:

Whether population statistics on Mitchell's Plain are kept by the Central Statistical Services; if not, why not; if so, what was the (a) adult and (b) child population of Mitchell's Plain as at the latest specified date for which information is available?

The MINISTER FOR ADMINISTRATION AND ECONOMIC ADVISORY SERVICES:

Yes.

(a) 32 273—19 years and older.

(b) 32 032—0 to 18 years.

Population census 6 May 1980.

*28. Mr P H P GASTROW—Manpower—[Reply standing over.]

The MINISTER OF HOME AFFAIRS:

(1) No.

(a) and (b) Fall away.

(2) (a) None.

(b) Fall away.

Heckel: income

420. Mr P R C ROGERS asked the Minister of Home Affairs:

(1) Whether his Department receives any income from the residents of the area known as Heckel; if so, (a) what total amount was so received during the latest specified period of 12 months for which figures are available and (b) how was this amount made up;

(2) (a) what total amount was spent by his Department in respect of this area during the above-mentioned period and (b) on what items and/or services was it spent?

The MINISTER OF HOME AFFAIRS:

(1) No.

(a) and (b) Fall away.

(2) (a) None.

(b) Fall away.

Wartburg: income

422. Mr P R C ROGERS asked the Minister of Home Affairs:

(1) Whether his Department receives any income from the residents of the area known as Wartburg; if so, (a) what total amount was so received during the latest specified period of 12 months for which figures are available and (b) how was this amount made up;

(2) (a) what total amount was spent by his Department in respect of this area during the above-mentioned period and (b) on what items and/or services was it spent?

The MINISTER OF HOME AFFAIRS:

(1) No.

(a) and (b) Fall away.

(2) (a) None.

(b) Fall away.

Newlands, East London: income

424. Mr P R C ROGERS asked the Minister of Home Affairs:

(1) Whether his Department receives any income from the residents of the area known as Newlands, situated near East London; if so, (a) what total amount was so received during the latest specified period of 12 months for which figures are available and (b) how was this amount made up;

(2) (a) what total amount was spent by his Department in respect of this area during the above-mentioned period and (b) on what items and/or services was it spent?

The MINISTER OF HOME AFFAIRS:

(1) No.

(a) and (b) Fall away.

(2) (a) None.

(b) Fall away.

GCOL 504

HANSARD 11/3/86

National Servicemen: religious objectors

431. Mr P R C ROGERS asked the Minister of Defence:

(a) On what date did the system of classifying certain national servicemen as religious objectors commence, (b) how many national servicemen applied to be classified as religious objectors from the above date up to the latest specified date for which figures are available, (c) how many of these applications were granted and (d) how many unsuccessful applicants opted for detention instead of military service?

The MINISTER OF DEFENCE:

(a) 2 December 1983. The Board for Religious Objection sat for the first time on 14 February 1984.

(b) As on 27 February 1986-878.

(c) 755.

(d) None.

HANSARD 11/3/86

GCOL 506

55

Escom: inflation accounting

434. Mr L F STOFBERG asked the Minister of Mineral and Energy Affairs:†

(1) Whether Escom makes use of a system of inflation accounting; if so, as from what date;

(2) whether reserves have been built up as a result of this system of accounting; if so, what was the amount of these reserves (a) as at the latest specified date for which figures are available and (b) at the end of each specified financial year since this system was taken into use?

The MINISTER OF MINERAL AND ENERGY AFFAIRS:

(1) No, Escom has never made use of a system of inflation accounting.

(2) Falls away.

HANSARD 11/3/86

GCOL 506.

Detention centres

436. Mr P A MYBURGH asked the Minister of Defence:

(a) How many persons were in detention in each detention centre of the South African Defence Force as at the latest specified date for which figures are available and (b) for what offences was each of them in detention at that date?

The MINISTER OF DEFENCE:

On 21 February 1986 the position was as follows:

(a)

	Sentenced	Safe Custody
Voortrekkerhoogte	80	31
Bloemfontein	18	2
Wynberg	9	6
Walvis Bay	28	8
Witwatersrand	34	11
Kings Rest	3	3

(b) Description of offence

Desertion	2
Assaulting a superior officer	1
Absent without leave	119
Disobeying a lawful command	1
Theft	10
Using or taking article issued to another person	1
Drunkenness	4
Aiding, abetting, inciting, etc	3
Dereliction of duty by a sentry	4
Persons liable to render service in terms of Section 22 or 44 who, without good reason when called up, fail to report for such service	19
Common law offence of theft	11
Common law offence of fraud	2
Common law offence of assault	1
Common law offence of house breaking	1

Detention barracks

440. Mr P A MYBURGH asked the Minister of Defence:

(1) (a) How many detention barracks have been established in (i) the Republic and (ii) South West Africa/Namibia, (b) what is the total number of offenders that can be accommodated at such barracks and (c) in respect of what date is this information furnished;

(2) whether any new detention barracks were established in 1985 in terms of section 120 of the First schedule to the Defence Act, No 44 of 1957; if

79 000 petition minister for cheaper petrol

CAPE TOWN — A petition bearing more than 79 000 signatures of people concerned by the high price of fuel was presented to the government yesterday.

A pensioner and a housewife from Johannesburg, with no help from any organisation, raised the signatures in a two-month campaign which began on January 7.

(55) DISPATCH

"When the price of petrol went up in January, I felt I had to do something," said Mr Jack Huber yesterday. "So Mrs Jill Perkiss and I, simply as two concerned citizens, went on a drive to get public support.

11/3/86.

"The result has been this incredible mass of signatures, which I have presented to the Minister of Transport Affairs, Mr Hendrik Schoeman."

Yesterday morning Mr Huber had a meeting with Mr Schoeman "who was astounded by our support and promised to take the matter to his colleagues."

The petition reads: "We, the undersigned, object in the strongest terms possible to continual increases in the fuel price. The government should help to combat inflation by using the massive profits of the oil pipeline to reduce the cost of petrol."

Mr Huber said the petition had first been published in a Johannesburg newspaper, "and then got splash treatment in all the major Transvaal papers.

"Although the price of fuel went down recently, our objections still hold good.

"I think it high time the government understood the plight of the man in the street."

A spokesman for Mr Schoeman confirmed the minister had seen Mr Huber and the petition had been presented. — DDC

STAR 12/3/86 (55)

Minister tells of radiation

Thirteen Koeberg workers have been contaminated by radiation this year, the Minister of Mineral and Energy Affairs, **Mr Danie Steyn**, has told Parliament.

They were contaminated in two incidents on February 19 and one on February 27, he said in reply to a question by **Mr Brian Goodall (PFP, Edenvale)**.

But the maximum dose received by any one of them was 150 millirem — only three percent of the allowed annual limit. None had, therefore, received a dangerous dose, he said.

However, controls had been tightened and all staff involved were being retrained.

The incidents have been investigated by top Escom executives, including Escom divisional manager (nuclear generation), Mr P Semark.

Escom is considering adapting the fuel-rod crane so it cannot work without the spacer. — Political Staff.

Allegations on accounts 'unfounded and irresponsible'

Escom denies report on wasted millions

18/3/86 STAR

55

By Inga Molzen

External auditors have consistently indicated that there are no problems with Escom's accounts and in the past have not felt a need to qualify annual reports.

This was the view expressed by Mr Ewald Thal, Escom's communication manager, at a Press conference last night.

He was referring to a report at the weekend, headlined: "Escom wastes million of rands — and the consumer pays".

He said allegations contained in a weekend newspaper were "unfounded and irresponsible".

"The allegations were either incorrect, out of date or examined out of context," he said.

He said Mr Willem Pienaar, director of academic administration at Potchefstroom University, denied that Escom requested the findings of a thesis by senior accountant, Mr J F Schnetler, be kept "secret".

The thesis title was: "Effective Management Accountant Practices" and referred, among other sources, to Escom's published financial accounts between 1922 and 1982.

Mr Schnetler has been quoted as saying: "Escom's management is now on the right road."

The thesis will not be made public until it is verified by the university's senate "which is standard practice," explained Mr Thal.

Serious

He said many of the allegations were made out to be current "problems", but "all these issues have been addressed by Escom".

"Allegations concerning financial controls within the company are serious, but they have never been proved."

Mr Thal said it was highly inaccurate to say Escom's activities have not been audited. "Audit reports have consistently indicated that there are no problems in our accounts.

"In the past, the external auditors have not felt it necessary to qualify the annual reports," he said.

"We are aware of our responsibility in handling public funds. We have nothing to hide".

Replying to the allegations Mr Thal said:

- The figure of R14,6 million, allegedly spent on "alcohol and provisions" for administrative personnel, refers to all beverages and provisions bought in 1982 for Escom's 55 000 employees around the country, reflecting a daily outlay of 70c a person.
- Escom's accounts are audited as prescribed in the Electricity Act of 1968, and not "manipulated to disguise considerable profits so that annual increases in electricity tariffs may be introduced each year."
- Between 1978 and 1982, allocations for travel, accommodation and reception costs rose from R1,6 million to R9,3 million. This is proportionate, reflecting the company's rapid growth over the four-year period.
- An amount of R5 138,98 — alleged to have been collected for victims of the Westdene Dam bus disaster, and not handed over— was actually collected for Escom employees who were involved in a bus accident.

It was subsequently found that none of the victims were employees, so the fund would be handed to a central State fund for unclaimed monies.

- Although there was no central asset register for fixed assets, totalling R19 billion, each regional division of Escom had a separate asset register to account for all capital assets.

Auditors dismiss financial claims against Escom

SAAN 19/3/86 (260) (55)

Two independent auditing companies have dismissed allegations of financial mismanagement at Escom, saying they were satisfied with the corporation's accounting procedures.

That was in reaction to Sunday newspaper reports which alleged excessive tariffs were paid for electricity because of poor financial control at Escom.

In a signed joint statement, auditors Aiken and Carter and Deloitte, Haskins and Sells said they had examined Escom's 1985 accounting records and internal control procedures.

They said: "We have no reason to believe that there has been a deterioration in internal and accounting control since December 31 1984. Nothing has come to our attention that would preclude us from expressing an unqualified opinion on the financial statements for the year ended December 31 1985."

Escom will complain to the Media Council about the reports.

Pik stays silent on Frankfurt discussions

STAR 20/3/86 (55) 280

The Star's Foreign News Service

FRANKFURT — Foreign Minister Mr Pik Botha and US Deputy Assistant Secretary of State Mr Frank Wisner were silent after three hours of intense discussion at the American Consulate in Frankfurt yesterday.

The talks followed five hours of discussions in Pretoria six days ago.

A joint statement issued later merely said they had met "in continuation of discussions between their two governments on Southern Africa" and that there had been "discussion of matters pertaining to Escom and International Atomic Energy Agency issues".

They were joined by Mr Danie Steyn, South African Minister of Minerals and Energy Affairs, and Mr Richard Kennedy, America's ambassador-at-large for nuclear non-proliferation and nuclear energy affairs.

The statement did not elaborate on either agenda item and US and SA diplomats in Frankfurt would not comment.

● Talking to reporters earlier, Mr Botha repeated a Government offer to free Nelson Mandela in exchange for Soviet dissident Dr Andrei Sakharov.

"He will not be released on health grounds," Mr Botha said.

"He will be released once the South African Government is satisfied that his release will not be accompanied by large-scale violence." — Sapa-Associated Press.

PE to get huge boost from gas strike

55 E. POST 22/3/86

By KIN BENTLEY

PORT ELIZABETH'S share in the Mossel Bay gas bonanza looks likely to be bigger than most people expect.

It could give an economic lift to the whole area with a "considerable influx of people at various levels".

Mr Mike Leibrandt, public relations officer for Soekor, said yesterday it was now regarded as certain that the assembly of the R3 100 million platform to be stationed in the gas field — 210 metres tall and weighing 21 000 tons — would be done in the Port Elizabeth area.

Because of the size of the platform — it would straddle the Carlton Centre — it would have to be assembled outside the city at a special site. The harbour area would not be nearly big enough.

A maze of ancilliary light industry was likely to spring up, bringing into PE "a considerable influx of people at various levels".

Although heavy-engineering components would have to be made elsewhere, PE's share of the work would be considerable.

A new industrial site next to the sea would probably have to be created to facilitate the platform assembly, from which it could be "slid" on to a massive barge when completed.

The various major components would be moved in by sea, road and rail. The jacket would be assembled on land, moved on to the barge and towed to the production site, where it would be upended on to the seabed.

Mr Leibrandt said it was virtually certain that the assembly phase would take place in or near Port Elizabeth. This was not only because of assurances given recently by the Minister of Mineral and Energy Affairs, Mr Danie Steyn, but also because "one tries to assemble as close as possible to the eventual location, to save on the massive costs of sea-towage".

The job could not be done at Mossel Bay, so Port Elizabeth became the next best option.

Construction of the platform is scheduled to start towards the middle of next year.

At the moment Soekor is waiting to learn who has been awarded the contract for the conceptual design stage of the off-shore project. Mr Steyn told Parliament on February 26 that it should be awarded "within 10 days".

Mr Leibrandt said this had not yet happened, but Soekor was hoping for a decision before the end of the month.

Only when the project managers had decided on detailed specifications would the exact type of platform and its method of construction be known.

"PE firms don't have the heavy engineering ability to construct the major components of the platform but they do have the capacity to assist with many of their components," he said.

There were probably only two places in South Africa capable of manufacturing the "legs", which are several metres in diameter — firms based at the Durban and Cape Town harbours.

"The various components for the platform will be constructed throughout South Africa," said Mr Leibrandt.

"But the actual location of the manufacture of the many parts which go to make up the platform will only be known once the conceptual design phase has been completed — probably by the end of the year."

Many light engineering sub-contracts would go to Port Elizabeth companies because the assembling firm would want contractors close at hand.

● See Page 2

Shell boycott planned

55

THE HAGUE — Dutch anti-apartheid campaigners met senior officials of the Anglo-Dutch Shell Oil Group yesterday to press the company to quit South Africa and said afterwards they planned a boycott of Shell products.

The group presented a letter to Mr Lodewijk van Wachem, president of Royal Dutch Petroleum, which controls 60 percent of the group, accusing Shell of propping up the apartheid system.

24/3/86.

The letter said the company played a strategic role in the South African economy, supplied fuel to the country's armed forces, operated in Namibia in defiance of international law and exploited black labour in its coalmining business.

SOWETAN

A company statement said the charges were outrageous and without foundation. Shell rejected apartheid as inhuman and was openly pressing for change in South Africa, it said.

At a news conference a spokesman for the anti-apartheid groups said a boycott of Shell in the Netherlands was being planned, matching one organised in the United States by the 13-million-member AFL-CIO Union grouping.

"Shell depends on its good name but we are hoping that people will begin to think of what the company does in South Africa before they buy oil and petrol," the spokesman said. — Sapa-Reuter.

Cape Times 24/3/86 (55)

Koeberg: fear based on ignorance

From ANDRE VAN HEERDEN, Communication Department, Escom (Cape Town):

THE nuclear power-generating industry faces a problem resulting from the prevalent lack of knowledge about matters nuclear. This has led to a host of unfounded fears based mainly on vague allegations and popular misconceptions.

These fears are difficult to allay without recourse to long and involved dissertations on basic physics. The letters from Messrs H de Boer, Harry Green and Mike Kantey in recent issues of the Cape Times are indicative of such lack of understanding. I will try to answer their questions without resorting to too many technicalities.

My letter of February 24 contained only verifiable facts, unlike the statistics quoted in the letters from Messrs De Boer and Green, which are based largely on the selective use of suspect figures by some overseas media.

As regards the recent very minor exposures at Koeberg, the person who received the greatest exposure will receive a cumulative 150 millirem additional radiation over the next 50 years (the millirem is a measure of the biological effect of radiation). During the same period he can expect to receive in the region of 7 500 millirem from natural sources such as cosmic rays, radon from the soil and granitic rocks, etc.

To put these figures into perspective, the international commission for radiological protection has set an annual limit for radiation workers which they consider safe. This limit is 5 000 millirem per annum, which applies to workers at Koeberg, radiologists in hospitals, etc.

During 1985 the average worker at Koeberg received less than one percent of the allowed dose. There was no gross laxity involved. The faults were procedural, that workers who had done similar jobs dozens of times in their own country, conformed to their own national safety standards rather than the more conservative South African standards.

What is very positive is that safety systems at Koeberg are such that in spite of procedures not being precisely followed exposures were minimal. Sellafield is not a commercial power reactor, but, that accepted, the release in recent events has been minimal, media stories notwithstanding. Nobody received doses in excess of the legally allowed limits. Certainly the hazards, including possible cancers, from everyday industrial pollution far exceed those emanating from nuclear installations.

This also raises the question of suspect statistics. Claims of quite extraordinary health hazards have been made. It must be pointed out that no less august a body than the American Association for the Advancement of Science, as well as a variety of other highly respected scientific bodies have not only refuted these allegations, but sharply reprimanded the people who made them.

Specifically included in these repudiations were claims in respect of supposed unnatural births, including Down's Syndrome babies, resulting from the Three Mile Island incident. These allegations were based on a reprehensible use of selected and doctored statistics.

Statistical calculations indicate that there will be less than one additional cancer death in the Three Mile Island area in the next 50 years, where something of the order of 50 000 would occur from natural causes. Statistics of this order become meaningless.

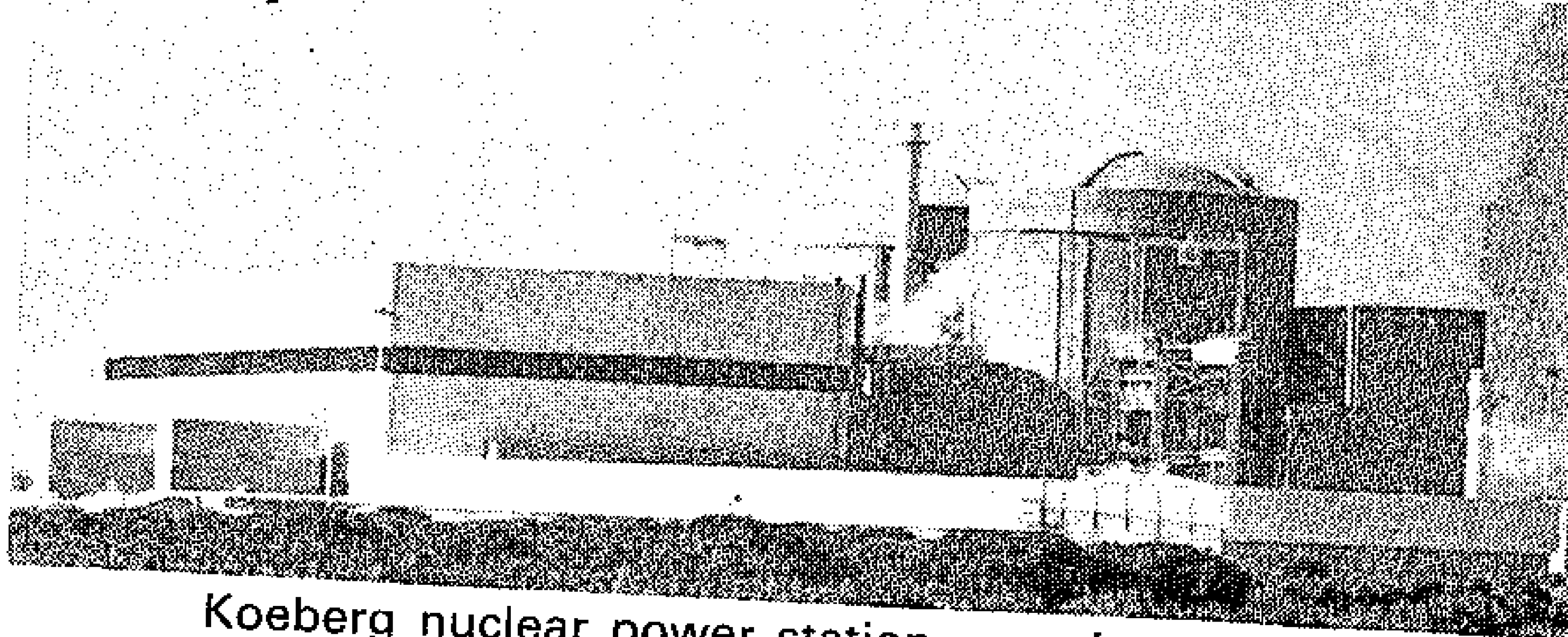
There are many areas in Britain, not associated in any way with nuclear power plants, which have higher incidences of cancer than the national average. All, including Seascale, fall within the normal variations found within any population. There is no evidence supporting a theory that Windscale was responsible for increased cancer rates. These could be the result of any of hundreds of causes, as is the case in other areas. Mr De Boer's information regarding releases is unfortunately incorrect.

Radon is a gas found naturally and all of us are exposed to it, more so if we spend much of our time in or near concrete buildings. It is a major contributor to natural radiation and, depending on locality, it can be the cause of exposure to the public ranging from tens to hundreds of millirem per year. No radon is emitted by Koeberg. Nor are plutonium or americium discharged into the environment.

Minute quantities of chemicals such as ceasium and ruthenium are released under strictly controlled conditions. The quantities are rigidly controlled by the Atomic Energy Corporation and the Council for Nuclear Safety, an independent watchdog body.

If a theoretical man were to have stood at the Koeberg boundary fence, for the whole of 1985, always downwind from the station, stark naked, living off food exposed to the maximum radiation emitted from Koeberg last year, and eating fish caught in the Koeberg outfall, he would have been subjected to an additional half millirem of radiation.

Compare this to the 240 millirem he would receive naturally on the beaches at Camps Bay, Clifton and Sandy Bay, or the 20 millirem which would result from an ordinary chest X-ray.


Koeberg nuclear power station ... minor exposures

so, (a) why, (b) what steps and (c) when?

The MINISTER OF MINERAL AND ENERGY AFFAIRS (Reply laid upon the Table with leave of House):

(1) Yes, the Department of Mineral and Energy Affairs excercises control over the export of polished diamonds but not over the export of unpolished diamonds. The SA Police are charged with the latter function.

The mechanism for control over exports of polished diamonds was established under the Diamond Cutting Act, 1979 and the function has since 1980 been exercised by the Diamond Cutting Board, which is under the control of the Minister of Mineral and Energy Affairs. Prior to that date the Police were also charged with this function.

The nature of the control exercised by the Diamond Cutting Board is threefold: *Firstly* the Board is in close contact with diamond cutters and other parties in the diamond industry and in view of its intimate knowlege of the industry and available information, for example cutters' purchases of rough diamonds, it checks that all polished diamonds intended for export are presented to the Board for inspection. *Secondly*, diamond parcels are subjected to a physical inspection. The diamonds are counted and weighted and checked to ensure that they are fully polished. *Thirdly*, the value of consignments are checked to ensure that the export value represents the fair market value of the diamonds.

My department unfortunately has no knowledge of the exact nature of the control exercised by the Police over the export of unpolished diamonds but I have been informed that consignments of unpolished diamonds are also inspected and can be referred to the Government Diamond Valuator if the Police are of the opinion that the consignment has been undervalued.

(2) Yes, it definitely is my intention to take steps in regard to both the control which already falls under my department and the control measures which other Government departments are now charged with. These steps follow on certain recommendations by a Departmental Committee (known as the Van Wyk Committee) accepted by me. Control over the Republic's diamond industry, including control over exports of polished and unpolished diamonds, is currently divided between three Government departments, namely Finance, Police and Mineral and Energy Affairs. There is however, agreement amongst these departments that such divided control is not satisfactory. There are in my opinion also too many Acts in terms of which control is exercised over our diamond industry. The Department of Mineral and Energy Affairs has therefore prepared legislation in terms of which State control over the diamond industry will be rationalised and all the functions in this regard placed under the control of the Department of Mineral and Energy Affairs. All the relevant Government departments have been consulted and they are all in agreement with the steps proposed. The necessary draft legislation will be introduced during this session of Parliament.

Export of diamonds

*3. Mr L F STOFBERG asked the Minister of Finance:†

(1) Whether an investigation into the (a) quantity of diamonds exported and (b)(i) proceeds thereof and (ii) tax revenue received therefrom was ordered in his Department; if so,

(2) whether he will lay a report on the inquiry upon the Table; if not, why not;

(3) whether he will recommend that a select committee be appointed to go into this matter; if not, why not?

HoA

HANSARD 25/3/86 Q Col 678

The DEPUTY MINISTER OF FINANCE:

(1) No.

(2) Falls away.

(3) No. At this stage there is no justification for the appointment of a select committee. The Diamond Board, to be established in terms of draft legislation to be tabled during the current session, will carry out any investigations that may be deemed to be necessary.

Mooi-Mgeni Government Water Scheme

*4. Mr R W HARDINGHAM asked the Minister of Water Affairs:

(1) Whether compensation payments for servitude rights have been finalised in regard to the owners of properties through which the Mooi-Mgeni Government Water Scheme passes; if so, when; if not, why not;

(2) whether he will make a statement on the matter?

†The MINISTER OF AGRICULTURE AND WATER SUPPLY (for the Minister of Water Affairs):

(1) Yes. The initial offers of compensation for the servitude rights were made during the middle of 1985 and revised offers in certain cases were made during February/March 1986. Certain claims in respect of alleged damage caused by the contractor outside the servitude area have, however, as yet not been finalised. Although the Department of Water Affairs is not directly involved it is endeavouring to act as mediator between the owners and the contractor.

(2) No.

HoA

Fuel distributing companies: supply of petrol

55

*5. Mr D J N MALCOMESS asked the Minister of Mineral and Energy Affairs:

(1) Whether he or any official of his Department made any requests of or issued any instructions to any fuel distributing companies regarding the supply of petrol to a certain chainstore group, the name of which has been furnished to the Minister's Department for the purpose of his reply; if so, (a) what requests or instructions, (b) to which fuel distributing companies, (c) when, (d) why and (e) what is the name of the chainstore group;

(2) whether the companies concerned complied with these requests or instructions; if not, what reasons did they give for failing to comply; if so, for what period will this request or instruction be in effect;

(3) whether he will make a statement on the matter?

The MINISTER OF MINERAL AND ENERGY AFFAIRS:

(1) No, a general directive was issued to all oil companies distributing petrol:

(a) that no petrol may be supplied to any retailer thereof in the event of such retailer offering petrol at discounts directly or indirectly to consumers,

(b) to all fuel companies acting as petrol distributors,

(c) on 28 February 1986 and again on 6 March 1986,

(d) in order to ensure a stable petrol distribution network countrywide; to protect employment and the interests of the small businessman and to prevent vertical integration,

(e) falls away.

(2) Yes, it should have been effective for an undetermined period.

(3) No. The hon member is, however, referred to my statement of 26 February 1986 when the decrease in fuel prices was announced which included an announcement in this regard.

Mr D J N MALCOMESS: Mr Speaker, arising out of the answer of the hon the Minister, may I ask him whether, in view of the court ruling on this matter that has now taken place, he is prepared to let the matter rest there or whether he intends to take the matter further and appeal against the ruling; or alternatively, alter the legislation in order to bring about a situation where the members of the public have to pay more for their petrol?

†The MINISTER: Mr Speaker, in the first instance, we are not planning to appeal; secondly, we are not planning to alter the Act; and thirdly I want to mention that the judge's ruling is being studied and as soon as we have studied it in full, we shall decide on a plan of action.

Mr H H SCHWARZ: Mr Speaker, further arising out of the hon the Minister's reply, if in fact he is opposed to the concept of using coupons, has he not discussed this matter with the hon the Minister of Trade and Industry in view of the application of the Trade Practices Act?

†The MINISTER: Mr Speaker, to the best of my knowledge the way in which the coupons were offered is not a contravention of the Trade Practices Act.

Mr D J N MALCOMESS: Mr Speaker, further arising out of the hon the Minister's reply, may I ask the hon the Minister whether in view of the lower crude oil prices which we have all seen publicised in the Press today, he himself has any intention of reducing the petrol price in the near future? [Interjections.]

†The MINISTER: Mr Speaker, I gladly reply to that question. I think our Department and the Government have already proved that we immediately reduce the price as soon as it is possible. We are busy investigating the whole matter and the moment it is possible to reduce the price, we shall not hesitate to do so.

Q Cor 680

Mabopane: manoeuvres

HANSARD 25/3/86

*6. Mr ~~P G~~ SOAL asked the Minister of Defence:

Whether any South African Defence Force personnel have been engaged in any manoeuvres or taken any action in Mabopane in 1986; if so, (a) on what dates, (b) why, (c) what was the nature of the manoeuvres or action and (d) what specified (i) personnel were involved and (ii) equipment was used in each case?

†The DEPUTY MINISTER OF DEFENCE:

No, (a), (b), (c) and (d) fall away.

HANSARD 25/3/86 Q Cor 680

Malunga Park, Guguletu: certain person

*7. Mr ~~S S VAN DER MERWE asked~~ the Minister of Law and Order:

(1) Whether a certain person from Malunga Park in Gululetu, whose name and particulars have been furnished to the South African Police for the purpose of the Minister's reply, was arrested or detained by the South African Police on or about 11 February 1986; if so, (a)(i) when, (ii) why, (iii) in terms of what statutory provisions and (iv) where was he held and (b) what (i) is the name and (ii) are the particulars of this person;

(2) whether this person has since been released; if not, why not; if so, when?

The MINISTER OF LAW AND ORDER:

(1) Yes.

(a) (i) 11 February 1986.

(ii) Questioning and investigation.

(iii) He was initially detained in terms of section 50 of the Criminal Procedure Act, 1977 (Act 51 of 1977) and from 12 February 1986 he is being detained in terms of section 29 of the Internal Security Act, 1982 (Act 74 of 1982).

(iv) Pollsmoor Prison.

(b) (i) Mzwandile Mpangazita Mchiteka.

(ii) It is not clear which particulars are being required.

(2) No, since the investigation is not completed yet.

HANSARD 25/3/86

Prieska: persons arrested/detained

Q Cor 681

*8. Mr S ~~S VAN~~ DER MERWE asked the Minister of Law and Order:

(1) Whether members of the Security Branch of the South African Police in De Aar arrested or detained any persons from Prieska on or about 5 March 1986; if so, (a) how many and (b) why;

(2) whether these persons were travelling by car at the time; if so,

(3) whether any action was taken in respect of the car in which these persons were travelling; if so, (a) what action and (b) why;

(4) whether these persons have subsequently been released; if so, when;

(5) whether he has received any representations regarding these persons; if so, (a) from whom, (b) when and (c) what was the nature of (i) the representations and (ii) his response thereto?

†The MINISTER OF LAW AND ORDER:

(1) Yes.

(a) 2 persons.

(b) One person for driving amotor vehicle without a driver's licence. A second person on an alleged charge of forgery of a driver's licence.

(2) Yes.

(3) Yes.

(a) The car was taken into safe custody by the South African Police.

(b) Because the driver had been arrested.

(4) Yes, on 5 March 1986.

(5) No. (a) to (c) Fall away.

†Mr S S VAN DER MERWE: Mr Speaker, arising out of the hon the Minister's reply, is it general practice for the Security Branch of the South African Police to concern themselves with people who drive without a driver's licence; and if not, why were these people stopped in the first place?

†The MINISTER: Mr Speaker, I am not personally aware of all the details of the incident, but any member of the Security Branch is also an ordinary member of the South African Police, with the normal authority that any member of the Police Force has to do his job as he may encounter it.

Q Cor 682

99-year leasehold scheme

HANSARD 25/3/86

*9. Mrs H SUZMAN asked the Minister of Constitutional Development and Planning:

(1) Whether the 99-year leasehold scheme is in operation in every Black township in the Republic; if not, (a) why not and (b) in respect of which townships is this scheme not applicable;

(2) in respect of what date is this information furnished?

(2) Yes, two.

(3) Yes, one passenger left the coach after initially refusing to do so whilst the other left the coach on request of a member of the SA Railways Police en route.

(4) (a) and (b) No.

(5) Arrangements have since been introduced that the staff of the incoming train set change the boards to the correct position for the next trip.

(6) No.

QCR 687
HANSARD 25/3/86

Railways Police

*15. Mr D J N MALCOMESS asked the Minister of Transport Affairs:

(1) Whether the South African Railways Police are to become part of the South African Police; if so, when;

(2) whether these policemen will continue to enjoy South African Transport Services travel concessions once this transfer has taken place; if so, (a) what specified concessions and (b) why;

(3) whether any early retirement options are being allowed to South African Railways Police as a result of this change; if so, what specified options?

The MINISTER OF TRANSPORT AFFAIRS:

(1) The hon member will recall that I have stated in my Budget Speech, that my colleague, the Minister of Law and Order, and I have already approved in principle that the practical aspects of amalgamation between the SA Railways Police and the SA Police can be investigated. As yet, no date for a possible amalgamation has been determined as the conditions and particulars of such a step are still being investigated.

(2)(a), (b) and (3) Fall away.

De Villiers Commission

*16. Mr R R HULLEY asked the Minister of Mineral and Energy Affairs:

(1) Whether the De Villiers Commission has (a) completed, and (b) submitted a report on, its inquiry into the South African nuclear industry; if not, when is it anticipated that the Commission will submit a report on its findings; if so, when in each case;

(2) whether this report will be (a) laid upon the Table of this House and (b) made available to the public; if not, why not; if so, when in each case?

†The MINISTER OF MINERAL AND ENERGY AFFAIRS:

(1)(a) and (b) Yes, during 1985.

(2)(a) and (b). The government will decide in due course on this.

25/3/86 QCR 688.
HANSARD SS

Koeberg Nuclear Power Station/Escom

*17 Mr R R HULLEY asked the Minister of Mineral and Energy Affairs:

What, expressed in cents per kilowatt-hour, was the average cost of electricity generated by the (a) Koeberg Nuclear Power Station and (b) Escom's coal-fired power stations as at the latest specified date for which information is available?

The MINISTER OF MINERAL AND ENERGY AFFAIRS:

(a) 5,2 c/kWh sent out for the 1984 financial year.

(b) As a result of the pooling of costs made possible by the national transmission grid system the average of cost all Escom coal-fired power stations is 1,89 c/kWh sent out.

The cost per kWh sent out from the 21 Escom coal-fired power stations varies as a result of age, size and the distance from coal-fields. For example the kWh cost of Westbank at East London is 5,4 cents, Salt River at Cape Town 4,84 cents, while the costs in respect of Matla and Hendrina, both in the Eastern Transvaal are 1,87 and 1,36 cents, respectively.

For a new coal-fired power station taken into service during 1986, the generating cost in 1986 would be in the order of 4,0 c/kWh sent out. After allowing for transmission losses the delivered cost in the Western Cape would be 4,12 c/kWh, while a new coal-fired power station in the Western Cape will provide electricity at 6,59 c/kWh as a result of the transport cost of coal.

25/3/86 QCR 689.
HANSARD SS

Gouritz River: nuclear research facility

*18. Mr R R HULLEY asked the Minister of Mineral and Energy Affairs:

(1) Whether a nuclear research facility is to be constructed near the mouth of the Gouritz River; if so, (a) what is the budgeted capital cost of this facility, (b) when is it planned that construction on this facility will (i) commence and (ii) be completed and (c) what is the main purpose of the facility;

(2) whether an environmental impact assessment of this project (a) has been or (b) is to be carried out; if not, why not; if so, when;

(3) whether the results of this assessment will be open to public inspection; if not, why not; if so, where will members of the public be able to gain access to this assessment;

(4) whether this facility will be open to inspection by the International Atomic Energy Agency; if not, why not?

†The MINISTER OF MINERAL AND ENERGY AFFAIRS:

(1) (a), (b) and (c) Yes, however no final decision has been taken regarding facilities to be erected at Gouriqua. Gouriqua is presently only being developed to provide the basic infrastructure for future research facilities.

Due to the present financial situation the Gouriqua project can be regarded as dormant and only of sufficient scope to productively employ staff already posted to the site.

(2) (a) Yes. Before the site was purchased a comprehensive environmental impact study was done, the results of which were made available for perusal by the public during June 1983. These studies are being continued in collaboration with consultants and universities.

(b) Further studies will be undertaken once it has been decided which specific facilities will be erected.

(3) Yes, as soon as the results for the further studies based on specific activities are available it will be made public in an applicable fashion.

(4) Yes, should activities be of such a nature that International Atomic Energy Agency guarantees are required.

St Anscars College

*19. Mr J H VAN DER MERWE asked the Minister of Constitutional Development and Planning:†

(1) Whether his Department has granted permission for the opening of a school for non-Whites on the grounds of St Anscars College in Kingfisher Street, between Helderkruin and Horisonpark in the Roodepoort area; if so, (a) why and (b) when;

(2) whether he will make a statement on the matter?

so, (a) what are the (i) names and (ii) occupations of the members of this committee and (b) to which tribal or ethnic group does each such member belong;

(2) whether the members of this committee were appointed; if so, (a) why, (b) by whom and (c) in terms of what statutory provision; if not, when were the last elections held for the members of this committee;

(3) whether any members of this committee are employed by the KwaNdebele Government; if so, in what capacity in each case;

(4) whether any members of this committee are (a) employed by or (b) members of the East Rand Development Board; if so, (i) why and (ii) in what capacity in each case?

†The DEPUTY MINISTER OF DEVELOPMENT:

There are two committees which are known to the Department of Constitutional Development and Planning namely, the Ekangala Co-ordinating Committee, which is an interdepartmental Committee directing the development of the deconcentration point and the Ekangala Representative Authorised Committee which is a self appointed committee.

In reply to the question it is anticipated that the hon member is interested in the Ekangala Representative Authorised Committee and the reply to the questions are as follows:

(1) No (a)(i), (ii) and (b) fall away.

(2) No (a), (b) and (c) fall away.

(3) No.

(4) No (a), (b)(i) and (ii) fall away.

Q CCL 703

Mamelodi: inquests

HANSARD 25/3/86

*29. Mr P G SOAL asked the Minister of Law and Order:

(1) Whether with reference to his reply to Question No 6 on 11 February 1986, the inquests into the deaths of persons in Mamelodi on 21 November 1985 have been completed; if not, why not; if so, what were the findings in each case;

(2) whether the police investigation into this incident has been completed; if not, why not; if so, (a) when and (b) what were the findings;

(3) whether he has received any further representations calling on him to recommend the appointment of a judicial or other commission of inquiry into this incident; if so, (a) from whom, (b) when and (c) what was his response thereto?

The MINISTER OF LAW AND ORDER:

(1) No, several statements are still pending.

(2) No, I refer the hon member to paragraph (1) above.

(a) and (b) Fall away.

(3) Yes.

(a) Right Reverend R A Kraft, Bishop of Pretoria.

(b) 4 March 1986.

(c) That inquests with regard to each death will be held, which inquest amounts to a judicial inquiry. The presiding Magistrate will record findings as to the causes or likely causes of deaths and whether the deaths were brought about by acts or omissions involving or amounting to offences.

*30. Mr G B D McINTOSH—Public Works. [Withdrawn.]

Q CCL 705

Guguletu: persons killed

HANSARD 25/3/86

*31. Mr S S VAN DER MERWE asked the Minister of Law and Order:

Whether the South African Police have given any instructions to the families of any of the persons shot dead by policemen in Guguletu on or about 3 March 1986; if so, (a) what specified instructions, (b) when, (c) why, (d) on whose authority and (e) to which families?

The MINISTER OF LAW AND ORDER:

No. (a) to (e) Fall away.

Q CCL 705

Koeberg Nuclear Power Station

HANSARD 25/3/86

*32. Mr B B GOODALL asked the Minister of Mineral and Energy Affairs:

(1) Whether any psychological tests are conducted to ascertain the suitability of staff to be employed at the Koeberg Nuclear Power Station; if so, what is the (a) nature and (b) frequency of these tests;

(2) whether applicants failing these tests are refused employment; if not, to what use are the results of these tests put?

†The MINISTER OF MINERAL AND ENERGY AFFAIRS:

(1) Yes.

(a) Escom uses standardised physchological tests and other criteria for the selection of candidates for positions which are subjected to licensing requirements by the Atomic Energy Corporation (AEC) (e.g. reactor operators). The Atomic Energy Corporation requires incumbents of the relevant positions to comply with certain minimum requirements in respect of training, aptitude and behaviour. Aptitude tests are used to predict whether candidates have the cognitive ability to complete the training programme successfully and to respond appropriately to technical eventualities in the plant. Personality tests are applied to determine whether candidates have the necessary personality composition to comply with the circumstances and requirements peculiar to the relevant positions.

(b) The tests are administered once prior to appointment and as a minimum six monthly follow-up interviews pertaining to psychological aspects are conducted by the National Institute for Personnel Research as directed by the Atomic Energy Corporation.

(2) Candidates who are found unsuitable for placement in the afore-mentioned positions on the basis of the selection criteria are considered for other positions at Koeberg in accordance with their qualifications, experience, aptitude and personality before their applications are rejected. [Interjections.]

Q CCL 706

Geldenhuys Committee

HANSARD 25/3/86

*33. Mr P A MYBURGH asked the Minister of Defence:

(1) Whether he will furnish the names of the (a) persons and (b) organisations who (i) testified before and/or (ii) submitted memoranda to the Geldenhuys Committee; if not, why not; if so, what are their names in each case;

(2) whether any of the evidence given before or memoranda submitted to this committee were confidential; if so, in respect of which of the above persons and organisations?

The DEPUTY MINISTER OF DEFENCE (reply laid upon the Table with leave of House):

(1) Yes.

Mossel Bay gas field costs are set to soar

SMR 26/3/86 (55)

By Jaap Boekkooi

The cost of developing the Mossel Bay gas-to-oil field is likely to rise by 80 percent from R2 500 million to R4 500 million when production starts.

And the oil will cost 70 percent more than current North Sea crude.

This was said yesterday by the managing director of Soekor, Dr Piet van Zyl, during a meeting of the Associated Scientific and Technical Societies.

He said: "Without doubt it is a risky business but the sooner you build the plant the bigger profits it can make.

"The example is Soekor, which now has money coming out of its ears."

SPECIAL DAM

There was one unknown factor in the project: the cost of off-shore construction.

It was engineering not tackled before by South African industry and delays — through weather, for instance — could cost R500 000 a day.

A special dam would be built to cool the chemical conversion plant because sea-water cooling had not proved feasible.

The plant is expected to produce 27 000 barrels of fuel in 1991 on what is now farmland near Mossel Bay.

Dr van Zyl said that, at current exchange rates, it would cost the equivalent of $US12 to produce a barrel of light crude oil from Mossel Bay gas.

North Sea crude costs about $US7 a barrel. With the price of crude oil hovering around $US12, the Mossel Bay gasfields would "break even", assuming the oil price did not change.

Power from Koeberg costs nearly triple

Cape Times 26/3/86

By BARRY STREEK

ELECTRICITY generated by the Koeberg nuclear power station cost nearly three times more than electricity from Escom's 21 coal-fired stations, the Minister of Mineral and Energy Affairs, Mr Danie Steyn, said yesterday.

Mr Steyn said electricity from Koeberg cost 5,2 cents a kilowatt-hour for the 1984 financial year. But the average cost of electricity from Escom coal-fired power stations was 1,89 cents a kilowatt-hour.

The cost of the coal-fired stations had been made possible by the pooling of costs under the national transmission grid system.

Mr Steyn, who was replying to a question tabled in the House of Assembly by Mr Roger Hulley (PFP Constantia), said the cost of electricity from the 21 Escom coal-fired power stations depended on the station's age, size and distance from coalfields.

"For a new coal-fired station taken into service during 1986, the generating cost in 1986 would be in the order of 4 cents a kilowatt-hour sent out. Allowing for transmission losses, the delivered cost in the Western Cape would be 4,12 cents a kilowatt-hour."

Psychology

However, as a result of the transport cost of coal, "a new coal-fired power station in the Western Cape would provide electricity at 6,59 cents a kilowatt-hour", Mr Steyn said.

In reply to another question, Mr Steyn told Mr Brian Goodall (PFP Edenvale) that Escom did conduct standardized psychological tests for the selection of people for positions subject to licensing requirements by the Atomic Energy Corporation.

The tests were administered once before appointment, and, as a minimum six-monthly follow-up, interviews pertaining to psychological apsects were conducted, Mr Steyn said.

De Jonge diary read, published in Holland

STAR 27/3/86

The Star's Foreign News Service

AMSTERDAM — Newspapers here have published parts of a diary said to have been written by 48-year-old Dutch anthropologist Mr Klaas de Jonge, who has been sheltering in the old Dutch Embassy offices in Pretoria for many months.

The extracts, part of which were also read out yesterday on the Socialist Broadcasting Corporation VARA, were sent to Mr de Jonge's relatives in Holland.

Mr de Jonge wrote that his morale was still undented "because I have the feeling I am supporting the good side".

He said although the South African Police used many tricks to put him under heavy mental pressure, he was never tortured during his 26-day detention in John Vorster Square security police headquarters in Johannesburg last year.

In extracts read out on a VARA programme, Mr de Jonge said the security policemen had put him under pressure by telling lies about the fate of his daughter Brigitte and his ex-wife Helene Passtoors.

Of his situation in the Embassy, he said: "To my great joy I keep an estimated 30 policemen busy on a round-the-clock scheme."

A police spokesman in Pretoria, Major Steve van Rooyen, today said: "The SAP deny anybody in detention is tortured in any way whatsoever — whether mental or physical."

Gas research to cost R21-m

STAR 27/3/86

Political Staff

SS

CAPE TOWN — Viability studies in the sea and seismic surveys — the next phase of the Mossel Bay gas extraction and conversion project — will cost R21,3 million this year, says Mr D R Vorster, chairman of the Central Energy Fund.

Mr Vorster said several contractors had been invited to make offers for the concept design and the project management of the development at sea.

He said EMSO (Pty) Ltd, a member of the Murray and Roberts Group, had now been invited to open final negotiations with Soekor with a view to signing a contract.

It would take a year to collect data on design and the most economic development possibilities, he added.

STAR 27/3/86

Project to cost R21-m

SS

Viability studies in the sea and special seismic surveys in the next phase of the Mossel Bay gas extraction and conversion project will cost R21,3 million this year according to Mr D R Vorster, chairman of the Central Energy Fund.

A progress statement on the part of the project on land would be issued in due course, he said. — Political Staff.

One bright light ahead: petrol price could drop again

55

Price rises hit today

1/4/86.

Staff Reporters

Consumers take a hard knock today as stiff postal and rail tariff increases come into effect. The rises — from 10 to 50 percent — are certain to cause further price ripples through the economy.

But a sudden slump in world oil prices to almost $10 a barrel — the lowest in eight years — has raised hopes of another cut soon in the petrol price. Some believe such a cut is inevitable, even though the rand-dollar exchange rate has fallen again.

The Deputy Director of Mineral and Energy Affairs, Mr H T Burger, said the possibility of a further petrol price cut "in the near future" was becoming a very real possibility, but he could not predict a definite date.

It needs to be remembered that because of South Africa's need to ensure long-term supplies of oil in a hostile world, the country is probably having to pay a premium over the free market price for its imports.

So the prevailing world oil price cannot be related directly to the local market.

Besides the rise in postal and transport tariffs today, Public Service salaries and wages go up by 10 percent, with other factors pushing the increases even higher in some cases.

The postal tariff rises range from 13 percent for telegrams to 50 percent for post-box rentals. The average increase is about 20 percent.

Telephone calls

The detailed increases are:

- Basic telephone call unit rate up from 10c to 12c; calls from public telephones are unchanged at 10c a unit.
- Direct dialling overseas up to R4,20 from R4,10 a minute.
- Telephone rentals (residential) up to R11 a month from R9.
- Telephone rentals (business) up to R12 a month from R10.
- Telephone installation charges up to R90 from R75.
- Telex call units up to 12c from 10c.
- Telex monthly rentals up to R10 from R5.
- Postage standard letter up to 14c from 12c.
- Non-standard surface mail up to 100 g increased to 22c from 19c.
- Airmail letters up to 30c from 26c.
- Local telegrams per word up to 8c from 6c.
- Overseas telegrams per word up to 10c from 8c.
- Inland parcels up by about 15c for 100 g.
- Post box rentals up to R15 a year from R10.

The increases are expected to increase total Post Office revenue by about R475 million.

When the increases were announced by Minister of Communications Dr L A P A Munnik, he said that although the adjustments would not completely wipe out the estimated R511 million deficit estimated for the new financial year, they were "the minimum that can reasonably be introduced".

Railway fares

Rail passenger fares on inter-city services go up by 15 percent and on commuter services by 12.5 percent.

A first-class inter-city rail fare from Johannesburg to Durban rises from R88 to R102, and to Cape Town from R171 to R197.

Monthly commuter tickets from Johannesburg to Naledi go up from R48,50 to R55, to Krugersdorp from R54 to R61, and to Pretoria from R88 to R99.

The increases are expected to net an extra R27 million for South African Transport Services (SATS), but rail passenger services are still expected to lose an estimated R1 100 million in this financial year.

Mr John Malcolmess, the Progressive Federal Party spokesman on transport affairs, recently criticised the increases as unnecessary and inflationary. He said they were made against the background of declining crude oil prices.

SATS increased rail, road and harbour goods tariffs by about 15 percent on January 1, and last month fares on SAA's domestic service rose by 10 percent.

See page 13.

21/4/86 BUS DAY (55)

Deflationary hope seen in oil price

MERVYN HARRIS

THE oil price decline should foster chances of continued deflationary global growth for at least the next two years.

While it is difficult to be optimistic about prospects for gold in a deflationary environment, deflation itself can be a disorderly process having a positive impact on hedge assets.

This is the view of the directors of Investors Mutual Funds, management company of Sage Fund, in their annual review.

They say although financial assets, as opposed to hedge assets, will probably continue to find favour with international investors, gold is likely to benefit — albeit erratically — from underlying structural imbalances.

These arise notably from the US banking sector's exposure to commodity-producing debtor nations and its own oil industry.

The directors say this should be a watershed year for SA. Political and economic developments could determine the fundamental nature and structure of the economy for the foreseeable future.

A higher savings rate, development of the informal entrepreneurial sector and export programmes are positive strategies.

They will not in themselves ensure a self-sufficient economy without stable international relationships.

The directors say the investment and economic environment suggests continued buoyancy on the JSE this year. However, they caution that an active and firm share market does not in itself ensure or reflect increased economic investment or business confidence.

"In a closed economy, beset by high inflation, a strong equity market can represent no more than divergent portfolio views and the ongoing transfer of the same underlying assets from one group of commercial savers to another.

"Confidence is clearly the only key to initiating real fixed investment with its multiplier effects."

Last year, Sage Fund's annual income distribution increased to 43,4c a unit (41,6c), more than double the level of five years ago. The composite return (capital appreciation plus income) was 38,4%. Total assets rose to a peak of R237m (R171,8m).

Unit sales jumped 60% to R25,6m.

BUSDAY 55

Oil-from-rock plan in pipeline

Business Day Reporter

GENCOR is examining the feasibility of a R1bn project to extract petrol and diesel fuel from torbanite, an oil-bearing mineral resembling coal and found in various parts of South Africa.

The first-stage feasibility study has been awarded to local company, Process Plant, and Lurgi of Germany.

Plans for the project come after discussions between Gencor, Lurgi, various synthetic fuel concerns and government's Central Energy Fund.

A sample pit will be sunk — possibly north of Evander.

Low oil price could have 'huge' impact

Mercury 55

London Bureau

THE fall in oil prices, if it continues, could be historically as important for the world as the dramatic rise in oil prices was in the 70s, an oil expert predicted here yesterday.

George Hodgson, chief economist with a firm of City stockbrokers, said the dramatic fall in the price of crude oil to about $10 dollars a barrel was 'a very substantial break in the whole trend of the world economy, and if governments can respond to this in the right way then potentially the impact will be enormous'.

'I think we are talking about an entirely different decade coming upon us after what has been a very miserable decade economically since the mid-70s.'

But Peter Oppenheimer, an Oxford University economics lecturer and presently chief economist with Shell International, voiced some doubts.

'I don't think we will go back to the 60s, even if the oil price stays below $10 a barrel — and of course the major question is how long it can stay this low,' he said.

'There is no doubt that if it stays this low for years rather than months the cutback in production outside the Opec area will be significant over the next few years. There will also probably be a big increase in demand. This will put the leading Opec countries back in the driving seat within a few years and the price then will go up again.'

Mr Oppenheimer said the industrial world generally would benefit from the lower oil prices — in lower inflation, lower costs for manufacturing and somewhat improved prospects for expansion.

Financial

'But there are financial risks. The world banking system, especially in the United States, will be worried over the status of some of its debtors — both the less developed countries who are oil exporters, like Mexico, and domestic debtors, like the Texas oil and gas producers.'

Sapa-Reuter reports that oil prices recovered slightly yesterday amid signs that Washington was worried enough about the recent free fall to exert pressure on key producers for more stability in one of the world's most important commodities.

Crude oil prices tumbled to their lowest in 12 years on Tuesday as a glutted world oil market, disarray within the once-powerful Opec, and the approach of warmer weather in the Northern Hemisphere combined to drive prices below $10 a barrel.

Oil embargo

Oil from Britain's North Sea Brent field for delivery this month perked up to $10,70 a barrel yesterday after sinking to just over $9 on Tuesday.

Oil has not been cheaper since the devastating Arab oil embargo of 1973. More dramatically, yesterday's prices are barely a third of those fetched last November, before Opec abandoned its already flouted production ceilings in pursuit of what it deemed a 'fair share' of the world oil market.

Import tax

The modest overnight recovery in the jittery oil market appeared to be triggered largely by signals from the Reagan Administration that oil prices have probably fallen enough.

The U S Vice-President, Mr George Bush, who leaves today on a nine-day trip to the Middle East, told reporters that he would emphasise to Saudi Arabia the need for stable oil prices and the damage the recent price slump is inflicting on some sections of the American economy.

Some London oil analysts are speculating that in his discussions with Gulf officials Mr Bush may even threaten to tax oil imports to protect the domestic U S market. — (Sapa-Reuter)

3/4/86

FIN MAIL 4 4 86

55 260

NEW NUCLEAR SITE

The government has agreed, in principle, to build a new nuclear research facility at Gouriqua, near the mouth of the Gouritz River in the southern Cape.

This was confirmed in Parliament by the Mineral and Energy Affairs Minister, Danie Steyn, who said no final decision had been taken on the exact nature of the facility. At this stage, a site was being developed to provide only for basic infrastructure for future facilities.

"Due to the present financial situation, the Gouriqua project can be regarded as dormant and only of sufficient scope to productively employ staff already posted to the site," Steyn said. He explained that an environmental impact study had been carried out before the site was purchased; the results were made public in June 1983. Further studies would be carried out when the specifics of the final facilities had been decided.

The facility would be open to inspection by the International Atomic Agency (IAA) if they were of such a nature that IAA guarantees were required.

(2)

	(a) Whites	(b) Coloureds	(c) Asians	(d) Members of the Black Population Groups
(b) Conciliation Board Agreements	—	116	—	—
(c) Arbitration Awards	—	—	—	—
(d) Wage Determinations	229 100	126 200	45 200	626 900

(Estimated figures)

(e) Orders: All races—133 674 (Separate figures are not readily available).

The figures are as at 31 Desember 1985.

Q col 871
HANSARD 7/4/86

Escom

55

496. Mr L F STOFBERG asked the Minister of Mineral and Energy Affairs:†

What was the average (a) cost per ton per year of the coal purchased by Escom, and (b)(i) cost and (ii) selling price of a unit of electricity generated by Escom, in each of the latest specified 10 years for which figures are available?

The MINISTER OF MINERAL AND ENERGY AFFAIRS:

	(a) Rand	(b)(i) C/kWh	(ii) C/kWh
1975	4,05	0,8418	0,7950
1976	5,39	1,0360	1,0360
1977	6,22	1,4854	1,5353
1978	6,67	1,6961	1,7887
1979	6,97	1,8759	1,8980
1980	8,12	2,1361	2,0242
1981	9,71	2,3636	2,2811
1982	11,75	2,8640	2,8038
1983	12,44	3,4655	3,3591
1984	12,55	3,7365	3,5842
1985	12,92	*	4,1180

*Final audited cost not yet available.

Q col 871.

Agricultural land lost

GEN HANSARD 7/4/86

520. Mr R W HARDINGHAM asked the Minister of Agricultural Economics:

What is the estimated area that was lost for agricultural purposes as a result of (a) urban development, (b) desert encroachment and (c) industrial expansion as at the latest specified date for which figures are available?

The MINISTER OF AGRICULTURAL ECONOMICS:

(a) and (b) Approximately 3,703 million hectares as at the end of 1985.

(c) Approximately 32 million hectares are affected by aridification. This area is, however, not necessarily lost for agricultural purposes.

Marketing Act Q col 872.

GEN HANSARD 7/4/86

540. Mr P A MYBURGH asked the Minister of Agricultural Economics:

What was the total cost, (a) including and (b) excluding administration expenditure, of each board established in terms of the Marketing Act No 59 of 1968, for the financial year 1984-85?

The MINISTER OF AGRICULTURAL ECONOMICS:

Expenditure of the Agricultural Marketing Boards 1984-85

	(a) R'000	(b) R'000
Potato Board	1 850	255
Dry Bean Board	1 806	1 392
Dried Fruit Board	2 186	1 785
Egg Board	7 662	5 502
Karakul Board	288	258
Cotton Board	1 182	720
Wheat Board	21 899	15 415
Lucerne Board	210	93
Maize Board	35 002	26 327
Oil Seeds Board	5 458	2 178
Banana Board	2 569	1 137
Canning Fruit Board	516	158
Rooibos Tea Control Board	3 255	2 412
Deciduous Fruit Board	17 761	8 111
Chicory Board	1 238	598
Citrus Board	12 460	6 687
Dairy Board	10 918	6 601
Mohair Board	1 143	757
Tobacco Board	1 320	763
Meat Board	34 913	21 753
Wool Board	24 900	20 500

The above amounts include the boards' expenditure in respect of items such as product promotion, stabilisation, research and contributions to industry organisations. Direct operational expenses incurred in connection with the marketing of products, eg for storage, handling, treatment, processing, fumigation and shipping are not included. The difference between the amounts under (a) and (b) represents the administrative expenditure, which is the only real cost of the boards as such.

7/4/86 Q col 873.

Transcript of taped interview

BOTH HANSARD

551. Mr P G SOAL asked the State President:

(a) How many copies were produced of the transcript of the taped interview with the former Leader of the Official Opposition in the House of Assembly, as referred to in his reply to Question No 1 on 4 March 1986, (b) to whom were copies of these transcripts made available, (c) why were transcripts made available to each of these persons and (d) what was the total cost to his Department of producing and distributing these copies?

The STATE PRESIDENT:

(a) 200.

(b) The former Leader of the Official Opposition in the House of Assembly and reporters who are holders of Parliamentary lobby tickets, as well as to Ministers, Embassies, Members of Parliament, Directors-General, officials, private organisations and members of the public on request.

(c) Since the transcript was an annexure to a press statement it was made available to any person on request.

(d) R300,00.

7/4/86 Q col 874.

Control boards

GEN HANSARD

565. Mr M A TARR asked the Minister of Agricultural Economics:

(1) Whether, with reference to his reply to Question No 14 on 9 April 1985, the investigation by the National Marketing Council into the operation of the control boards has been completed; if not, why not; if so,

(2) whether the Council has submitted a report; if not, when it it anticipated that a report will be submitted; if so, what were the findings;

(3) whether he will make a statement on the matter?

The MINISTER OF AGRICULTURAL ECONOMICS:

(1) No, owing to the extent of the investigation.

(2) The investigation into the Dairy and Cotton Schemes is completed and reports submitted. The remaining schemes are being investigated simultaneously by the National Marketing Council and it is expected that the investigation will be completed within the following twelve months.

The National Marketing Council has found that in respect of the Dairy what was the average interest rate per currency and (c) what amount was payable in respect of (i) repayment of capital and (ii) interest.

(2) whether the State has repaid any loans since the freezing of the repayment of foreign debt; if so, to what agencies?

The MINISTER OF FINANCE:

(1) (a) 1982/83—R1 466 165 488,05;
1983/84—R 731 527 260,26;
1984/85—R 602 728 163 ,22.

(b) (i) Number of loans per currency—

1982/83

2—German Mark
6—U.S.A. Dollars
2—British Sterling
3—Swiss Franc
2—Special Drawing Rights

1983/84

2—German Mark
1—British Sterling
2—Swiss Franc
4—U.S.A. Dollars
1—European Currency Units

1984/85

2—German Mark
3—Swiss Franc
2—British Sterling
2—U.S.A. Dollars

(ii) Average rate of interest per annum—

1982/83

German Mark 6,56%
U.S.A. Dollars 13,34%
British Sterling 11,50%
Swiss Franc 7,44%
Special Drawing Rights 7,0%

1983/84

German Mark 8,52%
British Sterling 8,0%
Swiss Franc 5,81%
U.S.A. Dollars 10,48%
European Currency Units 11,25%

1984/85

German Mark 7,75%
Swiss Franc 5,93%
British Sterling 11,89%
U.S.A. Dollars 10,45%

(c) (i) 1982/83—R398 866 498,67
1983/84—R626 254 868,96
1984/85—R371 402 831,10

(ii) 1982/83—R171 524 959,54
1983/84—R194 892 283,28
1984/85—R288 675 124,47

(2) Yes; loans not subject to the repayment obligations of the Standstill were repaid to agent banks, investors and the International Monetary Fund.

QCOL 864
HANSARD 7/4/86

Diamonds

327. Mr L F STOFBERG asked the Minister of Finance:†

(1) Whether his Department has any information on the countries in which accumulated stocks of diamonds of South African origin are kept; if so, (a) in which countries are such stocks kept, (b) at what total amount are the stocks in respect of each such country valued, (c) what is the total (i) product cost and (ii) selling price of these stocks in each case and (d)(i) in which currency is the interest in these stocks paid, and (ii) on what value is this interest paid, in each case;

(2) whether his Department sees to it that control is exercised over these matters; if so, what control is exercised; if not, why not;

(3) whether his Department takes any steps to ensure that the bookkeeping in respect of these stocks is administered to the benefit of the South African taxpayer; if so, what steps; if not, why not?

The MINISTER OF FINANCE:

(1) No.

(2) No control is exercised apart from the provisions of Section 22 of the Income Tax Act, 1962, which provide for the inclusion of stocks on hand.

(3) Problems with the effective application of the existing legislation viz:

The Diamond Control Act, Act 39 of 1925;
The Diamond Export Duty Act, Act 16 of 1957;
The Diamond Cutting Act, Act 89 of 1979;

will be removed by proposed legislation to be tabled during the current Session. The proposed legislation will provide for the creation of a central body, viz the Diamond Control Board, which will be responsible for Control over the entire diamond industry and this legislation will fall within the jurisdiction of the Minister of Mineral and Energy Affairs.

QCOL 865
HANSARD 7/4/86

Crude oil

55

332. Mr B B GOODALL asked the Minister of Mineral and Energy Affairs:

(1) What was the average annual landed rand cost per barrel of crude oil in 1980, 1981, 1982, 1983 and 1984, respectively;

(2) what was the (a) average quarterly landed rand cost per barrel of such oil in 1985 and (b) landed rand cost per barrel of oil as at the latest specified date for which information is available?

The MINISTER OF MINERAL AND ENERGY AFFAIRS:

(1) 1980 R30,21;
1981 R33,09;
1982 R40,11;
1983 R34,89;
1984 R45,86.

(2) (a) 1st quarter R56,51;
2nd quarter R57,45;
3rd quarter R60,80;
4th quarter R73,80.

(b) January 1986 R67,21.

General sales tax

HANSARD 7/4/86 QCOL 866

336. Mr B B GOODALL asked the Minister of Finance:

What amount in general sales tax had been derived from (a) individuals, (b) companies, (c) the (i) building and construction, (ii) retail, (iii) wholesale, (iv) manufacturing and (v) services sectors and (d) any other specified sources in the 1985-86 financial year as at the latest specified date for which figures are available?

The MINISTER OF FINANCE:

Statistics which distinguish between payments of sales tax by individuals and companies are not maintained. For statistical purposes collections of sales tax are analysed under the groups specified below. The analysis for the period 1 April 1985 to 31 October 1985 was as follows:

1. Building and Construction	R	919 946
2. Retail	R2	462 235 110
3. Wholesale	R	829 791 171
4. Manufacturing	R	729 057 099
5. Services	R	299 902 352
6. Agriculture and Mining	R	42 317 510
7. Catering and Accommodation	R	173 869 768
8. Advertising	R	58 876 535
9. Unclassified	R	2 759 838
Total	R4	599 729 329

General sales tax

370. Mr R M BURROWS asked the Minister of Finance:

What total sum (a) was obtained by the State from general sales tax levied on (i) books and stationery and (ii) school books professionally managed business undertaking.

(4) No. The Electricity Act 1958 (No 40 of 1958) adequately provides for the auditing of Escom's accounts.

(5) As a result of decisions made by Escom's Management in September Escom's internal audit department is being restructured. The Staff of 45 includes 3 chartered accountants and 1 BCom Hons graduate who is at present studying for his CA qualification.

(6) No.

Land and Agricultural Bank

*29. Mr D J N MALCOMESS asked the Minister of Finance:

(1) Whether the Land and Agricultural Bank deals exclusively or predominantly with one company for mortgage insurance; if so, with what company;

(2) whether he will furnish the names of the (a) shareholders and (b) directors of this company; if not, why not; if so, what are their names in each case;

(3) whether the financial results of this company are published; if so, in what publications;

(4) whether this company pays commission to agents; if so,

(5) whether any such agents may be employees of this bank; if so, (a) why, (b) in terms of what statutory provision and (c) how many of these agents are in the employ of this bank?

†The MINISTER OF FINANCE:

(1) Yes. The South African Mortgage Insurance Company Limited.

(2) Yes.

(a) Land Bank as main shareholder and members of the Land Bank Board as nominees.

(b) Mr J A Smit, Mr J S Hugo, Mr J H Fouche, Mr P B B Hugo and Mr J A Jooste.

(3) No.

(4) No.

(5) Falls away.

Central registration ~~body~~

*30. Mr R M BURROWS asked the Minister of National Education:

HANSARD 8/4/86 QCOL 932

(1) Whether, with reference to his reply to Question No 26 on 26 February 1985, the working party appointed to investigate the formulation of legislation for the establishment, constitution and functions of a central registration body for all categories of teaching staff up to secondary level, has completed its task; if not, why not; if so, (a) when did it submit its report and (b) who were the members of the working party;

(2) whether this report is a public document; if not, why not;

(3) whether he intends to introduce legislation on a single registering authority for teachers; if not, why not; if so, when;

(4) whether all teacher organisations have taken a final viewpoint on the proposed structure of the registering authority; if so, what were the views of each such organisation?

The MINISTER OF EDUCATION AND DEVELOPMENT AID (for the Minister of National Education):

(1) No. The working group could not yet succeed in formulating a final view on a registration body, including structures to be established.

(a) Falls away.

(b) The members of the working party are

Dr J B Z Louw
Mr E Osman
Mr P C Samuels
Prof N T van Loggerenberg
Mr J F Steyn
Mr J L Lemmer
Mr J D V Terblanche
Mr W A J van Niekerk
Mr C D Beukes
Mr R L Peteni
Mr L M Taunyane

(2) Falls away.

(3) Consideration will be given hereto after receipt of the report.

(4) Falls away.

Individuals/organisations prohibited ~~from~~ being members

Q COL 933 HANSARD 8/4/86

*31. Mr L M THEUNISSEN asked the Minister of Law and Order:†

(1) Whether (a) certain individuals and (b) members of certain organizations are prohibited from being (i) members of the South African Police Force and (ii) South African Police reservists; if so,

(2) (a) which (i) organizations and (ii) categories of individuals and (b) why in each case?

†The MINISTER OF LAW AND ORDER:

(1) (a) (i) and (ii) Yes.

(b) (i) and (ii) Yes.

(2) (a) and (b) (i) All organisations which have the use of violence and/or illegal actions as objectives.

(ii) Those who do not comply with the by Regulation prescribed requirements.

HANSARD 8/4/86

External auditors' report

QCOL 934. 55

*32. Mr R R HULLEY asked the Minister of Mineral and Energy Affairs:

(1) Whether he has been informed of the contents of a report compiled by a certain firm of external auditors, the name of which has been furnished to the Minister's Department for the purpose of his reply; if not, what steps will he take to obtain this report; if so, what is the (a) purport of the report and (b) name of the firm in question;

(2) whether this report will be (a) published and/or (b) tabled in Parliament; if not, why not; if so, when;

(3) whether he will make a statement on the matter?

The MINISTER OF MINERAL AND ENERGY AFFAIRS: Mr Speaker, this is a fairly lengthy reply, and with your permission I should like to lay it upon the Table. I should however like to invite the hon member, if there is any additional information he might require, to let me know because I shall gladly let him have it.

Mr B R BAMFORD; Mr Speaker, on a point of order. Would it not be more correct of the hon the Minister to ask the permission of the House to lay the reply to question upon the Table?

Mr SPEAKER: Yes, that is the correct procedure, and I am quite certain that the hon the Minister will adhere to that in future. [Interjections.]

[Reply laid upon the Table with leave of the House.]

(1) (a) and (b) Deloitte, Haskins & Sells Management Consultants (Pty) Ltd were commissioned by Escom during July 1985 to compile a report for submission to senior management on the functioning of the internal audit department.

The gist of the report which was completed in September and submitted to the Electricity Council centred on recommendations that many of the audit control functions currently undertaken by Escom's two firms of outside auditors, namely Aiken & Carter and Deloitte, Haskins & Sells, should in future be assumed by the internal department.

At the start of each financial year, and by agreement between the external auditors and the internal audit department, various tasks are allocated to ensure that proper audit procedures are carried out during the year. The external auditors have in the past made their own staff available to assist the internal audit department in the carrying out of its previously agreed functions. However, it was recommended, and accepted by the Electricity Council and the Management Board, that Escom could make a considerable saving in audit fees if it assumed internal responsibility for carrying out additional functions. The internal audit department is therefore being restructured in order to take on the expanded tasks.

In this regard, it is important to note a statement signed by the external auditors on March 18, 1986.

The statement reads:

"We, Aiken & Carter and Deloitte, Haskins & Sells, joint auditors of Escom have substantially completed our examination of the financial statement for the year ended 31 December 1985 and report that—

(i) We have examined the accounting records and internal control procedures to the extent we have considered necessary for the purpose of expressing an opinion on the financial statement.

(ii) We have reviewed the work papers on the internal audit department and their reports to management.

(iii) Accounting records have been adequately maintained.

(iv) Based on the work done we have no reason to believe that there has been a deterioration in internal and accounting control since 31 December 1984, and nothing has come to our attention that would preclude us from expressing an unqualified opinion on the financial statements for the year ended 31 December 1985."

It must be stressed that Escom itself requested the management consultants to compile the report as part of a wide range of initiatives undertaken by the new management team to place Escom on a sound business footing.

It should be noted that an audit sub-committee of the Electricity Council and an internal audit subcommittee of the Management Board have been constituted. Regular reporting, by the external auditors to the council, and by internal audit to the management board, is being done.

(2) No. This was purely an internal management report.

(3) No.

Escom

*33. Mr B B GOODALL asked the Minister of Mineral and Energy Affairs:

(1) What was the total value of Escom's fixed assets as at the latest specified date for which information is available;

(2) whether Escom keeps a register of fixed assets; if not, why not; if so,

(3) whether this register of fixed assets is kept up to date; if not, (a) why not and (b) what was the state of this register as at the latest specified date for which information is available;

(4) whether he will make a statement on the matter?

†The MINISTER OF MINERAL AND ENERGY AFFAIRS:

(1) Escom's fixed assets totalled R24 000 million on December 31, 1985.

(2) In terms of the Electricity Act Escom was divided into separate regional undertakings, each of which was required to keep its own set of accounts. Consequently, each undertaking also maintained its own assets register for assets under its control and these are kept up to date. Following the recommendations of the Commission of Enquiry into the Supply of Electricity in the Republic of South Africa, Escom now operates under a single licence and the previous undertakings no longer operate as separate licensed entities. A central asset register is therefore currently being compiled in order to reflect the changed circumstances.

(3) The fixed asset registers are always kept up to date and reflect the true situation at any given time.

(4) No.

Escom

*34. Mr B B GOODALL asked the Minister of Mineral and Energy Affairs:

(1) Whether he has been informed of allegations made by a former manager of internal audit of Escom, whose name has been furnished to the Minister's Department for the purpose of his reply, concerning the quarterly accounts of that body for 1983 and 1984; if so, (a) what action has been taken as a result and (b) what is the name of this person; if not,

(2) whether he will take any steps to (a) inform himself of the contents of, and (b) investigate, these allegations; if not, why not; if so,

(3) whether he will publish the results of this investigation; if not, why not; if so, when;

(4) whether he will make a statement on the matter?

The MINISTER OF MINERAL AND ENERGY AFFAIRS (Reply laid upon the Table with leave of the House):

(1) Yes. Certain allegations were made by a former internal audit manager of Escom, Dr J J de Bruyn, in the form of an affidavit to the Industrial Court to support of his plea concerning unfair dismissal from Escom.

Dr De Bruyn and Escom parted company as a result of a decision by the Security Police not to issue the required security clearance. Dr De Bruyn subsequently lodged the complaint and made various allegations to support his case that he had been dismissed because he had found Escom's books in an unsatisfactory state and that management was embarassed by his reports to them.

Escom submitted a replying affidavit to the Industrial Court in response to which Dr De Bruyn withdrew his case from the Industrial Court although he applied for the appointment of a Reconciliation Board.

Dr De Bruyn's allegations stem from two reports. The first was compiled by the external auditors and related to a period up to 31 December 1984. At the request of the Management Board, this report was presented to the Electricity Council in August 1985. The Electricity Council was thus fully aware of the content of the report and the steps to be taken by the Management Board.

The second report was compiled by the internal auditors for their monthly meeting with the Management Board. Far from being embarrassed by these reports, management welcomed them so that corrective action, where necessary, could be taken.

In so far as Dr De Bruyn's allegations concerning the state of Escom's books is concerned, the following statement from the external auditors places the matter in its proper perspective.

"We, Aiken + Carter and Deloitte, Haskins + Sells, joint auditors of Escom have substantially completed our examination of the financial statement for the year ended 31 December 1985 and report that:

(i) We have examined the accounting records and internal control procedures to the extent we have considered necessary for the purpose of expressing an opinion on the financial statement.

(ii) We have reviewed the work papers on the internal audit department and their reports to management.

(iii) Accounting records have been adequately maintained.

(iv) Based on the work done we have no reason to believe that there has been a deterioration in internal and accounting control since 31 December 1984, and nothing has come to our attention that would preclude us from expressing an unqualified opinion on the financial statements for the year ended 31 December 1985."

Escom has compiled comprehensive answers to each and every allegation and shown them to be either untrue, incorrect, unjustified or out of context. Escom's replying affidavit is available for perusal.

(2) and (3) Fall away.

(4) No.

Escom

*35. Mr R R HULLEY asked the Minister of Mineral and Energy Affairs:

(1) Whether any steps have been or are to be taken to privatise certain functions performed by Escom; if so, (a) what steps and (b) in respect of which functions;

(2) whether he will make a statement on the matter?

†The MINISTER OF MINERAL AND ENERGY AFFAIRS:

(1) Escom's main activity is the generation of electricity and its distribution via its national, integrated network. Consideration is not being given to the privatisation of this activity.

In terms of the new control and management structure of Escom, the Electricity Council is constituted mainly from members of the private sector including representatives from large consumers of electrical power such as the mining, industry, commerce, transport and the agricultural sector. It is envisaged that this body will exercise effective control over the management of Escom and ensure that its business will be conducted in the most efficient manner.

Regarding Escom's peripheral activities, there are certain aspects which could probably be conducted effectively by the private sector. As these activities are identified they may be privatised. While this is not a high priority for the current year, an inter-departmental task force of senior Escom employees has already been constituted to identify areas which could be considered for privatisation.

(2) No.

Mr D J DALLING: Mr Speaker, arising out of the hon the Minister's reply, why is the privatisation of individual power stations not being considered?

The MINISTER: Mr Speaker, it is not being considered because each of the individual power stations falls into a distribution grid, and it will be an almost impossible task to differentiate among the various grids. However, when privatisation becomes a

priority and we look into it, this may also be considered if it is at all possible.

Mr B B GOODALL: Mr Speaker, further arising out of the hon the Minister's reply, has consideration been given to doing to Escom what was done to Sasol so that it is not necessarily privatised but one allows the public to own a portion of the equity in the undertaking?

The MINISTER: Mr Speaker, I think the problem with the privatisation of Escom is that one will then have to guarantee certain dividends to shareholders. Escom will therefore have to work on a profitable basis paying dividends to the shareholders, and that money will have to come from the consumer. I think it will be unfair for the consumer to have to pay dividends to a few selected shareholders. However, it is a possibility that could be investigated in the future.

Mr H E J VAN RENSBURG: Would you like a preferential shareholding?

Own Affairs:

State President: speech

*1. Mr E K MOORCROFT asked the Minister of Health Services and Welfare:

(1) Whether any persons attached to his Department have been involved in the distribution of copies of the contents of the advertisement of the speech of the State President at the opening of the 1986 session of Parliament which appeared in certain newspapers during February 1986; if so, (a) to whom were these copies distributed, (b) when and (c) why;

(2) whether he or any members of his Department received any instructions regarding the distribution of these copies; if so, (a) from whom, (b) what was the nature of the instructions and (c)(i) when and (ii) by whom were these instructions received; if not, who took the decision to distribute this advertisement;

(3) whether he or any member of his Department issued any instructions regarding the distribution of this advertisement; if so, (a) to whom, (b) what was the nature of the instructions, (c) when and (d) why;

(4) whether he will make a statement on the matter?

The MINISTER OF HEALTH SERVICES AND WELFARE:

(1) No.

(a), (b) and (c) Fall away.

(2) No.

(a), (b) and (c) Fall away.

(3) No.

(a), (b), (c) and (d) Fall away.

(4) No.

HANSARD 8/4/86
GCSL 942.

Teacher training colleges

*2. Mr P R C ROGERS asked the Minister of Education and Culture:

Whether he is considering the opening of teacher training colleges for Whites to members of other population groups; if not, why not; if so, on what basis?

†The MINISTER OF EDUCATION AND CULTURE:

No, since education is, in terms of section 14 of the Republic of South Africa Constitution Act, 1983 (Act 110 of 1983), an own affair at all levels.

Mr K M ANDREW: Mr Speaker, arising out of the hon the Minister's reply, may I ask him in the light of that reply how it is possible that one can have multiracial education departments at universities?

†The MINISTER: Mr Speaker, in accordance with item 14 of Schedule 1 of the Constitution, it is possible to render services. The rendering of services are carried out following negotiations between the various

†The MINISTER OF JUSTICE:

(1) The court falls within the areas of jurisdiction of the Kangwane Legislative Assembly. Against this background I reply to the question as follows:

(a) Mister G S R Engelbrecht, an official attached to the Department of Justice, but at the moment in the employment of the Kangwane Government as a seconded official.

(b) to (4) Since the incident is being investigated by direction of the Chief Minister of the Kangwane Government, as well as by a senior officer of the South African Police, and occurred in a national state, it is not for me to consider whether the particulars asked for should be furnished.

However, the question concerns a general principle of law, namely the status of our courts. The particulars requested may obviously be evidence which will have to be considered by a judicial institution if the events should come to be considered by such an institution; something which will probably happen. I believe in the principle of the independence of our courts and adhere thereto in practice. I trust that the hon member also believes therein and that he would not want to prejudice this principle—also not in the self-governing national states. In view hereof I take the liberty of calling upon the hon member to leave events which ought to be judged by our courts, to those institutions. I do not hereby imply that the hon member should not concern himself with the question whether justice will be done and for this reason I make a further appeal upon the hon member, namely that if the hon member himself have at his disposal first-hand evidence which points at some offence or other, that he will direct it to the correct address.

Commission of Inquiry into the Promotion of Creative and Other Arts

*27. Mr B R BAMFORD asked the Minister of National Education:

(1) Whether, with reference to his reply to Question No 38 on 19 February 1985, he has considered any other recommendations of the Commission of Inquiry into the Promotion of Creative and Other Arts; if not, why not; if so, which other recommendations;

(2) whether any steps have been taken to implement any of these recommendations; if not, why not; if so, (a) what steps and (b) with what result?

†The MINISTER OF EDUCATION AND DEVELOPMENT AID (for the Minister of National Education):

(1) Yes. All the recommendations have been considered, except those concerning tax concessions for grants to the arts. These recommendations have been referred to the Margo Commission.

(2) No. Final decisions on the recommendations have still to be taken.

QCOL Escom
HANSARD 8/4/86 265 55

*28. Mr B B GOODALL asked the Minister of Mineral and Energy Affairs:

(1) Whether he has been informed of the findings contained in a PhD thesis written by a senior accountant of Escom, whose name has been furnished to the Minister's Department for the purpose of his reply, concerning alleged financial mismanagement at Escom; if so, what is the name of this person;

(2) whether he has taken steps to acquire a copy of this thesis; if not, why not; if so, (a) what steps, (b) when and (c) with what result;

(3) whether he has held an investigation into any allegations concerning Escom contained in this thesis; if not, (a) why not and (b) what action does he intend taking in this regard; if so, (i) when, (ii) who was in charge of this investigation and (iii) what were the findings in each case;

(4) whether any steps have been taken to make Escom subject to the control of the Auditor-General; if so, (a) what steps and (b) when; if not, why not;

(5) how many qualified chartered accountants were employed by Escom as at the latest specified date for which information is available;

(6) whether he will make a statement on the matter?

The MINISTER OF MINERAL AND ENERGY AFFAIRS:

(1) Yes. The author of the thesis is Mr Johan Schnetler. At the time of the writing of the thesis he was a principal accountant and has since been promoted to the post of Financial Accounting Manager.

(2) The thesis is presently classified but is at my disposal.

(Remainder of reply laid upon the Table with leave of House.)

(3) The thesis was undertaken by Mr Schnetler with the knowledge and consent of Escom. The thesis is an empirical study of financial reporting and management accounting practices. Mr Schnetler limited his sources to various public documents, among them, Escom's published balance sheets from 1923 to 1982. These balance sheets are readily available to the public. Escom at no time requested that the thesis be kept secret.

The balance sheets largely reflected Escom's accounting reports which were prepared in such a way as to comply with requirements of the Electricity Act. Following publication of the report of the Commission of Enquiry into the Supply of Electricity in the Republic of South Africa in 1984 (the so-called De Villiers Commission) the manner in which transactions are reflected in the balance sheet has been under review. It is proposed to further amend the Electricity Act so that from 1987 it will be possible to prepare the balance sheet in accordance with modern accounting practices.

The opinions expressed by Mr Schnetler had reference to an historical situation which has little bearing on Escom's current activities. In fact, Mr Schnetler has since expressed the opinion that amendments to the Electricity Act and steps currently being taken by Escom's new management are indeed the correct approach.

After a thorough review of Escom's activities the Escom management identified certain problem areas. Of these priorities is the need for efficient planning budgetary control and management reporting systems. As early as July 1985 initiatives were taken and strategies were set in motion to overcome weaknesses.

Thus, not only does the perspective at senior management level concur in many respects with Mr Schnetler's views but action had already been implemented prior to the submission of the thesis to redress certain issues. Special task groups were formed for this purpose and their work is already well advanced. Mr Schnetler is also fully involved in the steps being taken to achieve these objectives.

As far as Escom is concerned, Mr Schnetler is free to make the thesis available to anyone who would care to study the document, and any further constructive comment would be welcomed. It is trusted that such comment should bear in mind Escom's historical situation and the current dramatic progress on a wide range of fronts to turn the organisation into a dynamic, efficient and professionally managed business undertaking.

(4) No. The Electricity Act 1958 (No 40 of 1958) adequately provides for the auditing of Escom's accounts.

(5) As a result of decisions made by Escom's Management in September Escom's internal audit department is being restructured. The Staff of 45 includes 3 chartered accountants and 1 BCom Hons graduate who is at present studying for his CA qualification.

(6) No.

Land and Agricultural Bank

*29. Mr D J N MALCOMESS asked the Minister of Finance:

(1) Whether the Land and Agricultural Bank deals exclusively or predominantly with one company for mortgage insurance; if so, with what company;

(2) whether he will furnish the names of the (a) shareholders and (b) directors of this company; if not, why not; if so, what are their names in each case;

(3) whether the financial results of this company are published; if so, in what publications;

(4) whether this company pays commission to agents; if so,

(5) whether any such agents may be employees of this bank; if so, (a) why, (b) in terms of what statutory provision and (c) how many of these agents are in the employ of this bank?

†The MINISTER OF FINANCE:

(1) Yes. The South African Mortgage Insurance Company Limited.

(2) Yes.

(a) Land Bank as main shareholder and members of the Land Bank Board as nominees.

(b) Mr J A Smit, Mr J S Hugo, Mr J H Fouche, Mr P B B Hugo and Mr J A Jooste.

(3) No.

(4) No.

(5) Falls away.

Central registration body

*30. Mr R M BURROWS asked the Minister of National Education:

HANSARD 8/4/86 QCOL 932

(1) Whether, with reference to his reply to Question No 26 on 26 February 1985, the working party appointed to investigate the formulation of legislation for the establishment, constitution and functions of a central registration body for all categories of teaching staff up to secondary level, has completed its task; if not, why not; if so, (a) when did it submit its report and (b) who were the members of the working party;

(2) whether this report is a public document; if not, why not;

(3) whether he intends to introduce legislation on a single registering authority for teachers; if not, why not; if so, when;

(4) whether all teacher organisations have taken a final viewpoint on the proposed structure of the registering authority; if so, what were the views of each such organisation?

The MINISTER OF EDUCATION AND DEVELOPMENT AID (for the Minister of National Education):

(1) No. The working group could not yet succeed in formulating a final view on a registration body, including structures to be established.

(a) Falls away.

(b) The members of the working party are

Dr J B Z Louw
Mr E Osman
Mr P C Samuels
Prof N T van Loggerenberg
Mr J F Steyn
Mr J L Lemmer
Mr J D V Terblanche
Mr W A J van Niekerk
Mr C D Beukes
Mr R L Peteni
Mr L M Taunyane

(2) Falls away.

(3) Consideration will be given hereto after receipt of the report.

(4) Falls away.

Individuals/organisations prohibited from being members

Q COL 933 HANSARD 8/4/86

*31. Mr L M THEUNISSEN asked the Minister of Law and Order:†

(1) Whether (a) certain individuals and (b) members of certain organizations are prohibited from being (i) members of the South African Police Force and (ii) South African Police reservists; if so,

(2) (a) which (i) organizations and (ii) categories of individuals and (b) why in each case?

†The MINISTER OF LAW AND ORDER:

(1) (a) (i) and (ii) Yes.

(b) (i) and (ii) Yes.

(2) (a) and (b) (i) All organisations which have the use of violence and/or illegal actions as objectives.

(ii) Those who do not comply with the by Regulation prescribed requirements.

External auditors' report

HANSARD 8/4/86 QCOL 934

*32. Mr R R HULLEY asked the Minister of Mineral and Energy Affairs:

(1) Whether he has been informed of the contents of a report compiled by a certain firm of external auditors, the name of which has been furnished to the Minister's Department for the purpose of his reply; if not, what steps will he take to obtain this report; if so, what is the (a) purport of the report and (b) name of the firm in question;

(2) whether this report will be (a) published and/or (b) tabled in Parliament; if not, why not; if so, when;

(3) whether he will make a statement on the matter?

The MINISTER OF MINERAL AND ENERGY AFFAIRS: Mr Speaker, this is a fairly lengthy reply, and with your permission I should like to lay it upon the Table. I should however like to invite the hon member, if there is any additional information he might require, to let me know because I shall gladly let him have it.

Mr B R BAMFORD; Mr Speaker, on a point of order. Would it not be more correct of the hon the Minister to ask the permission of the House to lay the reply to question upon the Table?

Mr SPEAKER: Yes, that is the correct procedure, and I am quite certain that the hon the Minister will adhere to that in future. [Interjections.]

[Reply laid upon the Table with leave of the House.]

(1) (a) and (b) Deloitte, Haskins & Sells Management Consultants (Pty) Ltd were commissioned by Escom during July 1985 to compile a report for submission to senior management on the functioning of the internal audit department.

The gist of the report which was completed in September and sub-

S Star 10/4/86

(183) (55) (244) (269)

Minister turns down petrol price petition

By Jackie Unwin

The Transvaal motorist will still have to subsidise the uneconomic railway passenger services through paying oil pipeline charges, Minister of Transport Mr Hendrik Schoeman said in response to the 79 000-signature "Jack and Jill" petrol petition.

Automobile Association and Progressive Federal Party spokesmen say this is unfair to the inland motorist.

In a letter to Mr Jack Huber, a pensioner who launched the petition calling for the massive profits from the oil pipeline to be used to reduce the petrol price, Mr Schoeman said this would mean a drop in the average retail price of fuel of only 1,6c a litre.

"Although the saving for the fuel consumer will be minimal, such a concession will result in a considerable increase in the loss on passenger services which cannot be made good by tariffs and/or cross subsidisation."

Mr Schoeman wrote: "In view of the contemplated deregulation of the transport market, it has become Transport Services' policy to move towards a tariff structure based on costs.

"Such a policy will no doubt bring about a situation where abnormally high profits on pipeline traffic will be scaled down.

"When this materialises, Transport Services will either have to increase passenger fares drastically to cover the cost ... or additional compensation for the losses sustained will have to be obtained from the Government or a third party."

Mr Schoeman said these aspects were being considered by the National Transport Study Group and recommendations were expected within a few months.

Mrs Iona Reed of the AA's public affairs division said: "It is unfair that any one sector, in this case the inland motorist or indeed SATS, should have to subsidise uneconomic socio-economic and political services which should in fact be for the account of the entire community through the broad tax base."

PFP spokesman on energy affairs Mr Brian Goodall said: "The actual levy for transport costs for inland petrol is about six or seven cents. The Minister said in Parliament it costs about one cent a litre to transport fuel from the coast.

"The cost per kilometre for first class is approximately five times the cost for third class. The pipeline profit is not going to subsidise the lower income groups, but those travelling first class. That is where the loss is being incurred."

STAR 11/4/86

Fuel price to go down

55

Political Correspondent

CAPE TOWN — The petrol price is to be cut again by up to 11 cents a litre from Monday, the Minister of Mineral and Energy Affairs, Mr Danie Steyn, announced today.

The move has been made possible by the collapse of the international price of crude oil on world markets.

Also on Monday, petrol pumps are to revert to the full-litre pricing system, while the in-built contribution to the third party fund is to be adjusted, depending on type of fuel, from 2 cents to a average 2,6 cents a litre.

Mr Steyn said that the wholesale price of petrol for 98 octane fuel was to be reduced by 6 cents a litre while that of other grades was to come down by 9 cents a litre.

Fuel–inflation-buster and growth-booster

13/4/86. S.TIMES (55)

By David Southey

FRIDAY'S cut of about 10% in fuel prices will curb inflation and boost economic growth.

But, warn economists, do not expect miracles overnight from the second substantial fuel-price cut in two months. The impact will take some time to work its way through the economy.

The fuel-price cut and an expected drop in the prime overdraft rate in the next week are designed to give the sagging economy a much-needed fillip.

Alien

With petrol and diesel accounting for only a 3,8% weighting in the total consumer-price index (CPI), economists calculate that the direct impact of the 10% cut will be about a 0,4% reduction in the inflation rate.

The indirect effect should be more substantial although difficult to quantify and will take longer to work its way through the economy.

Also, the direct effect of an *increase* in petrol prices is usually easily quantifiable and immediate. A drop in price — something as alien to the SA way of life as rain and international sports tours — is more likely to be reflected in a postponement by manufacturers and retailers of increases.

Most economic sectors price their goods on the basis of cost-plus, so that when a certain threshold in cost increases has been reached, say, 10%, they raise their prices.

Razor thin

The petrol-price cut will thus enable many businesses to shore up their razor-thin margins, which have suffered under the twin assault of shrunken real demand and cost-push inflation.

Among essential goods and services, however, particularly food which often has to be transported long distances by road or rail, price reductions could filter through fairly soon.

With a more bullish outlook on the inflation front, economists are looking to further falls in both short- and long-term interest rates.

Yields on traded bonds in the money market appear to have discounted an expected cut in the prime overdraft rate. By Friday the benchmark three-month bankers' acceptance rate had eased to 11,5% — its lowest level since 1981 and sitting four percentage points below prime at 15,5%.

With aggregate demand in the economy still as flat as a pancake and bank lending showing signs of fatigue, it is possible that prime could fall by more than the customary one percentage point — perhaps by 1,5 points to 14%.

Moreover, economists point to the fact that money-supply growth is well within the Reserve Bank's target band and could happily accommodate a plus one-point cut in prime. Some analysts think it unlikely that Reserve Bank Governor Gerhard de Kock will contemplate a cut until after Tuesday, at which stage any uncertainty in the markets surrounding the scheduled $420-million foreign-debt repayment should have disappeared.

Prospects for declines in long-term interest rates also look healthier in line with the expectation of slower inflation. Late this week the benchmark Government bond (RSA 13%, 2005) rate had eased to 17,3%.

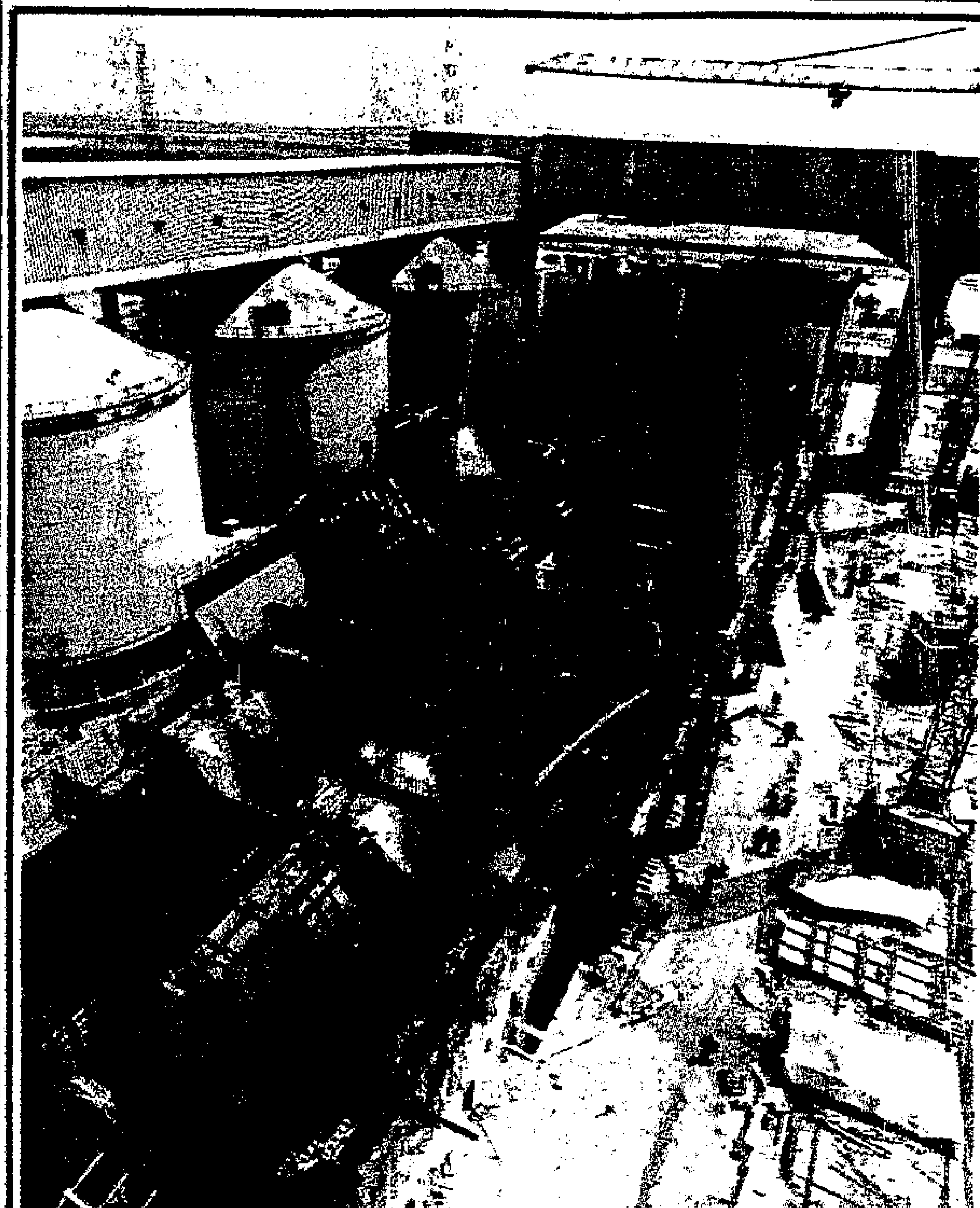
Pessimistic

Some market analysts and economists are pessimistic, however, that this trend will prevail much beyond the third quarter of the year.

The reason is that apart from the political uncertainties which persist, they are wary that by about September Government spending will begin to look bad relative to budgeted figures which will once again fuel inflationary expectations.

Also, if economic growth — more important, gross domestic expenditure — picks up moderately, the rand could come under pressure as a result of rising import volumes.

For the time being, though, businessmen should be looking to slightly better trading conditions.



Sats gets 32 storage bins at Richards Bay

Goldstein Civil Natal is maintaining a fast pace on the R22-million contract for South African Transport Services at Richards Bay.

The project includes the construction of 32 storage bins, four conveyor galleries, two transfer houses and storm-water drainage.

The storage bins (above) are 30m high and 234m in circumference. The bins require 9 500 tons of reinforcing steel and 40 000m³ of reinforced concrete.

To save time, all formwork is gangformed and sections are designed and manufactured at on-site workshops. As construction starts 6m below sea-level, the structure had to be dewatered and sheet piled.

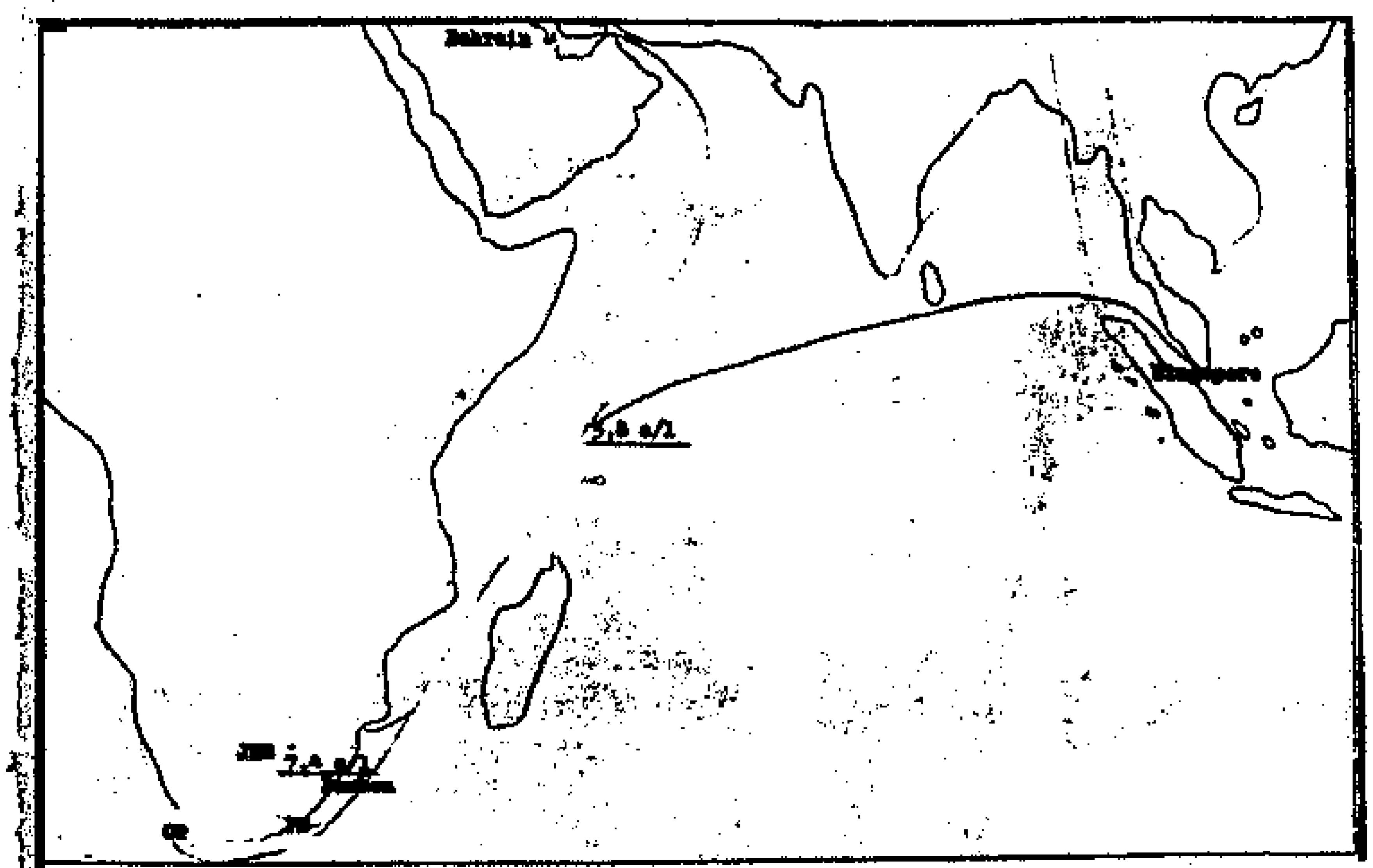
Liquor prices

□ **From Page 1**

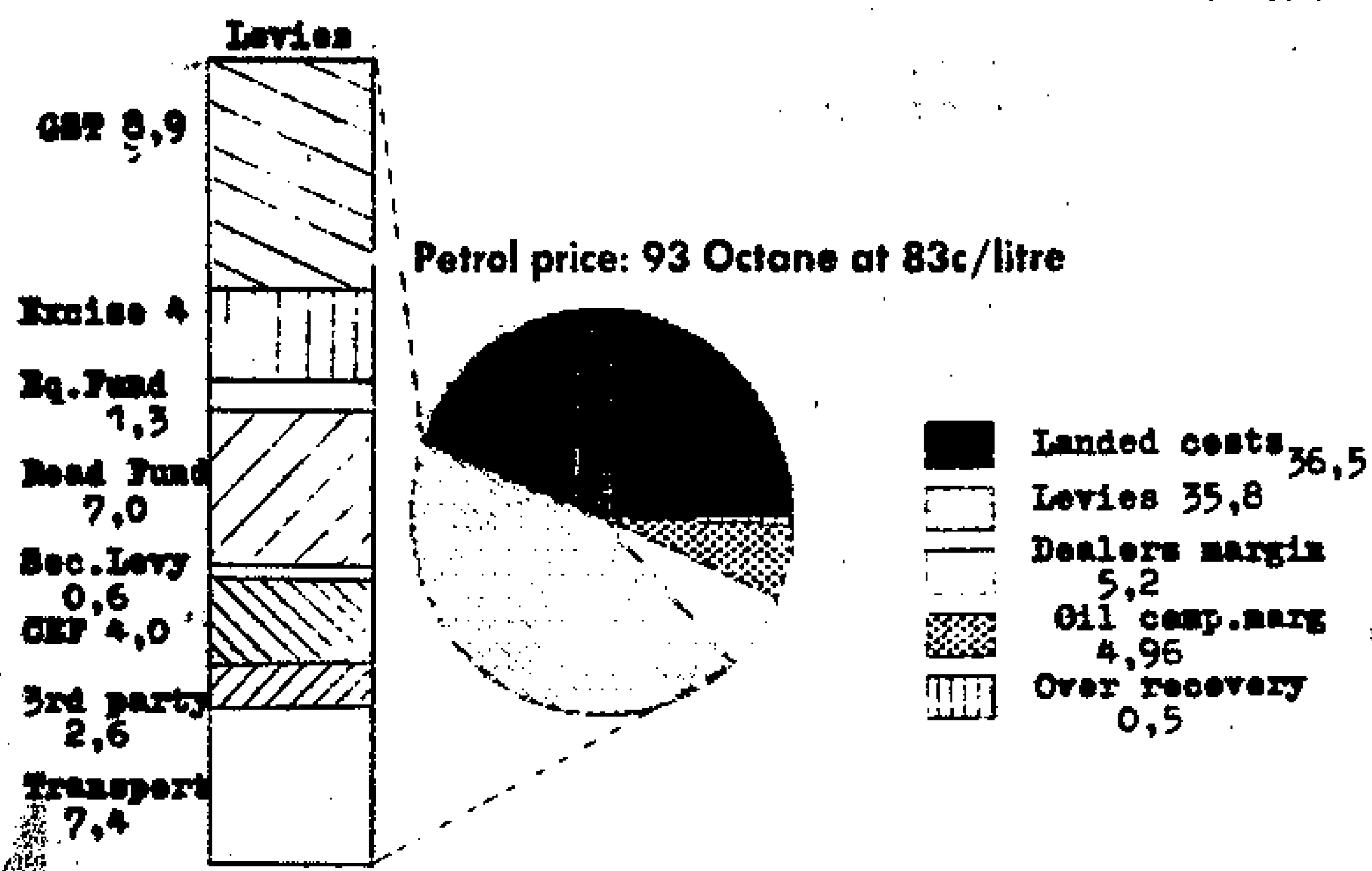
out paying general sales tax.

Anyone in possession of a GST-exempt number can buy liquor free of tax. But liquor can only be bought free of GST if it is for resale by authorised outlets. It is alleged that shebeeners, businessmen and even members of the public have been using GST-exempt numbers.

Fedhasa will not comment on the document until a reply has been received from the Commissioner for Inland Revenue.



The March petrol price of 83 cents is made up largely of levies and landing costs. Bar chart shows how the 35,8c of the levy is arrived at.



The graph shows the transport cost of 93 Octane. When it arrives in Johannesburg the price is almost double the shipping costs.

STAR 15/4/86 55

Sasol not ripping off public, claims expert

SA fuel price in line with world markets

By Gareth Costa

Contrary to the popular conception that the government, in cahoots with the oil companies and specifically Sasol, is "ripping off" the petrol consuming public, the price of fuel is in line with world prices, says an industry source.

But, it does not appear to be so at first glance, when people see world crude prices plummeting and petrol remaining expensive.

However, the price has been reduced twice recently, and it is not easy to adjust to the everyday or weekly fluctuations. But the consumer does not lose out because between every adjustment the price is in an "over or under-recovery" period and consequently money is either put in or taken out of the "slate" to balance the price.

The source said that recently the "over-recovery" has been running at about 13c a litre, but is now a mere 0,5c and around about November it was in an under-recovery of about 6c, while in November 1984 it was 19c in under-recovery. Over time the price is balanced, but there is always a surplus and it is now estimated to be about R200 million.

The price of 93 octane petrol at any time comprises the international daily quoted petrol price, shipping at daily quoted rates to the port of entry, inland railage and fixed SA charges such as margins, excise and GST.

When analysing the price it is easy to see that just over half the price is in various forms of levies to government.

GST tops the list with 8,9c, then comes transport, which is 7,4c for the PWV area, Customs and Excise 4c, National Road Fund 7c, Central Energy Fund (CEF) 6,6c, over-recovery 0,5c, Equalisation Fund 1,3c, security levy of 0,6c, and the landed cost of 41,5c, which includes the oil company margin of just less than 5c.

The 6,6c CEF levy is again broken up into 3,725c for synthetic fuel projects, 0,055c for preventing oil pollution, 0,22c for administation of the synthetic projects and lastly 2,6c for third party.

An example of how prices are calculated is given as follows:

Say SA receives 25 percent of its crude from the Persian Gulf, and 75 percent from Indonesia.

The prices received are then averaged to get a free on board price (FOB), and the crude is shipped. The FOB price is then converted at the applicable exchange rate and to it is added the cost of shipping which is made up of the market rate, insurance, allowance for loss and landing costs.

The rail costs are then added on for transport to various areas — these costs are actually more than the total costs of shipping from places as far away as Indonesia. The levy is presently 7,4c a litre in the Transvaal.

All the various other fuel types, such as diesel and jet fuel, are calculated in a similar way and the distributors experience the same ups and downs of the price but are not so eager to reduce prices when they are falling.

The equalisation fund levy, or as the industry calls it, the "skunk fund", is the premium which SA must pay "for its sins", because of the oil embargo imposed on it.

The 1,3c quoted figure is however, a subsidised one, since not all the country's fuel is imported. Sasol receives part of the 1,3c, which it does not deserve because it does not pay a premium, and so it pays the money back as a subsidy.

In other words the levy is a balance between Sasol production prices and the imported prices.

The retail dealer margin and the oil company margin are the only parts of the structure which can really be said to be controlled, but this does not mean they are supported.

In 1927 a principle was laid down by goverment that stated that indigenous fuels must compete on both price and quality, and this still applies today.

The 6,6c CEF levy is used to provide working capital for projects such as the Mossel Bay synthetic fuel plant and originally Sasol. The security levy is used to protect the various petrol installations.

It is interesting to note how the 83c a litre SA price compares with European prices. At an exchange rate of 47,50 US cents as of March 25 this year, Denmark pays the equivalent of R1,52 a litre, Italy R1,90, Ireland R1,70, France R1,73 and Portugal R1,65.

The DEPUTY MINISTER OF INFORMATION:

(1) The Bureau for Information was responsible for the compilation and distribution of the mentioned booklet. It need be mentioned that the booklet does not contain a reprint of the advertisement as referred to in the question.

(a) "A New Beginning".

(b) 14 pages.

(c) Bureau for Information.

(d) Perskor, Johannesburg, on behalf of the Government Printer, Pretoria.

(e) 45 700 English and 18 500 Afrikaans copies.

(f) Copies were made available to the Bureau's regional offices for selective distribution as well as the Department of Foreign Affairs for distribution abroad.

(g) The booklet was compiled and distributed as part of the Bureau's task to make important policy statements of the Government public.

(h) Total printing cost of the booklet was R16 828,62. Cost of distribution is difficult to determine as railway cost incurred to transport copies to regional offices is not available as yet and since regional offices are still distributing copies.

(2) No tenders were invited for the printing of the booklet. Printing was commissioned by the Government Printer in terms of Tender Board Exemption SDK 77.

Q en 1167

HANSARD 16/4/86 **Escom** 55

758. Mr P G SOAL asked the Minister of Mineral and Energy Affairs:

(1) Who were the members of the Management Board of Escom as at the latest specified date for which information is available;

(2) whether persons appointed to this Management Board are required to have any special qualifications in regard to the supply of electricity; if not, why not; if so, what special qualifications does each of the present members of the said board possess?

The MINISTER OF MINERAL AND ENERGY AFFAIRS:

(1) The Escom Management Board as appointed on 24 June 1985 by the Electricity Council is as follows:

— I C McRae, Pr. Eng., BSc (Eng) (Rand) Senior General Manager and Chairman of the Management Board.

— J L Rothman, Pr. Eng., BSc (Eng) (US) Assistant Senior General Manager and General Manager: Distribution.

— L C Harper, B.Com.Hons (SA) MBA (Alabama) General Manager: Finance.
F J W Barnard, Pr. Eng., BSc (Eng) (US) MBL (SA) General Manager: Resources Services

— P J T Oosthuizen, BA. LLB (UOVS) General Manager: Strategic Services.

— E H Ralph, Pr. Eng., BSc (Eng) (Natal) General Manager: Engineering.

— R A Forbes, Pr. Eng., BSc (Eng) (Rand), MBL (SA) General Manager: Power Marketing.

— J S Els, Pr. Eng., BSc (Eng) (US), BSc.Hons (SA) GDI (Rand) General Manager: Operations.

— H Edeling, Pr. Eng., BSc (Eng)

(Rand) General Manager: Generation.

(2) Members of the Management Board are persons who are conversant with the Escom's activities and have over the years proved that they possess the necessary management abilities and leadership qualities. The academic qualifications of the present members of the Management Board are stated above.

Q en 1169

HANSARD 16/4/86 **Motlatla: resettlement**

765. Mr P G SOAL asked the Minister of Education and Development Aid:

Whether, with reference to the reply of the Minister of Co-operation, Development and Education to Question No 166 on 4 March 1985, he or any member of his Department has consulted with the residents of Motlatla concerning (a) a date for their removal and (b) the possibility of adding 800 hectares to the compensatory land; if not, (i) why not and (ii) when will they be consulted; if so, (aa) when, (bb) what was the outcome of the consultations and (cc) when are they to be moved?

The MINISTER OF EDUCATION AND DEVELOPMENT AID:

(a) No.

(b) Yes.

(i) and (ii) Fall away.

(aa) 17 September 1985 and 14 March 1986.

(bb) Negotiations with the tribe regarding compensatory land is in progress. Land in the Setlagoli area has been offered and the tribe has been invited to inspect it. The reply of the tribe is still awaited.

(cc) A date will be determined depending on the result of the consultations with the tribe.

Supplementary reply to Question 18 on Tuesday, 11 February 1986, put by Mr P G Soal (col 50):

HANSARD 16/4/86 **Voters** Q en 1170

18. Mr P G SOAL asked the Minister of Home Affairs:

How many voters were registered in (a) each constituency, (b) each province and (c) the Republic as at 31 December 1985?

(a), (b) and (c) See annexures A, B and C.

ANNEXURE A

HOUSE OF ASSEMBLY

PROVINCE OF THE CAPE OF GOOD HOPE

Constituency	Number of Voters
Albany	15 995
Algoa	18 441
Aliwal	10 797
Beaufort-West	9 721
Bellville	15 262
Caledon	13 001
Cape Town Gardens	16 553
Ceres	10 366
Claremont	16 867
Constantia	19 121
Cradock	10 538
De Aar	10 266
De Kuilen	19 217
Durbanville	20 475
East London City	16 814
East London North	16 967
False Bay	16 787
George	17 838
Gordonia	10 918
Graaff-Reinet	9 830
Green Point	13 689
Groote Schuur	15 824
Helderberg	19 628
Humansdorp	15 353
Kimberley-North	14 732
Kimberley-South	15 626

(a) and (b) No,

(1), (ii) and (iii) Fall away (see note);

(c) Yes, in addition to the applications that are met on demand on a continuous basis where telephone numbers and cable leads are available, service will be provided as follows to waiting applicants in the areas indicated:

(i) *Exchange area*	(ii) *Number of waiting applicants*	(iii) *When services are to be provided*
Bramley (includes the suburbs of Eltonhill, Winston Ridge, Kentview and Birnam)	327	During the second half of 1986 on commissioning of a 10 392 line extension to the exchange and the completion of cable works;
Rosebank (includes the suburbs of Fairview, Illovo, Melrose, Melrose North, Melrose Estate, Birdhaven, Dunkeld, Dunkeld West, Parktown North, Parkhurst and Craighall Park)	129	Towards the middle of 1986 on commissioning of a 3 328 line extension to the exchange and the completion of cable works;
Randburg (includes the suburb of Craighall)	260	During April 1986 on commissioning of a 1 840 line extension to the exchange and the completion of cable works; and
Linden (includes the suburbs of Victoria Park, Pierneef Park, Pine Park, Blairgowrie and Beaconsfield Estate)	53	Within the next 3 months as cable works are completed.

Note:
500 additional private boxes were installed at the Craighall post office during February 1986.

HANSARD 16/4/86 Q col 1163

Nuclear power station: radiation 55

731. Mr B B GOODALL asked the Minister of Mineral and Energy Affairs:

(1) What is the (a) international and (b) South African limit or standard in millirem or rem per annum for the level of radiation which a nuclear power station may emit (i) in general and (ii) in regard to human beings (aa) internally and (bb) externally;

(2) what was the level of radiation in millirem per annum emitted in 1985 by the Koeberg Nuclear Power Station (a) internally and (b) in the immediate environment of the power station?

The MINISTER OF MINERAL AND ENERGY AFFAIRS:

(1) (a) The international limits for radiation exposure recommended by the International Commission for Radiological Protection (ICRP) are a maximum of 500 millirem (mrem) per annum from all sources of radiation for members of the general public and 5 000 mrem for radiation workers, including medical and industrial X-ray technicians, research workers and workers at nuclear power stations.

(b) The limit set by the Atomic Energy Corporation of South Africa (AEC) for members of the general public, is far below the ICRP level namely, a maximum of 25 mrem per annum, in addition to natural background radiation, or 5 per cent of the international limit from all sources. For radiation workers, the AEC limit is the same as the international standard namely 5 000 mrem per year.

(2) (a) The average radiation dose received by radiation workers at Koeberg Power Station during 1985 as a result of their work was 44,4 mrem, or less than 1 per cent of the permitted dose for radiation workers.

Whilst maximum levels are set the "Alara" principle (as low as reasonably acceptable) applies at all times, which determines that actual exposure to radiation be kept to a minimum irrespective of what the legally allowable limits may be.

(b) The maximum potential radiation dose to a member of the public resulting from Koeberg Power Station was 0,5 mrem for 1985. This means that if a person were to have stood at the Koeberg boundary fence for the whole of 1985, always downwind from the station, naked and with no shelter, living off food exposed to the maximum radiation emitted from Koeberg last year and eating sea food caught in the power station outfall, that person would have been subjected to an additional half millirem of radiation.

This exposure should be compared with the 240 mrem per year a person would receive naturally on the beaches of Camps Bay, Clifton and Sandy Bay due to the proximity of granite outcrops or the 190 mrem per year in Johannesburg, increasing in 500 mrem per year in the proximity of certain mine dumps on the Reef. A single chest X-ray would result in an exposure of 20 mrem.

Q col 1166

Bureau for Information

HANSARD 16/4/86

746. Mr P G SOAL asked the Deputy Minister of Information:

(1) Whether the Bureau for Information was responsible for the compilation and distribution of a certain booklet, the name of which has been furnished to the Bureau for Information for the purpose of the Deputy Minister's reply, which contains a reprint of the advertisement referred to in his reply to Question No 13 on 11 March 1986; if not, who is responsible for this booklet; if so, (a) what is the name of this booklet, (b) how many pages does the booklet comprise, (c) who was responsible for the compilation thereof, (d) by whom was it printed, (e) how many copies of the booklet were produced, (f) to whom were copies of the booklet sent, (g) why was the booklet produced and distributed and (h) what was the total cost of producing and distributing the booklet;

(2) whether tenders were invited for the printing of this booklet; if not, why not; if so, (a) when, (b) by what means was the call for tenders publicised, (c) how many tenders were received, (d) from whom were they received, (e) what was the amount of each tender and (f) who was the successful tenderer?

11. Fertility: Determination of vital rates by means of surveys among all population groups in Southern Africa.

12. Family planning.

13. Health information services.

14. Human needs, resources and environment.

15. Post-analysis guides for trainers.

16. Violence in prisons (gangs and the violent criminal).

17. The attitudes and common practice of Blacks in urban areas regarding traditional marriages.

18. Black visitors to the National Zoological Gardens, Pretoria: patterns of use, evaluation of facilities and the need for similar and additional facilities at a proposed new zoo.

19. Communication techniques for the achievement of consensus in small group negotiation situations.

20. Problems with intercultural communication in negotiation.

(b) 31 March 1986.

GCA 1147

National Intelligence Service

HANSARD 16/4/86

815. Mr M A TARR asked the State President:

(1) (a) What was the authorised staff establishment of the National Intelligence Service in the various grades of employment as at the latest specified date for which figures are available, (b) how many (i) Whites, (ii) Blacks, (iii) Coloureds and (iv) Indians were employed in each grade as at that date and (c) what is the policy of this Service regarding the promotion of Blacks, Coloureds and Indians to higher grades;

(2) whether staff of different race groups belong to the same staff association; if not, why not?

The STATE PRESIDENT:

(1) This question concerns a security matter as defined by section 1(1) of the Protection of Information Act, 1982 (Act no 84 of 1982) and I want to reiterate that I am not prepared to discuss something which relates to the functions of the National Intelligence Service in public.

(2) Ibidem.

Own Affairs:

Mortgage loans

52. Maj R SIVE asked the Minister of the Budget:

What total amount has been budgeted by his Department for interest subsidies on mortgage loans of officials in its employ in the 1986-87 financial year?

The MINISTER OF THE BUDGET:

R637 000.

WEDNESDAY, 16 APRIL 1986

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†Indicates translated version.

For written reply:

16/5/86 GCA 1148

General Affairs:

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HANSARD

Petrol price

439. Mr L F STOFBERG asked the Minister of Mineral and Energy Affairs:†

(1) What, in respect of the PWV area over the latest specified period of three years for which information is available, was the composition of every price determination in respect of (a) 93 octane and (b) 87 octane petrol;

(2) whether the retail margin of petrol can be reduced by means of self-service pumps; if so,

(3) whether he will allow market forces to play a determining role in this regard; if not, why not;

(4) whether he will furnish information on the average quantity of petrol which is obtained per barrel of oil in South Africa; if not, why not; if so, (a) what is the average quantity of petrol and (b) in respect of what specified period is this information furnished?

The MINISTER OF MINERAL AND ENERGY AFFAIRS:

(1) The details are as per attached schedules.

(2) Yes.

(3) As it is strategically important to ensure a stable service station network countrywide in order to protect employment opportunities and the small business and to prevent vertical integration in the industry the introduction of self-service is presently not indicated.

(4) The yield of petrol is influenced by the following factors:

— variation between refineries
— the type of crude oil which is refined; and
— adjustment of the refining process.

According to the petroleum industry the petrol yield per barrel presently varies between 25 and 30 per cent.

93 OCTANE PWV
Cent per Litre

Calculation of pump prices at the Reef	01-09-82	28-02-83	22-08-83	01-02-84	01-04-84	01-07-84	24-01-85	01-04-85	09-09-85	11-11-85	01-01-86	03-03-86
Landed cost (as reflected in the price)	41,159	39,659	35,859	35,859	35,859	35,559	54,60	54,50	58,5	64,4	64,4	51,1
Customs and excise	3,987	3,987	3,987	3,987	3,987	3,987	4,00	4,00	4,0	4,0	4,0	4,0
Equalisation fund:												
Existing	1,30	1,30	1,30	1,30	1,30	1,30	1,30	1,30	1,30	1,3	1,3	1,3
Fire protection	—	—	—	—	—	—	—	—	—	—	—	0,6
Central Energy Fund:												
Synthetic Projects	3,725	3,725	3,725	3,725	3,725	3,725	3,725	3,725	3,725	3,725	3,725	3,725
Combating Oil pollution	0,055	0,055	0,055	0,055	0,055	0,055	0,055	0,055	0,055	0,055	0,055	0,055
Administration of crude oil stocks	0,22	0,22	0,22	0,22	0,22	0,22	0,22	0,220	0,220	0,220	0,220	0,220
National Road fund	2,354	2,354	2,354	2,354	2,354	2,354	5,00	5,0	5,00	5,0	5,0	7,0
MVA (Third party)	—	—	—	—	—	—	—	—	—	—	—	2,0
Transport cost to the Reef	5,0	5,0	5,0	5,0	6,5	6,5	6,5	6,4	6,4	6,4	7,4	7,4
Rounding up/(down)	—	—	—	—	—	—	—	—	—	—	0,3	(0,5)
Wholesale Price	57,8	56,3	52,5	52,5	54,0	53,7	75,4	75,15	79,2	84,0	85,9	76,9
Retail margin	3,7	3,7	3,70	3,7	3,7	4,0	5,2	5,2	5,2	5,2	5,2	5,2
GST	3,7	3,6	3,40	4,0	4,1	5,8	8,0	9,75	10,2	10,8	10,9	9,9
Price per litre PWV	65,2	63,6	59,6	60,2	61,8	63,5	88,6	90,1	94,6	100,00	102,00	92,0

April 1986

FIN MAIL (65)

COUNTING FUEL COSTS

Department of Mineral and Energy Affairs (DMEA) officials in Cape Town are burning the midnight oil calculating whether they can afford to make another fuel price cut.

"We cannot disclose details on the volume and value of SA's oil import bill, but I can say that the rand price of a barrel of oil dropped from around R73/barrel in the last quarter of 1985 to the current R20-R24," the DMEA's Theuns Burger tells the *FM*.

This represents a fall of about 70% over the four months, calling for fancy footwork from the DMEA.

Average landed crude prices moved from R33,09/barrel in 1981 to R40,11 in 1982, R34,89 in 1983 and R45,86 in 1984. But last year's quarterly average moved from R56,51 in the first quarter, to R57,45 in the second, R60,80 in the third and R73,80 in the fourth quarter. As late as January the price still stood at R67,21.

Although the rand recently fell back from its 50c level, its recovery since last Friday means that conditions for another petrol price cut remain favourable. The March 3 petrol price reduction was based on a 47c rand value and world oil prices of some $15-$16/barrel, says Burger.

But the drop in the rand value of international oil prices is not necessarily reflected by a fall in SA's oil bill, says Burger. He cautions against comparative calculations.

"Other historical factors are also taken into consideration when determining local fuel prices. For example, SA buys a fair amount of its oil on bilateral term contracts. This means it takes a while before world spot market movements are reflected in our contract prices," he says.

Burger doubts that the current world oil glut will continue. His prediction: "In the longer run, oil prices will firm again."

Petrol price cut 'delayed for too long'

Own Correspondent

DURBAN — The Government has delayed too long in lowering the petrol price and giving the economy the shot in the arm it desperately needs.

Professor Brian Kantor of the University of Cape Town said the authorities erred on the side of conservatism; there was an urgent need to take chances to stimulate the economy.

The landed price of oil in the country was between R20 and R24 a barrel, compared with a ceiling of R73 when world prices were at their highs and the rand at its lowest ebb.

There was scope for a drop based on a reduction of 25 cents a litre in the landed price of oil.

Professor Kantor said a drop in short-term interest rates was imminent, and was sorely needed to stimulate demand for credit and boost the economy.

It was unfortunate that changes in the building society business were taking place now. Bond rates were being kept unnaturally and unhealthily high because the societies were building up wealth before going to the market.

April 1986

Koeberg: first the good nudes . . .

PARLIAMENT — A bather on Cape Town's nudist beach, Sandy Bay, would have have been subjected to hundreds of times more radiation in 1985 than if he had stood naked at the boundary of the Koeberg nuclear power station.

Even if he did so for 12 months, living off food exposed to the maximum radiation emitted there.

This claim was made yesterday in a written reply from the Minister of Mineral and Energy Affairs, Mr Danie Steyn, to a question from Mr Brian Goodall (PFP Edenvale).

The Minister said that in 1985, the maximum potential radiation dose from Koeberg was 0,5 millirem (mrem).

GRANITE OUTCROPS

"This means that if a person were to have stood at the Koeberg boundary fence for the whole of 1985 — naked and with no shelter — living off food exposed to the maximum radiation emitted from Koeberg last year, and eating seafood caught in the power-station outfall, he would have been subjected to an additional 0,5 mrem of radiation," Mr Steyn said.

"This exposure should be compared with the 240 mrem a year a person would receive naturally on the beaches of Camps Bay, Clifton and Sandy Bay, due to the proximity of granite outcrops, or the 190 mrem a year in Johannesburg, increasing to 500 mrems a year in the proximity of certain mine dumps."

In respect of the 1985/86-financial year—

First quarter	R189 422,03
Second quarter	R179 523,40
Third quarter	R228 952,26
Fourth quarter	R222 000,62

(b) (i)(aa) and (bb)

Toll Plaza	R2 916 861,90
Toll equipment	R1 269 522,69
Total	R4 186 384,59

(ii) 8 June 1984 to 31 March 1986.

(2) (a) In respect of the 1984/85-financial year—

First quarter	R 30 012,39*
Second quarter	R121 648,95
Third quarter	R130 836,59
Fourth quarter	R138 169,61

In respect of the 1985/86-financial year—

First quarter	R143 992,95
Second quarter	R147 292,79
Third quarter	R155 568,00
Fourth quarter	R154 917,21

(b) In respect of the 1984/85-financial year—

First quarter	R 16 515,39*
Second quarter	R 95 376,91
Third quarter	R141 254,91
Fourth quarter	R 86 533,30

In respect of the 1985/86-financial year—

First quarter	R 45 429,08
Second quarter	R 32 230,61
Third quarter	R 73 384,26
Fourth quarter	R 67 083,41

*As the Toll facility was only put into operation on 8 June 1984, the figures quoted are only representative of the period 8 to 30 June 1984.

(3) No.

(a) and (b) Fall away.

Rock lobster/abalone

795. Mr R R HULLEY asked the Minister of Environment Affairs and Tourism:

(a) How many catch permits have been issued to private individuals during the current season in respect of (i) rock lobster and (ii) abalone and (b) in respect of what date is this information furnished?

The MINISTER OF ENVIRONMENT AFFAIRS AND TOURISM:

(a) (i) 32 112 Rock lobster permits.

(ii) 10 489 Abalone licences.

(b) 1985 Season.

Pilchards/anchovies

796. Mr R R HULLEY asked the Minister of Environment Affairs and Tourism:

What estimated percentage of the catch of (a) pilchards and (b) anchovies in 1985 were immature juveniles?

The MINISTER OF ENVIRONMENT AFFAIRS AND TOURISM:

(a) 46 per cent by mass,
89 per cent by number.

(b) 53 per cent by mass,
65 per cent by number.

Anchovies/pilchards/pelagic fish

799. Mr R R HULLEY asked the Minister of Environment Affairs and Tourism:

How many tonnes of (a) anchovy and pilchard and (b) non-quota pelagic fish were landed during the 1985 fishing season or the latest specified period of 12 months for which figures are available?

The MINISTER OF ENVIRONMENT AFFAIRS AND TOURISM:

(a) 277 094 tonnes anchovy,
29 518 tonnes pilchards.

(b) 75 737 tonnes during the 1985 fishing season.

Mariannhill Toll Road

800. Mr L F STOFBERG asked the Minister of Transport Affairs:†

(1) What was the total capital investment in the Mariannhill Toll Road Project as at the latest specified date for which figures are available;

(2) (a) what is the (i) gross (aa) income and (bb) expenditure and (ii) net income in respect of this toll-road project and (b) in respect of what specified period are these figures furnished?

The MINISTER OF TRANSPORT AFFAIRS:

(1) R108 496 381,97 as at 18 February 1986.

(2) (a) (i) (aa) R136 960,43

(bb) R38 714,92

(ii) R98 245,51

(b) 7 to 31 March 1986.

The honourable member's attention is drawn to the fact that all the above-mentioned figures are unaudited and, therefore, subject to change.

GeoL 1417
HANSARD 23/4/86

Fuel: levies

801. Mr L F STOFBERG asked the Minister of Transport Affairs:†

SS

(a) What is the (i) actual or (ii) estimated monthly income obtained for road-building purposes from the new levies on fuel and (b) in respect of what specified period is this information furnished?

The MINISTER OF TRANSPORT AFFAIRS:

(a) (i) The amount cannot be determined at this stage.

(ii) R49 million.

(b) 1 to 30 April 1986.

For written reply:

Own Affairs:

Octavia Hills: residential units

63. Mr S P BARNARD asked the Minister of Local Government, Housing and Works:†

(1) (a) How many residential units are there in the Octavia Hills flat complex and (b) how many of these units are occupied by White persons at present;

(2) whether these White persons were recently given notice to vacate their residential units in Octavia Hills; if so, (a) when, (b) why and (c) in respect of how many residential units;

(3) whether these persons were offered any alternative accommodation; if so, (a) what alternative accommodation and (b) where;

(4) whether these persons were offered any compensation in respect of moving expenses; if so, what are the particulars of this compensation;

(5) whether any of these persons vacated their residential units voluntarily; if so, how many;

(6) whether he will make a statement on the matter?

The MINISTER OF LOCAL GOVERNMENT, HOUSING AND WORKS:

(1) (a) 126.

15/5/86.
BUS DAY
55

Escom promises minimum increases

Own Correspondent

ELECTRICITY tariffs will probably not be increased by more than 10% next year, chairman of Escom's Electricity Board John Maree said in Cape Town yesterday.

Addressing the Afrikaanse Sakekamer, Maree said Escom was committed to keeping electricity tariff increases between 2% and 3% below the rate of inflation.

"So, if the rate of inflation is 12% next year, electricity tariffs will not be increased by more than 10%," he said.

In an interview with the *Cape Times* before his address, Maree said that "mismanagement of Escom is something of the past".

He said that, although recent negative publicity had had a demoralising effect on staff, it was "nonsense" to say millions of rands were still being wasted by the organisation.

Escom and its assets were now managed more effectively than in the past when "staff members were in the seats of power".

He told the sakekamer Escom had not exceeded its budget for the first quarter of this year.

A decision had been made to cut capital spending by R1,3bn over the next three years after it became clear that an overseas loan of R1,5bn would not be available this year.

Apart from substantial cuts in capital spending, Escom was also in the process of reducing the number of its employees by about 5 000.

It had a staff of 65 000 and many had already been given early retirement. Another 3 000 would have to go.

Maree predicted that in two years' time the priorities and objectives set when the new management structure was announced last year would have been achieved.

FIN MAIL 16/5/86 · 55

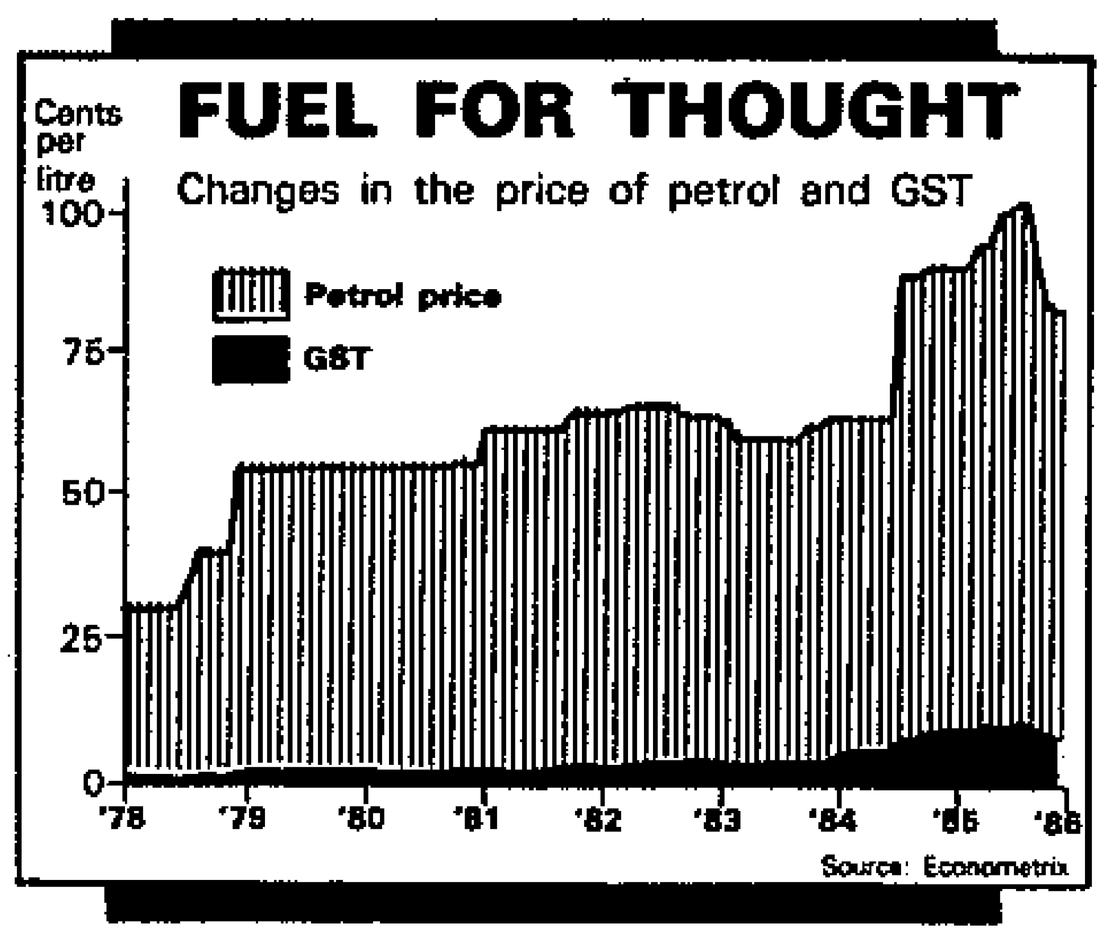
PETROL PRICES

Cheaper twist

Falling world oil prices may well be a boon to consumers, but it seems that government is not entirely happy.

For one thing, tax revenues are falling in concert; for another Sasol's revenues have been slashed by 49% since January, or by almost 29c/*l*, significantly affecting the oil-from-coal side of its business.

Previously, Sasol received a 3,6c/*l* "incentive for indigenous fuels" through a rebate system from Customs and Excise. This was abolished from January 1 1985, when the pump price of Reef 93 octane had jumped to 88,5c/*l*. Then the rand was worth about US46,5c. With GST then 10%, plus inflationary factors, in real terms Sasol is now in a worse position than when the subsidy was paid. There are also strong rumours that GST is to be reduced, while the prospect of further reductions in the pump price of fuels is very bright. A strong confirmation of this comes from the PPI index for March.



Government is also reportedly keen to merge the Customs and Excise duty on petrol (4c/*l*) with the GST item (currently 8,9c/*l*) to rid itself of two major criticisms: firstly, that the current set-up amounts to a tax on tax; and, secondly, Reef users effectively pay more GST on petrol because of the transport levy (7,4c/*l*) and "rounding up" of the Reef price by 0,5c/*l*.

An important aspect is that, with some 4 500 garages nationally, there is believed to be considerable "leakage" in GST recovery. A centralised, fixed Customs and Excise duty of, say, 14c/*l*, would improve collection efficiency, and insulate government's take from changes in user prices.

All these factors point to a major revamping of the petrol price structure.

However, the picture is unclear. Comments Carl Schweppenhauser, Commissioner for Inland Revenue: "I really can't comment. There have been vague discussions, some of my officials might have discussed the matter, but I don't want to talk about it."

Reef 93 octane is now 83c/*l*. The beginning of the year saw it peak at 102c/*l*. If the fuel price fell to, say, 70c/*l*, GST would fall from 11c/*l* to 7,5c/*l*. It is difficult to estimate the revenue loss to government from this, but a calculated guess would put it at R200m a year.

If GST came down to 10%, the loss would be more like R260m. Something worth worrying about.

Sasol's revenue losses are even more difficult to assess. Company secretary, Robin Hugo, acknowledges, however: "When things start to pinch, maybe we'll have to go back to government. Remember, when the subsidy was abolished it was on condition that it would be reconsidered should the price fall."

Before the subsidy fell away, Customs and Excise took around 10,3c/*l*.

Stan Booth, group PR manager, makes the point that a large proportion of Sasol's production is from crude oil imports. "So the weakening in world crude prices is as much a benefit to Sasol as to the consumer. We also benefit from our export effort."

He concedes that income on coal-based operations is "very significantly affected" since the ex-producer price is directly linked to landed cost, down to 29,2c/*l* in April from 57,6c/*l* in January.

Overall, the revamping of petrol taxes may not affect the consumer significantly, since changes would take up the slack as prices fell further. However, the principle of tinkering with the cost structure, at a time when the economy desperately needs all the consumer support it can get, is worrying commentators.

The tools for fighting inflation are limited enough as it is.

Already the government has withheld some benefits of falling oil prices. Over-recovery is now estimated at 7,8c/*l*, which accumulates reserves on the industry slate. In March, over-recovery reached as high as 13c/*l*, and the reserves are now reputedly some R200m. However, government indicated recently that it will use this to replenish strategic stockpiles, heavily drawn upon in 1984-1985 to the tune of some R1,4 billion.

A drawdown on reserves was possible because of Sasol's oil-from-coal production at Secunda, believed to have saved almost R4 billion in foreign currency during 1985. ■

GST

A cut on the cards?

Speculation is that Pretoria's next move to stimulate the economy will be a cut in the 12% GST rate: maybe by at least 1% and possibly as early as this week. The idea that GST be cut is gathering momentum amidst

FIN MAIL 16/5/86

PRODUCTION PRICE FALLS

Another welcome drop in the increase in the production price index (PPI), to 19,6% year-on-year, is reported for March. More significant is that the imported price component has fallen to 27,9%. This compares to 30,8% the previous month and the peak of 32,7% in January.

The indices for the components hardly changed. The all-commodities index remained at 206,9, while the index for the imported component actually fell from 227,8 in February to 227,6.

Says Barclays' economist Alan Doyle: "It definitely points to a further cut in fuel prices; maybe we will see a fall in the CPI for April, from the March 18,9%." He points out that whether the steady reduction in imported inflation is passed on to the consumer depends very much on the government.

The authorities have already withheld some benefits of falling oil prices. For example, excluding the present over-recovery position and additional levies introduced by government since January, Reef 93 octane would cost just 68,4c/*l*, as opposed to 83c currently.

However, at least some benefits from the improvement in the PPI position should filter through to CPI.

In its latest monthly tape subscription service, *Economic Comment*, Barclays expects only a slow erosion in the reported year-on-year CPI, but the January 1987 figure may reveal a major fall because it will be compared to a major jump in CPI in January 1986.

The bank points out that in times of price volatility, year-on-year rates are not necessarily indicative of overall trends. Annualising the month-on-month increase may make the pattern more clear. The CPI for March on this basis, for example, suggested an annual inflation rate of just 8,4%.

More nuclear power plants in the pipeline, Escom says

55

W/E ARGUS 17/5/86

By DEREK TOMMEY
Financial Editor

ESCOM is not ruling out building more nuclear power stations, though it has no immediate plans for one.

In fact, an Escom team is surveying the southern and eastern Cape Coast for a possible site for another nuclear station, top officials said in Cape Town this week.

It was also disclosed that negotiations are to resume shortly with Mozambique and Portugal to find ways of reinstating the electric power supply from Cahora Bassa.

A high powered management team from Escom, consisting of Mr John Maree, the chairman, Mr Ian McRae, the senior general manager and Mr Larry Harper, general manager finance, made it clear in Cape Town this week that the bad old days when Escom imposed tariff increases greatly in excess of the inflation rate have ended.

Although continued inflation meant that Escom would still have to raise tariffs from time to time, Mr Maree pledged that in future the increases would be well below the inflation rate.

He was able to say this partly because of greater efficiency at Escom, and partly because of the slowdown in the growth in demand for electric power. As a result Escom's capital needs and interest payments should level off.

Escom is now expecting a 5,5 percent annual growth in demand for power in the next decade. On this figure Escom has enough capacity in operation and under construction to meet demand until the mid-1990s.

Thus there is no immediate pressure to embark on new undertakings.

However, should demand begin to exceed this figure more generating plant than now planned would have to be installed.

Whether the new plant will be coal-fired or nuclear will depend on when the power is needed. Nuclear plant has a much longer lead time than coal-fired plants and even if planning begins now it will probably not be operative before the late 1990's.

Meanwhile, meetings between South Africa and Mozambique and then between these two and Portugal are being scheduled to find ways of restoring the Cahora Bassa power supply.

Mozambique is keen to sell electric power to South Africa.

Escom seeking R100m

(55) 19/5/86 BUS DAY

ALAN SENDZUL

ESCOM hopes to raise R100m this week when it comes to the market for the first of its two public bond issues scheduled for this year.

After a determined effort to ease the financing burden on the local capital market, Escom declared it had cut, by R200m, its total financing needs from the original R3,6bn.

Escom's new-look management team told a packed gathering of investors that it planned to draw its money this week through a re-issue of Loan 163, a 10% 2004 loan, and a medium-term loan.

The 163 is part of the bumper consolidation issue which Escom used to tidy up its smaller, less marketable bonds, thereby streamlining the running of its portfolio.

Funding manager Francois Botha said the market test — to gauge the price of the bond issue — had gone extremely well.

Senbank and UAL acted as consulting merchant banks even though Escom usually handles the marketing and pricing of the issue.

Another R1,4bn will be available later to beef up the 163's secondary market tradeability.

Investors seemed impressed with Escom's professional presentation of finances and appeared to have been wooed before applications are due.

Escom has also added a sweetener to the medium-term loan.

It has tagged on an option whereby it would buy back the bonds from investors at the market rate ruling in a specified number of years.

This would mean that those who exercised the option would be buying a short-dated bond; but they could get the high return connected with longer-dated maturities.

Post Business

50 firms can benefit from offshore gas

By BOB KERNOHAN
Business Editor

UP to 50 companies could benefit from the development of the Mossel Bay offshore gas find.

City businessmen were told this today by Mr James Corpe, engineering manager of Emso in Cape Town, which has been awarded the major contract.

Addressing the Midland Chamber of Industry's Index '86 seminar Mr Corpe said that engineering and design, procurement of materials and equipment, and materials control and warehousing would be undertaken by his company.

But the balance of work — usually involving between 45 to 50 contracts — would go to other companies.

This would include the fabrication of the rig's jacket, support frame and "topside" facilities; the installation of the offshore facilities; offshore and onshore pipe lane, and hooking up and commissioning the offshore "top sides".

Building of modules for the "topside" of the rig could in itself provide work for up to six yards.

Other details indicating the scale and cost of the development provided by Mr Corpe included:

- The steel support structure would weigh between 8 000 and 12 000 tons.
- Piling would weigh a further 8 000 tons.
- The specialised barge needed to lift the structure would cost $250 000 (R500 000) a day to hire.
- The pipe lane barge would cost $200 000 (R400 000) a day to hire — and would be rquired for 70 days.

Mr Corpe added that companies with the basic resources and capabilities to manufacture the equipment existed in South Africa, but they would require assistance from overseas.

Specialised items of equipment — like the barges — would also have to be brought in from overseas.

Oddy says PE could become 'energy city'

By BOB KERNOHAN

PORT ELIZABETH could become South Africa's "energy city", businessmen were told today.

Opening the Midland Chamber of Industries Index '86 seminar, MCI president Mr Bill Oddy said there were many people who "ridiculed" confidence in Port Elizabeth and Uitenhage that the area could recover from its economic setbacks and enjoy industrial growth.

The Mossel Bay fuel from gas project offered excellent opportunities to stimulate the economy and to enable local industries to diversify as many wanted to do.

Mr Oddy said that with the Mossel Bay project and South Africa's second nuclear power station likely to be built nearby, there was no reason why Port Elizabeth should not be known as the "energy city of South Africa".

EVE POST. 20/5/86

(5)

ment and (b) in respect of what date is this information furnished?

†The MINISTER OF HEALTH SERVICES AND WELFARE (for the Minister of Education and Culture):

(a) (i) and (ii) Such detailed statistics are normally not kept and are dependent on a variety of factors, for instance the choice of subjects by pupils for a particular year and the school timetable which is drawn up accordingly. While it can be argued that in a Latin class of 15 pupils the same number of vacancies exist, this would be a misrepresentation. Statistics regarding the exact number of pupils that can be accommodated in each class in each school are not kept and are therefore not readily available. The same applies to smaller primary schools where standards are grouped together. The planning is done according to local needs and vacancies which exist elsewhere do not influence the provision in local needs,

(b) falls away.

For written reply:

General Affairs:

Q COL 1791
20/5/86 HANSARD
Oil

803. Mr R R HULLEY asked the Minister of Mineral and Energy Affairs:

In respect of the latest specified date for which figures are available, (a) what was the landed cost in South Africa of crude oil in United States dollars per barrel, (b) what, in respect of 93-octane petrol, was this cost expressed in cents per litre at the pump and (c) what elements comprised the marketing margin in the latest petrol price composition?

The MINISTER OF MINERAL AND ENERGY AFFAIRS:

(a) USA $ 14,01 per barrel for April 1986.

(b) The landed cost as reflected in the price on 14 April 1986 was 41,50 c/ℓ.

(c) The petrol price contain a wholesale margin and a retail margin which in both cases are aimed at receiving normal operational costs as well as a reasonable return on funds employed.

~~Q COL 1792~~

Staff establishment

~~HANSARD 20/5/86~~

813. Mr M A TARR asked the State President:

(1) (a) What was the authorised staff establishment of his Office in the various grades of employment as at the latest specified date for which figures are available, (b) how many (i) Whites, (ii) Blacks, (iii) Coloureds and (iv) Indians were employed in each grade as at that date and (c) what is the policy of his Office regarding the promotion of Blacks, Coloureds and Indians to higher grades;

(2) whether staff of different race groups belong to the same staff association; if not, why not?

The STATE PRESIDENT:

(*See* reply to Question No 839 in col 1802.)

Q COL 1792

Staff establishment

HANSARD 20/5/86

814. Mr M A TARR asked the Deputy Minister of Information:

(1) (a) What was the authorised staff establishment of the Bureau for Information in the various grades of employment as at the latest specified date for which figures are available, (b) how many (i) Whites, (ii) Blacks, (iii) Coloureds and (iv) Indians were employed in each grade as at that date and (c) what is the policy of the Bureau regarding the promotion of Blacks, Coloureds and Indians to higher grades;

(2) whether staff of different race groups belong to the same staff association; if not, why not?

The DEPUTY MINISTER OF INFORMATION:

(*See* reply to Question No 839 in col 1802.)

HANSARD

Staff establishment

817. Mr M A TARR asked the Minister of Transport Affairs:

(1) (a) What was the authorised staff establishment of the Department of Transport in the various grades of employment as at the latest specified date for which figures are available, (b) how many (i) Whites, (ii) Blacks, (iii) Coloureds and (iv) Indians were employed in each grade as at that date and (c) what is the policy of this Department regarding the promotion of Blacks, Coloureds and Indians to higher grades;

(2) whether staff of different race groups belong to the same staff association; if not, why not?

The MINISTER OF TRANSPORT AFFAIRS:

(*See* reply to Question No 839 in col 1802.)

Staff establishment

818. Mr M A TARR asked the Minister of Constitutional Development and Planning:

(1) (a) What was the authorised staff establishment of his Department in the various grades of employment as at the latest specified date for which figures are available, (b) how many (i) Whites, (ii) Blacks, (iii) Coloureds and (iv) Indians were employed in each grade as at that date and (c) what is the policy of his Department regarding the promotion of Blacks, Coloureds and Indians to higher grades;

(2) whether staff of different race groups belong to the same staff association; if not, why not?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

(*See* reply to Question No 839 in col 1802.)

Staff establishment

819. Mr M A TARR asked the Minister of Foreign Affairs:

(1) (a) What was the authorised staff establishment of his Department in the various grades of employment as at the latest specified date for which figures are available, (b) how many (i) Whites, (ii) Blacks, (iii) Coloureds and (iv) Indians were employed in each grade as at that date and (c) what is the policy of his Department regarding the promotion of Blacks, Coloureds and Indians to higher grades;

(2) whether staff of different race groups belong to the same staff association; if not, why not?

The MINISTER OF FOREIGN AFFAIRS:

(*See* reply to Question No 839 in col 1802.)

Staff establishment

820. Mr M A TARR asked the Minister of National Education:

(1) (a) What was the authorised staff establishment of his Department in the various grades of employment as at the latest specified date for which figures are available, (b) how many (i) Whites, (ii) Blacks, (iii) Coloureds and (iv) Indians were employed in each grade as at that date and (c) what is the policy of his Department regarding the promotion of Blacks, Coloureds and Indians to higher grades;

specified date for which figures are available, (b) how many (i) Whites, (ii) Blacks, (iii) Coloureds and (iv) Indians were employed in each grade as at that date and (c) what is the policy of the Commission regarding the promotion of Blacks, Coloureds and Indians to higher grades;

(2) whether staff of different race groups belong to the same staff association; if not, why not?

The MINISTER FOR ADMINISTRATION AND ECONOMIC ADVISORY SERVICES:

The under-mentioned details also serve as answer to identical Question nos. 813 and 814, 817 to 820, 823 to 825, 827 to 838 and 840.

(1) (a) and (b) The particulars supplied by individual departments/institutions as at 1 April 1986 are reflected in the following annexures:*

Department/Institution	*Annexure*
Home Affairs	1
Foreign Affairs	2
Bureau for Information	3
Finance	4
Prison Service	5
Trade and Industry	6
Justice	7
Office of the State President	8
Office of the Commission for Administration	9
Office of the Auditor-General	10
Agricultural Economics and Marketing	11
Manpower	12
Mineral and Energy Affairs	13
National Health and Population Development	14
National Education	15
Environment Affairs	16
Education and Training	17
Development Aid	18
Public Works and Land Affairs	19
Central Economic Advisory Service	20
Central Statistics Service	21
Constitutional Development and Planning	22
Transport	23
Water Affairs	24

(1) (c) In terms of the official employment policy, there is no discrimination against any candidate/officer of any population group. The principles of merit and efficiency are always applied when posts are filled.

(2) No. Membership of the various staff associations is determined by their respective constitutions. The Commission for Administration is not called upon to prescribe to these associations what their membership requirements ought to be.

*[Reply to subparagraphs (1)(a) and (b) of this question, ie Annexures 1 to 24, *bound in Annexures of Parliament— see M147-1986.*]

Staff establishment

840. Mr M A TARR asked the Minister of National Health and Population Development:

(1) (a) What was the authorised staff establishment of his Department in the various grades of employment as at the latest specified date for which figures are available, (b) how many (i) Whites, (ii) Blacks, (iii) Coloureds and (iv) Indians were employed in each grade as at that date and (c) what is the policy of his Department regarding the promotion of Blacks, Coloureds and Indians to higher grades;

(2) whether staff of different race groups belong to the same staff association; if not, why not?

The MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT:

(*See* reply to Question No 839 in col 1802.)

55 288 289

Cahora Bassa scheme

HANDWAKD

841. Mr L F STOFBERG asked the Minister of Mineral and Energy Affairs:†

(1) (a)(i) What amounts have been invested in and/or spent on the Cahora Bassa scheme by the State, State institutions and other local institutions with the permission of the State and (ii) in respect of what specified period is this information furnished, (b) what percentage of the total investment in the said scheme do these amounts represent and (c)(i) in what manner are these amounts being repaid and (ii) what amount has been repaid;

(2) (a) how much electricity has been supplied to the Republic by this scheme in each specified year since it was put into operation and (b) what was the planned supply to the Republic in respect of each such year;

(3) (a) at what price was this electricity supplied to Escom in each of these years and (b)(i) what is the current price of such electricity in terms of the Nkomati Accord and (ii) in respect of what date is this information furnished?

The MINISTER OF MINERAL AND ENERGY AFFAIRS:

(1) (a) (i) The State has made available an amount of R35 million to the Portuguese Government to cover expected losses during the first few years of operation of the project. An amount of R144,8 million was lent to Escom for the construction of power lines and a substation on RSA territory. The Industrial Development Corporation granted R41,5 million, in the form of export credit financing, to the South African contractor who was a member of the consortium that built the scheme.

(ii) From 1973 to 31 December 1985.

(b) This figure is not available as the final cost of the project which was the responsibility of the Portuguese Government, is not known.

(c) (i) The amounts of R35 million and R41,5 million are redeemed in instalments. In terms of an agreement Escom is not obliged to repay the amount of R144,8 million unless there is a decrease of the tariff paid by Escom for power supplied from Cahora Bassa. The benefit which may be gained by Escom by such a decrease must be paid over to the State until the amount advanced to Escom is redeemed.

(ii) In respect of the amount of R35 million: Nil
In respect of the amount of R144,8 million: Nil
In respect of the amount of R41,5 million: R27,3 million

NOTE: The first instalment in respect of the amount of R35 m is not payable before February 1989.

(2) (a)

Year	GWh
1977	4 232
1978	6 927
1979	6 651
1980	8 714
1981	2 606
1982	2 111
1983	4 839
1984	Nil
1985	149

(b)

Year	GWh	MW (Maximum Supply)
1977	5 000	1 000
1978	7 200	995
1979	10 278	1 385
1980	10 278	1 370
1981	10 278	1 370
1982	10 278	1 370
1983	10 278	1 370
1984	10 278	1 370
1985	10 125	1 355

(3) (a)

Year	Price in cent per kWh for firm power	Price in cent per kWh for non-firm power	Actual average price in cent per kWh
1977	0,5	0,166	0,390
1978	0,5	0,166	0,381
1979	0,5	0,166	0,408
1980	0,5	0,166	0,400
1981	0,5	0,166	0,166
1982	0,5	0,166	0,167
1983	0,5	0,166	0,167
1984	1,1	0,25	Nil
1985	1,1	0,25	0,255

(b) (i) 0,75 cent per kWh for firm power plus a premium of 0,35 cent per kWh if the supply is reliable; and 0,25 cent per kWh for non-firm power ie during *force majeure* situations and delivery of more than the contracted supply.

It may be mentioned that electricity is not supplied in terms of the Nkomati Accord. It is done in terms of a tripartite agreement between the South African, Portuguese- and Mozambique Governments (called the main agreement) and a supply agreement between Escom, the Portuguese- and Mozambique Governments.

(ii) March 1977 to 31 December 1985.

Staff transferred

848. Mrs H SUZMAN asked the Minister of Justice:

(1) Whether any staff members attached to the commissioners' courts were transferred from the former Department of Co-operation and Development to his Department with the transfer of these courts in 1984; if so, how many;

(2) whether any of these staff members were subsequently transferred to posts in his Department not related to the work being done by the commissioners' courts; if so, (a) why and (b) how many;

(3) whether any additional staff members have been appointed to fill the vacancies caused in respect of the said courts by the transfer of these staff members; if not, why not; if so, (a) how many and (b) when?

The MINISTER OF JUSTICE:

The hon member is referred to my written answer Question No 839 of 1985.

HANSARD 20/5/86

Maintenance

851. Mrs H SUZMAN asked the Minister of Justice:

QCWL 1808

(1) What was the average number of (a) new maintenance order applications made and (b) cases finalised per month at the maintenance court at Observatory, Cape Town, in 1985;

(2) what percentage of (a) maintanance order applications were (i) finalised by the maintenance officer and (ii) referred to trial and (b) fathers failed to comply with maintenance orders in 1985;

(3) whether any of these fathers were prosecuted; if so, what percentage of those who failed to comply were prosecuted;

(4) What is the average maintenance per child per month granted by these courts in respect of Black persons in 1985?

The MINISTER OF JUSTICE:

There is no maintenance court at Observatory, Cape Town. Observatory falls within the magisterial district of Cape Town and maintenance enquiries originating from Observatory are held in the Magistrate's Court, Cape Town. Statistics of cases which originate from Observatory are not kept separately and the required information is, therefore, not available.

Maintenance

855. Mrs H SUZMAN asked the Minister of Justice:

(1) Whether any complaints have been received by any persons attached to his Department regarding the division of maintenance court functions among Observatory, Wynberg and Cape Town in the Cape Peninsula; if so, (a) when, (b) from whom and (c) what was the (i) nature of the complaints and (ii) response thereto;

(2) whether any action is to be taken as a result; if not, why not; if so, (a) what action and (b) when?

The MINISTER OF JUSTICE:

(1) and (2) As far as can be established no complaints have been received by officers of the Department.

HANSARD

Divorce

856. Mrs H SUZMAN asked the Minister of Justice:

20/5/86 QCWL 1809

(1) (a) How many *in forma pauperis* divorces were granted in 1985, (b) what was the limit in cash or assets for qualification for *in forma pauperis* divorces as at the latest specified date for which information is available and (c)(i) when was this limit for the means test last increased and (ii) what was the increase on this occasion;

(2) whether the means test for *in forma pauperis* proceedings will be re-evaluated in the light of the rising cost of living and the cost of divorce; if not, why not; if so, when?

The MINISTER OF JUSTICE:

(1) (a) The required information is not available.

(b) R100.

(c) (i) On 15 January 1965 with the promulgation of the rules regulating the conduct of the proceedings in the several provincial and local divisions of the Supreme Court of South Africa.

(ii) Before the commencement of the above-mentioned rules the matter was dealt with separately in each Division of the Supreme Court:

In the Transvaal, Natal and Orange Free State Provincial Divisions the limit was R50.

In the Cape Provincial Division the limit was R30.

(2) Yes. The matter is at present under consideration.

Maintenance

857. Mrs H SUZMAN asked the Minister of Justice:

(1) What percentage of maintenance order applications was (a) finalised by the maintenance officer and (b) referred to trial in respect of (i) Coloured and (ii) White persons in 1985;

(2) what was the average maintenance order granted per month per child in respect of (a) Coloured and (b) White persons in 1985?

PE gas service runs at huge loss

evE post 21/5/86 (5)

Post Reporter

THE municipal gas service is running at a massive loss according to a report by the City Treasurer, Mr Amandus Strydom, in which he estimates the operating deficit on the gas service for the next financial year to be R4,2 million.

This is a marked deterioration on previous years. The revised deficit for the 1985/86 financial year was R2 759 430.

Mr Strydom says in his report — which prefaces the annual capital and operating budget of the Port Elizabeth Municipality to be considered by the City Council at its meeting next week — that the increased deficit was due mainly to the effect of cost increases in coal and railage.

It was further aggravated by the recent price decrease in oil related products.

The predicted income from gas sales in the 1986/87 financial year was estimated at R230 000 less than the cost of gas production.

The position had now been reached where it would be cheaper to discontinue gas production and just repay the outstanding debt on the undertaking.

Mr Strydom said the council would consider the position of the major industries making use of gas in their production processes.

Nevertheless, he said, the future of the operation should now be seriously considered.

Escom surgery should have a ripple effect on the economy

21/5/86 · BUSDAY (55)

ALAN SENDZUL

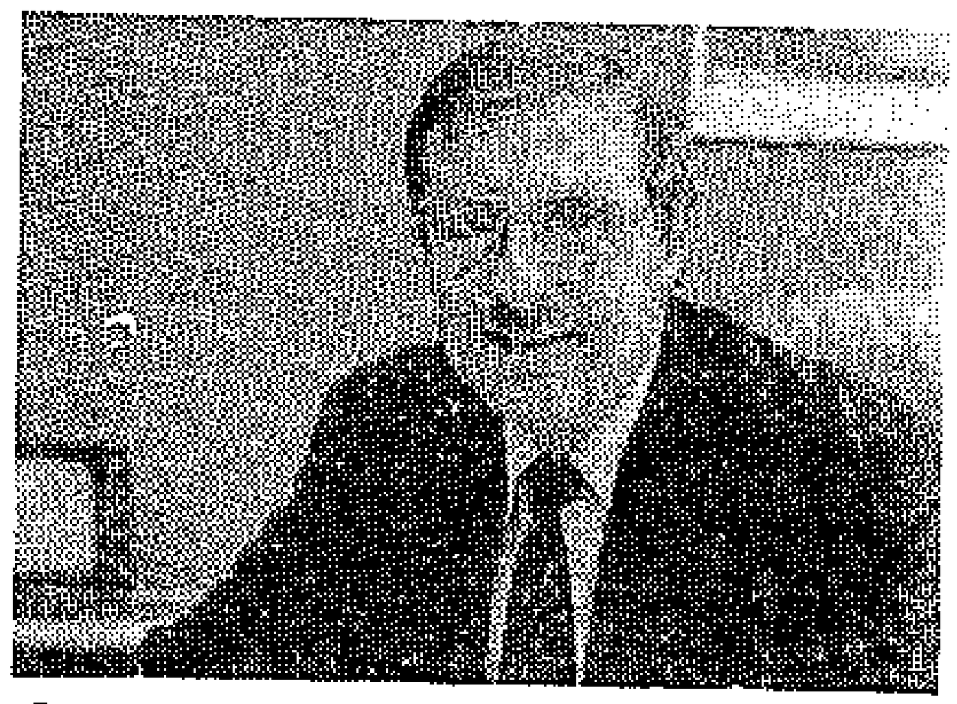
WHEN A public corporation the size of Escom decides to upgrade its image and apply surgery to its finances there is sure to be a ripple effect throughout the economy.

The utility believes the running of its affairs can make a dent on inflation and probably contribute to lower capital market rates from reduced borrowing pressure.

Funding manager Francois Botha feels that 1985 was a high cost year and projections for the rest of this decade bears it out to be exceptional. The 1989 borrowing projection of R4,1bn is second only to 1985's R4,9bn with 1986 being R3,4bn, 1987 R4bn and 1988 at R3,8bn.

At this stage it appears that foreign money for the next few years will be limited to export credit guarantee finance. Export agencies will put up R320m for Escom this year with roughly the same amounts during the next few years.

True to speak, the utility's promises can only be measured at its financial year end, but the importance of this streamlining precedent should not be overlooked bearing in mind the enormity of the big semi-government organisations.



● BOTHA . . . seeking overseas funds to refurbish Escom's image.

Botha said after his recent trip abroad that he was not unduly concerned about the prospect of foreign funding. But then it was not so much a quest for fresh money than it was to try and defer repayment on loans.

But his apparent plan, which is still being negotiated with foreign bankers, appears to be some deal which would allow Escom to take over standstill proceeds being kept with the Public Investment Commissioners (PIC).

The PIC is holding a few hundred million dollars which could be lost to the country once the standstill is lifted. It appears that Escom had some leverage from its dealings over the years in the Eurobond market.

In the past, the succcess of its foreign public bond issues has been accredited to support from small investors. Botha said: "Well known brand names like IBM, Phillip Morris or Siemens have always attracted money with lesser regard paid to the bond's riskiness.

"At Escom we don't have that kind of appeal but over the years people have become accustomed to our name in the market and that has helped us. However, things are different and our banking friends have told us that they were caught unawares by the unilateral standstill."

Botha said Escom's 20 years in the Euromarket had made it an accepted force but overseas investors had not directly linked its name to that of the SA government.

On the subject of forward cover, an area which has proved treacherous for the bigger bodies, Escom said its policy had been one of selective cover. Leaving foreign loans exposed was second most expensive to covering everything.

Electricity costs soaring — survey

BUS DAY 6/5/86

ELECTRICITY prices in South Africa showed a massive average increase of 19,7% for the year ended March 31.

That is according to the latest survey conducted by the National Utility Services (NUS), the international energy and fuel consultants.

The increase is nearly four times higher than the next highest percentage of 5,3% in Sweden, which led the tables in percentage increases the previous year.

Last year's 9% increase and this year's jump — predicted by NUS — stems directly from Escom's new financial planning.

"Although Escom have little choice but to pass on their own increased costs, consumers should surely expect some stabilisation of tariff prices in order that they, in turn, can play their part in reducing the inflationary spiral," said Peter Cornelius of NUS South Africa.

Of the 12 Western countries included in the NUS survey, only five countries — South Africa, West Germany, Sweden, Britain and the US — experienced average increases.

In the others, there was an actual reduction.

The Netherlands took the bouquet with a 22,5% reduction from 12,98c to 10,06c.

Despite the heavy increases, South Africa still maintained the lowest unweighted average of all the 12 countries.

The average of the four major cities, Cape Town, Durban, Johannesburg and Pretoria, at prices ruling on April 1 this year, was 5,81c.

The NUS survey, based on customer size of 1 000Kw and 450 000Kw a month, shows that Pretoria, at 4,67c, is still the lowest non-hydro supplier in the world and is second only to Manitoba Hydro in Canada at 4,39c.

Cape Town is the highest in South Africa at 7,73c, with Durban second at 6,39c. — Sapa.

Northern Transvaal Development Board

(1) (a)(i), (ii) and (iii) None.

(b)(i), (ii) and (iii) Nil.

(2) Yes—279.

(3)(a), (b) and (c) No—No houses are currently being built but the upgrading of all townships in the Board's area of jurisdiction is in a planning stage.

(i) and (ii) Fall away.

Northern-Cape Development Board

(1) (a)(i), (ii) and (iii) None.

(b)(i), (ii) and (iii) Nil.

(2) Yes—5 407.

(3) (a) Yes.

(i) 297.

(ii) 1986.

(b) and (c) No—Due to the lack of funds as a result of the unfavourable economic climate and a shortage of serviced sites negotiations with a private company for the erection of 40 houses at Boipelo (Reivilo) is presently taking place. The supported self-build action which will speed up the provision of housing is now being extended to all townships in the area of jurisdiction of the Development Board.

(i) and (ii) Fall away.

Western-Cape Development Board

(1) (a) (i) 3 001.

(ii) and (iii) None.

(b) (i) R253 217.

(ii) and (iii) Nil.

(2) Yes—9 051.

(3) (a) Yes.

(i) 297.

(ii) 1986.

(b) No—Serviced sites are not available at present.

(i) and (ii) Fall away.

(c) Yes—Private developers.

(i) 151.

(ii) Approximately 1988.

East-Cape Development Board

(1) (a) (i) 661.

(ii) 305.

(iii) 445.

(b) (i) R4 600 422.

(ii) R1 380 430.

(iii) Amounts expended by developers and employers are not readily available, however, amounts expended range between R35 000 and R150 000 per unit.

(2) Yes—8 755.

(3) (a) Yes.

(i) 4 142.

(ii) 1987.

(b) Yes.

(i) Approximately 74.

(ii) 1987.

(c) Yes—Developers and employers.

(i) 141.

(ii) 1986.

Central-Transvaal Development Board

(1) (a)(i), (ii) and (iii) None.

(b)(i), (ii) and (iii) Nil.

(2) Yes—1 217.

(3)(a), (b) and (c) No—The future of the Black towns at Brits and Thabazimbi is uncertain and no development can therefore take place at present.

(i) and (ii) Fall away.

Western Transvaal Development Board

(1) (a) (i) 222.

(ii) 74.

(iii) 12.

(b) (i) R609 420.

(ii) R1 023 553.

(iii) R96 000.

(2) Yes—3 553.

(3) (a) Yes.

(i) 395.

(ii) 1986.

(b) Yes.

(i) 80.

(ii) The Development Board is not in a position to furnish a date of completion.

(c) Yes.

(i) 13.

(ii) The Development Board is not in a position to furnish a date of completion.

Highveld Development Board

(1) (a) (i) 52.

(ii) 104.

(iii) 11.

(b) (i) R515 000.

(ii) R3 428 506.

(iii) R309 328.

(2) Yes—4 723.

(3) (a) Yes.

(i) 142.

(ii) 1986.

(b) Yes.

(i) 147.

(ii) 1986.

(c) Yes—Developers and employers.

(i) 74.

(ii) 1986.

HANSARD 2/5/86 Q col 1526 55

Houses: electricity

760. Mr P G SOAL asked the Minister of Constitutional Development and Planning:

What (a) total number and (b) percentage of houses in townships falling under each specified Development Board (i) was being supplied and (ii) remained to be supplied with electricity as at the latest specified date for which information is available?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

Electricity where available, is supplied to residents on request on payment there-for at an economic tariff rate. On this basis the following reply is furnished:

Central-Transvaal Development Board

(a) (i) 69

(ii) 752

(b) (i) 8,4%

(ii) 91,6%

As at 31 March 1986.

Highveld Development Board

(a) (i) 5 208

(ii) 6 336

(b) (i) 45,12%

(ii) 54,88%

As at 31 March 1986.

Western-Transvaal Development Board

(a) (i) 465

(ii) 12 128

(b) (i) 3,69%

(ii) 96,31%

As at 31 March 1986.

East-Cape Development Board

(a) (i) 973

(ii) 14 521

(b) (i) 6,28%

(ii) 93,72%

As at 31 March 1986.

West-Rand Development Board

(a) (i) 28

(ii) 1 097

(b) (i) 2,5%

(ii) 97,5%

As at 31 March 1986.

East-Rand Development Board

(a) (i) 2 790

(ii) 14 251

(b) (i) 16,37%

(ii) 83,63%

As at 31 March 1986.

Northern-Cape Development Board

(a) (i) 247

(ii) 6 711

(b) (i) 3,55%

(ii) 96,45%

As at 31 March 1986.

Natalia Development Board

(a) (i) 3 742

(ii) 7 629

(b) (i) 32,91%

(ii) 67,09%

As at 31 March 1986.

Eastern-Transvaal Development Board

(a) (i) 883

(ii) 6 751

(b) (i) 11,57%

(ii) 88,43%

As at 31 March 1986.

Northern-Transvaal Development Board

(a) (i) 9

(ii) 1 476

(b) (i) 0,61%

(ii) 99,39%

As at 31 March 1986.

Orange-Vaal Development Board

(a) (i) 1 075

(ii) 14 735

(b) (i) 6,8%

(ii) 93,2%

As at 31 March 1986.

Western-Cape Development Board

(a) (i) 6 934

(ii) 14 851

(b) (i) 31,83%

(ii) 68,17%

As at 28 February 1986.

Southern OFS Development Board

(a) (i) 437

(ii) 17 369

(b) (i) 2,45%

(ii) 97,55%

As at 31 March 1986.

HANSARD 2/5/86

Teargas

785. Mr P R C ROGERS asked the Minister of Defence:

(1) Whether Armscor is the sole (a) manufacturer and (b) supplier of the tear-gas used by the South African Defence Force; if not, who are the (i) manufacturers and (ii) suppliers of the tear-gas used by the Defence Force;

(2) whether any reports have been received of tear-gas causing (a) death and (b) serious injury to health; if so, (i) how many (aa) deaths and (bb) serious injuries to health had been reported as at the latest specified date for which information is available and (ii) from whom were such reports received;

(3) whether any such (a) deaths and (b) serious injuries to health resulted in (i) court action and (ii) claims against the State; if so, what are the relevant particulars in each case;

(4) whether there is an antidote available to the South African Defence Force for the treatment of persons suffering from over-exposure to tear-gas; if so, what antidote;

(5) whether such antidote is also available to South African Defence personnel in the event of accidental over-exposure, if not, why not?

The MINISTER OF DEFENCE:

(1) (a) and (b) Yes.

(2) (a) No.

(b) As far as could be established only one complaint was made where the SA Defence Force may have been involved, that tearsmoke had an injurious effect on persons. The complainant, Mr R Sonamzi, could not say whether the tearsmoke was fired by the SA Defence Force or the SA Police.

(3) (a) Falls away.

(b) No. A claim was, however, received which could possibly be linked with the use of tearsmoke

ESCOM 2|5|86 (55)

Current savings

Escom has found a way to earn an extra R40m a year from the sale of surplus electricity supplies. At the same time, the scheme has saved millions of rands for SA's major cities.

The municipalities of Johannesburg, Bloemfontein, Pretoria, Port Elizabeth and Cape Town have been receiving cut-price electricity from Escom during the summer months. But full charges will be paid for the three winter months from June to August, when some of their own generating capacity will augment Escom's supply.

Slower electricity consumption growth in recent years has meant that some of Escom's established plants have been inefficiently used. The cut-rate scheme was introduced to enable the corporation to utilise more fully its base-load power stations. Savings have been passed on to municipalities, hopefully leading to greater power consumption.

The municipalities' total electricity bills for the year have been based on the higher demand recorded during the winter months. "The new scheme means that we pay a very low price during summer and a higher price during the winter, when our own power augments the Escom supply. It's a kind of off-peak tariff rate," explains Cape Town city electrical engineer Dennis Palser.

Palser says the scheme has worked very well. "When we come to raising the electricity tariff, as we must in the near future, the increase will be 5% lower than it would have been if Escom had not introduced this scheme."

Benefit customers

Escom customer services manager Robert Reilly says the scheme was introduced "to help keep the price of electricity down, to the benefit of Escom and municipality customers."

Palser sees the scheme as "a clever inducement to sell more energy. It encourages consumption because of the cheaper rates."

However, the extra supply has not led to a total shut-down of power generation by the municipalities. "We could not have introduced this system if they did not have their own generating capacity," says Reilly. "Our intention is to increase sales of electricity, not revenue.

"The cities' own generating capacity has not been sufficient to meet demand for some years now," he adds. But Escom is not prepared to be the sole source of municipal power.

Reilly says it amounts to a mutual standby arrangement, with municipalities obliged to maintain their own equipment to be able to cater for emergencies and to provide part of their own needs during winter.

But Cape Town, which had a thermal power station, as well as a hydro-electric station and two gas turbines, has been able to shut down its thermal station altogether.

It seems the scheme will be reinstated next September. Palser certainly hopes so. "Escom," he says, "is to be commended for introducing the system. Cape Town has saved millions of rands in the course of the year." ■

ARGUS 30/4/86

(5) 86

Koeberg power station

Shutdown call as Escom gives Koeberg assurance

Staff Reporters

ALTHOUGH Escom has given the assurance that the malfunction which occurred at the Kiev reactor could not occur at Koeberg, the anti-nuclear organisation Koeberg Alert has called for the closure of the Koeberg power station.

Mr Andre van Heerden, Escom's head of communications in the Cape said today a nuclear reactor malfunction such as the one that occurred at Kiev could not happen at Koeberg.

The apparent cause of the Kiev disaster was that the core of the Soviet reactor melted causing radioactive fuel to boil off into the atmosphere.

However, the nuclear plants at Koeberg and Kiev were completely different in design and construction.

"Water is used to slow down neutrons in moderators at Koeberg, whereas the plant in Kiev uses graphite moderators," said Mr van Heerden.

There was no possibility of a similar accident near Cape Town. At Koeberg, the French-built reactors have been housed in concrete "containment" buildings lined with steel, he said.

"Most Russian nuclear power plants don't have 'containment' buildings."

Koeberg Alert spokesman Mr John Venn said claims that an accident like that at Chernobyl could not happen at Koeberg were premature.

It was incorrect for Koeberg authorities to claim that the containment building at Koeberg would prevent the release of radiation in the event of a meltdown of the reactor core, because enormous pressure build-up would rupture the containment building.

"Koeberg Alert calls on Escom and the Atomic Energy Corporation to close Koeberg and we call for a full public investigation into the safety of the nuclear industry in South Africa."

Mossel Bay contract is still not wrapped up

1/5/86 BUS DAY 55

FINAL negotiations for the offshore design contract of the R5bn Mossel Bay fuel-from-gas project are still taking place.

Soekor and EMSO — the company responsible for the offshore feasibility study — are currently discussing clauses in the offshore conceptual design contract, says Soekor PRO Mike Lybrandt.

Despite some public confusion, the management contract for this first phase of the R5bn fuel project has not been awarded. This will only be done once details of the contract have been finalised.

Government estimates say the off-shore development will cost almost R2,3bn — R21,2m of which will be spent during 1986.

CHERILYN IRETON

However, further progress will depend on how soon the initial contract for the R2,3bn offshore development can be finalised.

EMSO, a company jointly owned by EMS and Crawford Russel, is the frontrunner for this first contract.

Industry officials are tipping Bateman Foster Wheeler, a joint venture between E L Bateman and American company Foster Wheeler, for the onshore contract.

Tenders, however, are not yet open for this section, which will include the processing plant.

ing this action and (c) what were the results;

(6) whether any member of the South African Police has received any representations regarding Lawaaikamp in 1986; if so, (a) when, (b) from whom and (c) what was the (i) nature of each representation and (ii) response thereto?

†The MINISTER OF LAW AND ORDER:

(1) Yes.

(a) 05h30 until 12h00.

(b) To trace suspected criminals.

(c) A Major in the South African Police.

(2) Yes.

(a) To cordon off the township.

(b) The Divisional Commissioner.

(c) An infantry division of the South African Defence Force.

(3) Yes.

(a) 33 persons.

(b) and (c) Assault with intent to do grievous bodily harm;
Vehicle theft;
Arson;
Malicious injury to property;
Public violence;
Robbery;
Resisting arrest;
Riotous conduct;
Sabotage.

(4) Yes, 12 persons.

(5) Yes.

(a) Road barricades were removed and the inhabitants were informed of the purpose of the police action.

(b) To obtain the cooperation and goodwill of the inhabitants.

(c) The inhabitants gave their cooperation.

(6) Yes.

(a) During February 1986 and on 8 April 1986.

(b) I do not deem it in the public interest to furnish this information.

(c) (i) All the representations concerned complaints of intimidation, threats of violence, malicious injury to property and stock theft, which were initiated from Lawaaikamp.

(ii) The South African Police as a result of the representations took the necessary steps on 22 April 1986, through which law and order were restored in the area.

Talks with Jacques Chirac

6/5/80 Q col 1616

*25. The LEADER OF THE OFFICIAL OPPOSITION asked the Minister of Foreign Affairs:

HANSARD

(1) Whether any official of any Government Department held talks with any member of the government of Prime Minister Jacques Chirac of France in 1986; if so, (a) what is the name of the official concerned, (b) in what Government Department is he employed, (c) what position does he hold, (d)(i) when and (ii) where did these talks take place and (e) what was discussed;

(2) whether any agreements were reached between the two governments; if so, what agreements;

(3) whether he will make a statement on the matter?

The MINISTER OF FOREIGN AFFAIRS:

(1) Yes.

(a) Mr A L Manley in addition to contact between the South African Ambassador in Paris and his staff, and the French Government.

(b) Department of Foreign Affairs.

(c) Deputy-Director, Office of the Minister of Foreign Affairs.

(d) (i) 16, 17, and 18 April 1986.

(ii) Paris.

(e) The reform programme of the South African Government, bilateral issues and matters of common concern were discussed.

(2) No.

(3) No.

Q col 1617

55

Talks on nuclear energy

HANSARD 6/5/80

*26. The LEADER OF THE OFFICIAL OPPOSITION asked the Minister of Foreign Affairs:

(1) Whether he recently held talks on nuclear energy with representatives of any foreign governments; if so, (a) on what date or dates, (b) with representatives of which government or governments, (c) what are the names of these representatives, (d) what positions do they hold and (e) what issues were discussed;

(2) whether any members or representatives of any other South African Government Departments were present at these talks; if so, (a) of which Departments, (b) what are the names of these persons and (c) what positions do they hold within each of the Departments concerned;

(3) whether any agreements were reached regarding (a) nuclear energy and/or (b) any other related matters; if so, (i) on what specified matters were agreements reached and (ii) what was the nature of these agreements in each case?

†The MINISTER OF FOREIGN AFFAIRS:

(1) Yes.

(a) 19 March and 21 April 1986.

(b) The Government of the United States of America.

(c) and (d) For the discussions on nuclear energy matters the United States delegation was led on both occasions by Ambassador Richard Kennedy, Ambassador at large for Non-Proliferation and Nuclear Energy Affairs, assisted on 19 March 1986 by Mr Frank Wisner, Deputy Assistant Secretary of State for African Affairs and on 21 April 1986 by Dr Chester Crocker, Assistant Secretary of State for African Affairs. I do not feel at liberty to release the names of the other members of the United States delegation.

(e) Matters relating to the International Atomic Energy Agency (IAEA) and the Treaty on the Non-Proliferation of Nuclear Weapons.

(2) Yes. (a), (b) and (c) The full South African delegation at the talks was as follows:

On 19 March 1986

Mr R F Botha	Minister of Foreign Affairs (Leader)
Mr D W Steyn	Minister of Mineral and Energy Affairs
Dr W de Villiers	Executive Chairman, Atomic Energy Corporation

Our power's cheapest but ...

SA tops the list in electricity price increases

Electricity prices in South Africa showed a massive average increase of 19,7 percent for the year ended March 31, according to the latest survey conducted by the National Utility Services (NUS), the international energy and fuel consultants.

This increase was nearly four times higher than the next highest percentage of 5,3 in Sweden, which last year led the tables in percentage increases.

Last year's 9 percent increase and this year's jump — predicted by NUS — stems directly from Escom's new financial planning.

"Although Escom have little choice but to pass on their own increased costs, consumers should surely expect some stabilisation of tariff prices in order that they, in turn, can play their part in reducing the inflationary spiral," said Mr Peter Cornelius of NUS South Africa.

Of the 12 Western countries included in the NUS survey, only five countries — South Africa, West Germany, Sweden, Britain and the US — had average increases.

In the others, there was an actual reduction with the Netherlands taking the bouquet with a 22,5 percent reduction from 12,98 c to 10,06 c (US6,09c — 4,72c).

Despite the heavy increases, South Africa still maintained the lowest unweighted average of all the 12 countries. The average of the four major cities, Cape Town, Durban, Johannesburg and Pretoria, at prices ruling on April 1, this year, was 5,81 c/kWh (US 2,73c).

The NUS survey, based on customer size of 1 000 kW and 450 000 kW per month, shows that Pretoria at 4,67 c is still the lowest non-hydro supplier in the world and is second only to Manitoba Hydro in Canada at 4,39 c. Cape Town is the highest in South Africa at 7,73 c, with Durban second at 6,39 c. — Sapa.

Top firm warns of price hike on home appliances

A large distributor has warned the price of its domestic appliances and TV sets are to go up in June or July.

Mr Mike Bosworth, managing director of Tek Electronics, said although the improvement of the rand has seen prices on certain goods drop it was a mistake to think they would drop further.

Prices rocketed last year as the rand fell dramatically against the dollar.

Mr Bosworth said: "Prices have now stabilised and an increase can be expected in June or July on account of inflation which is running at an estimated 20 percent.

"For example, the retail price of a Telefunken 51 cm TV set six months ago was R1 699. The same set now costs R1 799 and we expect it to go up to R1 999 in July.

"Similarly, a Defy basic 419 stove was R799 six months ago. It now sells for R899 and will cost about R999 in three months' time."

He said the argument that a favourable rand-dollar exchange rate would bring down the prices was simplistic.

"It fails to take into consideration the adverse effect of the rand-dollar-yen cross-rate which is working against South Africa's interest and is not likely to improve soon. Nor does it take into account the inordinate amount of money collected by the Government on each item.

PANIC BUY

"The Government's take in white and brown goods is extremely high and has the effect of pushing up prices even more.

"Taking a Telefunken 51 cm TV as an example and an exchange rate of 50c, the Government's share is R543: The set retails for R1 799; GST is R216, import duty on imported content R33, the 10 percent surcharge on imported content R40, and ad valorem duty R254.

"Although the Government is to change the ground rules vis-a-vis the importation of white and brown goods at the end of the year, we question the wisdom of allowing wholesale imports which may be cheaper in price but which will offer the consumer no real service backup and brand reliability."

Mr Fred Pearce, marketing manager (video) of SA Philips, said his firm did not envisage a price increase "just yet".

Retailer Mr Tony Factor said: "Consumers must not panic buy. Over the last 18 months we have heard about tremendous price hikes for TV and video. They have gone up for five or six days and because of the lack of response prices were reduced again."

BUS DAY

55

6/5/86

Peak loads issue must be faced

THE problem of peak loads in municipal electricity distribution would have to be faced, Minister of Mineral and Energy Affairs Danie Steyn said yesterday.

Replying to the Second Reading debate on the Electricity Amendment Bill, he said Escom invested "thousands of millions of rands" in power stations to increase generating capacity.

However, the problem of peak demand loads from municipalities would have to be addressed. SA could not afford to build power stations which were needed for up to three hours daily.

"If we can curtail peak load by 10%, we can save ourselves a power station," he said.

Steyn said a positive aspect of the Bill was that Escom would, in future, have to declare a profit or loss instead of disguising results by "clever accounting".

He said the Bill provided that the Electricity Control Board would be a forum for objections to Escom's schedule of standard prices. — Sapa.

Electricity prices show 19,7 p c hike

6/5/86 Mercury

JOHANNESBURG—Electricity prices in South Africa showed a massive average increase of 19,7 percent for the year ended March 31, according to the latest survey conducted by the National Utility Services (NUS), the international energy and fuel consultants.

This increase was nearly four times higher than the next highest percentage of 5,3 in Sweden, which last year led the tables in percentage increases.

Last year's 9 percent increase and this year's jump — predicted by the NUS — stems directly from Escom's new financial planning.

'Although Escom have little choice but to pass on their own increased costs, consumers should surely expect some stabilisation of tariff prices in order that they, in turn, can play their part in reducing the inflationary spiral,' said Mr Peter Cornelius of NUS South Africa.

Of the 12 Western countries included in the NUS survey, only five countries — South Africa, West Germany, Sweden, Britain and the U S — experienced average increases.

In the others, there was an actual reduction with the Netherlands taking the bouquet with a 22,5 percent reduction.

In spite of the heavy increases, South Africa still maintained the lowest unweighted average of all the 12 countries. The average of the four major cities, Cape Town, Durban, Johannesburg and Pretoria, at prices ruling on April 1 this year, was 5,81 c.

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Reduced quality at lower rate

Escom considers cut-price scheme

STAR 7/5/86

55

Political Staff

CAPE TOWN — Escom may launch an "interruptible tariff" scheme for electricity next year.

This emerged yesterday with the tabling in Parliament of Escom's annual report.

The interruptible tariff will allow customers who do not need a continuous supply to opt for reduced quality at a lower price.

"If evaluation shows the scheme to be viable, it will be launched in 1987," an Escom spokesman said.

According to the spokesman various schemes are being investigated to promote more efficient use of electricity.

Yesterday's report is the first since Escom was restructured.

In it chairman Mr John Maree noted the had organisation faced mounting criticism of its financial and operations management, and of its relations with customers, in the past few years.

Prices below inflation rate

He said: "It is our firm intent to rebuild the good name of Escom but we know full well that, to do so, we will have to render a superior service."

The new policy includes internal decentralisation, more efficiency and greater sensitivity to customer needs.

Escom will operate on business lines in future, reporting in conventional business accounting terms rather than by way of fund accounting.

Officials are quick to say this does not imply large price increases; Escom has promised to keep price rises below the inflation rate.

The report says electricity sales continued to grow in 1984 in spite of the decline in real GDP. But there will be slower growth in the long term.

The annual average growth rate in the demand for electricity in the next 10 or 15 years is expected to be about 5,5 percent.

Loss-making Escom heads towards greater operating efficiency

STAR 7/5/86

By Peter Farley
Investment Editor

"We are going to run Escom like a business," new chairman Mr John Maree yesterday told a news conference to present his first annual report for the corporation.

But the figures he revealed show that Escom has a long way to go before it can be ranked alongside SA's leading private sector businesses.

On the basis of its historic accounting practices, Escom showed a profit of R40 million, but a more realistic assessment of its performance last year produces losses of almost R190 million.

Not that Escom is trying to hide that fact, but with an accumulated deficit of some R420 million it is clear that it is going to have to work hard to make up lost ground.

The foundations have already been laid with a new manage ment structure in place that should encourage greater efficiencies and plans are in the pipeline to reduce staff by almost 10 percent to 60 000.

The way Escom has historically presented its accounts shows that it last year capitalised interest payments of R1,2 billion and included interest charges of another R2,3 billion on its income state ment. This meant that, after electricity sales of R4,6 billion, operating expenses of R2,1 billion and a R150 million contribution to the Reserve Fund, it was left with a surplus of R40 million.

However, if that interest is not capitalised, the reserve fund contribution is dropped and depreciation of R470 million is added back, there is a deficit of R187 million.

One of the corporation's achievements is it's success in providing 30 percent of its funding requirements from internal resources.

Despite this, and in part as a result of much of the offshore financing lines now being denied to the corporation, spending plans have been cut back.

Forecasts show that a total R1,4 billion is being slashed off the proposed R15 billion operating expenditure over the next four years, while a further R1,2 billion is being cut from proposed capital expenditure of R14,4 billion.

This means that Escom's funding requirements from the local capital market in the next few years are to drop by around R600 million a year, from an initially projected need of around R3,5 billion a year.

Last year Escom raised a record net amount on the local markets of R3,3 billion after the repayment of some R1,6 billion.

Nevertheless, negotiations are still taking place with the corporation's overseas bankers and a second round of talks is scheduled for June. Project deferrals depend on the outcome of those discussions.

With greater efficiencies already achieved in the use of both coal and water, Escom is now embarking on a programme to educate the public and business to use power more efficiently. This could result, says Mr Maree, in a situation where some of the projected power needs beyond 1990 become unecessary.

Economics and politics are keys to local fuel industry

22/5/86 STAR

By Kym Hamilton, Pretoria Bureau

The future of liquid fuels production in South Africa rests solely on economic and political factors, says Mr Jan Hoogendoorn, a Johannesburg energy consultant.

Mr Hoogendoorn said that the international oil price, the rand exchange rate, the future inflation rate and need for increased independence — and not available local resources or technology — would determine the future of synthetic fuel production.

With a high oil price and low rand value, the price to be paid for independence would be negligible. But a high rand value and low international oil price would cause a high premium and politicians would have have to decide if such a high premium was justified, he warned.

Mr Hoogendoorn told a conference in Pretoria on "Engineering, Keystone to the Development and Prosperity of Southern Africa" that the viability of a synfuels project depended on the cost of capital used, operating cost, cost of raw materials and the market value of the product.

The price of oil on the international market fluctuated according to supply and demand and it was interesting to note that the South African pump price compared favourable with overseas countries.

The South African producer of synthetic fuels had a right to expect to be paid the equivalent international price for his product, irrespective of the producer price.

Mr Hoogendoorn added that synfuel plants were capital intensive and the cost of servicing the capital was the highest single item in the cost price calculation.

With the first income expected only five to six years after the commitment to spend, it was obvious the interest burden should be minimised until a positive cash flow was reached.

The Government could make a tremendous contribution by making available loans for which redemption and payment of accumulated interest became due only after successful commercial operation.

● See Page 11.

Afrox plans R100-m link with Iscor

(55) STAR 22/5/86

By Stan Kennedy

Following the award of a 20-year contract to supply oxygen, nitrogen and argon to Iscor's Pretoria Works, Afrox will build two 700 ton/day oxygen plants over the next two years at a cost of R100 million.

The plants, designed by Cryoplants of London, are similar to those operating in the United States and which have proved to be highly efficient in electrical energy.

Because of the specialised technology involved in air separation, the major items of equipment will be imported.

The cold boxes will be built by Cryoplants and the compression equipment will be imported from West Germany and Switzerland.

Iscor will be the first in the world to adopt the coal reduction (kohlen redukton or KR) iron-making process of Korf Engineering of West Germany.

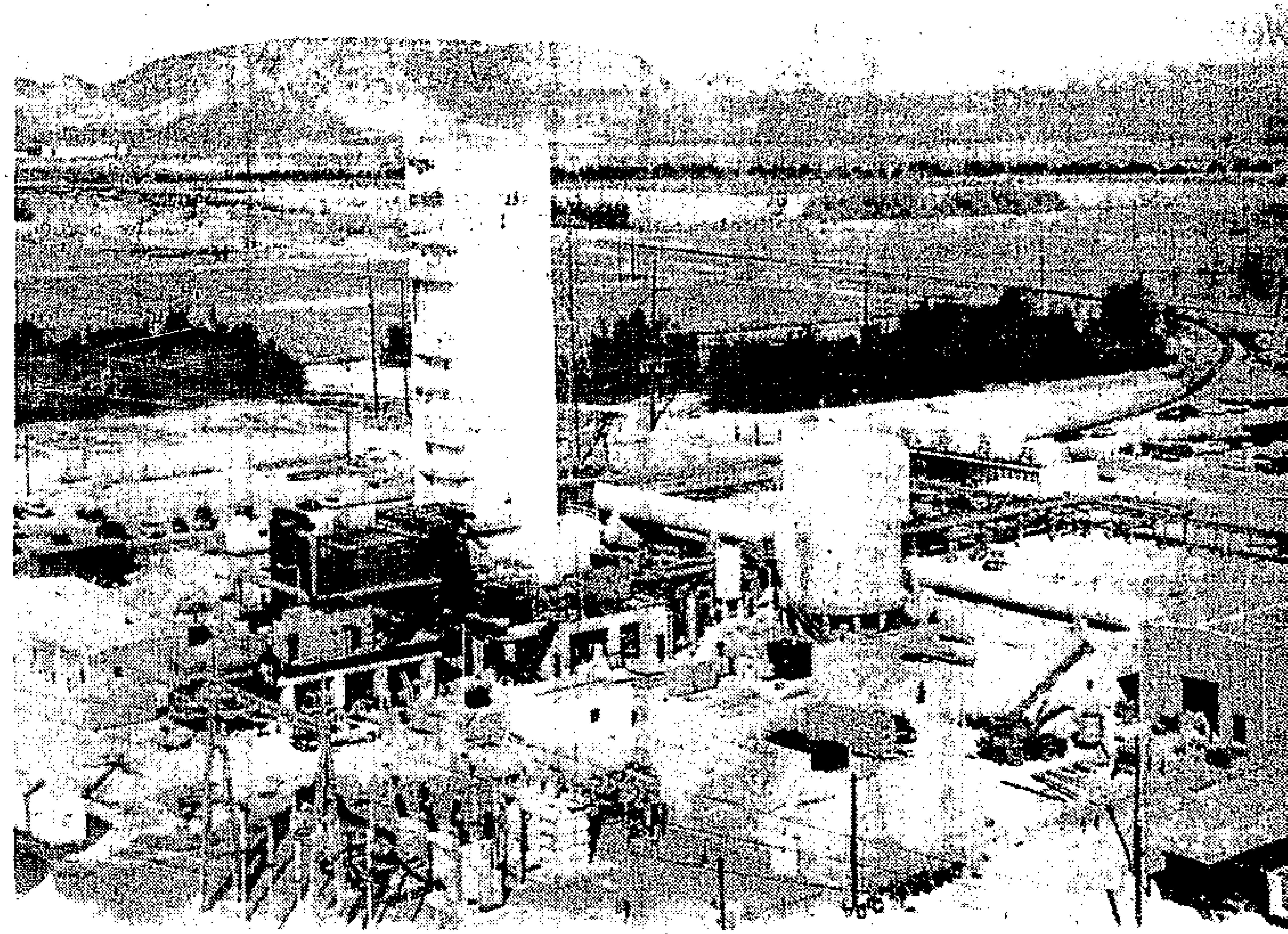
POLLUTION

The KR plant will replace the traditional blast furnaces and will enable Iscor to cut its iron-making costs by using local non-coking bituminous coal instead of coking coal.

It will also eliminate the large investment in coke ovens, as well as the associated pollution problems.

In the KR furnace, hot pre-reduced iron ore will be continuously smelted by the simultaneous injection of coal and oxygen.

This will produce an iron with similar characteristics to blast furnace iron.



A gas complex at The Doggett, California, which is similar to the two being installed at Iscor's Pretoria Works. The US plant is a 900 t/d supply scheme while the Iscor plants will be 700 t/d.

The downstream steelmaking process, in which the KR iron will be refined into steel with oxygen, will be based on the existing electric arc furnaces.

Normally, electric arc furnaces consume scrap steel, melting and refining it to the required specification. With the availability of KR iron, Iscor's dependence on scarce, high-quality steel scrap, will be reduced.

Installed KR capacity will be 300 000 tons/year. Used with scrap steel in the electric arc furnaces, there will be about 900 000 tons/year of steelmaking capacity.

From the large quantity of nitrogen produced, about 175 tons a day will be used for purging and blanketing operations in the KR furnace to eliminate the possibility of explosions.

Argon will also be produced in large quantities on the air separation plants and for use in the sophisticated ladle steelmaking operation.

Oil search may extend to West Coast

STAR 22/5/86

(55) (183)

Own Correspondent

CAPE TOWN — The search for oil and gas might be extended to the West Coast where areas had been identified as warranting further investigation, the Minister of Mineral and Energy Affairs Mr Danie Steyn said this week.

There were also other coastal areas which needed to be investigated, he told guests at the official naming of the tug Pentow Skua, which has a three-year contract with Soekor at the Mossel Bay drilling site.

The move could mean better prospects for the people living on the West Coast, Mr Steyn said.

He did not expand on where the areas were.

Wherever possible, South African companies were given the opportunity to improve their lot in the search for oil off the coast, Mr Steyn said.

Mr Steyn's wife, Hermana, officially named the Pentow Skua and the couple were then given a painting of the tug operating with a rig in the background.

The Dutch built Pentow Skua, an anchor-handling and supply tug, was bought by Pentow Marine for R6 million.

It serviced oil rigs in the North Sea for eight years.

SS

Ethanol study says 26 000 new jobs possible

Own Correspondent

MANUFACTURING ethanol for fuel in Natal would have far-reaching consequences, says Dr Brian Preen, who has produced a feasibility report for the SA Sugar Association.

His firm, Project Engineering Africa, was responsible for the design of the ethanol plant at Triangle in Zimbabwe.

Preen says there are three main considerations:

- ☐ Creation of 26 000 jobs;
- ☐ Replacement of tetra-ethyl lead as an octane increaser;
- ☐ A cost of only R10 000 for each new job created.

Preen does not know whether the sugar industry will go ahead.

"There are too many variables to consider. Tetra-ethyl lead is still cost-effective. We do not know what the long-term relationship between the rand and the dollar will be.

'Nor do we know how far the price of crude oil will fall."

'Above all, the oil and sugar industries will have to arrive at a consensus before marketing a blended fuel."

BUSDAY 22/5/86.

Escom's issue gets backing

55

ALAN SENDZUL

ESCOM'S R100m public bond issue was twice over-subscribed, despite the damper created by the recent cross-border raids.

Fund manager Francois Botha was delighted with the outcome, remarking that Escom had managed to raise reasonably-priced money while investors also got a good deal.

The inflow of money was heavily-biased towards the new Loan No. 165, a 1995 medium-dated bond with a coupon rate of 11% and a three-year resale option which could well favour investors.

The other two loans, a 10,5% 2004 bond and an 11% 1995 bond (but without the option), drew scant attention.

Though the rate at which the 165 1995 loan with its option had been pitched might have looked a bit on the generous side, Botha said the outcome suited Escom, which had a preference for the longer, nine-year money.

23/5/86 Patric Ho

DORBYL 55 FIN MAIL

Margins improve

After hitting a high of 825c in November on prospects of lucrative contracts from Mossel Bay's synfuel project, Dorbyl shares quickly settled below 800c, where it has languished in recent months.

The market has obviously been worried about Dorbyl's higher debt level that resulted from its extensive acquisition programme and the poor prospects seen for the general economy.

The group's engineering interests are so widespread that it needs to look to an economic upturn for real growth.

The slide in turnover for the six months to

DORBYL SURGES

Six months to	Mar 31 '85	Sep 30 '85	Mar 31 '86
Turnover (Rm)	696	720	680
Operating profit (Rm)	24,4	44,7	28,7
Net interest (Rm)	19,0	15,4	12,1
Attributable earnings (Rm)	2,5	17,0	10,5
Earnings (c)	8,0	53,6	32,8
Dividend (c)	12	28	13

R100m at end-September were utilised to lower the effective tax rate. As a result, after-tax profits jumped 384% to R12,4m (R2,9m).

Full-year earnings are unlikely to match the interim rate of improvement. Activity normally picks up in the second half because there are more working days and more contracts are closed over this period. A reduction in interest paid will, therefore, not provide the same leverage off a higher profit base. Still, higher EPS for the full year appears to be safely within the group's reach — an opinion shared by the market, which marked the share up by 60c to 810c.

However, prospects for a substantially bigger final dividend must be poor. Dividend cover, normally above three, was slashed to 1,5 last year and may be raised again to minimise borrowing levels. *Patric Ho*

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23/5/86. (55) FIN MAIL.

CAPITAL MARKET

Escom pitches

Escom, SA's largest borrower after the Treasury, is in the market for R100m. On offer are two loans: loan 163 (10,5% 2004), which Escom consolidated last year, and which is being reissued at 17,75%; and a new medium-term loan, loan 165 (11% 1995). The latter is offered as a straight nine-year loan issued at R77,82 with a yield to maturity of 16,6%, or at R82,04 at 15,5% with a three-year option to sell back to Escom at the issue yield, but an obligation then to repurchase the same nominal amount at the prevailing market rate. If in three years, say, the rate is 18%, investors can sell at 15,5% and buy back at 18%.

Escom funding manager Francois Botha says: "In this way, we are assured of liquidity for nine years and investors can readjust yields after three years." The new loan is 90 points above Escom three-year stock and 110 points below nine-year stock.

Clearly, this is an attempt by Escom and its merchant bankers (UAL and Senbank) to match Escom's preference for long-term finance and investors' preference for shorter stock. One broker expresses surprise that Escom had to provide an option. "I would have thought it could raise R100m more easily," he says.

The issue should be well subscribed. Escom is unlikely to take up more than R100m, though it plans to issue a total R1,6 billion in loans 163 and 165.

It also emerges that the Reserve Bank, acting on Treasury's behalf, has tapped the full amount (R1 billion) of its new 1989 stock. The Bank will thus have to move to some other stock for the rest of the year.

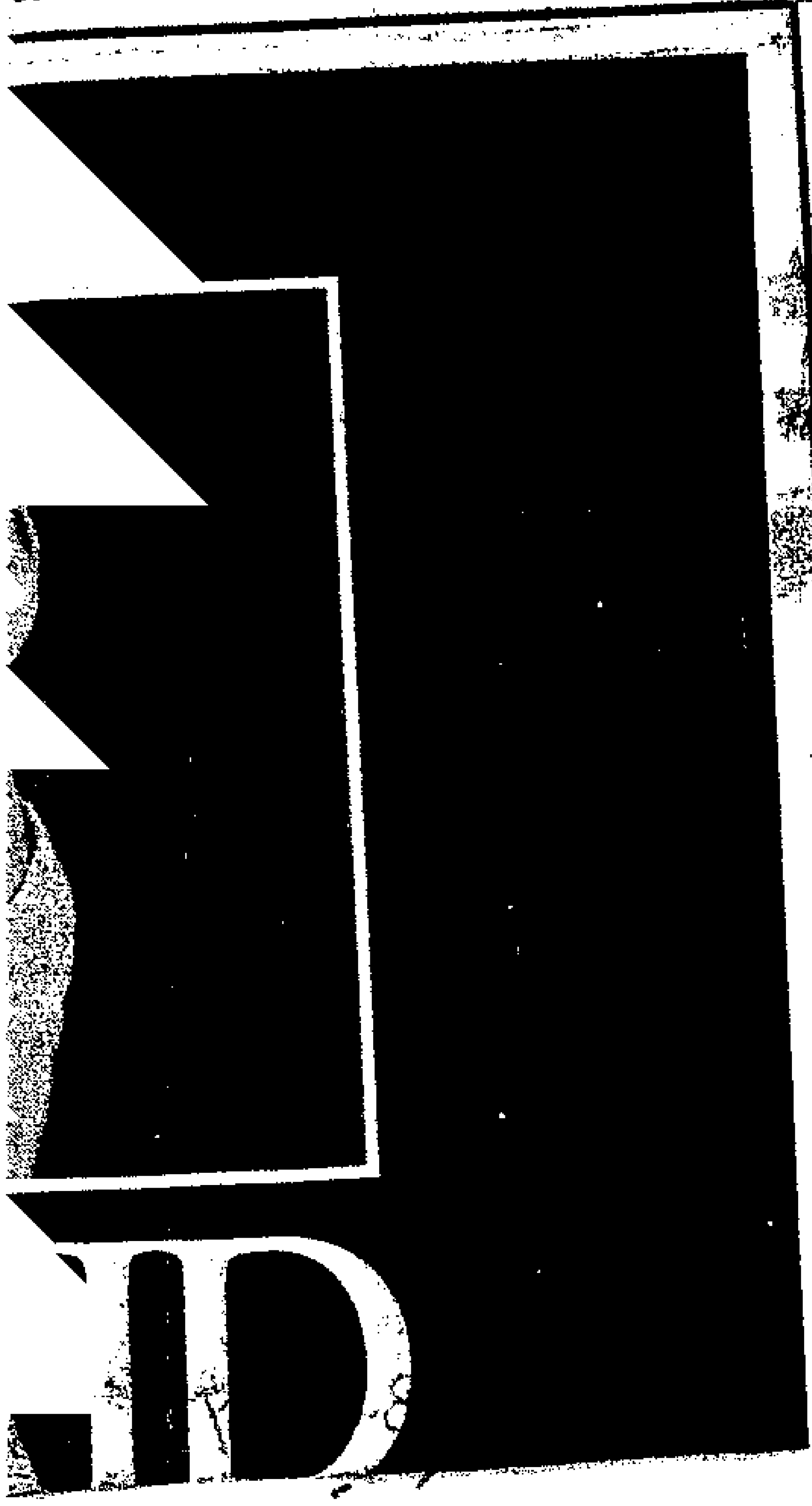
Dealers are "very anxious and uncertain" after SA's raid into neighbouring states. The long end was most affected. As the *FM* went to press on Tuesday, RSA 13% 2005 was trading at 17,18% compared with a Monday low of 16,87%; Escom 11% 2009 at 17,94% (17,56%); and Sats 7,5% 2008 at 17,5% (17,32%).

In the shorter end, both Escom and RSA medium-term stocks firmed in reaction to the raid, RSA 15,5% 1990 by 24 points to 15,31% from Monday's low and Escom 9,25% 1994 by 27 points to 16,53%.

The short end was hardly affected (see story headed "Money Market"). RSA 15% 1988 was unchanged since Monday at 13,3%. Dealers report that the keen institutional interest of two weeks ago slow[illegible], even before the raid. ■

BUS DAY. 23/5/86.

SUGAR (85)



Ethanol project on ice

THE goal posts for the sugar industry's ethanol project have been shifted in the past 18 months, SA Sugar Association chairman C van der Pol said yesterday.

He was commenting on the remarks of civil engineer Brian Preen, who has been commissioned by the association to undertake a feasibility study into ethanol production.

Preen estimates that 26 000 jobs could be stabilised or created if an ethanol project were to go ahead.

Van der Pol said that since the industry began a more serious look at ethanol about 18 months ago, the world sugar price had risen from 2,5 US cents to 8c a pound, while the crude oil price had slumped from $25 to $14 a barrel.

An ethanol project would cost about R60m, and once the industry had undertaken to provide ethanol for blending with petrol or diesel, it would be "locked in forever".

The supply of ethanol could then have a higher priority than sugar for the domestic market, Van der Pol said.

A positive factor had emerged recently in government's decision to reduce the lead content of petrol. However, ethanol was not the only route for the oil companies to maintain octane levels, which was now done by adding cheap tetra-ethyl lead.

Van der Pol described the change in the ethanol picture over the past year as dramatic and, as a consequence, it would not be possible to forecast the number of jobs which would be created or stabilised if, and when, the decision was taken to build an ethanol plant.

Political comment in this issue by Ken Owen. Newsbills by Neil Jacobsohn Headlines and sub-editing by Gordon Amos. All of 171 Main Street. Johannesburg.

Escom has eyes on frozen loans

BUSDAY 23/5/86

(55)

ALAN SENDZUL

ESCOM looks set to take the first bite out of the dollar pool of frozen foreign loans the Public Investment Commissioners (PIC) are holding in trust.

The utility is discussing the possibility of converting some of these dollars into four-year paper with foreign bankers. The terms are believed to be close to 1,5% above the Libor rate.

The dollars are a build-up of payments made by local companies on maturing foreign loans caught in the standstill net. They are earning foreign banks 0,875% above Libor.

The Reserve Bank was the original custodian of standstill dollars, but the account was transferred to the PIC, say sources, on fears that SA's foreign assets could be seized.

The PIC is believed to holding more than $500m in trust for foreign banks.

These dollars are ripe for picking, particularly considering that SA's creditor banks — which are involuntary investors in SA — will be looking for the best possible return on their frozen money.

If the PIC on-lends these dollars to Escom, the identity of the banks abroad will not be disclosed.

Escom has been examining a number of ways of reducing its dependence on the local capital market to prevent its borrowing requirements from pushing interest rates higher.

It has recently alluded to possible plans with overseas bankers.

†The MINISTER: Mr Speaker, the hon member is very welcome to bring the names of those places to my notice, whereafter I will immediately contact the NMC. [Interjections.]

27/5/86 Q col 1979

Hillbrow: children

HANSARD

*15. Mr A B WIDMAN asked the Minister of Constitutional Development and Planning:

(1) Whether any member of his Department has received any representations concerning young Black children sleeping on the streets of Hillbrow at night; if so, (a) when, (b) from whom and (c) what was the (i) nature of the representations and (ii) response thereto;

(2) whether this matter has been investigated; if so, (a) when, (b) what were the findings and (c) what action was taken as a result; if not,

(3) whether he will investigate this matter; if not, why not; if so, when;

(4) whether there are any children's homes for Black children in the Johannesburg area; if not, why not; if so, what total number of children (a) can be accommodated in these homes and (b) were accommodated in these homes as at the latest specified date for which information is available;

(5) whether he will make a statement on the matter?

†The DEPUTY MINISTER OF DEVELOPMENT AND OF LAND AFFAIRS:

(1) Yes.

(a) From time to time.

(b) The Johannesburg Child Welfare Society, the SA National Council for Child and Family Care, various church bodies as well as a few individuals.

(c) (i) Expressed concern anent the phenomenon of vagrancy in the area concerned.

(ii) A concerted effort to combat this deviant social symptom is constantly undertaken by the Department, other appropriate Government Departments, the Johannesburg Child Welfare Society, the SA National Council for Child and Family Care and the City Council of Johannesburg.

(2) (a), (b), (c) and 3. This issue is receiving continuous attention of the Department of Constitutional Development and Planning in collaboration with the abovementioned instances. It must be emphasized that the problem of vagrancy is a world-wide complex sociopathological phenomenon to which solutions are not easily found. It is also a sad fact that vagrants have a poor prognosis for successful treatment in institutions and generally do not benefit from treatment and training provided there. It further appears that community orientated treatment have many problems, the reasons of which may be found in the psycho-social factors which contribute to this phenomenon.

(4) Yes. Four registered children's homes and a State place of safety and detention.

(a) 310 and 250 children respectively.

(b) 274 and 170 respectively as at 30 April 1986.

(5) No.

Mr A B WIDMAN: Mr Speaker, arising from the reply given by the hon the Deputy Minister, since this question relates to a petition handed to Parliament by me and signed

by 1 068 people who are residents and ratepayers of Hillbrow, and in view of the complexity of the problem, will the hon the Deputy Minister consider the need to rehabilitate and resocialise those twilight children by establishing a permanent rehabilitation centre close to Johannesburg—a centre more or less along the same lines as the well-known Boys' Town?

†The DEPUTY MINISTER: Mr Chairman, the responsibility for these specific matters was not delegated to me by the hon the Minister. Nevertheless, I am sure that if the hon member would personally take up the matter with the hon the Minister, he will pay attention to it and will provide the hon member with a proper reply.

†Mr S P BARNARD: Mr Chairman, further arising from the hon the Deputy Minister's reply, is the hon the Deputy Minister aware of the fact that there are thousands of Black children in Jeppestown, Hillbrow and other areas who have absolutely no place to sleep at this moment, causing real problems for the White residents of that White group area? Furthermore, is the hon the Deputy Minister aware of the fact that there is a place where more than 200 Black mineworkers are living in one building? To come back to the children; many of them walk the streets the whole day and have no housing.

†The DEPUTY MINISTER: Mr Chairman, as I mentioned with reference to the previous question, the responsibility for this matter was not delegated to me. This specific matter is related to Hillbrow and Jeppe, and if the hon member has other problems with regard to Jeppe, I would advise him to also put that question on the Question Paper for the attention of the hon the Minister. [Interjections.]

27/5/86

Port Elizabeth Harbour

HANSARD

*16. Mr D J N MALCOMESS asked the Minister of Transport Affairs:

(1) Whether any bodies have made requests to the South African Transport Services in connection with the use of any part of Port Elizabeth Harbour for the proposed gas conversion project at Mossel Bay; if so, (a) when, (b) what bodies and (c) what was the (i)(aa) nature and (bb) purpose of these requests and (ii) response of the South African Transport Services thereto;

(2) whether he will make a statement on the matter?

The MINISTER OF TRANSPORT AFFAIRS:

(1), (a), (b), (c)(i)(aa), (bb) and (ii) Yes, during recent months prospective tenderers have made tentative enquiries with a view to establishing whether sites could be made available for the fabrication of equipment destined for the Mossel Bay project. The matter is presently under consideration.

(2) No.

Q col 1982

Teachers

HANSARD 27/5/86

*17. Mr K M ANDREW asked the Minister of Education and Development Aid:

(1) Whether any (a) White and (b) Coloured teachers are employed in Black schools controlled by his Department; if not, why not; if so, how many in each case;

(2) whether conditions of services of (a) Black, (b) White and (c) Coloured teachers employed by his Department vary in respect of (i) salary scales, (ii) promotion prospects, (iii) pensions, (iv) medical aid, (v) housing subsidies, (vi) permanence of appointment and (vii) any other specified aspects?

†The MINISTER OF EDUCATION AND DEVELOPMENT AID:

(1) Yes.

(a) 1 766.

(b) 28.

(2) (a), (b) and (c)

tition. The hon member is quite right. It was a good question.

HANSARD 27/5/86

Bophuthatswana

*7. Mr P A MYBURGH asked the Minister of Defence:

(1) Whether any members of the South African Defence Force took any action in Bophuthatswana in May 1986; if so, (a) on what dates, (b) for what purpose, (c) what specified (i) personnel and (ii) equipment was used on each occasion and (d) what is the rank of the person who was in charge of the operation;

(2) whether the Bophuthatswana Government (a) requested that this action be taken or (b) was informed that such action would be taken; if not, (i) why not and (ii) who took the decision in this regard; if so, (aa) which member of the Bophuthatswana Government requested that this action be taken or gave permission for it to be taken and (bb) when;

(3) whether any (a) persons were arrested, (b) arms were discovered or (c) action was taken to combat unrest; if not, what specified action was taken; if so, (i) how many persons were arrested, (ii) (aa) where were arms discovered and (bb) what specified arms were discovered and (iii) where was action against unrest taken;

(4) whether he will make a statement on the matter?

The DEPUTY MINISTER OF DEFENCE:

(1) No.

(2) and (3) Fall away.

(4) No.

*8. Mr P G SOAL—Law and Order. [Withdrawn.]

27/5/86 QCSL 1972

Occupational Diseases

HANSARD

*9. Mr F J LE ROUX asked the Minister of National Health and Population Development:†

Whether his Department has taken any steps to implement the recommendations contained in the White Paper on the Report of the Commission of Inquiry into Compensation for Occupational Diseases; if not, why not; if so, what steps?

†The MINISTER OF COMMUNICATIONS AND OF PUBLIC WORKS (for the Minister of National Health and Population Development):

Yes. Appropriate draft legislation is being prepared.

†Mr F J LE ROUX: Mr Speaker, arising out of the hon the Minister's reply, does he know on what date the commission's report was tabled?

†The MINISTER: Mr Speaker, I do not know on what date it was, but it was a lengthy investigation. I am personally aware of the investigation that was done. There were many discussions and the various aspects had to be sorted out together with the other departments, but we have reached the stage—as my hon colleague here said—where the appropriate draft legislation is being prepared.

HANSARD 27/5/86

Koeberg nuclear power station

QCSL 1972

*10. Mr R R HULLEY asked the Minister of Mineral and Energy Affairs:

(1) Whether any significant geological (a) fault lines and/or (b) fissures have been found within a 25 kilometre radius of the Koeberg nuclear power station; if so, (i) what is the nature of such fault lines or fissures and (ii) what seismic activity has taken place along these fault lines or fissures;

(2) whether any measurable movements have occurred at the Koeberg site as a result of (a) such geological faults, (b) subsidences of any nature or (c) any other specified causes; if so, what are the particulars of these movements;

(3) whether tests have been conducted into the possibility of an earth tremor damaging the Koeberg structure to such an extent that a release of radiation may result; if so, what would have to be the intensity of such a tremor?

The MINISTER OF MINERAL AND ENERGY AFFAIRS:

(1) (a) and (b) Yes.

(b) (i) A number of fault-zones inland of Koeberg were identified. They trend north-west to south-east. The nearest is the Saldanha-Franschoek fault-line which passes within 18 km of the Koeberg site. In addition there is some evidence to suggest a parallel fault-line passing through the Milnerton area about 8 to 10 km off-shore of Koeberg.

The Saldanha-Franschoek fault-line involves granite and has sheared ultramylonite in the fault-zone north of Darling and involves deformed granite and felsite south of Darling.

(ii) Some twelve significant earthquakes have been recorded in the South-western Cape region in the past 350 years. The most severe was the Ceres earthquake in 1969 which measured 6.3 on the Richter scale. It is not possible to associate these shocks with any particular fault-line. The epicentre of the Ceres quake was approximately 90 km north-east of the Koeberg site. No surface displacement was observed at the site.

It may be added that the South-western Cape is seismically a stable area relative to areas such as Japan, Italy and California where suitably designed nuclear power stations are operating.

(2) (a), (b) and (c) No.

(3) Yes, the seismic design of Koeberg was based on very conservative assumptions. An earthquake of magnitude 7 (far greater than that at Ceres), was assumed to occur 9 km from Koeberg on the nearest possible fault-line. Such an event would set up forces on the site which have a calculated probability of occurence of less than once in a million years.

However, to ensure that there would be no release of radio-active material in such an event, Koeberg was provided with a specially-designed aseismic foundation. The safety margins incorporated in the design of the station are such that it could probably withstand an event significantly greater than the design basis earthquake of a magnitude of 7, nine kilometres away without a substantial release of radio-active material.

Tests were performed on models of the station to verify the design of the aseismic foundation. The performance of equipment within the station, in the event of a major earthquake, is verified either by calculation or, where possible, by shaking the equipment in suitable test facilities.

Koeberg nuclear power station

*11. Mr R R HULLEY asked the Minister of Mineral and Energy Affairs:

(1) Whether any cracks have appeared in the (a) foundations and (b) containment of the Koeberg nuclear power station since the coming into operation of the first reactor; if so, what is the (i) nature and (ii) cause of these cracks;

(2) whether any steps have been taken to repair these cracks; if so, what steps;

(3) whether any steps have been taken to prevent a recurrence of damage of this nature; if so, what steps?

†The MINISTER OF MINERAL AND ENERGY AFFAIRS:

(1) No, not since the coming into operation of the first reactor.
Minute cracks however appeared in the lower raft foundation during and immediately after construction as a result of shrinking of the concrete in the normal process of setting. In addition a vertical construction joint in the retaining wall leaked ground water into the foundation area. Cracks of this type may occur in major reinforced concrete structures and are provided for in civil engineering design codes. Similarly, hairline cracks appeared in the concrete of the containment building. These cracks have no structural significance. The leak-tightness of the building is not affected since the inner surface of the containment building is formed by a leak-tight steel shell and the concrete ensures the mechanical strength.

(2) and (3) The cracks in the lower raft foundation and retaining wall have been sealed. No action is necessary in connection with the normal hairline cracks in the containment building.
Since the cracks described above were all associated with the setting of the concrete during construction no steps to prevent recurrence are necessary.

Koeberg nuclear power station

*12. Mr R R HULLEY asked the Minister of Mineral and Energy Affairs:

Whether he has taken any steps to (a) review and (b) improve the safety of the Koeberg nuclear power station in the light of the recent Chernobyl nuclear disaster; if so, what steps have been taken in each case; if not, why not?

The MINISTER OF MINERAL AND ENERGY AFFAIRS:

(a) and (b).

Koeberg's design is entirely different from that of Chernobyl and moreover Escom has an emergency plan, based on the American model, which is as extensive as any other in the world.

Escom is, however, monitoring the events at and around Chernobyl closely and the desirability of changes to the design and operation of Koeberg, and the Koeberg emergency plan, will be considered when causes and sequence of events at Chernobyl become sufficiently clear.

In order to provide further for absolute safety, thorough inspections and test programmes are being conducted when the plant is shut down for reloading.

Mr R R HULLEY: Mr Speaker, arising out of the reply of the hon the Minister, is it so that the evacuation area around Chernobyl is almost double the size of the evacuation area provided for in the present Koeberg emergency plan; and, secondly, is the hon the Minister prepared to consider having the management and operation of the emergency plans placed under an authority outside and independent of Escom?

The MINISTER: Mr Speaker, the evacuation area at Chernobyl could possibly be double that of Koeberg because Koeberg has a completely different design. The size of an evacuation area is determined by the design structure of the installation.

As far as the management and operation of the emergency plans by the private sector are concerned, I think it must be placed in the hands of experts. At the moment I think it is in the hands of the best available experts in South Africa.

Mr R R HULLEY: Mr Speaker, further arising out of the reply of the hon the Minister, I did not suggest that it should be placed in the hands of the private sector. I suggested that it should be placed in the hands of an independent body outside of Escom. Is the hon the Minister prepared to accept that?

†The MINISTER: Mr Speaker, I think that the evacuation authority and procedure should be in the hands of those persons who have daily, and indeed minute by minute, contact with the installation. It should not be the responsibility of other people who know nothing of what is going on there. I think that it is in good hands at the moment; I am indeed satisfied that it is in the best hands it could ever be placed in South Africa. [Interjections.]

Mr R R HULLEY: Mr Speaker, further arising out of the reply of the hon the Minister, can he tell us whether there are any medical doctors involved in the management of the Koeberg emergency plans at present? Furthermore, would he not consider medical doctors such as the Medical Officer of Health of Cape Town to be experts in this field?

†The MINISTER: Mr Speaker, if I remember correctly the Chief Medical Officer of Cape Town is in that team. If the hon member will put that question on the Question Paper, I will supply him with full particulars of the compilation of the team and its activities.

President's Guard

*13. Mr H D K VAN DER MERWE asked the Minister of Defence:†

(1) Whether the official uniform of the President's Guard has been changed since 1 January 1986; if so, (a) when, (b) why and (c) what is the cost of a new uniform;

(2) whether the new uniform has a symbolic meaning; if so, what is the symbolic meaning thereof?

†The DEPUTY MINISTER OF DEFENCE:

(1) (a) and (b) No. The hon member is referred to the reply to question number 6 of 4 June 1985. The new ceremonial uniform was, however, officially worn for the first time at the opening of the current session of Parliament.

(c) R336,96 per uniform.

(2) No.

†Mr H D K VAN DER MERWE: Mr Speaker, arising out of the hon the Deputy Minister's reply, does he not think that this type of conduct reminds us of the time of Simon van der Stel when such unnecessary expenditure also took place at the Cape? [Interjections.]

†The DEPUTY MINISTER: Mr Speaker, the reply which I supplied to a previous question—that was question no 6 of 4 June 1985—indicates that the uniform of the State President's Guard had to be replaced at a total cost of R78 635. The introduction of the new uniform, which are based on existing uniforms in use in the Defence Force, would have amounted to the total cost thereof being only R66 580. It means therefore an actual saving of R12 055. [Interjections.]

Concentration camp cemeteries

*14. Mr H D K VAN DER MERWE asked the Minister of National Education:†

Whether the care of concentration camp cemeteries falls under his Department; if so, (a) what steps does his Department take in this connection and (b) how many such cemeteries are there in the Republic?

†The MINISTER OF NATIONAL EDUCATION:

Yes.

(a) The Department provides the necessary funds to the National Monuments Commission, whose War Graves Division is specifically responsible for tending, restoring, planning and developing concentration camp cemeteries.

(b) Thirty-two.

†Mr H D K VAN DER MERWE: Mr Speaker, arising out of the hon the Minister's reply, I would like to point out to him that there are cemeteries which are not properly taken care of.

Escom builds biggest radiator in the world

STAR

28/5/86 By Jaap Boekkooi (55)

Escom technicians have started to build the world's largest radiator, a giant version of a motor car water cooler with enough piping to stretch end-to-end from Cape Town to Tanzania.

The radiator, one of six which will lie across the bottom of the world's biggest cooling towers at Kendal, near Ogies on the eastern Highveld, is a closed system from which water losses through cooling will be virtually nil.

The first radiator is to prove its massive water savings when the initial power unit of Escom's "dry" power station Kendal comes on stream in 1988. Conventional power stations are notorious for their huge water evaporation losses.

Kendal's jumbo coolers consist of almost 2 000 km of steel piping somewhat thicker than a garden hose.

Garages told to stick to official price list

BUS DAY 29/5/86

Govt poised to hit back at petrol 'rebels'

HAMISH McINDOE

GOVERNMENT is poised to strike at petrol price discounters in a new bid to pull rebel retailers into line with its fixed price policy.

The Department of Mineral and Energy Affairs (DMEA) has sent a legal notice to about 8 000 service stations telling retailers to stick to official prices in the country's 30 petrol zones.

DMEA deputy-director Theuns Burger told *Business Day* the circular was an "early warning" to petrol retailers to stop discounting.

"The only purpose of the notice is to fix the price of petrol," Burger said. "Previously there was an agreed price between the department, the MIF and the oil wholesalers. Now there is a legally determined price."

Industry watchers believe the move follows a Supreme Court ruling in March allowing Pick 'n Pay to resume its petrol coupon scheme.

"Government could not simply let the matter rest in the face of its price maintenance policy," said Motor Industries Federation (MIF) executive director Jannie van Huyssteen.

He said Mineral and Energy Affairs Minister Danie Steyn may shortly revert to Section 2D of the Petroleum Products Amendment Bill — the so-called Pick 'n Pay amendment — and declare petrol coupons an undesirable trade practice.

"If retailers don't comply, they could be prosecuted, but ultimately it will be a matter for the courts to decide," Van Huyssteen added.

Pick 'n Pay GM Richard Frieslich was "worried and confused" by the DMEA circular.

"There was no mention of coupon schemes in the circular, so legally we are doing nothing wrong. But government is building up to something," he said.

Burger would not comment on Frieslich's assumption.

While the supermarket chain's pump prices adheres to the DMEA's, a coupon system offering a 4c/litre voucher — reclaimable on any other Pick 'n Pay goods in stock — is offered at 13 petrol outlets.

"Government must make the next move and we will fight any action against our coupon scheme," said Frieslich.

The MIF is worried that widespread discounting will lead to more self-service petrol stations.

Two statistics, according to MIF estimates, dominate the issue: the possible loss of 46 000 jobs and the cost of R1,2bn to convert the country's petrol pumps.

Burger said the level of petrol price discounting was considerable, but declined to disclose numbers. Frieslich thought the figure was minimal.

MVA is covering all fallen insurers' claims

BUS DAY 29/5/86

CHRIS CAIRNCROSS

THE Motor Vehicle Assurance Fund (MVA) will cover all outstanding Third Party claims made by vehicle-owners who took out insurance through AA Mutual insurance.

A statement to this effect is to be released today by Transport Director-General Adriaan Eksteen.

Eksteen told *Business Day* last night the MVA would also cover any claims arising from accidents occurring since it became known AA Mutual was in financial hot water.

It could not be established yesterday whether this MVA cover would also extend to comprehensive insurance taken out through AA Mutual.

Meanwhile, Finance Minister Barend du Plessis and Registrar of Financial Institutions Robert Burton indicated yesterday they were not prepared to respond to calls for an official statement concerning the affairs of AA Mutual or conditions affecting the rest of the short-term insurance industry.

According to a spokesman for Du Plessis' department, anything said now could prejudice tomorrow's Supreme Court action dealing with the Registrar's applica-

● To Page 2

Mayor unveils Escom's new substation

STAR 29/5/86 (55)

Municipal Reporter

Johannesburg's third bulk supply substation was officially commissioned yesterday when a plaque was unveiled by the mayor, Professor Harold Rudolph.

The R16 million Delta Substation is adjacent to Escom's Craighall Substation supplying electricity to Johannnesburg, Sandton and Randburg.

Mr Wessel Barnard, the city electrical engineer, said the substation comprised some of the most modern equipment available in the world today.

Special low-noise transformers were installed so as to cause minimum inconvenience to nearby houses.

The structure was scaled down from its original size when the substation was considered in the early 1960's because of the compact nature of the modern switch gear, Mr Barnard said.

FIN MAIL 30/5/86

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CAPITAL MARKET

Placing Escom

Escom's issue, which attracted R429m for the R100m on offer, is not the stampede it appears. Only 15 investors applied (one being a broker), two of them for more than R100m each. Escom actually took up R161m: R147m in the option variety of the newly created loan 165 (11% 1995) and R8m in the straight nine-year loan of this stock (at 16,6%); loan 163 (10,5% 2004), the loan consolidated last year and reissued at 17,75%, drew R5,5m.

Following such a large oversubscription, criticism that the rate was too liberal is to be expected. Both Escom and its merchant banks (UAL and Senbank) are adamant that the issue was pitched correctly, pointing out that there were not many subscribers.

The interesting feature is that there is no uniform opinion where rates will be in three years' time. Escom found investors divided.

The Public Investment Commissioners (PIC) has ceased selling 1994 and 1995 stock. The Reserve Bank is understood to be tapping 1992 stock from the PIC.

The market itself has been dead, neither the AA Mutual nor African Bank affairs having any impact. Dealers were no doubt looking forward to Wednesday's "puff and toot on the Gilt express" to Magaliesberg, organised by Rand Merchant Bank.

Volumes are down from a week ago, totalling R1,9 billion on the JSE (R2,5 billion). But for R226m trade in Sats (off only 57 deals), Monday's R346m would have been virtually nothing. Apparently one date switch worth R200m was carried out. Sats' dealers were themselves surprised, only having traded R19m on the day.

Rates are trading around the levels of a week ago. In the long end RSA 13% 2005 was trading on Tuesday at 17,12% compared to 17,18% a week ago, Escom 11% 2009 at 17,8% (17,94%), and Sats 7,5% 2008 at 17,48% (17,5%). In the medium end RSA 15,5% 1990 dropped to 15,24% (15,31%) and Escom 9,25% 1994 to 16,47% (16,53%). ■

55 FM 30/5/86

MOSSEL BAY

Still in question

The Mossel Bay oil-from-gas project, long seen as a surefire stimulant to the depressed Cape economy and the national engineering industry, is evidently not as cut and dried as many have assumed.

While government appears to be determined to go ahead, it has left itself room to manoeuvre. Planning already carried out could still be put on ice at any time in the next year.

This has been made clear by Mineral and Energy Affairs Director-General Louw Alberts. He tells the *FM*: "We are still busy with the planning studies. The price of crude may fall through the bottom and we are not ultimately committed to the project."

His assurance comes after renewed questioning of the economic feasibility of the R4,8 billion project. In view of low world oil prices, some engineers believe the money would be better spent on a new fuel-from-coal project.

Alberts says, however: "There is little reason to believe that oil prices in 1991 (when Mossel Bay is slated to come on stream) will be as low as they are now. The chances are still quite reasonable that Mossel Bay will go ahead.

"I would venture that the cost of a coal-based plant would be broadly similar. One must also look at the longer term picture — the gas can't be used for anything else.

"We are as interested in making the right decision as anyone, and a major factor in the decision must be security of supply."

A process engineer, who asks not be named, says: "The decision on Mossel Bay has been political all along. No one appears to have looked properly at the economic aspects."

Big saving

Current plans are for Mossel Bay to produce 25 000 BPD. However, says consultant Jan Hoogendoorn, an equivalent coal-based synfuel plant would cost about R3,4 billion, with a further R400m for the supply coal mine — a R1 billion saving.

Hoogendoorn asks whether the project will be as much of a stimulant for the economy as has been claimed. He stresses that he is not opposed to the project in principle, but he would like to be sure of the benefits from the additional cost.

The gas deposits discovered so far are insignificant in terms of SA's total energy resources. They correspond in energy content to some 88 Mt of coal. SA's economically recoverable coal deposits stand at 58 400 Mt, and coal production in 1984 was only some 200 Mt.

Claims that 70%-80% of Mossel Bay's construction and fabrication work could be done locally have been questioned. "This is a pipe dream. It will be a tremendous achievement if 50% of the work can be done locally," says one engineer.

However, the consensus is that about 60% is closer to the mark.

In addition, analysts feel that, at most, 1 000 permanent jobs will be created. A coal-based plant and the mine would employ many more people.

In the meantime, a decision has yet to be taken on which liquefaction process is to be used. This decision cannot be delayed for much longer than a month says Alberts, "otherwise the on-shore development will start to lag." ■

(b)	(c) R	(d)
West Rand Area Development Board	648,82	Government Printer
Western Cape Area Development Board ..	690,85	Government Printer
Western Transvaal Area Development Board	676,96	Hoofstadpers Ltd (trading as Aurora Printers)
Northern Transvaal Area Development Board	552,60	Government Printer
Northern Cape Area Development Board	762,83	Hoofstadpers Ltd (trading as Aurora Printers)
Oranje Vaal Area Development Board ...	789,15	Hoofstadpers Ltd (trading as Aurora Printers)
Qwaqwa Government	4 029,13	Government Printer
Lebowa Government	10 533,15	CTP Book Printers (Pty) Ltd
KwaZulu Government	2 804,35	Government Printer
KaNgwane Government	3 446,31	Government Printer
Gazankulu Government	3 755,84	Government Printer
KwaNdebele Government	8 355,53	CTP Book Printers (Pty) Ltd

FRIDAY, 30 MAY 1986

†Indicates translated version.

For written reply:

General Affairs:

Q wr 2075 30/5/86 HANSARD

Ruacana hydro-electric scheme

842. Mr L F STOFBERG asked the Minister of Mineral and Energy Affairs: 55

(1) (a)(i) What amounts have been invested in or spent on the Ruacana hydro-electric scheme by the State, State institutions and other local institutions with the permission of the State and (ii) in respect of what specified period is this information furnished, (b) what percentage of the total investment in the said scheme do these amounts represent, (c)(i) in what manner are these amounts being repaid and (ii) what amount has been repaid;

(2) (a) how much electricity has been supplied by this scheme in each year since it was put into operation and (b) what was the planned supply in respect of each such year;

(3) at what price was this electricity supplied in each of these years?

The MINISTER OF MINERAL AND ENERGY AFFAIRS:

(1) (a) (i) R251 million.

(ii) 1964 to 1978.

(b) 54,1%.

(c) (i) No final agreement has as yet been reached regarding the manner in which the amount will be repaid, negotiations between the parties concerned are, however, being proceeded with.

(ii) Falls away.

(2) (a)

	Thousand kWh
1980/1981	454 116
1981/1982	547 124
1982/1983	865 000
1983/1984	1 259 891
1984/1985	1 463 831
1985/1986 (9 months) ..	743 413

(b) The planned supply is estimated at 1 000 million kWh.

(3) Average prize of electricity prices at an average load factor of 70 per cent:

Apr 1978 to Feb 1980—3,82 c/kWh
March 1980 to March 1981—4,32 c/kWh
Apr 1981 to March 1983—4,87 c/kWh
Apr 1983 to Aug 1983—5,14 c/kWh
Sept 1984 to Jun 1986—4,73 c/kWh
Jul 1986—5,39 c/kWh

Q wr 2077. 30/5/86 HANSARD

Farm/domestic workers

1043. Mr P H P GASTROW asked the Minister of Manpower:

(1) Whether, with reference to his reply to Question No 19 on 11 February 1986, consultations concerning the report of the National Manpower Commission on the working conditions of farm and domestic workers have been completed; if not, when is it anticipated that they will be completed; if so, (a) when and (b) what organisations and persons were consulted in this regard;

(2) whether the report has been released; if so, when; if not, (a) why not and (b) when will it be released;

(3) whether any action is to be taken in connection with the findings of the Commission on this matter; if not, why not; if so (a) what action and (b) when?

The MINISTER OF MANPOWER:

(1) No. At this stage it is not possible to say when the consultations will be completed, as the agricultural sector is a very large and diversified one and quite a number of bodies have to be conferred with.

(a) Consultations are still continuing and are to be broadened further.

(b) Up to now only representatives of organised agriculture have been consulted.

(2) No.

(a) Consultations have not yet been completed.

(b) The release of the report will be considered in the light of the progress which is made with talks with organised agriculture in particular.

(3) Yes.

(a) Consultations with various interested parties.

(b) Consultations are at present under way.

Aircraft

1069. Mr W V RAW asked the Minister of Transport Affairs:

(1) (a) How many aircraft of each type were purchased by the South African Airways in each of the latest specified five years for which figures are available and (b) at what price in each case;

(2) (a)(i) how many aircraft of each type were sold in each of the above-mentioned years and (ii) at what price in each case and (b) what was the (i)

WEEKEND POST, MAY 31, 1986

EWS

W/E POST 31/5/86

Plan to build parts for oil plant at Coega yard

(55)

Weekend Post Reporter

A CONTROVERSIAL proposal in connection with the projected Mossel Bay oil-from-gas scheme will be waiting for the Eastern Cape Strategic Development Team when it gets together a month from now.

Mr Edgar Crews, who farms near Port Elizabeth and knows the Coega River mouth area well, proposes that a shipyard be established at the river mouth, and the jackets and modules for the Mossel Bay project be built there.

"That way we kill two birds with one stone.

"We get the benefits of constructing the jackets and modules in the Eastern Cape and, on top of that, we have a shipping yard to create jobs and promote commerce.

"But my idea depends on whether the Government will honour its promise to have the jackets and modules constructed in the Eastern Cape."

Last year, the plan was put to several Cabinet Ministers, Mr Crews says in a letter to the Strategic Development Team.

"Attention was drawn to the discovery of a deep, wide channel off the mouth of the Coega River which was filled with sand which, when pumped out, would provide a deep channel from the open sea to the shore.

"A breakwater would protect the channel, and the sand would reclaim land offshore.

"A ship repair yard would provide a far greater number of work opportunities than the gas project, and the operating costs of both would be reduced by sharing the cost of the dredging of the channel and the building of the breakwater.

"The gas project contractors would build their special harbour facilities, and the ship repairers their docks and facilities, and pay for their use of the entrance to the shore.

"Attention was drawn to the critical economic situation in the PE/Uitenhage area following the withdrawal of Ford and the loss of motorcar component industries.

"The Minister of Mineral and Energy Affairs referred the Coega River plan to Soekor for comment.

"Soekor has replied that a feasibility study concluded that, with the importation of overseas technology, the upgrading of an existing yard and the acquisition of special equipment, such as large cranes and jackets, can be built in South Africa.

"However, the ability of Iscor to manufacture the type and quantity of steel required has not yet been demonstrated.

"If most of the steel has to be imported, the study concluded that at an exchange rate of 0,53 dollars to the rand it would be cheaper, quicker and less risky to have the jackets built in Japan and transported to the site, than to build them locally.

"The feasibility study further concluded that, with one exception — a yard in Durban — all local potential yards for the construction of a jacket would require major improvements and/or modification.

"Existing unused quayside facilities in harbours such as Port Elizabeth and Cape Town cannot be used without major modification before, and restoration after, a jacket is built.

The general manager of Soekor, Mr Crews says in his letter to the Strategic Development Team, has ruled out the Port Elizabeth harbour as a construction site for the jackets.

"Logically, the only site for a construction yard and a ship repair yard is at the mouth of the Coega River.

"A technical study should be commissioned immediately."

PE's gas works has giant deficit

E P POST 31/5/86

(55)

(262)

By DENISE BOUTALL

THERE'S inflation and inflation but when your calculator comes up with an increase of 1 945% — not in sales but in deficit — you know you're up against a big problem.

By the middle of next year the annual deficit on Port Elizabeth's municipal gas works will have increased from R214 000 in 1977 to a whopping R4 162 460 — a 19-fold increase in 10 years.

Port Elizabeth's City Treasurer, Mr Amandus Strydom, put it simply: "There is no way that we can make the gas works viable."

The 124-year-old gas works is one of the great ratepayer hobbyhorses in the city — and rightly so.

And Mr Strydom is talking openly about either closing it down or selling it — if the council could find a buyer.

In the financial year starting in July, the cost of producing gas will exceed income from sales by R230 000 and the gas service will not be able to make any contribution to meeting the R3 152 050 annual payment in finance charges.

Two years ago, on the basis of an R86 000 consultants' report on the viability of the gas works, it was estimated that the break-even point would be reached this June.

But in the last year things have gone horribly wrong.

"The idea was that we would increase production by using the Segas plant which uses dieseline and go on a big marketing drive.

"But in the meantime the cost of dieseline increased enormously because of the increased cost of oil in South Africa due to the collapse of the rand.

Amandus Strydom

"At the same time, the cost of coal which is used to produce most of the gas has also escalated enormously," Mr Strydom explained.

Since 1982-83 the deficit has gone up from R1,89 million to R2,54 million in 1983-84, R3,84 million in 1984-85 and dropped to R2,75 million in the current financial year.

However, in the coming financial year the deficit is expected nearly to double to R4,16 million.

To cover this enormous loss the City Council will take almost 25% from the profits from the highly lucrative electricity undertaking to subsidise the gas works.

In the next financial year the electricity service will contribute R11,29 million — a subsidy of just over 10%.

Mr Strydom said the future of the gas works would be discussed with the Department of Mineral and Energy Affairs and the council would also discuss the implications of the situation with local industrialists and would also consider selling the works to a private sector buyer.

"There is no easy way out this one."

Mr Strydom said, however, that even if the council could not sell the plant, it would be cheaper for the council to close it down and simply pay off the amount outstanding on the capital investment.

The debate over the future of the gas works has been a hardy annual for many years and the drive for improved sales began at least a decade ago when the City Council appointed a gas sales engineer.

In an interview the City Electrical Engineer, Mr Charles Adams, said there were about 820 gas consumers in the city, most of them domestic consumers.

There were about 48 industrial consumers and 100 small commercial consumers.

The city's big bakeries consumed about 20% of the gas produced.

He said he did not want to canvass more consumers because almost the entire gas production was being sold and some leeway was needed to meet increased demand from existing consumers once the economy picked up.

Mr Adams said any decision about the future of the gasworks would be determined by the effect it would have on industry.

He was having discussions with the 40 big consumers and hoped to present a comprehensive report on the future of the gas works to council in July.

55

Escom to test jumbo station

By Jaap Boekkooi

At the end of this year Escom will start testing jumbo power stations which will not be cooled by conventional cooling towers but by nearly 300 giant electric fans.

The new power station at Matimba, near Ellisras in the Bushveld, is the first of the so-called direct dry-cooling type in which no water is lost through evaporation. It will save an estimated 42 million tons of water a year.

The new Matimba station will be odd-looking as the first large power station in the country without traditional cooling towers.

While generating almost 4 000 MW, enough to power four cities Johannesburg's size, 294 giant electric fans, each of 9 m in diameter, will operate the cooling system of direct-cooled condensers, designed in Germany but adapted to local conditions.

The fans, rushing heated air away from turbines, will create a small local "hot spot" in the Bushveld where temperatures in summer and winter will be about 5 deg C higher than in surrounding areas. This tropical oasis will be studied by environmentalists for changes in plant and animal life.

When completed, Matimba's water savings will be of great benefit in a part of the country long plagued by droughts. The dry-cooling will be a pioneering effort not matched anywhere in the world except by an American power station only one-twelfth Matimba's size.

At Kendal on the eastern Highveld, Escom is also building a dry-cooled jumbo power station which will work on a different principle. Its six cooling towers, at 165 m the largest in the world, will contain giant radiators which will run the cooling system without water evaporation.

(a) 7 594,5626 hectare.

(b) (i) R6 525 228,00.

(ii) 30 May 1986.

(c) (i) A V Louw.

(ii) Hottentots Holland Estates (Pty) Ltd.

(iii) J W Swart.

(iv) H L Schaary.

(v) D and M van Papendorp Uys.

(vi) D M Uys.

(vii) *Undivided Shares*
W T Nefdt; Estate late D Nefdt; Estate J Nefdt; Estate A J and J J Wilson; Estate H E Groenewald; E B Liebenberg; G F Steyn; G J Loubser; Estate late P J Nefdt and J C D Lourens.

(viii) N G Kerk Bredasdorp.

(ix) N J Human.

(x) G A Barnard.

(xi) Andato Beleggings (Edms) Bpk.

(xii) Oyster Bay Investments (Pty) Ltd.

(xiii) P F and J P Dreyer.

(xiv) P R S Scott; G S G Scott; W H R Schreiner.

(d) The following sites are included:

(i) Rem Portion 2 (Rys Punt) of the farm Buffels Fontein No 170.
Portion 5 (portion of Portion 2) of farm Buffels Fontein No 170.

(ii) Rem Portion 1 of farm Klip Fontein No 64.
Portion 4 (portion of Portion 1) of farm Buffels Fontein No 170.
Rem Portion 2 of farm Klip Fontein No 64.
Rem Portion 11 (Schipskop) (portion of Portion 2) of farm Klip Fontein No 64.
Rem Portion 13 (Annex Martha) (portion of Portion 1) of farm Klip Fontein No 64.

(iii) Rem Portion 1 of Farm No 169.

(iv) Rem Portion 10 (Klip Fontein) of farm Klip Fontein No 64.

(v) Portion 8 (Lang Vlei) of farm Klip Fontein No 64.
Portion 12 (Annex Lang Vlei) of farm Klip Fontein No 64.
Portion 14 (Bos Kop) (portion of Portion 10) of farm Klip Fontein No 64.

(vi) Rem of farm Reimerskraal No 323.

(vii) Rem Portion 17 (Rosse Baai) (portion of Portion 11) of farm Klip Fontein No 64.

(viii) Portion 19 (portion of Portion 11) of farm Klip Fontein No 64.

(ix) Portion 23 (portion of Portion 20) of farm Klip Fontein No 64.

(x) Portion 26 (portion of Portion 25) of farm Klip Fontein No 64.

(xi) Portion 29 (portion of Portion 17) of farm Klip Fontein No 64.

(xii) Portion 30 (portion of Portion 17) of farm Klip Fontein No 64.

(xiii) Portion 23 (Blou Krans) (portion of Portion 11) of farm The Potteberg Estates No 516.
Portion 35 (portion of Portion 31) of farm The Potteberg Estates No 516.

(xiv) Portion 20 (Nutsie) (portion of Portion 5) of farm The Potteberg Estates No 516.

Portion 21 (Nutsie West) (portion of Portion 5) of farm The Potteberg Estates No 516.
Portion 22 (Nutsie East) (portion of Portion 5) of farm The Potteberg Estates No 516.
Portion 24 (portion of Portion 6) of farm The Potteberg Estates No 516.
Portion 26 (portion of Portion 5) of farm The Potteberg Estates No 516.

(e) (i) 19 September 1979.

(ii) 2 September 1982.

(iii) 27 January 1966.

(iv) 12 November 1973.

(v) 2 August 1952.

(vi) 19 April 1972.

(vii) 5 June 1973.

(viii) 9 September 1938.

(ix) 24 January 1972.

(x) 22 December 1971.

(xi) 8 August 1970.

(xii) 8 July 1969.

(xiii) 28 April 1981.

(xiv) *Shareholders*
1 July 1957; 7 April 1961; 1 April 1953; 25 November 1959; 16 October 1973.

HANSARD 3/6/86 55

Port Elizabeth: nuclear power station

*18. Mr D J N MALCOMESS asked the Minister of Mineral and Energy Affairs:

(1) Whether an investigation has been instituted into the selection of a suitable site for a nuclear power station (a) east and (b) west of Port Elizabeth; if so,

(2) whether this investigation has been completed; if not, when is it anticipated that it will be completed; if so, when;

(3) whether (a) a suitable site has been purchased or (b) an option has been taken on any site for this purpose; if so, (i) what specified site, (ii) at what price, (iii) what is the area of this site and (iv)(aa) who is or was the owner of this site and (bb) when did this owner acquire the site?

†The MINISTER OF MINERAL AND ENERGY AFFAIRS:

(1) Yes, in October 1985 Escom started a physical investigation in two areas in the Eastern Cape. These investigations form part of a national programme to identify sites for possible future nuclear power stations.

The current investigations are being conducted in:

(a) The area east of Port Elizabeth from the Sundays River Mouth to Cape Padrone. It stretches 16 km inland and 10 km seaward.

(b) The area west of Port Elizabeth from the Tsitsikamma River Mouth to Seal Point (Cape St Francis). It also stretches 16 km inland and 10 km seaward.

(2) No, the current investigations in the above-mentioned areas will be completed in December 1986. At that stage the viability of smaller sections of the area will be clear.
Should it be decided to conduct more intensive investigations into the smaller sections, the investigations will take a further 12 months.

(3) (a) No, at this stage no sites have been identified for future nuclear power stations and consequently no purchases have been made.

(b) No options have been or are be-

Supermarket to fight coupons ban

2011 (5) NM 3/6/88

Mercury Reporter

PICK 'n Pay supermarket's petrol outlets are to continue giving back 4c a litre discount coupons — in spite of a Government ban.

Yesterday, in a special Government Gazette, the Minister of Mineral and Energy Affairs, Mr Danie Steyn, prohibited petrol outlets from giving consumers any 'money, articles, service or concessions of commercial value'.

Pick 'n Pay's general manager of auto outlets, Mr Richard Frieslich, said: 'We will continue to hand out the coupons until we are stopped.'

Mr Bill Buxton of Buxton's Foodliner, another company which has a similar system in which it gives back 5c a litre, agreed with Mr Frieslich.

'The garage is not giving the coupons, I am,' said Mr Buxton. While he owns the supermarket, Mr Buxton does not own the petrol outlets which give the coupons.

'I am certainly going to look at it from a legal point of view. I'm not going to give up.'

Our Johannesburg correspondent reports that the ban has drawn a howl of outrage from industry and consumer organisations.

Among those who spoke out against it were Assocom and the Automobile Association.

And a spokesman for the Consumer Council said: 'If a retailer wants to charge a lesser amount for petrol he should be free to do so.'

The director-general of the Department of Minerals and Energy Affairs, Mr Louw Alberts, said the coupon scheme could not be allowed 'at a time when we are spending several hundred million rands in supporting and encouraging small business development'.

6 nuns die in convent inferno

DUBLIN. — Fire swept through a downtown Roman Catholic convent before dawn yesterday, killing six elderly nuns who were trapped by heat, flames and smoke in a dormitory where they had been sleeping.

Fifteen escaped, some rescued by firefighters and others by passers-by from nearby hotels and discotheques.

The blaze destroyed the Loretto Convent in St Stephen's Green, where the 21 nuns, aged 60 to 85, ran one of Ireland's most exclusive schools for girls.

Sister Patricia Murray said the six "all actually were out in the passage, moving toward the exits, but they didn't make it. The floor must have collapsed or the stairs collapsed when they were on their way down".

In London, a fire in a block of flats that authorities said may have been started by an arsonist killed two people and sent dozens leaping to safety. — UPI

MOH slams Koeberg's accident plan

55

Cape Times 3/6/86

Municipal Reporter

EMERGENCY measures in case of an accident at the Koeberg nuclear power station were "highly unsatisfactory", Cape Town's medical officer of health Dr Reg Coogan told the city council's amenities and health committee yesterday.

The committee agreed that the matter should be put to the executive committee with a view to approaching the Nuclear Safety Council, a public watchdog body.

Evidence of nuclear health hazards which would be placed before the council includes a study which showed that a trace element blown by wind from Koeberg reached Green Point, Paarden Eiland and Milnerton.

Other evidence includes advice from nuclear regulatory authorities in the US and Europe that "we need a very viable emergency programme which should be exercised regularly".

'Untenable'

In his report, Dr Coogan outlined two major difficulties with current measures.

One was that Cape Town Civil Defence had never been called on to "exercise its capability to reduce casualties in the case of a major release from Koeberg.

"This is despite a number of exercises held before and during the operation of the station and a number of pleas by me."

Dr Coogan said Escom's contention that no significant radioactive contamination would reach Cape Town had been rendered "untenable" by an exercise in November last year, and "ridiculous" by the consequences of the accident at Chernobyl.

Conflict

The accident exercise in November was held with a postulated westerly wind, and sheltering was considered necessary almost as far as Paarl.

Had the wind been northerly, a large part of Cape Town would have had to be ordered to shelter in the case of a real accident, Dr Coogan said.

Another difficulty was that an "unknown nuclear engineer at Escom" would be responsible for ordering emergency measures to protect the lives of 1,5-million people while also trying to control a nuclear accident.

"Apart from the obvious conflict of interests which must arise, such a farcical arrangement would not be countenanced by any of the nuclear regulatory authorities which council officials visited overseas."

black and white, "to attend with a ... into line with the African National ...

Petrol set to rise again

BD 5/4/88

GERALD REILLY

A PETROL price increase within the next two weeks threatens unless there is a spectacular improvement in the rand's dollar value.

PFP energy spokesman Brian Goodall says a situation has developed in which, under current price-formula conditions, another fuel-price rise could be unavoidable.

Much would depend on the extent of under-recovery by oil companies in recent weeks, the state of the Equalisation Fund, and whether government is prepared to reduce pipeline charges and forsake some of its tax revenue from fuel.

Goodall says there is little likelihood that the price of crude on world markets will fall to an extent where it could compensate for the higher costs of oil imports.

The crude price seems to have stabilised at about $18 a barrel, and there is little hope of relief from another decline on world markets.

Mineral and Energy Affairs spokesman Theuns Burger says oil companies are currently under-recovering. The department is watching the performance of the rand anxiously, and the next two weeks would be critical as far as price decisions are concerned.

The price has been cut twice this year: on March 3 from R1,02/1 for 93-octane on the Witwatersrand to 92c, and from 92c to 83c on April 14.

Union: No bid to talk 3M out of SA

BD 4/5/88

CLAIRE PICKARD-CAMBRIDGE

THE Commercial, Catering and Allied Workers' Union (Ccawusa) has rejected claims that it had tried to persuade US firm 3M to close its SA operation.

Ccawusa member Joseph Mokoena said he had been invited to the US by the Oil, Atomic and Chemical Workers' Union, which was organised at the 3M company in New Jersey.

"I told people Ccawusa had not yet adopted a clear position on disinvestment and would discuss it at its conference in July."

3M said from the US it was not considering a pullout.

Chernobyl 'not possible' at Koeberg

Cape Times 4/6/86

Staff Reporter

ACCIDENTS such as the recent Chernobyl catastrophe in Russia were impossible at the Koeberg nuclear power station, Escom's divisional manager (nuclear), Mr Paul Semark, said yesterday.

He was speaking in defence of Koeberg's safety standards and emergency plans following recent criticism by the City Medical Officer of Health, Dr Reg Coogan.

Mr Semark said the two power stations were different and considering the adequacy of the Koeberg emergency plan in the light of Chernobyl was unrealistic.

However, Chernobyl's disaster was being studied in spite of a lack of information, he said.

The effect of even a serious accident would be minimized because of the physical barriers between the radioactive material and the atmosphere.

These barriers include a 25cm-thick stainless steel reactor pressure vessel holding the fuel, and a 1m-thick post-stressed reinforced concrete containment building with a steel lining.

Mr Semark said Chernobyl had no such barriers so that a closer comparison would be Three Mile Island (the US nuclear plant) where, in spite of a very serious accident, no member of the staff or public was in any danger of undue radiation.

Emergency plans existed for the area up to 16km from the station.

● Leading article, page 8

5. L

6. S

Official explanation on coupon petrol pitfalls

Mercury Reporter

THE Department of Mineral and Energy Affairs believed petrol discounting could affect the willingness of international oil companies to remain in South Africa, a spokesman said yesterday.

The spokesman was elaborating on an undertaking by the department's director-general, Dr Louw Alberts, to divulge privately the 'strategic aspects' behind the Government's decision to ban retail petrol discounting.

Mr Hugh Herman, Pick 'n Pay's joint managing director, said yesterday that while the company intended 'finding out more' about Dr Albert's offer, 'we believe it's really a red herring'.

'We think the Government has come to some agreement with fuel companies on getting a fixed return and we have yet to hear of a good reason why petrol sales should be exempted from free competition,' he said.

Replying, the Mineral and Energy Affairs spokesman said the department was trying to secure the long-term availability of fuel at acceptable prices.

'I cannot agree with those observations (by Mr Herman), because our reasons are valid.

'In giving the undertaking to discuss privately the strategic reasons behind the decision, Dr Alberts was referring to the fact that should we become involved in a retail price war situation, this will of necessity spill over to the wholesale industry . . . and they will have to protect their market shares.'

At the moment the oil companies' profit margins were at a 'reasonably acceptable' level of between 13% and 14%, but a price war could spill over to the wholesale industry and influence its profitability.

Referring to attempts by anti-apartheid activists to pressure the companies, particularly Shell, to review their presence in South Africa, the spokesman said:

'They must weigh up the viability of their restricted operations here against just having a hassle-free overseas operation.

'By allowing this situation to become too severe, we fear it might influence their willingness to remain in South Africa.'

The ban on discounting 'should really therefore be seen as protecting South Africa rather than the oil companies', he said.

But in addition to this, he said, 'in the time since the court ruling, we have received information of service stations being forced to the brink of bankruptcy, with the obvious threat of more unemployment'.

'It is not a game we have played . . . we have had the opportunity of monitoring the situation since the Court ruling and there was a lot of evidence that certain market distribution problems are manifesting themselves.

'In the final analysis, the consumer's interest is at stake. We are trying to secure long-term availability at acceptable prices.'

Meanwhile, Sapa reports that the Pick 'n Pay group's petrol outlets continued their coupon sales scheme yesterday as both sides in the 'fuel war' appeared to be adopting a wait-and-see attitude.

Consumer anger about Government moves to stop the 4 c/ℓ 'discount' coupon system is growing, with a number of organisations expressing opposition to the ban.

Mr Richard Frieslich, general manager of the group's Auto outlets, said they had not been able to get a copy of the Gazette, nor had they been informed of the move by the Department of Mineral and Energy Affairs or the oil companies supplying their outlets.

Options

Mr John Drake, managing director of the oil division of Shell, said: 'We are waiting for legal opinion on this matter. In the interim, we will continue to supply all Shell dealers.'

While Pick 'n Pay executives continued a series of meetings in Cape Town to discuss their position, a spokesman said they were studying the Government notice and as soon as they had taken legal advice, further action would be decided on.

The Department of Mineral and Energy Affairs seems unlikely to act immediately if the coupon systems are not stopped.

Rather, it appears to be giving all the outlets which started such schemes time to wind them up, before considering which of a wide range of options it should bring against continuing ban-busters.

N|M 4/6/86 (55)

Government ban on all meetings

5/6/86 BUS DAY

● From Page 1

of the three Houses an amendment may be moved for the Bill to be referred or recommended to the appropriate standing committee.

If such an amendment is agreed to by two of the Houses and the Second Reading of the House is agreed to by the other House it shall be deemed that all three Houses have agreed to the amendment.

Observers believe the Bills could then not automatically be sent to the President's Council for arbitration as was originally thought to be the natural path for the government to take should it not get the Bills passed by the three Houses.

Koeberg Alert speaks out

5/6/86 BUS DAY

KOEBERG Alert yesterday leapt to the defence of Reg Coogan, Cape Town's medical officer of health, after Escom had attacked his criticism of the nuclear emergency plan there.

Coogan said the consequences of the Chernobyl disaster showed radiation could reach Cape Town. But Escom's divisional manager Paul Semark said it was unrealistic to evaluate Koeberg's plan in the light of Chernobyl as the two stations were so different.

Cape Times 5/6/86 (55)

Koeberg watchdogs back MOH warning

Staff Reporter

KOEBERG Alert came to the defence of Cape Town's Medical Officer of Health, Dr Reg Coogan, yesterday after Escom had disclaimed his criticism of Cape Town's nuclear-emergency plan.

Dr Coogan had said the consequences of the Chernobyl disaster showed radiation could reach Cape Town. Escom's divisional manager, Mr Paul Semark, replied that it was unrealistic to evaluate Koeberg's emergency plans in the light of Chernobyl as the two stations were significantly different.

Mr John Venn, a spokesman for Koeberg Alert, said Escom's response that a Chernobyl-type accident could not happen here was "trite".

"It's obvious that exactly the same sequence of events which occurred at Chernobyl could not happen at Koeberg. Nevertheless, a similar sequence of events could lead to a large release of radiation," he said.

Mr Venn said the Chernobyl accident had shown that population evacuation "may be necessary at least 50km from the power station", and sheltering and other measures may be needed even further afield.

The current Cape Town plan which called for evacuation within a 16km radius and sheltering within 80 was "unrealistic", he said.

Koeberg Alert supported Dr Coogan's call for a re-evaluation of the emergency plan in the light of Chernobyl.

Court action on petrol coupon ban

(55) 5/6/81 NM

Mercury Reporter

PICK 'n Pay is to take the Government to the Supreme Court for the second time in three months in its dispute over discounted petrol, the chain's executive director Alan Gardiner said yesterday.

The matter could be heard today or tomorrow, Mr Gardiner added.

Conflict has arisen over the issue after a special Government Gazette was issued on Monday effectively banning all petrol coupon discount schemes.

In March, after the Minister of Mineral and Energy Affairs stopped oil companies supplying Pick 'n Pay with petrol because of its coupon discounting, the company won a court action against the Government in which the Court ruled the minister had acted beyond his powers.

However, the minister has since countered this ruling by issuing the Gazette in which companies may not supply or offer petrol other than by way of sale 'for a wholly monetary consideration and at the prescribed price', or offer as a condition or as a result of any sale of petrol any benefit to the consumer.

Pick 'n Pay has continued to give 4 c/l coupons in spite of the new ruling.

Pick 'n Pay to seek court ruling

BUSDAY 5/6/86 (55) (183) (30) (49)

HAMISH McINDOE

PICK 'n Pay plans an urgent application for a Supreme Court hearing in Cape Town to have government's ban earlier this week on all forms of petrol discounting declared invalid.

Pick 'n Pay will be seeking re-confirmation of the legality of its coupon-linked petrol discount scheme, after a Supreme Court ruling in March allowed the supermarket chain to continue offering coupons.

Lawyers for Pick 'n Pay yesterday studied the special Government *Gazette* for the first time since its issue on Monday.

A legal expert said the courts had over-riding power to determine whether an administrative edict was fairly applied. "They will be asked to judge the validity of the delegated legislation," he said.

Pick 'n Pay is continuing with the issuing of petrol coupons at its 13 outlets.

"THE VITAL VIEWPOINT"

BUS DAY 6/6/86

US action could hit oil project

HAMISH McINDOE

LATEST US sanctions proposals against South Africa could severely hinder foreign oil company involvement in the R5bn Mossel Bay oil-from-gas project, according to political and oil industry observers.

Jointly sponsored by Democrat senator Edward Kennedy and congressman William Grey, the five-track congressional bill introduced in Congress late last month includes a ban on new US investment in SA.

Department of Mineral and Energy Affairs deputy-director Theuns Burger admitted such a ban could well have a serious impact on the project.

US oil companies Mobil and Caltex would be barred from offering technology and expertise in the development of Mossel Bay if President Reagan adopted the congressional bill's new investment ban.

"Mobil technology has been mentioned as a possible route in the liquefaction process at Mossel Bay," Burger said.

Three non-oil US companies have already been strongly urged to withdraw from the Mossel Bay project by the American Committee on Africa.

Soekor declined to comment on how government's open invitation to foreign oil companies to help develop Mossel Bay had been affected by latest sanction moves in the US. "We are not involved in the negotiations," a Soekor spokesman said.

'Careful look' at N-power

CAR Times 7/6/86

By ANTHONY JOHNSON
Political Correspondent

THE government would look "very, very carefully" at population densities when planning future nuclear power stations, the Minister of Mineral and Energy Affairs, Mr Danie Steyn, promised yesterday.

Mr Steyn was responding to a series of PFP warnings on possible dangers of the Koeberg nuclear power station near Cape Town.

The minister said the possibility of a radiation problem at Koeberg station could not be ruled out but he believed that "everything humanly possible" had been done to ensure the emergency plan was the best.

"But we must not sit back on our laurels and say we cannot have a problem," he cautioned.

Speaking earlier in the committee stage of the mineral and energy affairs debate, Mr Roger Hulley (PFP Constantia) said the time had arrived for a thorough review of South Africa's nuclear energy programme — and Koeberg in particular.

The Chernobyl disaster and latest estimates of the cost of South Africa's nuclear programme necessitated a "major rethink" on South Africa's commitment to nuclear energy, Mr Hulley said.

"The Chernobyl disaster — which was supposed to be virtually a statistical impossibility according to nuclear experts — must reopen the whole question of nuclear risk assessment."

Most of the rest of the world had placed their nuclear expansion programmes on ice as a direct result of the Soviet disaster but the South African Government had reacted as if no noteworthy steps need be taken.

"This is not good enough, particularly since we have the added problem that Koeberg could be a potential target for terrorist sabotage — as has already happened once," he said.

Referring to the cost, he said: "To put it bluntly, I seriously question whether our present expenditure on nuclear energy is justified in our circumstances."

Mr Hulley said South Africa was budgeting R775-million during the current financial year for the Atomic Energy Corporation (89 percent of the mineral and energy budget) which was treble what South Africa was spending five years ago.

"Our deteriorating international position must have an effect on our ability to fuel Koeberg and keep it safe, and run it at a cost which is reasonable," he said.

Dr F A H van Staden (CP Koedoespoort) said that the government should somehow gag those people who made irresponsible statements about the supposed dangers of Koeberg nuclear power station.

Politics in brief . . .

SA envoy to Ciskei quits

THE SA Ambassador in Ciskei, General A J van Deventer, is to quit his post after a year in office at his own request, according to a statement this week from the Ministry of Foreign Affairs. He will be succeeded by Mr Christiaan van Aardt, 56, chairman of the Smaldeel Divisional Council.

Thirteen murder convictions daily

HOUSE OF DELEGATES. — More than 13 people a day are being convicted of murder in South Africa — and more than 24 people are being arrested every day on murder charges, the Minister of Law and Order, Mr Louis le Grange, disclosed this week in reply to a question from Mr John Iyman (NPP Camperdown).

Freehold for homelands

NEW moves to promote freehold ownership of land in the non-independent homelands were announced this week by the South African and six homeland governments. A joint statement said provision would be made for full freehold ownership registered with the South African Deeds Office.

'Struggle succeeding'

HOUSE OF ASSEMBLY. — The Publications Appeal Board was succeeding in its struggle against pornography, blasphemy and subversive literature, Mr Stoffel Botha, Minister of Home Affairs, said yesterday while replying to debate on the Publications Amendment Bill. New policy restricted films to certain audiences. "The Exorcist", banned for the past 12 years, could now be shown at certain "art theatres" but could not be released on video. The Appeal Board, which had included ministers of religion, agreed to allow the film by five votes to one. "This is not a film I'd want to see," he said.

Powerful Administrators

PARLIAMENT. — As from July 1, new Provincial Administrators could become powers unto themselves in terms of legislation tabled here yesterday. The Provincial Government Bill, which will replace the present system with an administrator and executive (which could include members of different races) appointed by the President, also makes provision for a joint executive as planned by KwaZulu and Natal. But Administrators will be vested with massive powers to make decisions entirely on their own with the only proviso to "notify" the other executive members. — Sapa and Political Staff

22-million people in SA have no access to electricity

10.6.86 STAR

By Sue Leeman, Pretoria Bureau

About 22 million of the 31,4 million people in South Africa in 1984 did not have access to electricity and used wood, paraffin, coal and gas to meet their basic energy requirements.

Senior research officer with the Energy Research Institute, Dr A A Eberhard, told an energy conference in Pretoria today it was vital these energy needs be met.

He said by the year 2000 South Africa (including TBVC countries) was expected to have a total population of 45 million, of whom 35 million would be black.

Rural populations would increase marginally, but communities in urban and peri-urban areas were expected to more than double.

Informal settlements in peri-urban areas around metropolitan centres would grow and there would be larger settlements in homelands which bordered on South Africa's densely populated urban areas.

Dr Eberhard added: "This sector cannot be ignored in national energy planning and investment decisions."

He suggested all housing in and around metropolitan areas and towns could be electrified on less than 8 000 kilowatts a year — 7 percent of the total electricity sent out by Escom in 1984.

PROVISION OF SERVICES

This was little more than a third the capacity of one of the 3 600 megawatt power stations now being constructed and would provide electricity for about 5,5 million people.

However, it appeared provision of such services was still regarded as of secondary importance in planning townships and upgrading peri-urban and informal settlements.

He added:"The massive housing project at Khayelitsha in the Cape is another example where electrification of houses is ignored. By denying electricity to these areas, communities are further impoverished by having to meet the higher costs of fuels such as coal, gas, paraffin, candles and batteries and quality of life expectations are frustrated.

"This situation can only exacerbate an already deteriorating social and political climate."

Dr Eberhard said rural areas also still had a great need for energy resources. Reliable, low-cost, decentralised small power supply systems should be installed.

There was also a need for fuel wood, which must be provided without further denuding the country's forests.

All this would cost money, he said, but "ignoring these problems may, in the long term, incur even higher social, environmental and political costs".

LATEST TECHNOLOGY

In another address, deputy chairman of Rand Mines, Mr A A Sealey said the coal industry must continue to employ the latest technology and scientific procedures to maintain the progress it has made.

He said a number of new steps could be taken, including:

- Development of new coal liquefaction processes to produce and sell a wider range of petrochemical products.
- Possible construction of natural gas pipelines, which may have export potential.
- Further research into combustion technology.
- Cleaner stack emissions should be obtained through better scrubbing of coal or improved combustion,
- On-site processing of coal or use of robotics in difficult conditions should be investigated.

Mr Sealey also called for improved efficiency and greater capital intensity

And, he said, output must be kept in line with wage demands, or producers would fail to adequately control costs.

Mr Sealey added that adequate attention must be given to training.

Blacks still facing an energy shortage

11/6/86 (56) BUS DAY.

GERALD REILLY

THE energy crisis is not over, at least not for the under-developed sector of the population.

So said Energy Research Institute senior research officer A A Eberhard at the "SA energy — the way ahead" conference in Pretoria yesterday.

In 1984, 3,3-million blacks in metropolitan areas, 1,5-million in towns, 4,5-million farm labourers and their families, and nearly 12-million blacks in the homelands did not have access to electricity for domestic use.

Eberhard said growing fuel-wood scarcity resulted in severe social and environmental costs, as well as an increased economic burden on the poor.

"With increased urbanisation, the lack of adequate services is bound to exacerbate an already unstable political environment," he added.

Department of Mineral and Energy Affairs chief director Dirk Neethling said during the debate he favoured the state and private sector assuming joint responsibility for the management of the country's energy affairs within a framework of a more-diversified energy-resources system.

Councils may buy power wholesale

Argus 1/10/86 (53) [illegible]

Tygerberg Bureau

A CONTRACT between six Tygerberg authorities — creating a body empowered to buy the local power grid from Escom — has been approved by Durbanville Town Council.

The contract is between Bellville, Durbanville, Goodwood, Kraaifontein, Kuils River and Parow.

It creates an electricity operating committee which would buy the network and distribute electricity after buying it wholesale from Escom.

The six municipalities will establish and collect their own tariffs.

They went ahead with the project in spite of ratepayers' fierce protests.

The Administrator's approval is still needed.

Bus Day 11/6/86 55

Fuel price hopes dashed

GOVERNMENT had been following a progressive policy of deregulation of controlled energy prices — but for strategic reasons decontrol of petrol prices was not being considered, Mineral and Energy Affairs Minister Danie Steyn said in Pretoria.

Opening the SA National Committee of the World Energy Conference (Sancwec), Steyn said govenment price control on aviation fuel and power paraffin had been abolished.

He said an investigation into the price structure of petrol and diesel was under way and two feasibility studies for the production of synthetic fuels.

SA's seagas resources 'will last forever'

STAR 55

11/6/86

By Jaap Boekkooi

South Africa's seagas resources, soon to be exploited at Mossel Bay, will last forever, says Soekor general manager Dr Ken Graham.

Speaking at a seminar, Dr Graham forecast that the country would discover "more gas much faster than the present (Mossel Bay) project can use it up".

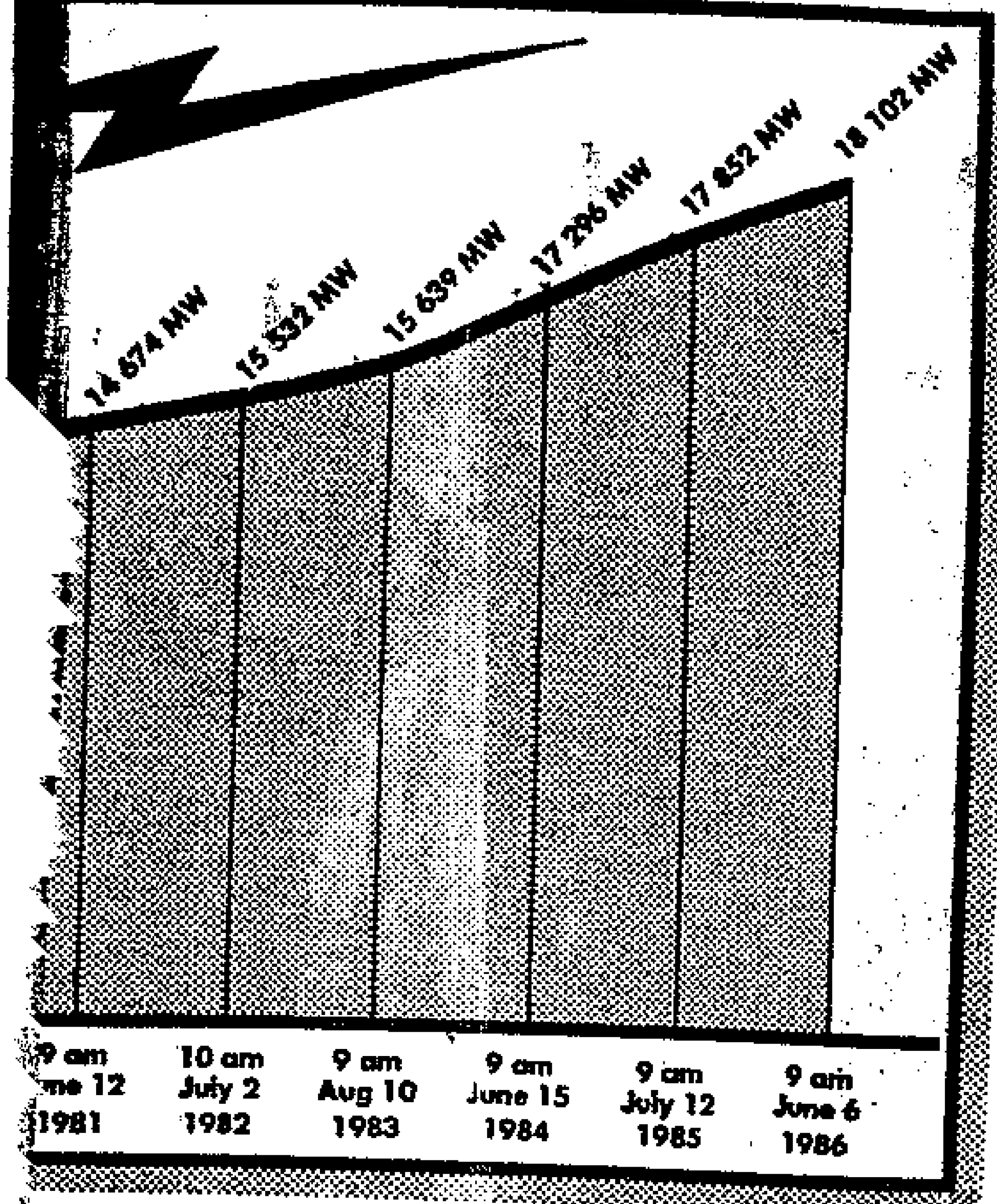
Before the Mossel Bay petrol-from-seagas project is built, Soekor will be busy on another feasibility study based on totally separate gas reserves off the south coast — which would lead to an expanded plant at Mossel Bay or an entirely new plant elsewhere.

The Kudu gas field, off the Orange River mouth — only tested from one well — could prove larger than the Mossel Bay field. Thus gas and its conversion into liquid fuels would play "an important role in the South African energy scene for a very long time".

It would enable South Africa to become the world leader in synthetic fuels, and help the country to lead the rest of the world into "the next gas-based world energy era".

Although no decision has been made yet on the process to convert Mossel Bay seagas into fuel, there are three choices — but one is in danger of American sanctions.

SA 55 Star 12/6/86



...city in South Africa reach a new record on Escom's national grid. An ...ut 9 am when peak industrial demand coincided with high domestic ...a good indication of growth in the Gross Domestic Product because ...s of depression we may have negative growth figures," he said.

Sasol chief warns on oil glut effects

By Kym Hamilton, Pretoria Bureau

Interest and enthusiasm for synthetic fuels has disappeared resulting in the cancellation of projects which could lead to loss of expertise gained over the past 10 years, Sasol executive director, Mr P Kruger has warned.

Speaking at a conference in Pretoria yesterday on the future of South African energy, Mr Kruger said the major factors causing the lack of interest were the oil glut and low prices.

The oil price has always been subject to some degree of turbulence and it was only during a time of rapid oil price rises that synfuel projects were considered a viable alternative, he said.

SECOND CRISIS

A period of stability followed after World War 2 until the 1973 oil crisis. This was again followed by a period of stability until the second oil crisis leading to eventual collapse of the price.

The second oil crisis caused the price to rocket to an unprecedented US$40 a barrel. During the following few years, it slowly descended to $28 a barrel. The price then collapsed, dropping to below $10 a barrel, and improving again to $15. Oil prices should rise in the early 1990s, rekindling the interest in synthetic fuels, he said.

In the interim, the industry should concentrate on improving present operations and exploiting processing imrprovements for the next generation of synfuel plants.

Given today's market trends, a Sasol 2 plant, including the associated mine infrastructure, would cost about R9 000 million. At the present inflation rate, this could escalate to a final cost of more than R15 billion in six years, he warned.

Grand plan to develop N-power

By Sue Leeman, Pretoria Bureau

South Africa should be planning to launch a major nuclear programme by the turn of the century, when a second nuclear power station in the Western Cape will become viable, according to the executive chairman of the Atomic Energy Corporation, Dr J W L de Villiers.

Addressing delegates at a conference on South Africa's future energy needs in Pretoria this week, he sketched an ambitious scenario involving expenditure of R250 000 million between the years 2000 and 2035, and the switch-on of the country's first breeder reactor by the year 2025.

Dr de Villiers said South Africa did not have adequate energy reserves and would have to look for alternatives.

REQUIREMENTS FOR ELECTRICITY

At first glance the country's coal reserves looked set to last for another 300 years. "However, this is a fallacious assumption for, if a growth rate of 5 percent in electricity consumption is assumed for the next five decades, it can be shown that our total extractable coal reserves would be committed to electricity production alone by the year 2035."

Dr de Villiers said the country's uranium reserves, if used in the present thermal reactors of the Koeberg type, were equivalent only to some 15 000 million tons of coal, and thus could postpone for only a few years the date when all reserves were committed to electricity generation.

"However, if used in fast breeder reactors, our uranium reserves will be equivalent to some 900 000million tons of coal, allowing enough time for the development of new energy systems such as fusion, or perhaps alternative renewable resources which could also be used for electricity production."

Dr de Villiers said it was important to time the development of the country's nuclear programme so that available uranium resources were used to the maximum.

"A delay in initiating a local nuclear industry will strain local coal reserves and eventually precipitate a too rapid transition from coal to nuclear power."

Dr de Villiers charted his programme for the industry, saying it could be launched in the year 2000. No more coal stations would be built after 2080.

POLLUTION

"Initially, nuclear reactors will become economic at coastal areas far removed from cheap sources of coal in the Eastern Transvaal.

"As coal becomes scarcer and more expensive, and as pollution and water supply become more problematic, nuclear power will become more attractive.

"Studies have shown that a second nuclear power station will become viable in the Western Cape by the year 2000."

Because local uranium would be limited, he added, nuclear generation would have to be by way of breeder reactors.

EL petrol depot strike ends

Dispatch Reporter 12/6/86 DD

EAST LONDON — The two-day strike at the British Petroleum depot here is over.

A spokesman for the company said from Cape Town that all the workers returned to work yesterday morning and discussions were continuing with the South African Allied Workers Union (Saawu).

The branch secretary of Saawu, Mr B. Melitafa, confirmed that workers had returned to work.

He said the workers resumed work after they had reached agreement with management on the wage dispute.

The management had promised the workers a reply before June 23 concerning their grievances, he said.

Other workers' grievances involved conditions of service, Mr Melitafa added.

Turning to the question of recognition of agreement proposals, Mr Melitafa said Saawu was waiting for counter proposals from BP management and a date would be fixed when negotiations would take place. The negotiation date could be before June 23, he added.

He said Saawu officials had gathered information from both management and the workers to serve as groundwork for negotiations.

The work stoppage at BP started on Monday and continued yesterday.

According to BP management, the dispute was over wage claims.

Meanwhile, some petrol stations in Parkside and Mdantsane are reported to have dried up while others ran low on Tuesday following the stoppage.

ENERGY

'SA should turn to nuclear energy'

Argus 12/6/86

55

The Argus Correspondent

PRETORIA. — South Africa should be planning to launch a major nuclear programme by the turn of the century, when a second nuclear power station in the Western Cape will become viable, according to the executive chairman of the Atomic Energy Corporation, Dr J W L de Villiers.

He sketched for delegates at a conference on South Africa's future energy needs in Pretoria this week an ambitious scenario involving expenditure of R250-billion between the years 2000 and 2035 and the switch-on of the country's first breeder reactor by the year 2025.

Dr J de Villiers

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Fusion

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Dr de Villiers said it was important to time the development of the country's nuclear programme so that uranium resources were used to the maximum.

He charted his pro-

Inland consumers carry fuel costs, says Mabin

The Argus Correspondent

PRETORIA. — Many inland consumers of petrol and diesel carry pipeline transportation costs that considerably exceed the total cost of such transportation, according to a former executive director of Assocom, Mr H S Mabin.

There has been growing criticism of the Government for charging inland motorists — who get large quantities of petrol via other transportation from inland sources — what are considered unreasonable sums for the use of the pipeline.

Mr Mabin reminded an energy conference in Pretoria this week that as long ago as 1945 the was important to time the development of the country's nuclear programme so that uranium resources were used to the maximum.

He charted his programme for the industry, saying it could be launched in the year 2000. No more coal stations would be built after 2080.

"As coal becomes scarcer and more expensive, and as pollution and water supply become more problematical, nuclear power will become more attractive.

Because local uranium would be limited, he added, nuclear generation would have to be by way of breeder reactors.

are considered unreasonable sums for the use of the pipeline.

Mr Mabin reminded an energy conference in Pretoria this week that as long ago as 1945 the Board of Trade and Industries had recommended that railway tariffs be made to conform gradually to the actual cost of the service.

Mr Mabin said he believed price control on petrol — another thorny issue — could well have the effect of raising prices rather than lowering them.

"The overall cost of energy might well be influenced by price and export control."

'Meet energy needs of blacks'

The Argus Correspondent

PRETORIA. — About 22 million of the 31,4 million people in South Africa (including the TBVC countries) in 1984 did not have access to electricity and used wood, paraffin, coal and gas to meet their basic energy requirements.

Senior research officer with the Energy Research Institute, Dr A A Eberhard, told an energy conference in Pretoria this week that it was vital that these energy needs, which existed largely in the black community, be met.

He said by the year 2000 the country was expected to have a total population of 45 million.

The country would see the growth of informal settlements in peri-urban areas around metropolitan centres. There would also be larger settlements in homelands which bordered on the densely populated urban areas.

He suggested that all housing in and around the metropolitan areas and towns could be electrified on less than 8 000 kw a year — seven percent of the total electricity sent out by Escom in 1984.

This would require little more than one third of the capacity of one of the new 3 600 megawatt power stations being constructed and would provide electricity for about 5,5 million people.

However, it appeared that the provision of such services was still regarded as of secondary importance in the planning of townships and the upgrading of peri-urban and informal settlements.

"FURTHER IMPOVERISHED"

"The massive housing project at Khayelitsha is another example of where the electrification of houses is being ignored. There is no doubt that by denying electricity to these areas, communities are further impoverished by having to meet the higher costs of fuels such as coal, gas, paraffin, candles and batteries and quality of life expectations are frustrated.

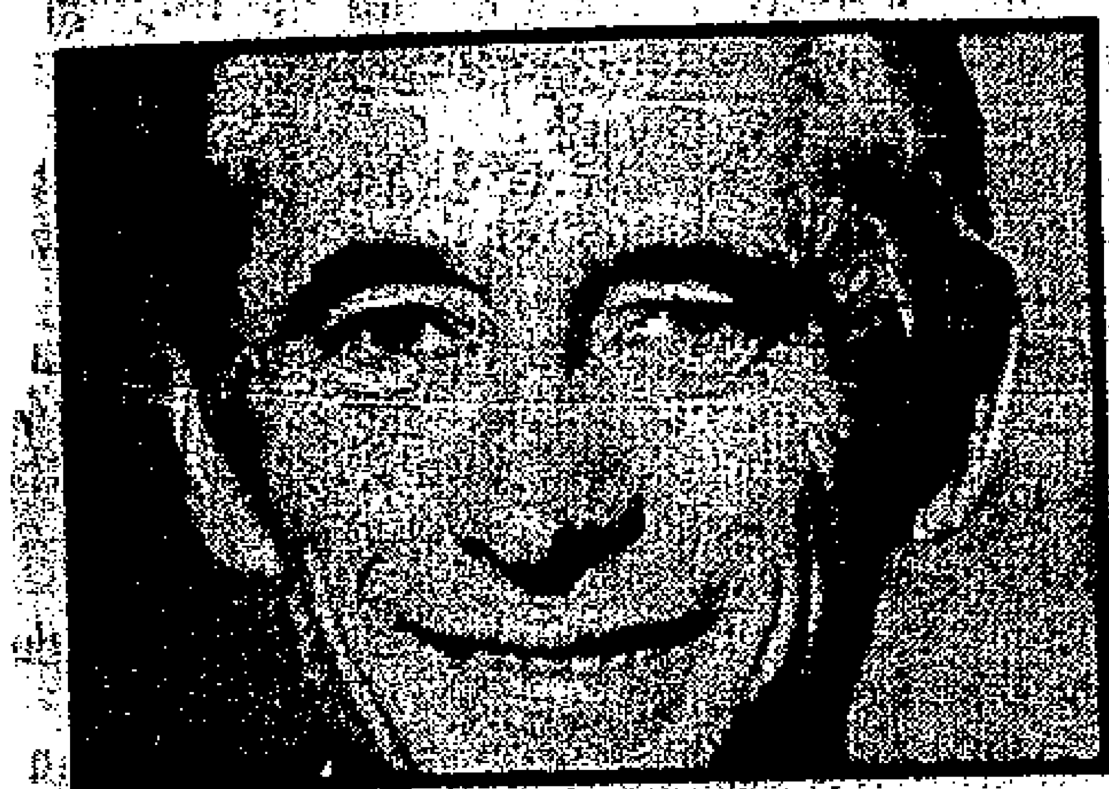
"This situation can only exacerbate an already deteriorating social and political climate in these areas."

Dr Eberhard said the rural areas also still had a great need for energy resources. Reliable, low-cost, decentralised small power supply systems should be installed here.

There was also a need for fuel wood, which must be provided without further denuding the country's forests.

13/6/86 BD>DAT 55

Contractors need to gain more expertise



ST LEGER . . . planning ahead always vital

HELGA ST BLAIZE-MOLONY

UNLESS SA contractors start trying to gain the necessary expertise to handle major construction projects, the fruits will continue to be stolen by foreign companies.

This is the view of Sasol technology GM Piet Naude. Overseas contractors, he says, are usually accustomed to working abroad. And, more importantly, they are more in tune with the demands of massive modern technology projects, are more reliable and better qualified to handle the work required.

With the Mossel Bay gas project possibly looming and future synfuels projects being planned, Naude stresses: "Planning for these projects is of the utmost importance. It contributes towards the success or failure of a project."

Central Energy Fund project director and former Murray and Roberts engineering division director Bob St Leger agrees with Naude. He says determined planning for the Mossel Bay gas project is underway and cost-benefit relationships are being studied, too.

"There is no doubt we would like to see a high SA content taking place on this project. There would be massive advantages to the country.

"Apart from the technology transfer we would hope to achieve, hard-hit industries and regional areas could benefit enormously."

Expertise for the project can be found, St Leger adds. "But, yes, planning has to be accomplished properly. Companies will have to start facing up to the needs of a particular project now."

Naude points out that despite the financial drawbacks of using overseas firms "the local content in Sasol 2 was the most trouble in the end". During its design and construction, only 45% of the materials needed came from SA and only two construction contracts were awarded to SA firms.

He says allowance was made for local suppliers' technical limitations. The real problem lay in the timing of the manufacture and supply of goods. Contractors are unreliable, they suffer from a lack of skill or confidence and they often seem unwilling to meet new technical demands, says St Leger.

Naude believes that unless things change substantially SA cannot expect to increase its content in any future project of this magnitude. "There is not enough attention to detail and labour is not competent, so the failure rests with management," Naude concludes.

But if local firms anticipate the need for additional technological skills, if they prepare in time and provide the necessary training for staff, St Leger reckons SA firms could compete.

SS

Power crazy!

Ohmless in BOP . . . the generating plant which can't generate anything

By NEIL HOOPER

BOPHUTHATSWANA'S new R250-million power-station being built at Skilpadfontein, in the north-east of the territory, is destined to be a monumental white elephant — it will not be able to generate electricity!

BophuthaTswana will have to continue obtaining its power from South Africa's Escom, which is charging the territory an estimated R50-million a year for the service.

Two weeks ago, the Sunday Times revealed that BophuthaTswana — the cash-strapped former showpiece of apartheid — had cancelled all but the first phase of the original R700-million project.

This week BophuthaTswana's Minister of Economic Affairs, Mr E E Keikelame, revealed that his country was still trying to find funds to finance the first phase of the power station, presently under construction.

He admitted that, until the territory could find massive additional funding to build the scrapped phase two, the Skilpadfontein power station would not be able to generate power.

But BophuthaTswana's chances of obtaining massive overseas loans seem remote. As revealed by the Sunday Times, BophuthaTswana was forced to withdraw its application to the Johannesburg-based Development Bank of Southern Africa for a loan to build the power station.

Overdraft

It was also advised to "terminate" the construction of further phases of the power station.

In addition, it is understood that the BophuthaTswana Government has been asked by one of its major creditors, the Standard Bank, to reduce its R300-million overdraft.

Asked whether he could confirm that BophuthaTswana had withdrawn its application to the Development Bank of Southern Africa, Mr Keikelame said his government had not actually applied for a loan.

"We were still carrying out investigations about a loan to finance the power station, but had not applied to the bank. We have now decided to look for an alternative source to finance the first phase of the project.

"The intention of the original project was to have four units of 60 megawatts each.

"What we are doing is building phase one of the contract, for which we are hoping to find finance from suitable sources.

"The power station will not be able to go on stream when this is completed in 1988. To go on stream we will have to build phase two."

Reserves

BophuthaTswana has said that it decided to build the power station so that the territory would not be dependent on Escom for power, and that Skilpadfontein was selected because there were coal reserves and an adequate water supply for the cooling towers.

The coal reserves belong to Gencor, which told the Sunday Times it had no plans to start mining in the area.

A Gencor spokesman also said that no agreement had been negotiated with BophuthaTswana to supply coal to the power station.

This was confirmed by Mr Keikelame.

"We have no final agreement with Gencor to supply coal ... we are also looking at other options to fuel the project."

Resources

He also conceded that, even if the power station had been completed in all its phases according to the original plans, it would not have been capable of meeting the power requirements of the entire territory.

"It would have supplied power to the eastern part of BophuthaTswana, and we would still have had to rely on Escom, but the approach was that we must develop our own power resources," he said.

Civil engineers in charge of constructing the power station are uncertain what the outcome of the present project will be, and whether it will have the infrastructure to ever generate power.

Weak rand set to up fuel price

BUS DAY 1/1/86

GERALD REILLY

ANOTHER petrol price increase — which could be announced later this week — is certain if the rand remains at depressed levels, says a Mineral and Energy Affairs Department source.

The current price is based on a rand worth US$0.47 and at that level there is an over-recovery of about four or five cents a litre.

The over-recovery has been used during the past few weeks to hold fuel prices down. However, at US$0.36 to the rand, the price stabilisation fund is draining away, and a decision on a price adjustment will be imperative unless there is a spectacular improvement in the rand's value.

Last week Mineral and Energy Affairs Minister Danie Steyn said the price of petrol would remain "provisionally unchanged", but could rise if the rand remained weak.

And in the expectation of tougher security measures and the declaration of the State of Emergency, the rand has become weaker.

That could mean that much of the total petrol price decrease of more than 20c a litre this year could be wiped out, and the price could rise again to the region of 95c a litre on the Rand.

Motor Industries Federation director Jannie van Huyssteen said an increase in the petrol price was imminent and it was unlikely to be less than 5c a litre.

Where there's muck there's money

By Michael Chester

Growing threats of sanctions have given new urgency to schemes to recover thousands of tons of key raw materials being discarded daily by housewives and factories and being buried in rubbish dumps.

The Federated Chamber of Industries (FCI) believes significant cuts in dependence on imports for a number of crucial items could be achieved by a concerted programme to channel scrap back into re-use on production lines.

17/6/86

NATIONWIDE DRIVE WANTED

Studies carried out in conjunction with the CSIR show that almost a million tons of re-usable material — from metal and glass to paper and plastics — is going to waste every year.

New strategies to inspire a nationwide drive to steer the mountains of rubbish into the economic mainstream are being worked out by boffins who have formed a National Committee to Co-ordinate Recycling.

Says Mr Arthur Hammond-Tooke, FCI economic director and secretary of the committee: "The potential makes the mind boggle. South Africa has already been following world trends in the recognition of the environmental and economic values of recycling.

"At the moment there are about 120 recycling plants at work, between them employing a labour force of 5 600 workers and spending nearly R58 million a year on the collection of waste to be processed.

"Achievements to date have been impressive, but the time has arrived to make everyone aware of the economic chances we are still missing".

Vital statistics under new analysis:

- Domestic waste is now running at more than 11 million tons a year.
- The packaging industry uses huge amounts of materials every year, much of which can be recycled for re-use: 672 000 tons of paper and cardboard, 172 000 tons of plastics, 202 220 tons of metal, and 365 000 tons of glass.
- Tens of thousands of tons of potentially valuable raw materials waste away as eyesores on the veld — abandoned cars, metal cans, cartons and bottles.
- Factories add to the scrap pile with remnants from production tracks. So do retailers with old packaging waste. So do offices with their bulging wastepaper bins.

"So far, much of the accent has been on the benefits of recycling programmes in solving the ecological problems of rubbish in both the urban and rural environment", says Mr Hammond-Tooke. "And that will remain.

"So, too, will our emphasis on the crucial need to conserve natural resources — forests used to produce paper pulp, coal to produce energy, iron ore to make steel.

EDUCATING THE PUBLIC

"But we are also anxious to educate business and the public about other newer and pressing aspects — not least the contribution to be made in curbing the foreign exchange costs of imported raw materials, and now the need to find safeguards against possible sanctions by overseas suppliers."

PE risks losing out on oil jobs

(55) 28/6/86 W/E Post 28/6/86

By DENISE BOUTALL

INDUSTRY in the Eastern Cape is in danger of losing out on the Mossel Bay oil bonanza unless it acts now, shows more initiative, and is prepared to spend money researching the oil business.

This warning was given by Port Elizabeth's Deputy City Engineer, Mr Angus Fraser, back from a fact-finding mission to North Sea oil installations.

"J R Ewing is real," he said. "He symbolises the tireless, ruthless and determined individuals who survive and prosper in the oil business.

"It's the dynamic people who are prepared to get involved, to take risks and to adapt to a new industry that survive to share in the substantial profits to be made from the oil business," he said in an interview yesterday.

"Unless Port Elizabeth companies find out now what will be needed of them to pursue the contracts, and act now, they will lose out. It will doubtless mean major modifications of plant and they must be ready."

Fat dividends from South Africa's east coast gas fields were not going to drop in the laps of East Cape industrialists, he warned. Port Elizabeth was going to have to get in and fight for its share of the proceeds.

The Government's implied assurance that a major part of the rig would be assembled in PE was by no means a guarantee. The oil industry was a fiercely competitive business and no one risked money on amateurs.

In November, the Minister of Energy Affairs, Mr Danie Steyn, said the Government would seriously consider having the jacket (underwater support structure) assembled in PE.

But Mr Fraser said this was unlikely because the contract would require the services of a large number of welders, and it would probably be built in Durban.

He added though that only about 25% of the work on the construction of the platform could be done in South Africa and that all the land-based facilities available in Cape Town, PE and Durban would have to be used to do the work.

Mr Fraser drew a comparison between PE's industries and the Scottish shipbuilders, who were too slow to capitalise on the North Sea oil industry 20 years ago — and have remained in decline ever since. "The British shipbuilding industry, based on the Clyde, largely lost out on the construction of the rigs for the North Sea because they had not prepared themselves to get the work," he said.

He felt Port Elizabeth industries should concentrate their efforts on getting contracts to build four of the seven modules that would go on top of the platform. These could be built on the container quay in the harbour. These modules would be more suited to the industries already established in the city.

Mr Fraser said his next step would be to report on his trip to the PE City Council's Policy and Resources Committee and he would recommend that the special committee dealing with the issue talk to local industry to find out whether they were prepared to make the necessary investment.

The idea, said Mr Fraser, was that the council and the Midland Chamber of Industries would prepare a document which they would give to major potential contractors on the Mossel Bay gas installation to point out the advantages of working in Port Elizabeth.

Mr Fraser divided his time between the east and west coasts of Scotland, meeting people in the industry as well as in local government to discuss the problems and requirements of contractors engaged in the construction of oil installations.

He said he had also been warned that involvement in the Mossel Bay would not necessarily mean a long-term solution to any region's problems.

"It should be treated as one treats any big contract — as something worth getting involved in, that one can make substantial profits out of but that will come to an end."

The city's Development Officer, Mr André Crouse, endorsed Mr Fraser's concern that industrialists might miss out.

He said that at this stage no one should prescribe what should or should not be built in PE.

"People here should look into the possibility of getting involved with almost any aspect of the construction.

"Having the jacket built here would be a bit psychological boost for the city and would gain very good publicity for it."

PE may debate role in SA oil

CNG POST 1/7/86

By DENISE BOUTALL

THE Port Elizabeth City Council is expected to debate later this month its involvement in efforts to promote the city's role in the construction of the Mossel Bay off-shore oil platform.

The urgent need for the city's industries to prepare themselves well in advance to tender for any of the contracts on the project has been highlighted by the visit of the Deputy City Engineer, Mr Angus Fraser, to North Sea oil installation in Scotland.

Today Mr Charles Garai, chairman of the City Council's working group which was set up earlier this year to find ways and means of the promoting Port Elizabeth, confirmed that the committee met yesterday and discussed the possible role of the council with regard to efforts to ensure that some of the work comes to the city.

He refused to disclose the contents of the committee's recommendation which will be considered by the council's Policy and Resources Committee on July 15.

Asked which companies could consider tendering for work on the platform, Mr Fraser said the platform would require all the services that would normally be needed on a large building and a large ship.

In addition, facilities would be needed to train people for the work on the rig and in safety procedures.

'Yes' to pipe welders at Emthonjeni

EPZ Post 55

1/7/86

By DENISE BOUTALL

PORT ELIZABETH's Emthonjeni In-service Training Centre is going all-out to ensure that local companies will have the skilled staff necessary to tender successfully for work on the Mossel Bay off-shore oil installation.

In a major breakthrough the centre has been given permission to train pipe welders under the Government's unemployment training scheme.

Pipe welders are a key group of artisans in the assembly of the jacket, the rig's underwater support structure.

In an interview yesterday Mr Dieter Kusel, director of the Struandale centre, said it was estimated that at peak some 800 welders would be employed on the mammoth project.

A number of these would have to be pipe welders trained and tested to the specifications set by the rig's designers.

Emthonjeni has been training experienced welders up to coded level as pipe welders for some time at the request of their employers.

However, the decision by the Department of Manpower last week means that the Government will pay the cost of training experienced welders as pipe welders.

It was essential, however, Mr Kusel warned, that all companies hoping to tender for contracts for the construction of the rig should ensure that their staff were trained to the very high standards that would be demanded of them.

He said a lot of homework had already been done by the centre both in South Africa and overseas to ensure that it was in a position to provide the trained staff needed by potential tenderers on the Mossel Bay project.

He repeated warnings sounded at the weekend by Port Elizabeth's Deputy City Engineer, Mr Angus Fraser, that companies planning to tender for contracts on the rig should prepare themselves now by investing in the necessary training of their staff.

Only welders with five years' experience or those who had passed their trade tests would be admitted to the eight-week-long full-time pipe welders' course at Emthonjeni.

"At the moment we are training them to meet the SABS or British codes for pipe welders. However, as soon as we know what specification is laid down for pipe welders by the rig's designers we will, if necessary, adjust the training programme and re-train pipe welders whom we have trained previously."

The training of pipe welders under the unemployment training scheme would probably start next week.

However, in the meantime they had an additional skill which would be useful to their employers or which they could use to get work

Expert to ensure stake in oil boom

(55) EPH 17/7/81

Municipal Reporter

A TECHNICAL CONSULTANT is due in Port Elizabeth in two weeks' time to investigate facilities for producing components for the off-shore rigs at the Mossel Bay gas project.

He has been appointed as part of a joint study project financed by the City Council and the Midland Chamber of Industries.

The move is seen as one of the most positive in the city in recent years.

The consultant will investigate the extent to which local industry could become involved in the construction of the platform and pipelines needed at the gas field, and into the cost of obtaining the necessary technology to produce components that would comply with the high standards required.

At its monthly meeting this afternoon, the Policy and Resources Committee will consider a recommendation that the council should contribute R35 000 towards the cost of producing a working document identifying the components. The remaining R30 000 will be supplied by MCI.

The overseas consultant will receive R25 000 for his services, while preparation of proposals to local and central Government for additional incentive concessions and a presentation of the benefits to the region will cost a further R10 000.

The City Council's Working Group, appointed in April to look into industrial and other development in PE, considers the drawing up of a working document to be "a matter of extreme urgency", and believes it is essential for the council to become involved in a project that will "restore confidence in the city".

"The highly qualified labour force to be found in the city, together with an abundant water supply, make PE an ideal area for the construction work and other industries related to the off-shore gas field. A project such as the working document is required as a catalyst for the attraction of industry", according to a report by the Working Group.

The study is expected to be completed by September 30.

● The Working Group has also recommended to the Policy and Resources Committee that an application be submitted "immediately" to the Regional Development Advisory Committee for the creation of a Regional Development Association for the PE metropolitan area.

The group believes that more attention should be given to development of tourism, with a view to making the city the focal point of the tourist industry on the south and south-east coast.

Study of PE facilities for gas project

(55)

EVE Post 16/7/86

By MARLENE BURGER

A JOINT study of manufacturing facilities in the Port Elizabeth area by the Midland Chamber of Industries and the City Council will cover "every factory" that could make a contribution to the Mossel Bay offshore gas field project.

The director of the MCI, Mr Brian Matthew, said today that the results of the survey, designed to identify components which could be made locally, would also serve in the long term as an industrial directory.

"All the data gathered by our consultants will be kept on computer, and will be available to potential industrialists as a frame of reference," Mr Matthew said.

The Policy and Resources Committee yesterday approved a grant of R35 000 by the City Council towards the project, which is expected to take about two months to complete.

● The committee also approved the appointment of Cape Town-based urban designer Mr Revel Fox as a consultant on the King's Beach master plan.

Mr Fox is also advising local authorities in Durban, East London, Mossel Bay and Richards Bay on beachfront development.

● An application for a carnival fete on the Market Square on December 20, was approved by the committee. The fete will be organised by the Community Chest, and will include a beer garden in one of the vacant shops adjacent to the square, stalls run by various service organisations and charities, food and entertainment.

● The Health Department has been asked to prepare a report on a proposed 40% increase in dog licences from January 1. Final approval for the increase would have to be obtained from the Administrator.

If granted, the tax for male dogs and spayed bitches would go up to R7, while the fee for one unspayed bitch would increase to R21. No increase in the 50c exemption for pensioners was proposed.

● The Town Clerk has been asked to review the multi-committee system currently employed by the Port Elizabeth City Council.

A lengthy report on the advantages of this system and the management committee system which is compulsory in the Transvaal, Orange Free State and Cape Town, was submitted to the committee for consideration

The committee chairman, Mr H van Zyl Cillie, said after the meeting that a management committee system would reduce the majority of city councillors to "rubber stamps", which was why the council had rejected it seven years ago.

● The SA Institute of Architects' Eastern Cape branch has been asked to submit a report to the council, laying down the parameters within which a proposed advisory committee on urban development in Port Elizabeth would operate.

al centre will be site church wants

project in conjunction with the NAMC after a decision not to sell the Standford Road site to the Church of Christ's PE congregation.

The minister of the church, Mr Wayne Speers, however, said the congregation was determined to buy the site and a third application would be lodged soon.

The church planned a R6-million building there, including a cultural centre.

The first application was turned down in 1984 and the second last year.

"We are determined to buy the site because it is the most centrally situated for our purpose.

"The cultural centre will not only be for members of our church.

Applications, he said, were turned down by the NAMC although culturally-orientated people in the area backed it.

The church was offered another site in the Windvogel area but this was considered unsuitable.

Changes to Group Areas Act

EVE Post 16/7/86

CAPE TOWN — The Government has quietly introduced a number of reforms in the implementation of the Group Areas Act.

In future, students and scholars will be exempt from the provisions of the law — which means they can now stay in university and school hostels without a Group Areas permit.

Employees have also been exempted from the provisions of the law and black managers and executives can be freely employed in "white" urban areas.

People using buildings for professional purposes — such as doctors and lawyers — will in future be able to open practices without permits.

And the regulations requiring separate entrances and separate toilets for domestic servant quarters have been scrapped.

A Progessive Federal Party spokesman on constitutional affairs, Mr Nic Olivier, said today that welcome as the amendments were, they did not go nearly far enough. — Sapa

Took gun to disco

Court Reporter

A GELVANDALE man was today fined R400, or six months, for taking a loaded gun to a disco.

Christopher Jacobs, 22, of Sarona Street, was found guilty in Port Elizabeth Regional Court of illegal possession of a 7,65mm pistol and eight bullets.

Jacobs was arrested on June 22 at a disco in Main Street, PE.

Mr P Crous was on the Bench. Mr P Claasen appeared for the State.

Oil price sag

could delay fuel increase

BUS DAY

GERALD REILLY

THE sag in international oil prices — North Sea crude tumbled to below \$10/barrel this week — could, if maintained, postpone the threat of a local petrol price increase, say Mineral and Energy Affairs sources.

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This is provided the rand remains around \$0,38 and falls no further.

But another fuel price increase is considered certain by September, should the current under-recovery by oil companies continue.

Authorities claim if it were not for the substantial, but shrinking, balance in the Slate Fund — it was R126m at end-June — the local price would have risen by probably 5c/l weeks ago.

At end-May the fund peaked at R160m — the result of a strong rand (it rose to just above \$0,50 earlier this year) — which coincided with falling crude prices.

This allowed a substantial balance to accumulate in the fund. Since then, however, the rand has continued to sink in value and under-recovery is emptying the fund to a point where if there is no swift rand improvement, and oil prices fall no further, the fund will be virtually drained by September.

The Natal Mercury, Saturday, July 19, 1986

U S plan for huge Chernobyl study

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LOS ANGELES—Industrialist Mr Armand Hammer and bone-marrow specialist Dr Robert Gale have left for the Soviet Union to propose a lifetime study of 200 000 Soviet citizens exposed to radiation from the Chernobyl nuclear plant disaster.

The study would be the largest epidemiological survey ever undertaken. A similar study of survivors of the Hiroshima and Nagasaki atomic bomb blasts involved 80 000 Japanese.

'We are concerned not only about long-term cancer, genetic effects and teratogenesis birth defects, but also about cataracts, impairment of the immune system and damage to other tissues,' Mr Gale told a news conference before leaving.

'Teratogenesis birth defects are those caused by chemicals or other outside agents.'

The Chernobyl reactor explosion and fire claimed 26 lives and released a cloud of radiation worldwide.

For the study, Soviet investigators would try to identify every person who was within a 30,5 km radius of the Chernobyl plant at the time of the accident.

Soviet physicians would be responsible for registering the people and providing medical care. Experts from other countries would concentrate on the study's design to reduce ambiguities in interpreting the data.

Recommendations for the study emerged from a July 8 meeting in Los Angeles among 19 top scientists from the United States, Italy, Japan, Sweden, Argentina and the Netherlands, including radiation biologists, geneticists and hematologists.

Pregnant

At their news conference, Mr Hammer and Dr Gale announced the creation of the Armand Hammer Center for Advanced Studies in Nuclear Energy and Health. It will sponsor the work of physicians and scientists from several countries along with their Soviet counterparts in the Chernobyl study.

Mr Hammer said he would personally finance the Los Angeles-based centre.

Dr Gale said there was some urgency in beginning the Chernobyl study.

'Many of the women who were exposed to radiation were pregnant. We need to find them, determine the age of the foetus at exposure and find out what happens to them before it is too late,' he said. — (Sapa-AP)

Scope of oilfield project outlined

DD. 25/7/86

Dispatch Correspondent

CAPE TOWN — The development of the Mossel Bay oilfield will provide four million man-hours of work for fabrication workshops, spread over two years, as well as opportunities for industries ranging from caterers to suppliers of welding rods, gaskets and computerised control systems.

Disclosing this at a seminar organised by Wesgro and the Cape Chamber of Industries yesterday, the project manager, Mr Ifor Pritchard, said it would be "a mega project in world terms. It is going to be very manpower-intensive."

Although orders would not be placed before 1988, information about goods and services available in SA was already being collected for use during the preliminary planning.

But Mr Pritchard warned that, although SA firms would be used wherever possible, some expertise and equipment were not yet available in this country.

Standards for an off-shore project were as high as the best for an atomic or space project.

The accommodation and work environment for 100 people would be perched 130m above the sea-bed and lives as well as equipment depended on absolute perfection.

Specifications would be adhered to strictly and even the steel to be used would be inspected.

Contractors and sub-contractors would be urged to keep strictly to delivery dates and they would work "with an inspector sitting in your factory."

Only equipment already proven in the North Sea oilfields would be used on the off-shore operation.

But local firms should not forget that there was also an on-shore refinery to be built, for which they already had the expertise. It must be ready when the off-shore operation was commissioned.

Mr Pritchard said that some SA fabrication firms were already sending staff overseas to acquire know-how from firms with North Sea experience.

It was wise to do this, and to learn the pit-falls to be avoided. One British fabricator working on a North Sea oilfield contract for the first time had lost £400 000 on the documentation alone.

● The Mossel Bay gas reserves will not be exhausted in 30 years and will not be "a one-off affair", the general manager of Soekor, Dr Ken Graham, told the seminar.

Confidently predicting more discoveries nearby which would extend the life of the project to more than 35 years, and the development of new oil and gas fields off the south and west coasts, he advised SA industry to "think long term and gear up now to meet the requirements of an ongoing gas and oil industry."

Dr Graham said that when the present political difficulties had been solved there should also be work for specialist SA firms in oil exploration and the building of off-shore structures outside this country, in Mozambique and South West Africa/Namibia.

Soekor had developed, and taken out a patent, on the most sophisticated seismic exploration technique in the world and the chances of finding more gas were very high.

BUSDAY 25/7/86

Soekor chief predicts

'Fantastic' future for Mossel Bay

GAS reserves off Mossel Bay could last well beyond the 30 years originally estimated, according to a new audit by an international consultancy.

The London firm was coming up with "fantastic numbers", Soekor Cape GM Ken Graham said in Cape Town yesterday.

Graham said he could not reveal the figures, but they indicated gas reserves which would significantly extend the estimated 30-year life of the proposed Mossel Bay fuel-from-gas conversion plant.

Graham was addressing Wesgro and the Cape Chamber of Industries on business opportunities in the Mossel Bay gas project.

"In planning your participation in the Mossel Bay project, you will be making a mistake if you think in terms of a once-off spurt of activity," he said.

Graham said that when Soekor last year estimated the life of the reserves at 30 years — the minimum amount needed to make the project economically feasible — it had had to "dream up in four days a scenario in which all the gas discoveries that we had made, but which had not really been proven, were strung together".

At that stage Soekor had only been allowed to do full feasibility studies on two fields, F-A and E-M. These concluded that the project was technically and economically feasible but that the economic life of the two plants was only 15 years.

"Seen in proper perspective, this conclusion was encouraging."

Apart from the extra reserves found in existing fields, the chances of finding more fields was high.

There was also the Kudu gas field off Namibia. "In fact, the whole of the west coast of South Africa and South West Africa is virtually virgin territory.

"We would be crazy to think of the Mossel Bay project as a one-off affair. With the confidence and support of South African engineers and industrialists, we can start a whole new offshore industry."

The onshore plant would be about half the size of Sasol 2. Many facilities would have to be built on site and much of the imported equipment would have to be assembled at Mossel Bay.

Western Cape companies would be well-placed to take advantage, said Graham. — Sapa.

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BUSDAY 25/7/86

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Escom nuclear site survey next week

27/8/86 Eve Post

ESCOM will continue its nuclear power station siting investigation next week with a preliminary survey along the length of the southern Cape coast west of the Tsitsikamma River.

Public relations officer, Mr Marius Rautenbach, said today a helicopter would leave Port Elizabeth on Monday with scientists and technicians from Escom and the Atomic Energy Corporation for a four-day aerial investigation.

"This is a precursor to a full investigation to commence in a year or two, and extends the programme to identify possible nuclear power station sites, now being conducted on the coast near Port Elizabeth."

This will be the third area to be investigated in Escom's nuclear programme.

Since October, intensive invesigations have been carried out and were continuing in the area between Cape St Francis and the Tsitsikamma River, about which there is negligible geological information.

Another area in the Eastern Cape — between the Sundays River estuary and Cape Padrone — has also been identified.

But, said Mr Rautenbach, much information exists about the area, so investigations will be limited to determining the strength of the underlying rock to see if it is capable of carrying a power station.

When a site is chosen, more detailed investigations will be carried out.

In terms of international standards, a nuclear power station must be sited a specified distance from densely populated areas. For this reason, no area within 50km of PE had been considered.

The East Cape areas were the first in Escom's six-year preliminary investigations, which would eventually isolate suitable areas along the entire coast.

Nuclear site search in Cape

28/7/86 NM (55)

Mercury Correspondent

CAPE TOWN—Escom will conduct a preliminary survey along the southern Cape coast this week to identify possible future nuclear power station sites.

An Escom helicopter would be used to conduct the 'short preliminary survey' along the length of the southern Cape coast, west of the Tsitsikama River, an Escom spokesman, Mr Andre van Heerden, said.

This was a precursor to a full investigation which would start in 'a year or two'. It extended the programme to identify possible nuclear power station sites at present being conducted on the coast around Port Elizabeth.

'Community leaders, environmental bodies and other involved groups will be consulted and kept informed of developments,' he said.

Escom management had stated that there was at present no plan to erect any new nuclear power station to come into operation before the end of the century.

Cape nuclear site survey condemned

30/07/86 Mercury

Mercury Correspondent

CAPE TOWN—A survey being conducted by Escom into future nuclear power station sites on the southern Cape coast comes at a time when most other nuclear programmes were being stopped entirely or being severely curtailed as a consequence of the Chernobyl catastrophe, according to the Koeberg Alert group.

A spokesman for the group, Mr Thomas Auf der Heyde, said that the Russian disaster had demonstrated the inherently unsafe, dangerous and exploitative nature of nuclear development.

The statement from Koeberg Alert was in response to a report that Escom would, over a period of about six years, investigate sites along the coast west of the Tsitsikikama River.

'A preliminary survey being conducted by Escom into future sites east and west of Port Elizabeth also comes at a time when it has become abundantly clear that the cost of nuclear electricity will never drop below that of alternative means of producing energy such as coal, hydroelectric and solar power,' Mr Auf der Heyde said.

'Escom is planning to spend R8 000 000 on this six-year survey. This amount ought to be compared with the R770 000 which the country has spent on research into alternative energy technologies during the 1985/86 financial year, and to the R750 million awarded to the Atomic Energy Corporation in this year's budget.

'Koeberg Alert reiterates that nuclear power, by its centralised and capital intensive nature, will never serve the needs of the majority of South Africa's people, whose energy requirements are for cooking food boiling water and heating.'

(53)

Post Business

Escom planners facing some tough decisions

POLITICAL and economic pressures are forcing some tough decisions on Escom in planning to meet South Africa's medium-term electricity needs.

Decisions made a few years ago have largely cushioned Escom against the immediate impact of a sharply weaker rand and the threat of possible sanctions.

"But we're doing some hard crystal-ball gazing right now to ensure that we can still supply the country's needs by the middle of the next decade, at a cost we can afford," said Ian McRae, senior general manager of the giant utility.

Five new coal-fired power stations are at various stages of completion. Each costing about R3,5 billion (in 1985 rands) and each with a capacity of about 3 600 megawatts, the massive plants were planned and committed at the end of the last decade and in the early eighties when electricity demand in South Africa was growing at a high 8% a year.

"Now we're faced with sharply reduced growth projections of about 5,5% which indicates that we should slow down our construction programme," Mr McRae explained.

"On the other hand, the possibility of sanctions and increasing difficulties in raising foreign loans encourages us to get the power stations completed as soon as possible.

"Either way, the decision is a tough one."

Escom's dilemma is that rapid completion of the construction programme could see large and expensive plants being under/utilised until the surplus capacity in the system is absorbed after the mid '90's.

As a result of the prolonged economic slump and reduced electricity demand, Escom already has some excess capacity in the system, with reserve margins currently at about 40% (or 10% above normal). But if expansion continues at its present rate and the economy remains sluggish, excess capacity will increase even more by 1991.

However, a decision now to take up deferment or cancellation options on new plant holds equally worrying implications.

Loans were negotiated in 1981 for the present construction programme when the rand/dollar exchange rate was at parity. Forward exchange cover taken at the time means that Escom's current expansion is being financed at highly favourable rates.

Major deferments or cancellations at this stage would see Escom saddled with sharply increased costs when construction is renewed.

Mr VOLKER DOPPELFELD has been appointed chairman of BMW South Africa.

He is a member of the board of BMW AG of Munich, responsible for the group's financial division.

He succeeds Dr Eberhard von Korber, chairman of BMW South Africa for the past two years.

Today's share prices

JOHANNESBURG — Gold shares were mostly firmer at midday on currency factors, as the financial rand dropped to about 19,50 US cents and the bullion price remained above $350 dealers said.

Trading was cautious following the failure of British Foreign Secretary Sir Geoffrey Howe's peace mission.

COAL
Amcoal 3450
Vierfnt 41
Wit Cols 4500
DIAMONDS
Anamint 31000
De Beers 3025
Tnshex 610
GOLD
Rand
Modder 1375
Dbn Dp 2350
E Dagga 1400
E Dagga opt 750
ET Cons 5600
Ergo 1650
ERPM 1850
Egoli 330
Grootvl 1325
Marvels 475
Modbee 220
Rd Lease 280
Simmers 530
Sallies 540
Sth Rdpt 10% cpp 320
Spridag 150
Village 160
Vlaks 375
Waverly 240
WR Cons 850
W Nigel 140
Evander
Bracken 650
Leslie 545
Winkels 6100
Klerksdorp
Buffels 7875
Harties 1470
Sovaal 12500
Stilfn 2200
Vaal Rfs 28700
Zandpan 252
OFS
Beatrix 900
Fregold 3550
Harmony 3900
Joel 790
Joel A opt 360
Loraine 1530
OFSil 8750
St Helna 4500
Unisel 2700
Welkom 2300
West Wits
Blyvoor 1975
Doelkrl 960
Doorns 3450
Dries 5600
Elands 2400
Elsburg 765
Kloof 2450
Libanon 4900
Venters 1900
W Areas 1200
Wstn Dp 12500
Wstn Dp opt 6900
Waswits 155
MET,MIN
Platinum
Implats 4400
Lyd Plat 3725
Rusplat 4500
Other
Gefco 140
Msauli 215
Vansa 240
Vansa opt 80
MIN,FIN
Mining houses
Anglos 4960
Charter 1825
Con Gold 3100
Gencor 5150
Gencor 8,5% cp 4900
GFSA 4200
Mining hldg
Amgold 25000
Dabi 1400
ER Cons 275
Genbel 3850
New Cent 6700
New Wits 2300
Rand Lon 35
Vogels 276
Wit Deep 4000
Exploration
Freddev 1000
Randex 180
Krugerrand
KR 1150
KR half 580
KR quarter 276
KR tenth 116
FINANCIAL
Banks
Bankorp 310
Eurelin 485
Nedbank 560
Reichmn 115
Sbic p ord 1915
Trust Bank 170
Cash assets
Rale 37
Insurance
Crulife 190
HCI 205
IGI 120
Lib Hold 2825
Liberty 13500
Lifegro 355
Metpol 340
Prosure 360
Solhern 600
Investment trusts
Ind Sele 925
Bernica 580
Property
Amaprop 370
Bester 290
Burad 24
N Kleins 405
Propgrp 165
RM Props 1375
Retco 75
Property trust
CBD Fund 240
Santand 70
Stanpro 90
Umdoni 103
Vetrust 87
INDUSTRIAL
Ind holding
Amic 4775
Amic opt 600
Barlows 1835
Bon Kor 400
Curfin 410
Fed Volk 165
Lonrho 1625
Lucem 55
Malbak 365
Malbak 14% cd 11000
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Messina 225
Micor 240
M and R 705
Picbel 600
Picfin 600
Placor 1075
S Allent 1600
T and N 240
W and A 650
Beverages
Kersaf 1050
Suthsun 315
Sun Bop 350
Uniewyn 90
Building
Goldstein 105
Group 5 135
Gypsum 810
LTA 170
Chemicals
AECI 1360
Sasol 665
Senchem 175
Clothing
Boltons 1500
Nat Cons 12500
Progres 150
Romatex 480
Electronics
Altech 7600
Powtech 75
Punch 135
Spl 260
Engineering
Abercom 235
Afrox 1400
Bearman p ord 38
Davgra 80
Dundee pp 45
Ed L Bate 2275
Fralex 200
GIC 230
Metkor 95
NEI Afr 4400
Fishing
Ocfish 1200
Seaswa 1000
SWA Fish 1500
Wilbarz 130
Food
Fedfood 7% cp 660
ICS 32,3c cp 530
Kanhym 210
Prem Grp 2400
Tig Oats 8800
Furniture
Ouros 180
Prescal 85
Samstol 125
Tedelex 245
World 250
Motor
Gentyre A 230
Toyota 3250
Wescob 1150
Paper
Copi 2600
Haddons 740
Hortors 225
Hortno 460
Kohler 810
Nampak 1850
Sappi 1325
Retailers and wholesalers
Cashbil 360
Frasers opt 330
Frasers 13,7% cd 8700
Gresham 170
Hiscore 585
Hsoware 170
Jazz 275
John Orr hld 510
Kirsh cp 200
Mashold 200
Metro 625
Midas 340
OK 1475
Pepkor 1350
Piknpay 3550
Score 1300
Sterns 72
Waltons 1200
Wooltru A 1150
Tobacco
Remb Beh 5650
Transport
Putco 85
Development capital
Aos 58
Mervest 48
Romanda 18

Gold fixing

LONDON — Gold was fixed on the London bullion market today at **$351,35** an ounce (previous close $352,25-$352,75 an ounce.) — Sapa-Reuter

Port log

As at noon and subject to change:

Charl Malan Quay
Berth 1: Sanko Mongolia
Berth 2: Alacruz Venture
Berth 103: SA Winterberg
No 2 Quay
Berth 8: Mkuze
Berth 9: Marily
No 3 Quay
Berth 11: Rita
South Jetty
Ore berth: carrier
oil
Arrived this morning: SA Winterberg, Mkuze.
Due today: carrier.
Sailed this morning: Africa.
Due to sail: SA Winterberg, Mkuze and Rita.

Rates of exchange

TODAY'S public exchange rates as quoted by Barclays Bank:

Currency	Telegraphic transfer Sell	Buy
Sterling (R/£100)	387,7925	376,9620
Other currencies (per rand)		
US dollar	0,3850	0,3950
Aus shill	5,7000	5,9000
Aus dollar	0,6310	0,6500
Belfranc C	16,8500	17,3500
Belfranc F	16,9500	17,5000
Botsw pula	0,7962	0,8224
Can dollar	0,5320	0,5485
Swiss franc	0,6540	0,6735
German mark	0,8155	0,8395
Dan krone	3,0625	3,1510
Span peseta	52,0500	53,6000
Fr franc	2,6430	2,7190
HK dollar	3,0015	3,0885
Ind rupee	4,8060	4,9445
Ital lira	559,5000	576,0000
Jap yen	59,9000	61,6500
Kenya shill	6,2660	6,4465
Maur rupee	4,9980	5,1420
Mal kwacha	0,6880	0,7215
Ned guild	0,9195	0,9465
Nor krone	2,8640	2,9470
NZ dollar	0,7275	0,7500
Pak rupee	6,4400	6,6250
Port escudo	56,1000	57,7500
Swede krone	2,6915	2,7695
Zam kwacha	2,2980	2,3080
Zim dollar	0,6486	0,6731

JSE volume

JOHANNESBURG — The volume of shares traded on the Johannesburg Stock Exchange yesterday was 5 052 475 valued at R38 592 707, compared with 4 593 746 valued at R38 928 378 on Monday. The number of securities active was 372 (340).

The five most active stocks were: Powtech, Mervest, Modbee, AOS, Spridag. — Sapa

Wall St setback

NEW YORK — Stock prices fell back again on Wall Street yesterday, as after-shocks from Monday's selloff rippled through the market.

Many investors moved to the sidelines amid uncertainty of the market's direction, analysts said.

In a daylong struggle, the closely watched Dow Jones average of industrial stocks constantly moved back and forth between gain and loss.

The Dow Jones average fell 7,03 points to 1 766,87. — Sapa-AP has led to a number of detainees being begin publishing the names of detainees,

Contract launches R3,5bn project

R1bn natural gas deal for M&R group

31/7/86 · BUSDAY

MICK COLLINS

THE contract for the off-shore portion of the R3,5bn Mossel Bay gas project was signed in Cape Town yesterday.

Project director Bob St Leger declined to disclose how much it was worth to Engineering Management Services Offshore (Emso), part of the Murray & Roberts group, but sources close to the project said the figure was close to R1bn.

The contract calls for the construction of a giant sea platform and two off-shore pipelines 80km long.

Conceptual engineering will take about a year after which a cabinet decision is expected on whether the gas-field project will go ahead.

Signatories to the deal were Soekor MD P J van Zyl, Central Energy Fund financial executive Andries Loubser and Emso MD Steve Hraber.

Soekor will act as manager of the project on behalf of Mossgas, a wholly-owned subsidiary of the Central Energy Fund and Emso Ltd, a company jointly-owned by Engineering Management Services and Crawford & Russell International.

Direct labour requirements for the fabrication work is expected to peak at around 2 000 people with many indirect labour opportunities.

A spokesman for Emso in Cape Town said 90 people would be employed on the conceptual engineering side with 130 on project management.

"Unfortunately, our project director cannot give details of the cash involved due to the fluctuating ratios between the rand and sterling."

Sapa reports that the contract covers conceptual engineering work and overall project management for the entire off-shore development of the gas field.

Fabrication work is expected to start early in 1988 with the first gas piped ashore in 1991.

The sea platform will consist of a conventional eight-legged steel structure. Drilling, utility, power and accommodation facilities will be fabricated in a modular construction and placed on top of the jacket on a modular support frame.

The gas and condensate will be transported to an on-shore processing plant by means of a condensate pipeline.

31/7/86. BUSDAY.

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Future need justifies present pain

Over-capacity plagues Escom

DAVID FURLONGER

ESCOM is prepared to carry enormous over-capacity to safeguard long-term power requirements.

Reserve margins are already 33% above normal levels. Escom usually maintains a safety margin of 30% above peak needs. Increased capacity and reduced demand growth have lifted this to 40%, and the figure could go higher.

Five R3,5bn coal-fired power stations now being built were planned and committed when electricity demand was growing at 8% a year.

Senior GM Ian McRae says: "Now we're faced with sharply reduced growth projections of about 5,5%, which indicates that we should slow down our construction programme.

"But the possibility of sanctions and increasing difficulties in raising foreign loans encourages us to get the power stations completed as soon as possible."

The danger of the second option is that it could result in enormous under-utilisation of expensive plant for at least 10 years, at which time the surplus capacity could be absorbed.

With reserve margins already well above normal levels, more capacity would raise them still higher. Escom's problem is that by taking up deferment and cancellation options on new plant, it will pay a heavy price later. Officials say loans for the current construction programme were negotiated in 1981, when the rand was still worth something. Forward cover taken then means the capital programme is being financed at favourable rates.

Such rates would no longer be available if deferments or cancellations forced Escom to resume construction and orders at a later stage.

Bus Day 31/7/88

65

Fight for tax exemption on fuel won

MICK COLLINS

THE Commercial Aviation Association (CAA) has won an eight-year battle for general sales tax exemption on aviation fuel used for operations connected directly with farming production.

Up to yesterday, the exemption applied only to fuels used in surface equipment.

The concession will mean a saving of more than R500 000 a year and will reduce the cost of aerial seeding and spraying.

The Sales Amendment Act exempts aviation fuel, aviation kerosene and illuminating paraffin used in an aircraft designed or modified for operations connected directly with farming or forestry.

Further good news for aerial operators was announced yesterday by CAA executive director Cor Beek, who said a new income tax amendment, gazetted this month, would offer relief for the aviation industry.

"These concessions follow several years of pressure by organised aviation, spearheaded by the CAA," he said.

In March 1984, aircraft owners were restricted on how much they could claim in terms of Sections 11 and 14 of the Income Tax Act.

If they leased their aircraft, even for short periods, capital allowances claimed were limited to the amounts received as rent.

These restrictions restricted the sale of aircraft and the economic operation of aircraft in that the capital allowances enjoyed previously were restricted to the amount of rental paid.

Light up for Mohlakeng

THE Mohlakeng Village Council has been granted an R8 million loan for the electrification of Mohlakeng township.

The loan was negotiated through the National Housing Commission and the Department of Constitutional Development and Planning.

In addition to electricity for houses and low level street lighting, high mast lighting will be provided for security.

A spokesman for Escom said the tariff was presently being calculated.

A R13-million scheme is also being undertaken to provide electricity to the 50 000 residents of Kagiso, near Krugersdorp. — Sapa.

Sanctions stockpile

WEEKLY MAIL 1/8/86

THERE have been widespread reports overseas of South Africa taking advantage of the collapse in crude oil prices and the delay in imposing sanctions to stockpile oil on a huge scale.

There are signs that buying reached a new level of intensity in recent days, according to reports from London.

This is supported by the announcement in the South African press yesterday that Pretoria has recently spent about R2 000-million on stockpiling strategic materials in anticipation of sanctions.

According to the Guardian of London, six supertankers with a combined capacity of almost 10-million barrels were abruptly withdrawn from the charter market on Tuesday and Wednesday last week, for example. The complete absence of information about their destinations convinced tanker brokers that some or all of them had been hired by intermediaries acting on behalf of the South Africans.

Ten million barrels is equivalent to almost a quarter of the non-Communist world's average daily consumption.

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FINMAIL 1/8/86 (55)

ESCOM

The closedown dilemma

The combination of the economic recession of the past five years, and threatening sanctions, is forcing SA's R5 billion-a-year Electricity Supply Commission (Escom) to reconsider the completion of five new coal-fired power stations. They cost R3,5 billion apiece — or R17,5 billion at 1985 prices.

The five 3 600 MW stations — Tutuka, Matimba, Lethabo, Kendal, and Majuba — are in various stages of completion, ranging from Tutuka's 60% to Majuba's 5%. Most major contracts with local and overseas suppliers and contractors have already been entered into — although each station could take between eight and 15 years to reach completion.

Escom's dilemma is that its original projections and planning in the late Seventies and early Eighties were based on an average 8% annual electricity demand growth. However, even the subsequent sharp down-scaling to a 5,5% annual demand growth projection might still prove to be too high.

Current reserve power margins of 40% are already about 10% above normal, while the completion of the five stations could add considerably to excess capacity — as well as costs to the consumer and boosts to the inflation rate.

Alternatively, cutting back on the over-ambitious construction programme could lead to a stalling of the rising electricity costs spiral.

"At this stage, it appears that Escom may opt for the conservative approach by partly deferring some projects, while keeping the main elements of the programme on track, subject to information received from major contractors about the cost implications," says Escom senior GM Ian McRae.

McRae minces no words on the difficulty of the choice facing Escom: "Sharply reduced growth projections indicate that we should slow down our construction programme. But the possibility of sanctions and increasing difficulties in raising foreign loans encourages us to get the power stations completed as soon as possible. Either way, the decision is a tough one."

FCI energy spokesman, Rudolph Fockema, says: "Apart from heavy penalties, cancellations could mean costly future electricity shortages. Other negative results include the possibility of future bans on foreign loans and supplies, or sharp construction cost escalations. The better alternative is to extend existing contracts as far as possible — even though the cost of excess capacity will eventually have to be carried by the economy."

Assocom and AHI economists Bill Lacey and Dawie Klopper basically agree. Lacey says the economy needs to grow to survive — even with sanctions. This means increasing electricity supplies, or being caught in a difficult situation once growth takes off again.

Klopper says that apart from strategic considerations, inflation could eventually push up construction costs considerably if existing contracts are reneged on. "And a possible shortage of electricity during the next economic upturn could be far more costly than the cost of temporary excess capacity. The AHI, therefore, supports the concept of completion on existing contracts."

Given SA's international political situation, security problems could just weigh more heavily than short- to medium-term economic considerations. Added to this is the highly favourable rates at which the current programme is being financed; employment for thousands of South Africans; heavy involvement of local industry; and the chance of an economic boom placing heavy demands on Escom's generating capacity.

However, the alternative — cancellations — could be a heavy price to pay by major contracting and supplying countries such as Germany and the UK. ■

Cape Times 4/8/86 55

City wants Koeberg radioactivity drill

Municipal Reporter

CAPE TOWN City Council has voted to ask the Council for Nuclear Safety to arrange exercises to test the City's ability to cope with an accidental release of radioactivity from Koeberg nuclear power station.

The exercises should involve the public, according to the recommendation.

Dr Reg Coogan, the Medical Officer of Health, had earlier said that under certain weather conditions, Cape Town could suffer contamination if a disaster occurred at Koeberg.

He also drew attention to the fact that Cape Town Civil Defence had never been called on to exercise its capability to reduce casualties in the event of a major release of radioactivity reaching the City.

Dr Stanley Evans, the Town Clerk, said it was not always practical to exercise an entire emergency plan at once.

"Over the past two-and-a-half years, 112 component exercises have been undertaken," Dr Evans is reported to have told the Executive Committee.

"There have been 17 Koeberg and Cape Town Civil Defence exercises, and 95 physical evacuation exercises in the city area."

Of the 17 at Koeberg, 14 had been communication exercises and three had been physical, involving emergency services.

Dr Evans indicated that a full exercise involving the public in a selected area "could be undertaken if required".

Dr John Sonnenberg said a 30km area around the disaster-hit Russian plant at Chernobyl had been evacuated, and the centre of Cape Town was 28km from Koeberg.

He realized that a Chernobyl-type accident at Koeberg was impossible as the technology was different.

● The subject of nuclear power and the Koeberg power station will come under scrutiny at a ratepayers' meeting in Claremont tomorrow.

Mr Andre van Heerden, public relations officer for Escom, Major R S Douglas of the City Council Civil Defence, and Mr W G Laskey of the Divisional Council Civil Defence will be the speakers.

The public are welcome to attend the meeting, which begins at 8pm in the Claremont Civic Centre, Main Road.

2 nuclear station men die

Cape Times 5/8/86

JOHANNESBURG. — Two men died and two more were seriously injured in an industrial accident at South Africa's oldest nuclear reactor.

The accident happened at the weekend at the Pelindaba nuclear research station about 50km north-west of Johannesburg.

The chairman of the state-owned Atomic Energy Commission, Dr Wynand de Villiers, said: "It was not a radiation accident and radioactivity was in no way involved.

"The accident occurred in a building in which technical supporting services are rendered," he said.

A plant spokesman, Mr Peter Haskins, said the four men were seriously injured when a fire broke out while they were cleaning the floor of the workshop, which lies about 500m from the small Oakridge-type reactor.

"We still don't know exactly what happened," he said. "We don't know what it was that caught fire."

He said the four men were taken to a hospital in Pretoria where Mr P S Hoffman and Mr J H Janse van Vuuren, both members of a cleaning team, died.

Mr Haskins said the accident was not in any way related to the plants's nuclear functions. "It was an industrial accident and had nothing to do with the reactor," he said.

'Non-military'

The Pelindaba reactor was commissioned in 1965 and is the oldest nuclear facility in South Africa.

Mr Haskins said it was capable of a 20 megawatt thermal output, which was far lower than the 920 megawatt thermal output of the nation's two commercial reactors at Koeberg.

He said the reactor was used for non-military nuclear research. — UPI

POWER TARIFFS

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Keeping the lid down

Whatever decision Escom takes on the cancellation, completion or deferral of its R17,5 billion power station programme (*Business* August 1), there will be no direct impact on electricity tariffs for at least the next three years.

Escom's CE and senior GM Ian McRae, who heads the utility's executive management board, faces difficult and costly options. But he has set his sights on low power costs. The heightened awareness of Escom's central role in the economy follows last year's major shake-ups in management philosophies — and structures.

The less comforting news is that if Escom decides to complete the five new power station contracts for strategic and economic reasons, landing SA with expensive surplus capacity, electricity prices could rise steeply in the early Nineties.

Escom's cost-cutting drive is already showing results and some R1,4 billion has been cut from its capital expenditure budget by delaying or scrapping projects such as the construction of new transmission lines in the period 1986-1989. Escom also plans to slash operating costs by some R1,1 billion over the next three years.

Escom has already made a top-level decision to keep tariff increases in the next three years below the inflation rate, notwithstanding the two 10% hikes in January and July this year which run ahead of current inflation. But there is an explanation.

"This year's 20% increase was necessitated by pressure from our banks to bring the ratio between own funds and loan finance closer to the 30:70 relationship, which they regard as a reflection of healthy financial management," says Escom communications manager Ewald Thal.

Thal says after government's anti-inflation drives of 1983 and 1984, tariff hikes were well below inflation — the 6% increase of 1984 is a case in point. But this distorted the own:loan funds ratio, with the former falling back to a mere 10% of the electricity utility's budget.

Escom was therefore compelled to increase tariffs by 20% in both 1985 and 1986. "We are now back to an own funds contribution of some 24% and are confident of bringing this ratio back to 30% without undue tariff increases — by running a tight ship," says Thal.

Consumers can rest assured that the increase for 1987, to be announced in September or October for implementation early in the new year, will be below inflation, he adds.

McRae says: "We are cutting staff by 10% — from 66 000 to 60 000 — and this level will be maintained for at least the next three years. Meanwhile, management and

Escom's McRae . . . aiming at lower costs

staff are involved in a major drive to reduce costs, improve productivity and enhance the cost-effective use of capital equipment. We are also deferring, where possible, major capex projects."

An estimated R120m has already been saved on staff reductions in the first year and these savings will be compounded in future, he adds. Better asset management, improved stores control and an extensive upgrading of Escom's data processing (DP) should greatly increase the cost-effectiveness of the electricity giant.

The DP project, especially, will help by improving information flow and Escom's accounting systems, while providing better stores inventory control.

"Despite our difficulties we are determined to run Escom as a business organisation. We are keeping a tight rein and operate stringent controls on operating expenditure," says McRae.

Heading Escom's cost-cutting drive — and one of the keys to the success of its new policy — is the 18-member Electricity Council, which has operated since May 1985 under the chairmanship of ex-Barlows man, John Maree. The council consists of top-level private and public sector representatives.

"All major consumer groups, key government departments and specialist individuals from various business sectors now have vested interests in keeping electricity tariffs as low as possible," says Thal.

The success of this hard-nosed business approach — one might call it partial privatisation — should be a pointer to other government departments and parastatals still labouring under costly bureaucracies. ■

Company, Fred Knill, says the four MEC members who are participating needed an outlet other than Maputo through which to ship their additional allocation.

The old Alusaf terminal at Pier 109, although designed for importing bauxite, seemed suitable. After spending some R8m on reversing the conveyor system and additional storage, the group is now in a position to start exporting.

They are aiming at an initial capacity of general smalls and power station smalls of around 900 000 t a year. Again, they seem confident that it is achievable. ■

8/8/86 FIN MAIL 55

MOSSEL BAY

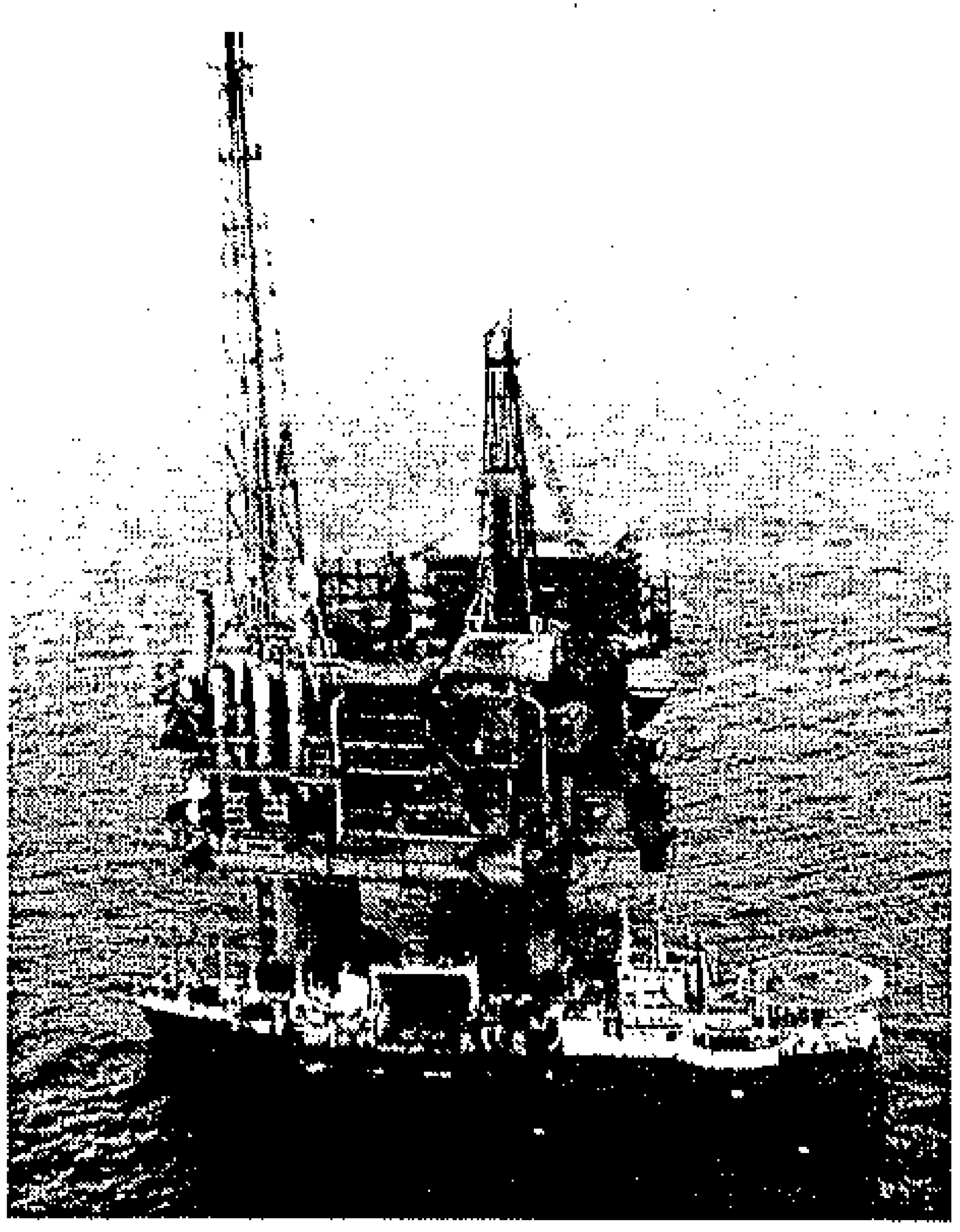
Brighter prospects

Soekor is turning on the PR in advance of the final official go-ahead for its Mossel Bay gas plans. But on the face of it the fields do look a lot better than initially indicated.

The State-backed gas and oil explorer — and would-be exploiter — previously maintained that feasibility studies by outside experts concluding that the project would be uneconomic did not take account of a bonus 200 M*l* of condensate.

Then came a more favourable study based on two fields (FA and EM) which declared economic and technical viability, but found exploitable reserves of only 15 years. That was followed by Soekor's own projection of 30 years, which, GM Ken Graham recently confessed at a seminar in Cape Town, was a "dream scenario" arrived at in a matter of four days by stringing together all discoveries in the area although they had not been proven.

Graham however believes that developing technology and further discoveries in the vicinity will extend the life of the project to 35 years.



North Sea oil rig ... providing valuable lessons

Assuming the green light comes soon, orders for goods and services will not be placed before 1988. Project manager Ifor Pritchard says information on potential suppliers is already being collated for preliminary planning.

Pritchard estimates the venture will provide 4m man-hours of work, spread over two years, for fabrication workshops. There will be opportunities for industries ranging from caterers to suppliers of welding rods, gaskets, and computerised control systems.

Standards, he stresses, will be very high, and some of the expertise and equipment will not be available in SA. Pritchard notes that requirements will be as high as for an atomic or space project, and much of the know-how will have to come from outside. After all, accommodation and work environments containing 100 people will be perched on platforms 130m above the seabed; lives and equipment depend on perfection.

Contractors and sub-contractors will have to keep strictly to delivery dates and they will work "with inspectors sitting in factories."

He says some local manufacturers are already sending staff overseas to acquire know-how from firms with North Sea experience. Robert Hughes, MD of Cape Town-based Globe Engineering, is one of those scouting out the situation in the UK.

Unfortunately for locals, however, Pritchard stipulated at the seminar that only equipment and instruments (as opposed to, say, the platform and module) already proven in North Sea oilfields would be used on the offshore operation. He sees no point in encouraging attempts to reinvent the wheel.

Graham says the FA field will be developed first. Early in 1991, a piled steel jacket will be placed more or less at the middle of the field, on top of a template through which six wells will already have been drilled by one of the semi-submersible rigs now used for exploration drilling.

These wells, which take about a year to drill, will enable full production to begin immediately offshore facilities — such as the topsides and pipelines to shore — are completed. Topside development will include a drilling rig for a further 10 deviated wells to be drilled over a period of some 30 months to ensure optimal depletion of the entire FA-FAR1 field.

Obviously, as production proceeds the reservoir pressure drops. The field is unlikely to maintain the required production rate for more than six to eight years. Allowing for a safety factor, Graham suggests facilities for the next EM field should be in place sometime between 1997 and 1999.

At this stage, he believes EM will also require a piled steel jacket and topsides similar to, but smaller than, those for FA. Production wells will be brought on stream as they are completed during another 30-month period.

Gas and condensate from EM will be carried by pipeline to the FA platform, where it will be mixed with production from the FA field.

Allowing two-and-a-half years for construction, installation and hook-up of the EM facilities, construction would have to start between 1994 and 1996; this means conceptual design must begin in 1993.

Ideally, the EM platform would be relatively small and unmanned, but problems associated with collecting the condensate from the sea bottom and hydration (basically, freezing of the undersea pipes) may mean installing complete drying and other processing equipment at EM and FA.

Production from these fields would not maintain the required flow rate beyond 15 years because of the pressure drop. Here recently proven smaller fields come into the picture.

But how to tap these remains a problem. Graham concedes vagueness at this point, but says a sub-sea production system (as opposed to platforms) might be most economical. It would feed the existing platforms, possibly supplemented by a floating production facility.

Graham says he is sure there will be additional discoveries in the vicinity long before the FA platform commences production: "We are exploring all over the south and west coasts. This exploration *must* result in more discoveries and entirely new projects."

Hopes also rest on improved technology to artificially increase permeability, allowing trapped hydrocarbons to be extracted by hydraulically cracking the rock.

Encouragingly for both the exploration and production programmes, Graham asserts that Soekor is drilling wells for about a third of the comparable price in the North Sea, thanks to "good engineering, good management and hard bargaining." ■

HOME SECURITY

Sounding the alarm

The increase of crime on the home front has seen scores of security conscious people hurrying to install safety measures.

Security dealers tell the *FM* that the real demand began about three months ago. Contact Security (CS), one of the few companies offering a 24-hour call guard system, say they have seen an increase of some 15% in calls requiring their services since May.

CS operates in Johannesburg's northern suburbs, where four vehicles per shift patrol the area. "Our guards, who are all completely trained in the handling of firearms, can reach the scene of trouble in about five minutes," says CS MD Peter Marais. The cost of an alarm system ranges from R1 500 to R2 500, depending on the size and design of the property.

Operating a similar service is a new company — Paramed Security.

"We are the only one of its kind in the world in that we are a medical team and can cope with any emergency situation, be it the birth of a baby or an attack," says MD Barry Blythe. Paramed charges R25 a month, and

11/8/86.

energy efficiency

A Business Day Survey

Written by WILLIE HARRIS

Study those power rates

COMMERCIAL and industrial companies in Johannesburg could save thousands of rands by reading the small print in electricity tariffs, and programming production schedules in line with these, says city council consumers engineer John Davies.

"The highest kVA (kilovolt amperes) demand taken by a firm during May, June, July or August is used as a cost basis for a minimum charge to be levied for the rest of the months in the year.

"In Johannesburg, this figure is 80% of the highest kVA demand taken during any one of these months.

"If a consumer drew 1 000 kVA during July, he would then pay for 800 kVA at approximately R14 per kVA. This means R11 200 minimum demand charges for each month of the year — even if no electricity is used for one month."

Davies gave as an example a Johannesburg firm that completes a large order during the last few days of August, and immediately goes into production using extra machines. Instead of a monthly kVA figure of about 600 kVA, it reaches 1 000 kVA.

"Instead of paying the normal 600 kVA at R14/kVA i.e. R8 400, his monthly bill is now R11 200, nearly R3 000 more than usual," Davies said.

It's necessary to ensure conservation, efficiency

(55) BusDay

THE objective of SA's energy policy is "to ensure an adequate and constant supply of energy — as well as its efficient use," according to a recently published draft White Paper.

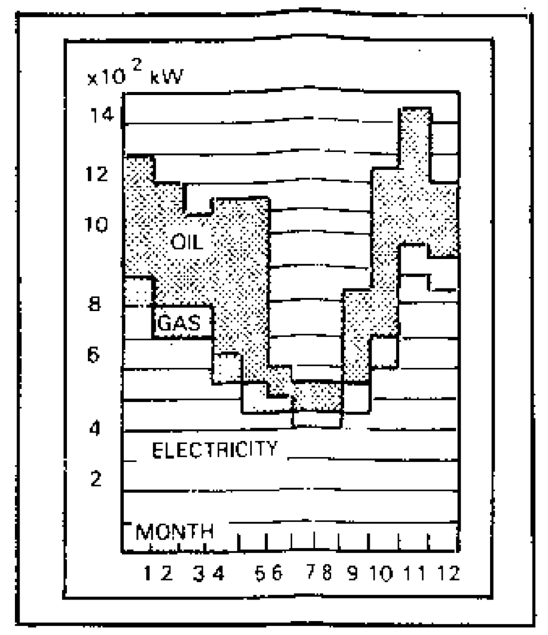
"Because the formulation and implementation of energy strategy concerns everybody and, therefore, cannot occur in isolation, it is regarded as essential to involve the public and private sectors to a greater extent than was previously the case," the draft states.

In other reports and reviews available to *Business Day*, it is clear that effective energy management includes a number of factors such as the introduction of advanced technologies, energy conservation, utilisation of low-quality heat, as well as energy recovery.

With a measure of good housekeeping, these factors are able to reduce a company's energy consumption by as much as 40%.

SA factories can no longer afford inefficient space-heating systems and, at the same time, disperse large amounts of unused heat from energy-intensive manufacturing processes.

An energy-conscious management requires an energy audit which can be carried out by a number of specialists, including Escom.



The basis of an energy audit can be the energy flow and additional information on the efficiency of the use of energy in the plant or factory. This could involve a great number of consumer areas and production departments, including space heating and transport.

Any company opting for an energy audit must accept that recording measurements and regular readings over a reasonable period are essential in providing the correct picture of the company's load-profile.

Supply and consumption of energy have to be allocated and specified (see accompanying illustration).

A typical load-profile specification would be:

- ☐ Environmental (non-productive): lighting, hot water, space heating;
- ☐ Production (productive): compressors, machines, plant, power and heat-consuming processes;
- ☐ Transport: types and numbers of vehicles, and type and consumption of fuel, tyres, lubricating oil etc; and
- ☐ Fuel type: solid, liquid, gaseous, LPG or electricity.

Obvious inefficiencies which are exposed by the audit can be remedied without large investment. For instance, by utilising thermal insulation or using a heat lamp. Where energy conservation is likely to involve larger capital investments, such as recovery units of automatic process-control, it is essential to assess the expected savings and their value to determine the pay-back period.

As the draft White Paper points out, SA forms part of the world energy situation in general, and Southern Africa's in particular, and is also "liable to international political complications and an oil boycott".

The consensus from both energy generators and energy users is, therefore, that conservation and increased efficiency is a desirable goal.

SA IS the greatest generator of electricity on the African continent. It is also the greatest waster of it.

This prompted the J H Isaacs Group to form an energy management division last year.

"We estimate that commerce and industry squanders tens of millions of rands each year through inefficient energy control," says division manager Steve Carlin.

"The total energy costs of a large building can amount to anything between R200 00 and R500 000 a year, so reducing these costs by 20% could result in considerable savings," he says.

Carlin cites two examples, Rosebank Mall shopping centre, in the north of Johannesburg, and Glencairn, an office building in the CBD.

Rosebank Mall consumes R490 000 worth of electricity a year.

"After evaluation and implementation of our energy proposals, costs were cut by R105 000, a saving of 21,5%," Carlin says.

In the case of Glencairn, JHI reduced costs from R255 000 to R205 000 a year, a saving of 20%.

JHI does an initial survey of the building and its electricity costs. Then it produces an estimate of potential savings and an estimate of capital expenditure. The initial survey and report fee is about R3 000.

Thereafter fees are charged according to recommendations implemented. JHI continues to hold the client's hand

New tariff to produce changes

ESCOM has become more concerned about the happenings of consumers "on the other side of the meter" — this is all part of the new-look corporation.

One of the first moves in the campaign was the introduction, at the beginning of the year, of the off-peak Tariff E.

According to Randolph Forbes, GM power marketing and distribution services at Escom, Tariff E has already resulted in a shift of about 100MW, with more than 40 customers taking advantage of the more attractive lower tariff.

"However, Tariff E has not produced immediate dramatic results. We reckon this is because most customers wanting to take advantage of it will have to significantly change their mode of operation, and this will take time and money," he said.

The effect of the tariff is only expecterd to be felt in about two years' time.

Educational campaign to change lifestyles

A CHANGING lifestyle for South Africans is on the cards over the next decade, and it has nothing to do with politics.

Escom, the electricity supply giant, has already embarked on a campaign of re-educating the consumer and offering temptingly low tariffs to level out the demand peaks which reached a record 18 278 megawatts in mid-June.

"The answer is for industry to move its energy usage to off-peak periods," says Escom deputy power marketing manager Rob Reilly.

Such a move means night shifts and overtime, but Reilly says the reduced tariffs would not only balance-out costs, but would make the move a profitable one.

The campaign of re-education has a further target of eliminating the estimated 15% wastage of power across the country.

What he describes as "the other side of the meter" — the consumer — has now become an area of Escom influence in an attempt to assist consumers in "proper housekeeping" to cut wastage, cut the consumers' bill and give Escom the opportunity to reduce or delay the requirements for future capital expenditure in the form of additional power stations.

The new concentration on proper usage in all consumer fields, industrial, commercial and domestic, makes hard money sense. If the 15% wastage can be saved, it will represent the output of a major power station such as Kriel, in the Eastern Transvaal, with its 3 000 MW capacity — and its replacement cost of R4bn. Kriel cost R700m when it was completed in March 1978.

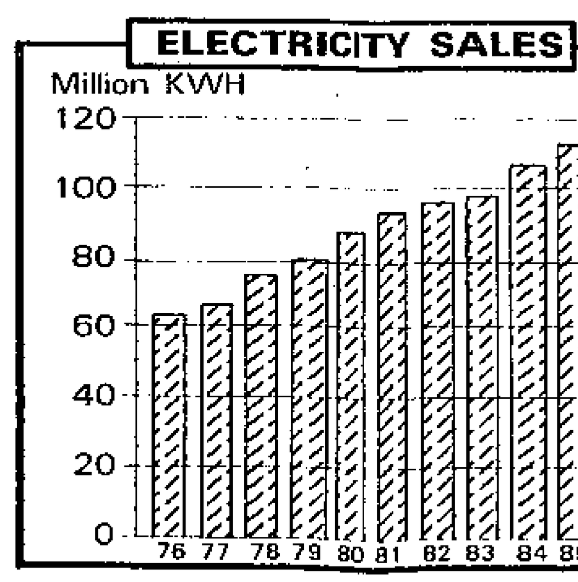
With the need to plan for energy requirements 10 years ahead, Escom has six projects under construction for completion in the early 1990s.

Its advanced technology has also enabled it to use coal previously considered unusable.

At the Letaba station near Vereeniging, Escom is burning coal with a heat content of only 16 Megajoules/kg, one of the lowest in the world.

"The coal we export has a heat content of 27 Megajoules, which means that, at 16 MJ, we are actually using real estate that nobody else wants," says Reilly. "And it also means that we have been able to bring an extra 1-billion tons of coal into our reserves."

But Escom's main concern is the twin daily demand peaks between 7am and 9am and again in the evening between 6pm and 8pm, "which is why we have embarked on campaigns to educate our customers in the more effective use of electricity", says Reilly.

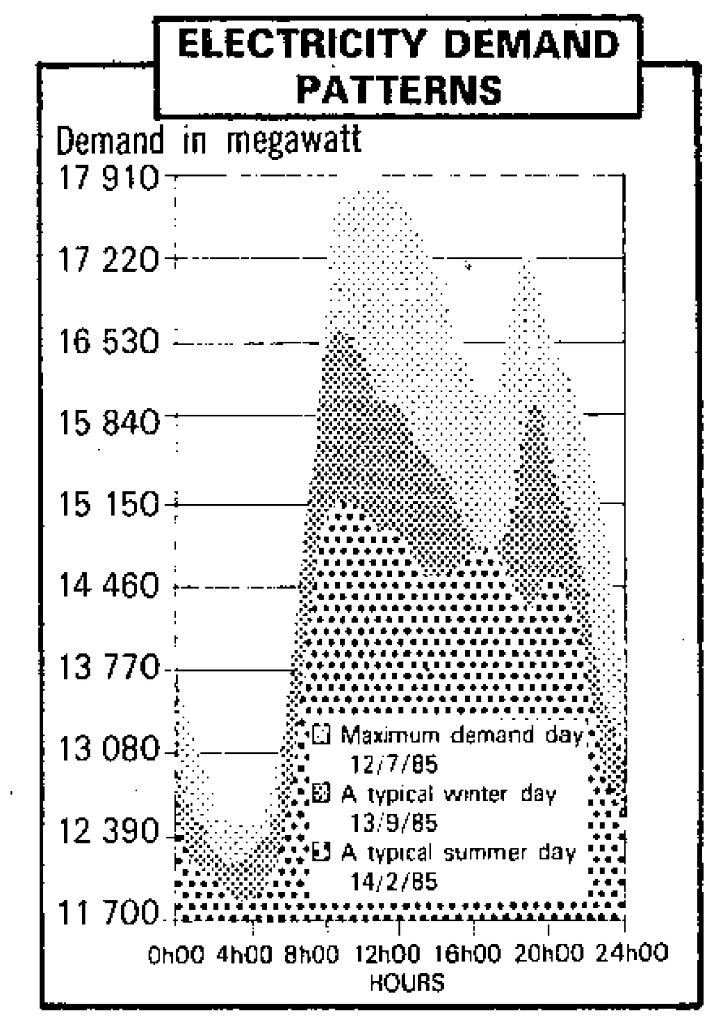


"We are now involved in market research to establish what our consumers' perceptions and attitudes are so that we know what type of advice and assistance is required from us.

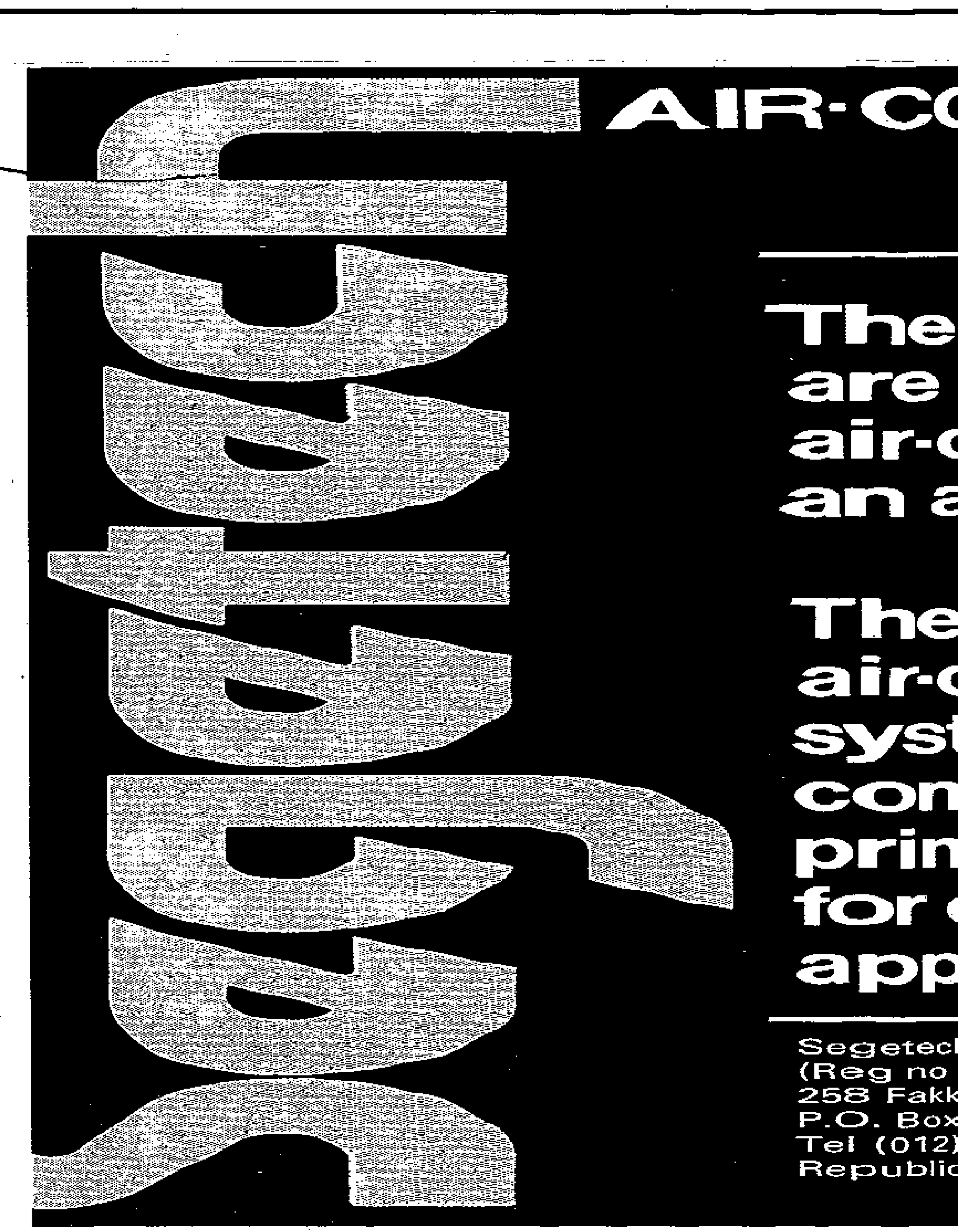
"We are studying what has happened overseas with other utilities."

The standard tariff is in two parts: for "energy", it is 2,5c/kilowatt hour; for "demand" the charge is about R13 per kilowatt ampere, the latter being the area where the heavy cost lies.

For use in the off-peak period between 11pm and 7am, and at weekends, there would be no "demand" charge, which would create considerable savings for the consumer.



In the medium term, Escom has an excess capacity and has taken advantage of this by introducing schemes in different areas of the country, notably Cape Town and Port Elizabeth.



Eve Post
12/8/86

Oil drills may move in soon

By DENISE BOUTALL

EXPLORATORY drilling in what could be South Africa's first on-shore oil field at Colchester, near Port Elizabeth, could start in March next year.

Speaking from Johannesburg today, the technical director of the Johannesburg Mining and Finance Corporation Ltd, Mr A G Netto, said the second phase of seismic tests would start within a few months and drilling would probably start by March, 1987.

He confirmed the reserves in the area had been estimated at 90 million barrels, but discounted reports that this would make South Africa self-sufficient as far as its energy needs were concerned.

Mr Netto said Energy Resources, a company within the group, held the oil prospecting concession in an area of 20 000 square kilometres to the east of Port Elizabeth, where the most promising oil finds were made by Soekor in the 1960's.

For the last six years, consultants had examined geological and petrological data provided by Soekor.

"Using more up to date methods of seismic interpretation and experience in oil fields in the Sinai peninsula, a firm of Israeli consultants believe there are a number of potential oil traps in the area which had been missed in earlier drilling.

"This has resulted in optimism that the area has good potential," Mr Netto said.

The company was mobilising its resources to undertake the second phase of seismic work to confirm the target areas, before starting to drill.

Until drilling began, it was impossible to estimate how long it would take to bring a field in production.

He said Johannesburg Mining and Finance Corporation was preparing to spend R10 million on the exploration of the field.

The group's chairman, Mr J M R Berardo, was convinced the country had oil and that it would only be found if determined exploration continued, said Mr Netto.

● In Cape Town, the senior public affairs spokesman for the State-backed oil exploration organisation, Soekor, Mr Mike Leibbrandt, reiterated today the corporation had no comment on reports about a possible inland oilfield near Port Elizabeth.

"It is our policy not to comment on the doings of a concession company," he said.

Another oil industry source — who did not want to be named — said it had to be borne in mind that the "whole matter is of necessity at this stage very much speculative".

Today is traditionally the start of the grouse shooting season in Scotland, and to celebrate the event, the Elizabeth Sun Hotel will be offering special Scottish delicacies as part of an authentic Scottish menu. Evening Post Spring Queen finalist CHRISMEN BUBB played to piper KEN ALLEN's tune as a guest of the hotel this week. The queen will be chosen at a glittering gala in the hotel's Great Room on September 5. Tickets are now on sale at R50 a head from INFO, Greenacres.
Picture by Mike Holmes.

Mossel Bay oil project bonanza: PE companies asked to tune in

EVG POST 13/8/86.

53

By DENISE BOUTALL

PLANS to draw up a comprehensive list of Port Elizabeth companies which could get involved in the Mossel Bay offshore oil project have been set in motion.

The Mayor, Mr Ben Olivier, is writing letters to more than 400 industrialists asking them to support a Midland Chamber of Industries survey aimed at identifying the industrial base and skills in the region.

The survey will also establish the resources and services available as well as the suitability and availability of the harbour facilities as assembly and distribution points and is due to start in about two weeks time.

In his letter Mr Olivier urges companies to co-operate fully in the survey, describing it as an opportunity for them to become identified with the Mossel Bay project at an early stage.

"It is only with a dedicated and totally committed approach that we can actively take steps to launch the much-needed economic revival in our city."

In an interview the executive director of the MCI, Mr Brian Matthew, said he did not think that it would be necessary to appoint a consultant in the United Kingdom to provide a comprehensive survey of the services and components needed to build a drilling rig.

"We have been dealing with two groups of consultants there and have been buying information from them on a piecemeal basis."

The information from overseas as well as the results of the survey would be computerised.

Ultimately the chamber would produce a document detailing which companies in PE could supply which parts or components for the oil-from-gas project.

This document would be made available to the main contractors on the project who could then approach the companies to tender for work.

energy efficiency

A Business Day Survey

Solar power puts a shine on savings

DOMESTIC and industrial solar water heating systems have a bad reputation in SA.

But Kwikot sales director Peter Nash and Suncol MD John Lathwood said: "This is because too many backyard cowboys make hasty and inaccurate assessments of what the customer needs and then carry out inadequate installations."

These two companies share about 75%-80% of the market, with Suncol the sole marketer and distributor of Kwikot products in the Transvaal and Orange Free State.

Despite their jaundiced view of the past, the men believe solar water heating is on an upward trend.

They plan to set up an association of reputable dealers/agents who will create a trust fund to protect buyers from bad assessments or faulty installations.

Lathwood said: "Solar energy can save the consumer up to two thirds of his running costs on water heating which represents between 50% and 60% of the normal family's electricity bill. All it needs is renewed confidence in the market, and we intend getting that."

Complained

And the men complained of complacency or apathy in government and public attitudes.

Lathwood said: "In Israel the government imposes penalties on electricity consumers who do not install solar heating, and offers rebates to those that do. We would like to see tax incentives offered by government to encourage buyers of solar systems.

"SA has one of the highest radiation factors from the sun in the world but we are not using it properly."

To install what Nash described as a workable system, giving good savings, costs domestic consumers between R3 000 and R3 500 which may be recovered in five years through savings. The lifespan of the equipment, without need for replacement, is about 15 years.

A major area they see for potential growth lies in government's plans for developing black housing. Nash said: "Only a limited amount of electricity will be available to these areas, and solar heating could provide a realistic answer to the needs of those communities."

Cheaper solar heating urged

15/8/86

55

SUPPORT for manufacturers of solar water-heating systems, particularly for domestic use, came this week from a most unlikely source — Escom.

"If the manufacturers were to do two things: form an association and cut the cost of these installations to a more viable level, we would be prepared to participate in a public-awareness campaign to encourage their use," says Escom deputy power marketing manager Rob Reilly.

"Escom has been neutral on the question of encouraging the use of solar or other energy sources, but we would see advantages to the customer in controlling his energy expenditure if the standard domestic solar units available in this country were cheaper," he says.

"We reckon manufacturers could cut their costs if they cut the marketing component of these costs and also increased their production runs.

"Escom would still have the peaks on demand but, looking into the future, it would help us because the requirements for the summer peak load would be lower, and we could step up summer maintenance to reduce our reserve margins.

"Domestic users would have more control of their energy bills and energy usage.

"It would be beneficial to the country because we would require less capital and it would slow consumption of our natural resources," Reilly adds.

Part of Escom's new support for solar energy will come with the introduction of a new domestic tariff which will make the cost per unit the same no matter how many units are used. In the past, the consumer has paid a high rate for his first 300kW/h and a cheaper rate above that level.

The average family uses at least 300kW/h. When that price is reduced, there will be greater savings if solar heating is used, Reilly says.

Conservation based on efforts of J P Joule

THE modern concept of energy conservation dates from around the middle of the last century.

Based on the efforts of English physicist J P Joule — whose name is used today to denote a measure of energy — energy conservation essentially tries to keep up production and economic growth with reduced energy consumption.

Heat is classified as of *high* or *low* quality. Both are measured in the same unit, the joule (J).

Stiebel Eltron, an international company with more than 50 years' experience, and rated one of the leaders in the energy field, lists energy conservation as comprising:

- ☐ Elimination of energy wastage (insulation);
- ☐ Energy recovery (waste heat boiler);
- ☐ Substitution of finite energies by renewable energies;
- ☐ Improvement of efficiency by new technologies;
- ☐ Measuring and controlling energy consuming processes (using a microprocessor); and
- ☐ Energy management and audit.

Stiebel Eltron believes insulation is the biggest saver of primary energy and heat pumps will take second place in energy saving in heating systems worldwide by the year 2000.

Wasteful use of energy has resulted from the separation of architecture and energy engineering into individual package deals, but this has been remedied to some extent by intensive worldwide research into the insulation of buildings.

The company maintains the "great savings" possible through proper insulation must be the first choice — before installation of conservation systems — and points out that insulation is freely available and can be applied without interrupting the production process.

"Factories can no longer afford a situation which has an inefficient space-heating system while large amounts of unused heat from energy-intensive manufacturing operations are being lost to waste," says a spokesman.

Good energy management can cut a company's energy consumption by between 30% and 40%.

Tariffs in question

THE Federated Chamber of Industries (FCI) has taken up the cudgels on behalf of its members because it believes some municipalities are making adjustments to their electricity tariffs greater than Escom increases justify.

The FCI's energy sub-committee is asking members using a lot of electricity from municipalities or local authorities to provide the FCI with basic information.

NUS International Electricity Price Survey
Comparison of average electricity prices

COUNTRY	NO. OF CENTRES SURVEYED	AVERAGE PRICE IN SA CENTS 1985	AVERAGE PRICE IN SA CENTS 1986	% INCREASE
Australia	2	8,58	7,92	(7,7)
Belgium	1	13,74	12,66	(7,9)
Canada	10	7,53	7,55	—
Eire	1	16,13	15,38	(4,6)
France	1	10,48	10,38	(1,0)
Germany	5	14,24	14,92	4,8
Italy	1	14,28	13,55	(5,1)
Netherlands	1	12,98	10,06	(22,5)
South Africa	4	4,85	5,81	19,7
Sweden	2	7,11	7,49	5,3
United Kingdom	9	11,40	11,82	3,7
United States	24	13,90	14,04	(1,1)

Tariff choice can mean big savings

KEEPING abreast of the ever-changing energy scene and its minefield of tariffs — of which there are more than 600 — is a major problem for most industrial and commercial operations.

Their problems are the bread and butter for international specialists NUS (National Utility Services).

Apart from a signing-on fee, NUS makes its money from a 50/50 share in savings achieved. The group saved more than $100m for clients last year.

NUS is active in 12 countries and in SA there is a constant inflow of information into the Johannesburg office to benefit more than 2 000 SA clients whose energy costs at about 56 000 locations are monitored monthly.

"Our figures indicate that about 85% of energy users in SA are being overcharged," says NUS national marketing manager Peter Cornelius.

"It is a popular misconception in business that energy suppliers, such as Escom, are bound to quote the most beneficial tariff, and that energy costs are fixed and immovable. Nothing could be further from the truth.

"It is the responsibility of the consumer to find the best tariff or combination of tariffs to suit his needs and his pocket.

"But he is lost in an absolute jungle of tariffs, terms, provisions and riders which require specialist knowledge."

New York-based NUS has been in operation for more than 50 years. Information gleaned in the international operation is pooled for the benefit of the individual offices and their respective clients.

"Because we have a vast comparative data bank constantly augmented by international intelligence, we are able, through expert analysis and comparison, to select the best tariff for client's," says Cornelius.

"We carry out continuous financial audits of the client's energy costs."

NUS produces annual cost comparisons of fuel covering the 12 leading Western countries in which it operates. The latest electricity survey shows that, in spite of the fact that SA has the lowest rate of all 12 countries, it has had the highest percentage increase for three years in succession.

The latest survey, up to April 1, shows a massive increase of 19,7%.

"Energy costs have been rising regularly over several years in SA," says NUS MD George Rahr.

He adds: "It is our belief that costs will continue to rise out of proportion to inflation. It is imperative that consumers pay more attention to this bottom-line expense in order to play their part in reducing inflation."

Cost of water still surging

THE average cost of water in Johannesburg, Cape Town and Durban has leaped in the past four years.

It climbed 73,9% in 1983, 34,6% in 1984, 9,4% last year and 17% this year. Johannesburg has borne the brunt of the increase.

"Johannesburg water prices went up by a massive 39,9% during the year ending July, from 82,4c/m³ to 115,3c," says Peter Cornelius, national marketing manager of NUS, which recently completed its annual water survey in 13 Western countries, including SA.

Despite these increases, SA is still the fourth cheapest in the survey's table. Canada is the lowest at 46,68c/m³. West Germany heads the table with a sky-high 201,20c followed by Australia at 200c.

The Johannesburg price of 115,3c is high compared with Cape Town's 53,4c and Durban's 76,3c.

Crude oil boycott 'unlikely to be totally effective'

16/8/86 STAR (55)

Pretoria Correspondent

Measures will have to be introduced to restrict the demand for liquid fuel in the unlikely event of the present crude oil boycott against South Africa being applied more effectively, says a senior Department of Mineral and Energy Affairs official.

But it is unlikely a crude oil boycott will ever be 100 percent effective, particularly in the the present weak world oil market, the Director of Energy Planning in the Department of Mineral and Energy Affairs, Dr Robert Scott, yesterday told a Pretoria Afrikaanse Sakekamer seminar entitled "Economic Sanctions: Threats and Opportunities".

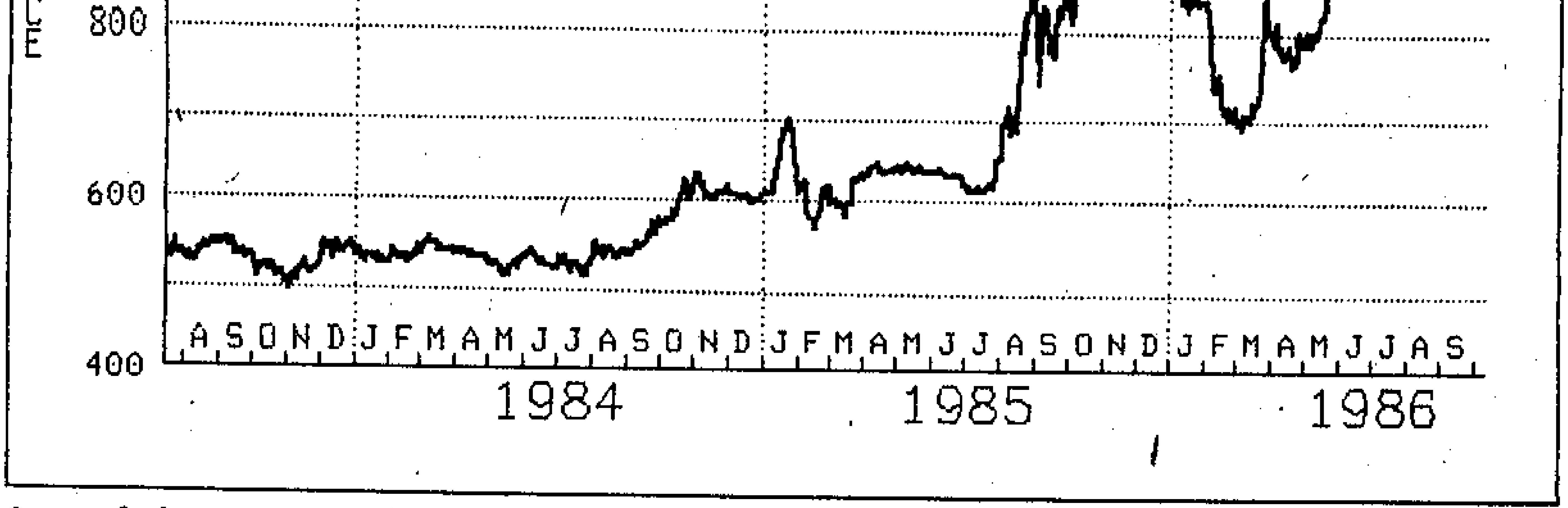
If the crude oil boycott becomes more effective, restricting the demand for liquid fuels will be necessary to extend the lifetime of built-up crude oil reserves so new synthetic petrol can be developed, Dr Scott said.

Developing synthetic or alternative liquid fuels "could put South Africa in a strong position because a world oil crisis such as the previous oil crisis in 1973 and 1979 cannot be ruled out".

If sanctions are applied effectively, electricity will become more expensive because of the expected rise in unit production costs, he said.

The commissioning of the Koeberg atomic energy station in 1984 heralded the start of South Africa's atomic era and it is anticipated that further atomic energy stations will be built.

But Dr Scott warned sanctions could seriously hamper the importation of enriched uranium which would be detrimental to the atomic energy stations industry. He said uranium enrichment will now be coupled to Escom's future atomic energy programme to guarantee fuel provision.



One of the most profitable investments for South Africans in recent years has been the Kruger rand as this line graph from stockbrokers Simpson Frater shows. The price of the Kruger rand which was R600 at the start of last year and R900 at the start of this year was R1250 at the beginning of this week.

New oil venture could boost E Cape economy

W/C ARGUS (85)
16/8/86

From JOHN SPIRA

JOHANNESBURG. — A Johannesburg mining magnate has been instrumental in uncovering new research material which could lead to the exploitation of a suspected new inland but deep-level oil field with independently estimated reserves of 90 million barrels (worth more than R2 billion at today's prices), 50 km to the east of Port Elizabeth.

The area's geological formation is such that "should oil be found, a flow rate of a few hundred barrels of oil a day from each well may be attained".

A circular to shareholders of Tanks Oil & Platinum Holdings, who are being asked to approve an option to acquire a 10 percent stake in the concession, says the expected flow rate has been deduced from "the production rate of saline water of 1 000 to 3 000 barrels per day from a well which was drilled into the sandstone beds".

The reserves, estimated by overseas experts at a minimum of 90 million barrels, would be worth more than R2 000 million at today's prices should the proposed drilling programme come up to expectations.

Soekor — the State-backed oil exploration organisation — declined comment.

But an independent industry expert warned that normally test drilling would have to take place before reserves could be proved and accurate flow rates calculated.

The new-found potential of the area, if proved to be correct, along with Sasol's capacity and the potential of the Mossel Bay field, could make South Africa independent of oil imports by the end of the decade and for at least another decade thereafter.

The potential Algoa Bay field is believed to contain crude oil of above average quality and, if the potential is realised, could be in production early in 1988.

The area in question is part of a 23 400 sq km oil concession granted by Soekor to mining entrepreneur Joe Berardo's group of companies in 1978.

Although Soekor had earlier explored the same field, new technology (previously unavailable to Soekor), it is claimed, has made it possible to identify the promise of underground oil reservoirs.

A chance meeting with an executive of an Israeli oil exploration firm prompted Mr Berardo to appoint the company as consultants to his concession. The same firm was instrumental in discovering the Gulf of Aqaba oil field as well as a number of smaller fields in the Negev desert.

Coincidentally, the geological structure in the Algoa Bay area is identical to that found in the south of Israel. And the Israelis are the world's experts in exploiting the so-called "thin sands" geology for oil.

According to the Israelis, who have conducted an intensive investigation of the area using super-sophisticated technology in tandem with the Soekor reports and results, there is no reason to doubt that the oil exists in large quantities.

A report compiled last month states: "According to our analysis, the deeper part of the basin shows evidence of a few structures, which may be of considerable size, at a depth of 3 to 3,5 km.

"This area has more favourable conditions than the other parts of the basin for the generation and accumulation of oil, specifically as regards source rock, porosity and thickness of sandstone bodies, hydrodynamic conditions, etc."

The oil flow estimate is based on three of the most promising sites in the area. However, 11 other similar sites have been identified as also having oil-producing potential.

2/8/86

SMK (55)

PE more hopeful of share in gas project

PORT ELIZABETH — The new incentives for the Port Elizabeth-Uitenhage area coming into effect from September 1 are expected to give it a considerable advantage on other areas in competing for Agulhas Bank gas exploitation projects.

This is the view of Midland Chamber of Industries (MCI) executive director, Mr Brian Matthew, who believes that the incentives will put the area ahead of Durban, a strong contender for the exploitation projects.

General Motors managing director Mr Bob White said the incentives were expected to halve the locational disadvantage of manufacturers in the Port Elizabeth-Uitenhage area over their Transvaal competitors.

The incentives coming into effect on September 1 are an increase from 40 to 60 percent in the rail rebate on all means of transport of products from the Port Elizabeth area and an increase from 4 percent to 5 percent in the State tender preference.

STEEL PRICE

The equalisation of the steel price, which will improve the competitiveness of the area further, is still under consideration and is unlikely to be introduced on September 1.

Chairman of the Decentralisation Board, Mr Dougie de Beer, said he could not commit himself to a date when it would be introduced but he gave the assurance that "it will not be a matter of months."

22/8/86.

Minister tells of stockpile for sanctions

STAR

65

PHALABORWA — The Government had been stockpiling "literally thousands of items" of strategic goods for the last decade to protect the economy against sanctions, the Minister of Manpower, Mr Pietie du Plessis, said last night.

"We shall not be found wanting," he said at a function in Phalaborwa to mark the 35th anniversary of the Phosphate Development Corporation (Foskor).

"You may rest assured that the Government has learnt from experience how important it is to safeguard its sources of supply. Thorough provision has been made in this regard, which includes protecting the flow of technology and know-how on a variety of products.

"The Government is not unaware of what our enemies are planning and has consequently for more than a decade been engaged in a programme of stockpiling strategic goods — of literally thousands of items — in order to safeguard our economy against sanctions."

Mr du Plessis said sanctions would "definitely" lead to large-scale import replacement, "which will make South Africa even more self-sufficient as this process will stimulate industrial development and increase our ability to cope".

He said the private sector and the authorities had already, in a responsible manner, taken steps to promote the continued marketing of the country's goods and products.

"We all know that trade can take place in both conventional and unconventional ways and this is being planned by a counter-trade committee in the Department of Trade and Industries, which also deals with barter trade.

Sanctions in fact meant economic war and it was imperative "that we all stand together and do not assist the enemy by talking too much, thereby unnecessarily giving particulars about our trade and exports.

"It is important that we realise at the outset that particulars on what we produce, the quantity of our exports and to which countries we export, are all information which can be used by our enemies."

Mr du Plessis said the motto should be "to talk less and to do more". — Sapa.

BUS DAY 25/8/86

Mossel Bay project to take longer

DUE to the threat of sanctions, the planning stage for the Mossel Bay gas project would take much longer and would not be completed before the end of 1987, Mineral and Energy Affairs Minister Danie Steyn said yesterday.

He said the reason was that the planning and development would have to ensure the project could be completed once it was started, even if sanctions were introduced.

Steyn and his department's director-general visited Mossel Bay yesterday to inform the town of the latest developments in the gas project.

He said the site had been narrowed down to three farms and a decision would be made soon.

The farms are between Mossel Bay and the Gouritz River, about 20km from the town. — Sapa.

ISPA

5. Leave Fund
Coverage
Worker Contribution
Employer Contribution
Annual leave covered

6. Sick Fund
Coverage
Worker Contribution
Employer Contribution
Annual payment for 5
Annual payment for 6
Qualifying period
Waiting period
Percentage of wage p
Maternity days per p

Council may sell PE's gasworks

Municipal Reporter

PORT ELIZABETH'S controversial loss-making municipal gasworks could be sold to private enterprise if current negotiations are successful.

The Town Clerk, Mr Paul Botha, has disclosed that the city council is negotiating the sale of the gasworks which is expected to run at a loss of over R4 million in the current financial year.

He told last night's meeting of the Central Executive of Ratepayers' Associations that the council was negotiating with three possible buyers and pointed out that no private undertaking could make a profit of the venture in the first three or four years.

The buyer would be in the business of marketing the by-products of gas production and would be able to use these to better advantage than the council which did sell them in any case.

Mr Botha also said the negotiations on the sale were complicated.

This was because of different lease periods on equipment in the gasworks.

The works — the annual loss of which has been increasing steadily over the past few years — have been the subject of ongoing controversy.

Rise in price of gas 'if PE sells'

27/8/86

EVG PO.8

55

By DENISE BOUTALL

THE price of gas would increase if the Port Elizabeth municipal gasworks was sold to a private company, a leading firm of energy consultants warned today.

It was disclosed this week that there are three potential buyers for the gasworks which is operating at a loss.

It is believed that at least one of them is also considering buying the Johannesburg municipal works and the Cape Town gasworks, which is privately owned.

The first inquiries from potential buyers for the PE plant were made about three months ago.

So far no firm offer had been received, the Deputy City Treasurer, Mr Eddie Landsberg, said today.

In a statement released today Mr Peter Cornelius, national marketing manager of an international energy consultancy, said if PE decided to go the privatisation route consumers could expect a rise in prices.

This had been the case in the United Kingdom in all examples of privatisation such as British Telecom.

This was likely to be the case for gas supply which was expected to be privatised in the near future.

A similar step in PE would obviously be a great disadvantage for consumers as gas, both domestic and non-domestic, was among the most expensive energy sources available in PE, said Mr Cornelius.

At R26,50 a gigajoule, PE's non-domestic municipal gas was about R9 more expensive than in Johannesburg where it cost R16,25.

But it was R9 cheaper than Cape Town where it was priced at R35,08.

Prices of domestic gas for the three towns are PE R21,50 a gigajoule, Cape Town R20,84 for the same quantity and Johannesburg R12,19 a gigajoule.

30/8/86

WEEKEND POST, AUGUST 30, 1986

'E Cape may benefit from project delay'

(55) WG.9D9

By BOB KERNOHAN

DELAYS in the Mossel Bay oil-from-gas project could benefit the Eastern Cape and boost the number of jobs created, the executive director of the Midland Chamber of Commerce, Mr Brian Matthew, said today.

Responding to speculation that the 12-month delay — announced last week — could be a major blow to the region, he said the hold-up could result in "some very positive factors".

His comment follows an MCI investigation into the consequences of the delay.

Mr Matthew said positive aspects indentified included a more realistic lead time for industry in PE-Uitenhage to gear up, both in manpower and technology, to the high standards demanded by the offshore industry.

The Deputy City Engineer, Mr Angus Fraser, had pointed this out after his overseas visit and had warned that industry would "lose out" unless it upgraded its skill levels, he said.

"It is not appreciated that those responsible for awarding the contracts will place great emphasis on examining the tendering companies' quality assurance systems with special reference to technical ability and the skill levels of employees."

Mr Matthew added that companies in the area would be able to obtain more work as a result of the delay.

"With more time now being available, companies will be in a better position to seek out and acquire the necessary technology transfers that will enable them to upgrade their company's manufacturing techniques.

"This means that South Africa's technological expertise will jump several notches in a very short space of time.

"This technology boom will then be available to the entire manufacturing capability of the country."

He pointed to Sasol 2 and 3 as good examples of what happened when high-tech projects had to be brought on-stream too quickly.

"A large percentage of the work, which with time, could have been done in South Africa, was undertaken by foreign contractors and imported workers, for instance welders."

Mr Matthew added that technology was expanding at a rapid rate and the delay would enable the latest "state of the art" to be incorporated into the onshore plant.

These factors meant there was "considerable advantage" in the delay.

"What also must not be forgotten is that sanctions are still a big 'if' and it should not be taken for granted that sanctions will be implemented to the extent that the project will be delayed to any significant extent."

SUN TIMES. 31/8/86

Egoli seeks Eastern Cape oil

By Don Robertson

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DRILLING for oil east of Port Elizabeth may start early next year.

Egoli Consolidated Mines, major holder of the oil rights in the 20 000km² area, and associated companies plan to run another set of seismic tests in November or December.

Confirmation of oil in a part of this area is expected by January. If results are encouraging, drilling could start shortly afterwards, says Jack Higgs, Egoli group geologist.

"We have localised our area of interest and our technical consultants have indicated structures that could contain oil at a depth of about 3 000m. We hope these structures are linked to others and are looking at the possibility of reserves of about 100-million barrels."

Hydrocarbons were identified in the area by Soekor in the 1960s. Because of the low temperatures, it is unlikely that they have been converted to gas, says Mr Higgs.

Soekor drilled 19 holes, three of which showed traces of oil. Egoli has obtained Soekor's seismic tapes which it is reprocessing.

"We are arranging for seismic lines to be run in an area of 200km² and have negotiated for the import of drilling rigs."

Energy Resources & Mining Corporation has a 50% share in the rights to the area, Egoli holding 20% and associates Carrig Diamonds and Waverley Gold Mines 10% each.

Energy Resources is in turn owned 20% by Egoli, 10% each by Carrig and Waverely, 50% by JM Investments and 10% by Tanks Oil & Petroleum — both subsidiaries of Egoli.

Exploration costs are estimated at R10-million.

Sasol profit plan

BUSDAY 2/9/86 55

● STEGMANN

DAVID FURLONGER
Industrial Editor

SASOL — its potential drained by plunging crude-oil prices and volatile exchange rates — has announced a twin profitability lifeline.

First, the company has repaid its outstanding R1,1bn Sasol 2 debt to the Central Energy Fund. Second, government has re-instated the 3,6c levy rebate on synthetic fuels, suspended in January 1985.

Together, they are expected to have a "significant impact" on Sasol's profitability, the company says in its annual profit statement.

The levy rebate is welcomed as "significantly reducing the negative impact on the synthetic fuels industry of the fall in the rand price of petroleum products".

MD Joe Stegmann yesterday declined

To Page 3

2/9/86 BUSDAY (55)

Sasol announces new profit plan

● From Page 1

to put a value on the reinstated levy, but added: "We had an understanding with government on the 3,6c when it was withdrawn. Obviously with the dramatic drop in oil prices, it was very necessary in our case."

He said no time limit was put on the levy, "but if the price situation were positive, obviously it could be withdrawn again".

Stegmann said repayment of the Sasol 2 debt — including interest — reduced Sasol's long-term debt and therefore its interest bill. He would not be drawn, however, on whether it cleared the way for a rights issue to take over Sasol 3.

"We will have to wait and see what can be done. We were seriously considering earlier this year taking over Sasol 3. But then rand prices of petrol fell and we had to wait. Now it's very speculative on when we can buy our remaining share of Sasol 3."

Sasol's attributable profit in the year to June 28 rose 14,8% from R501,4m to R575,4m. Earnings a share rose 14,8% to 102,3c from 89,1c, and the final dividend was raised by 2,5c to 25c, boosting the total pay-out for the year by 15,4% to 45c (39c).

Turnover rose from R3,394bn to R3,746bn, net operating income from R1,040bn to R1,327bn, and after-tax profits from R502,3m to R701,2m.

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Sasol 4 still a pipedream

While describing the achievement as "outstanding," Stegmann concedes that there is limited scope for further gains. The productivity/debottlenecking programme is almost complete and "further improvements in production are becoming marginal".

☐ STEGMANN

In the short-term, those marginal improvements are expected to keep pace with increases in petrol consumption, and there is spare capacity at its crude-oil refining plant.

"We have considerable leeway on the refining side," says Stegmann. "It is often forgotten that Sasol is not just an oil-from-coal group."

Stegmann will not be drawn on speculation that, in the long-term, Sasol will need an additional oil-from-coal plant.

Before thinking of a Sasol 4, the group must first "get Sasol 3 under our belt".

That event has come closer with the news that Sasol has repaid its outstanding R1,1bn Sasol 2 debt to the Central Energy Fund.

Stegmann says this figure includes interest and will reduce Sasol's long-term debt "because it translates into a lower interest figure". He hopes to see other listed debt cleared in the present financial year.

Having cleared the Sasol 2 debt, the next target must be to take over Sasol 3. Sasol considered completing the deal earlier this year before falling oil prices delayed a decision.

Now Stegmann says it is "speculative" to guess when the takeover can be achieved.

"We are totally and absolutely exposed to whatever the international prices are," he says.

Whatever the problems, Sasol's results for the year to June 28 show after-tax income rose from R502m to R701m and attributable profits from R501m to R575m.

The group transferred R125m to the equalisation reserve.

Agreement

This profitability will certainly be further enhanced by government's decision to reinstate the 3,6c/*l* levy rebate on synthetic fuels, suspended in January 1985.

The rebate will lessen the blow to Sasol of continued low crude-oil prices.

"We had an agreement with government on the 3,6c when it was withdrawn," says Stegmann.

"With the dramatic drop in oil prices, it has become very necessary in our case. If the situation becomes positive once more, it could be withdrawn again."

He is quick to reject any suggestion that the levy was in any way linked to Sasol paying off its Sasol 2 debt.

"Repayment of the debt is not a *quid pro quo* for the levy. There is no way these two are in any way related."

Ballito row sparked by rise in light bills

4/9/86

Mercury Correspondent

BALLITO people are to hold a special meeting next week to protest about the recent sharp increase in electricity costs and the introduction of refuse removal fees.

The Ballito Ratepayers' Association has invited the MP for the area, Mr Brian Page (NRP Umhlanga), to what could be a stormy meeting on Wednesday night.

The row has been brewing since Ballito took over the electricity reticulation system from Stanger on May 1, as well as a R2 200 000 debt for improvements.

Ratepayers' association chairman John Chrystall said in a statement yesterday: 'The unfortunate Ballito and area residents now have to foot this bill and, in spite of the promise made (that there would be no increase in electricity charges although there could be an Escom increase in unit costs), unit and basic costs have been increased by 10% and the subsidiary charges are up 9,5% since May 1.

'The Town Clerk, Mr C F Goosen, has not had the courtesy to notify residents of the increases and the first residents knew about it was when accounts were received.'

The second issue is the introduction of a refuse removal charge. The town board says the Government has ruled that refuse removal must not be subsidised out of rates.

The town clerk said the electricity surcharge of 12% to 17% imposed by Stanger and further increased by 9,1% by Ballito were the only costs transferred to the consumer. The only exception was a a 5% increase on unit costs and basic charges.

Oil price crisis goes on as Opec leaders adjourn

Mercury 29/7/86 (55)

GENEVA—Opec ministers yesterday quickly adjourned their fourth attempt this year to deal with a crisis devastating their economies as oil prices crash through over-production.

With the positions taken by key producers clearly hardening, the 13 ministers adjourned the conference until today after only 90 minutes and went into a series of informal bilateral discussions.

Opec (Organisation of Petroleum Exporting Countries) is deeply divided on how to control runaway production which has sent oil prices tumbling to below $9 a barrel from over $30 in just eight months.

At its third 1986 conference on the Yugoslav island of Brioni a month ago, Opec agreed by a 9-4 majority to limit its total production to 17,6m barrels per day (bpd).

But since then, led by the Arab Gulf states, it has boosted output to almost 20m bpd.

Saudi Arabia, the world's largest exporter with huge oil reserves, has made it clear it will not give up its share of the market by cutting production if other oil producers do not follow suit.

The Saudis have boosted their output to around 6m bpd, compared with their new quota of 4,5m.

They are backed by Kuwait which has sharply raised production but like Saudi Arabia has said it is ready to cut back when others do likewise.

The United Arab Emirates (UAE) is pumping roughly 1,5m barrels against its Opec quota of just over a million.

Ignoring

Iran and Iraq are ignoring all restraints as they rely overwhelmingly on oil export revenue to finance their six-year Gulf war.

Opec's drive to win back its share of the glutted world oil market has cost the 13-state group billions of dollars in losses, the authoritative Petroleum Intelligence Weekly (PIW) magazine said in the latest issue published yesterday.

'...it is clear that OPEC is winning its extra market share at an enormously high price,' PIW said, adding that members had suffered lost revenues of about $99,7m a day in the first half of 1986 against the same period last year.—(Sapa-Reuter)

Electricity defaulters face shock incentive

4/9/86. EVE POST [redacted] 55

By DENISE BOUTALL

DEFAULTING Port Elizabeth consumers who risk having their electricity disconnected face an additional "incentive" to pay up — 15,5% interest on outstanding bills.

The system of charging interest on amounts outstanding after due date was introduced in July and, according to the City Treasurer, Mr Amandus Strydom, income from the interest is substantial.

"I'm not telling you how much, but we're making a lot of money," he said.

"As far as I'm concerned, those who always run into arrears are compensating the council and other consumers for abusing the system."

In contrast, the council pays consumers 4% interest on electricity deposits.

Mr Strydom said accounts sent out monthly by the council for metered services to 70 000 consumers amounted to about R15 million.

If all consumers delayed payment by one day, about R6 000 was lost in interest.

The interest rate charged, laid down by the Administrator, was reduced from 23% to 15,5% in July.

Mr Strydom said the municipality faced enormous costs in generating and buying power, and consumers got 60 days credit before having to pay their bills.

Escom, from whom the council bought a substantial portion of power consumed in the city, billed the municipality at the end of each month and gave it 14 days to pay its bill of R5 million to R6 million.

"Our other suppliers, such as coal producers, expect us to pay on delivery. In addition, we have the running costs — salaries and wages — of producing the power and we have to keep substantial stocks to ensure repairs are carried out immediately."

The council's consumers were billed for their consumption 30 days after consumption and were then given another 30 days to pay.

"That means we recover our costs only 60 days after incurring them."

Mr Strydom said he believed the council should be reasonable and that the effective 60 days credit was generous — "but people who decide to give themselves extra credit will have to pay for it".

Mr Strydom said Port Elizabeth was one of the few councils to pay interest on electricity deposits. "I can find no authority for it and no mandate from council. It's a system I inherited and I will not change it, but I will also not increase it because, if I do, the money will have to be recovered from consumers in some way or another."

□ SASOL'S STEGMANN

The message from Sasol is hold rather than buy

SASOL PROFIT STATEMENT/Analysis by Robin Friedland

(55) BUSDAY 5/9/86

SASOL HAS produced some nice looking results for the year ended June 28, 1986: earnings on the consolidated income statements are up by 14,9% to R3 638m, excluding excise duties and levies.

Net operating income has risen by a powerful 27,5% to R1 326,6m. Dividends received (from the group's half share in Sasol 3) are virtually unchanged at R25,9m.

Interest paid shows a sharp decline from R221,5m to R164m, reflecting the repayment of the group's debt to the Central Energy Fund (CEF). The profit statement notes that the amount repaid was R1 100 approximately.

And the 1985 balance sheets show that group debt at the end of the previous financial year was just short of R2 000m (actually R1 998m). Of this sum, R479m was repayable within one year and was included with short-term loans in the accounts.

The amount of loans outstanding, therefore, looks like R900m in round terms.

It is apparent that the exceptional profits earned in 1986 were partly applied to advancing the obligatory schedule of loan repayments.

Returning to the profit figures, the net operating income already recorded translated into income before taxation of R1 185,5m, an increase of 40,8%.

Tax was a whopping R487,3m, leaving income after taxation of R700,4m after deduction of a nominal amount for the interest of outside shareholders. The tax rate was 41%, compared with 40,5% in the previous year.

An amount of R125m was transferred to an "equalisation reserve" (of course, this application has no influence on tax).

Earnings attributable to ordinary shareholders were R575,4m, an increase of 14,6%. But the transfer to equalisation reserve should really be included, in which case the increase in attributable earnings is 39,6%.

The mainstay of Sasol's business is the production of synthetic fuels, mostly at Secunda. But only Sasol 2 (a wholly-owned subsidiary) is brought into the consolidated accounts. The important 50% share in Sasol 3 is accounted for in the income statements only by way of dividend.

In 1985, earnings per share (according to the consolidated figures) were 89,1c. But Sasol 3 made R435,2m in 1985. So Sasol Ltd's attributable share on its one-half holding (and 562,5-million shares in issue) was 38,7c. So a consolidation of Sasol 3 would have given earnings per share of 127,8c.

In 1986 Sasol 3 came heavily into tax (at a rate of 33,2%, as capital allowances were used up). But significance attaches to a drop even in the pretax profit at Sasol 3 — from R435,2m to R392,9 (9,7%).

The drop clearly relates to an unfavourable combination of movements in the dollar oil price and the rand-dollar exchange rate — of which more will be said later in this analysis.

As far as 1986 goes, consolidating the half interest in the taxed profit of R262,4m of Sasol 3 (or 23,3c for Sasol's interest) gives a figure for earnings of 125,6c (a decrease from the comparable figure of 127,8c).

To round off the figures, the dividend of 45c showed an increase of 15,4% from the previous year's 39c. Cover remained unchanged at 2,5 on the consolidated figures.

Before launching any discussion of prospects it is important to realise that Sasol's operations extend beyond synthetic fuels, although the preponderance of profits undoubtedly derives from this area.

The transfer pricing of the coal mined at the group's mines is set so as to generate a modest return. There are considerable sales of co-product chemicals (such as the high-grade waxes produced at Sasol 1 and many other substances of commercial value).

Sasol now has both fertiliser and explosives divisions making use of co-product nitrogen, resulting from oxygen production.

And Sasol, through its 52,5% interest in the Natref refinery, is involved in conventional oil refining, too.

We are not allowed to know too much about the economics of oil refining, but it is generally understood that government allows the refineries some kind of cost-plus basis for their operations.

It is also known that Secunda's large synthetic fuels production has backed a significant proportion of imported crude oil out of the SA market, leaving the refiners operating well below capacity (figures of 60% to 70% are guessed about). Sasol has improved the efficiencies of Natref in various ways described in the 1985 accounts.

The decline in the profit before tax at Sasol 3 — from a pure synfuels operation — underlines the statement in the profit statement that there has been a fall in the rand value of petroleum products.

This statement could well be described as euphemistic: the rand equivalent price of oil per barrel has actually crashed.

If we assume a peak when Saudi light crude was $34 (but SA probably paying more) and the rand was, say, 35c, we come up with a price of R75 per barrel. Now if we call the effective oil price $15 per barrel at 42,5c we get R35 per barrel.

It should be explained that the pricing of Sasol's output of synthetic fuels is determined according to a formula ("the slate"), which is based on the price of petroleum products at four refineries — one at Bahrein on the Gulf and three at Singapore.

Any shift in these prices away from the pump price fixed by regulation produces either a deficit or surplus in Sasol's books, which is corrected at intervals through a retail price adjustment.

And the cost of any premium paid by SA over international prices does not figure in Sasol's books. But we may take the international price in dollars as a crude proxy for the posted prices.

□ FORECAST FOR 1986/87: Two major economic parameters have to be estimated — the dollar oil price and the rand-dollar exchange rate.

It is very much to be doubted whether the current conditions of over-supply and locked-in production capacity within Opec members will change much for the better during the current year, despite Saudi Arabia's desperate efforts to prop up the market.

But US production could well falter under the impact of relatively high production costs, while Soviet production has topped out for some time to come.

So an educated guess for oil prices should be in the $12 to $18 per barrel range (but a rise to around $20, while not likely, is possible).

The reinstatement of the levy rebate (of 35c SA per litre of synthetic production) is a strong signal that government accepts that the era of super-profits derived from an ultra-high import parity price is well and truly over.

The rebate operates, in effect, as a subsidy to local synthetic fuels and (on a wild guess at production) could be worth more than R200m a year from July 1, 1986.

The rand is likely to rise to the US$0,45 to US$0,50 level, but could rise much more if the dollar collapsed. But a dollar collapse would probably reflect in higher dollar-denominated international oil prices.

We can therefore assume roughly static to moderately lower synfuel profits for 1987, taking account both of the rebate and of 40% lower synfuel profits in the last four months of the year.

Oil refining could pick up somewhat as the level of activity in the SA economy rises. No further meaningful increases in output from Secunda are to be attained, notes the profit statement.

Chemical sales will probably continue at present or better levels, taking account of a local improvement. A good season for rainfall could help fertilisers, while explosives will doubtless continue to advance. This, it should be noted, is a new venture. And further debt repayment will reduce the interest bill again.

Taking a line through all these difficult extrapolations but also allowing for traditionally conservative accounting, one might guess at earnings per share for 1987 at, say, 10% above the 1986 figure.

The market reacted positively to the statement, taking the share to 800c for a dividend yield on distribution of 45c of 5,6% and an earnings yield on earnings inclusive of Sasol 3 of 125,6 of 15,7%. These compare with 4,7% and 10,6% for the industrials board as a whole (on August 25).

□ CONCLUSION: Although the yields are above the industrial average, the uncertainties surrounding the current year's profitability suggest strongly that the share is fairly fully valued at 800c. For all that, its guaranteed market for synthetic fuels is a buffering factor.

But there are likely to be much more rewarding buys on the industrial board as recoveries get under way in cyclically-geared concern.

So Sasol is best characterised at this stage as a strong *hold* rather than a buy.

SA committed to coal for energy but . . . BUSDAY 55 9/9/86

N-power important in longer term — Steyn

Own Correspondent

NUCLEAR power will play a more significant role than coal in SA's longer-term electricity requirements, Mineral and Energy Affairs Minister Danie Steyn disclosed yesterday.

Steyn was addressing an international conference at a Cape Town hotel on treatment, packaging and dumping of radio-active waste in arid environments.

SA was currently largely committed to coal as the country's source of energy because of the large reserves and the Republic's reduced dependence on oil through the establishment of oil-from-coal technology.

However, the country's energy policy "recognises the fact that the future electricity requirements of the country will need to be met by a combination of coal-fired and nuclear power stations, with nuclear energy playing a more significant role in the longer term," he said.

Steyn also said the nuclear waste repository at Vaalputs, in the northern Cape, was scheduled to receive its first shipment of waste from the Koeberg nuclear power station near Cape Town in November.

"The quality and extent of research has led to its (Vaalputs') establishment being compared well with the best in the world.

"Indeed SA is one of the few countries, if not the only country, that identified a disposal site prior to the commissioning of its first nuclear power station," he said.

Steyn said attention was currently being paid to the question of storage of spent fuel at Vaalputs.

And an "expert group" had been established to study the question of the disposal of high level waste in SA.

"Although spent fuel from Koeberg may not be reprocessed in SA, we must face the possibility of waste arising from reprocessing fuel from Koeberg being returned to us from the overseas reprocessor for disposal," he said.

Hefty subsidies needed for Mossel Bay project SMT 12/9/86 55

Strategic need is vital factor

By Trevor Walker

The proposed Mossel Bay oil-from-gas project appears set to get the go-ahead from the Government depite fears that it will cost taxpayers huge sums of money in subsidies.

Dr Manny Pohl says in a report prepared for stockbrokers Ed Hern, Rudolph that without subsidies the project is unprofitable at ruling prices.

The price of crude would have to increase to $41,50 a barrel, at an exchange rate of 50 US cents to the rand, for the project to show a 15 percent return on capital.

If a minimum price per litre is guaranteed to the Mossel Bay refinery, the user of liquid fuels will have to subsidise this price during periods of low rand oil prices.

Benefits

This means that the benefits of low oil prices will not be shared fully by the consumer.

Dr Pohl says the State's primary objective in the synfuel industry is to achieve an adequate level of self-sufficiency of total liquid fuel consumption. This he puts at 40 percent.

Should the project be approved by Parliament by mid-1987, it could be completed by the end of 1990, with the bulk of the expenditure being spent between 1988 and 1990.

Soekor has, since December 1984, proved additional gas reserves and now has sufficient reserves in the off-shore area next to the Mossel Bay coastline to maintain supply to an on-shore refinery producing 27 000 barrels of liquid fuel a day for at least 20 years.

Only the conceptual design phase of the development has been approved and EMSO, a joint venture company between Murray and Roberts and Crawford Russel, has been appointed to undertake this.

The State has yet to appoint a company or consortium for the conceptual design of the on-shore operation.

No decision to proceed with the construction of the drilling platforms, pipelines and refinery has as yet been taken.

Dr Pohl says: "We believe the project will go ahead because firstly we need to maintain a strategic level of self-sufficiency and secondly, the venture is cheaper that an oil-from-coal operation".

The cost of the off-shore development is estimated at R1,7 billion and the on-shore refinery at R2,4 billion.

It is expected that the off-shore gasfields will by owned by the State through Soekor, a company of which all the shares are owned by the Central Energy Fund.

The onshore refinery is expected to be owned on a 50-50 basis by the State and the private sector.

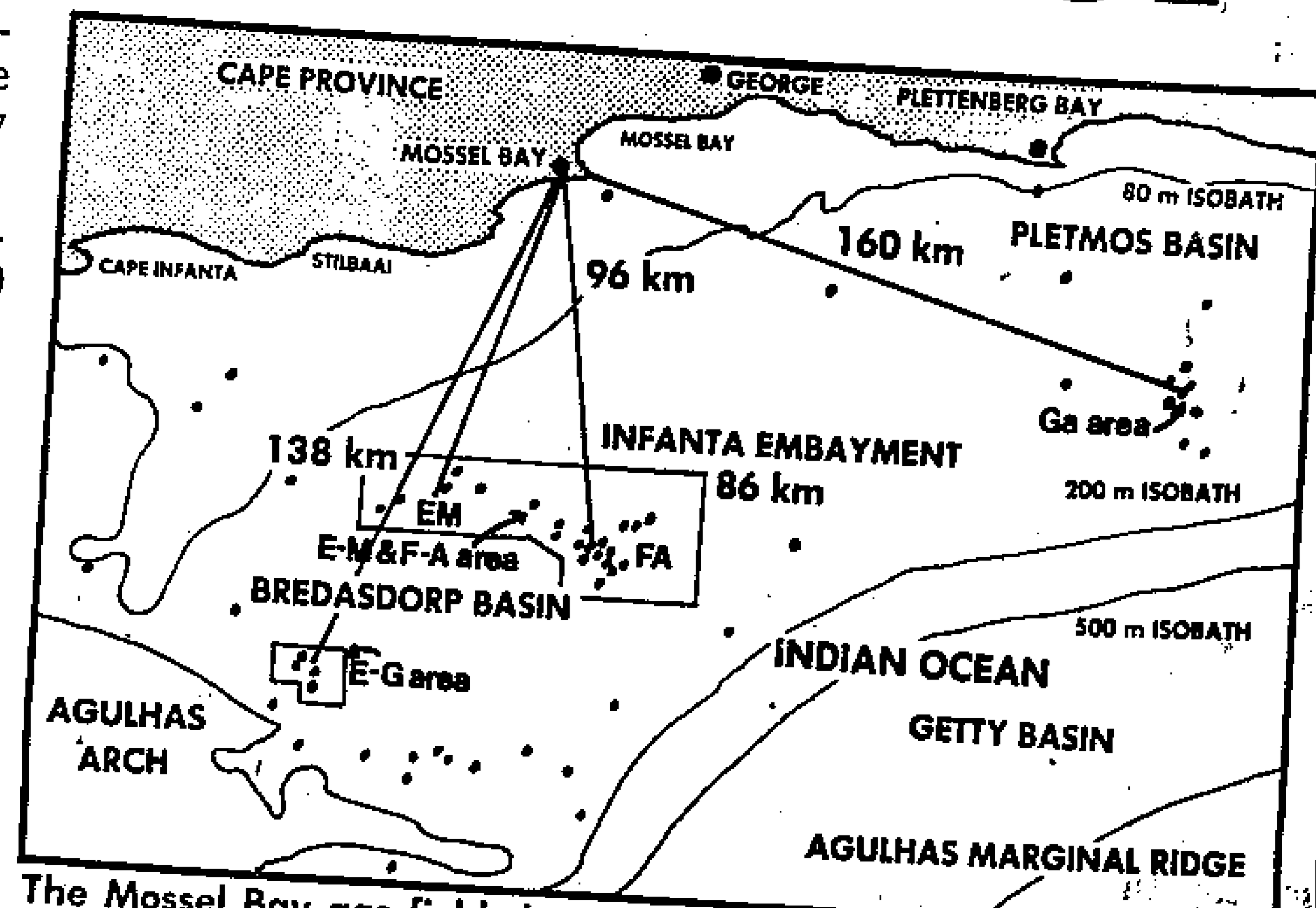
If the Mossel Bay project is guaranteed a minimum fuel price it is expected that Sasol will also be accorded a minimum price, perhaps slightly lower than that paid to Mossel Bay becauase of Sasol's lower historical plant cost.

Contracts will probably be awarded before the beginning of 1988 to the constractors and, mindful of the present low level of activity in the industry, Dr Pohl says it would not be prudent now to take a position in quoted shares that may benefit from the project.

He says the extent to which individual shares will benefit will depend on the tendering capabilities of the companies.

A consortium of the six interested oil companies operating in South Africa has been formed to investigate the feasibility of the on-shore refinery with a view to acquiring an equity interest in the venture.

Their participation is under negotiation and it is expected that each company will be offered an equal share in the refinery.



The Mossel Bay gas fields have been numbered E-G, E-M, F-A and Ga. The E-M, F-A fields could be the first to be exploited.

FIN MAIL 12/9/86 55

PETROL PRICE

What should it be?

Although the retail petrol price has remained stable for almost five months, there have been behind-the-scenes changes to the overall price structure. This is aside from the routine monthly change to reflect world prices.

So will the pump price go up? It seems not.

Indeed, consensus is that prices can be pegged for the rest of the year, at least; despite the fall in the rand since April 14, when the price of Reef 93 octane, for example, was reduced to 83c/*l*.

Says Tony Twine, consultant to Econometrix: "The rand's depreciation has been offset to some extent by falls in the price of crude oil. It fell below $10 a barrel six weeks ago and is now hovering around $14.

"The current price was based on a rand/dollar rate of US47c and a much higher crude price, probably about $20. So if oil holds at $15 and even if the rand holds at US38c or above, I don't see a rise in local petrol prices in the foreseeable future."

He says the world market remains heavily over-supplied, and will be a counterpoint to sanctions activity. For the same reason Twine very much doubts that the crude price will go above $15 a barrel for a good three years. "There might be temporary spikes in the price, but the market is so over-supplied I believe a $15 a barrel ceiling sustainable for a long time."

Since the beginning of the year, when fuel was 102c/*l*, the following changes to the price structure have taken place: a new levy for the replacement of crude oil (5c/*l*); introduction of the MVA levy (2,6c/*l*); a special fire protection levy (0,6c/*l*); and a 2c increase in the National Road Fund to 7c/*l*. That adds up to increases in levies totalling 10,2c/*l*.

Despite these imposts, the price of 93 octane has fallen almost 19% from 102c/*l* to 83c/*l*. The accompanying graph reflects preliminary figures for August for the pricing structure of 93 octane.

Although under-recovery of 4,4c/*l* is recorded, this assumes a rand/dollar exchange rate of 38,2c, compared to a more favourable position this week of around 41,7c. As a spokesman for the Department of Mineral and Energy Affairs says, at this exchange rate, under-recovery on petrol is about half this, or about 2,5c/*l*.

Under- or over-recovery amounts are logged up on the industry "slate." This, the first "buffer" against price adjustments, is basically an account run by oil companies to smooth out daily fluctuations in the price of crude inputs.

According to the spokesman, the balance on the slate was forecast for July at R127,7m (assuming a lower exchange rate around 39c). Though it is understood the current balance relates largely to diesel fuels, there appears to be sufficient surplus to hold off price increases for some months.

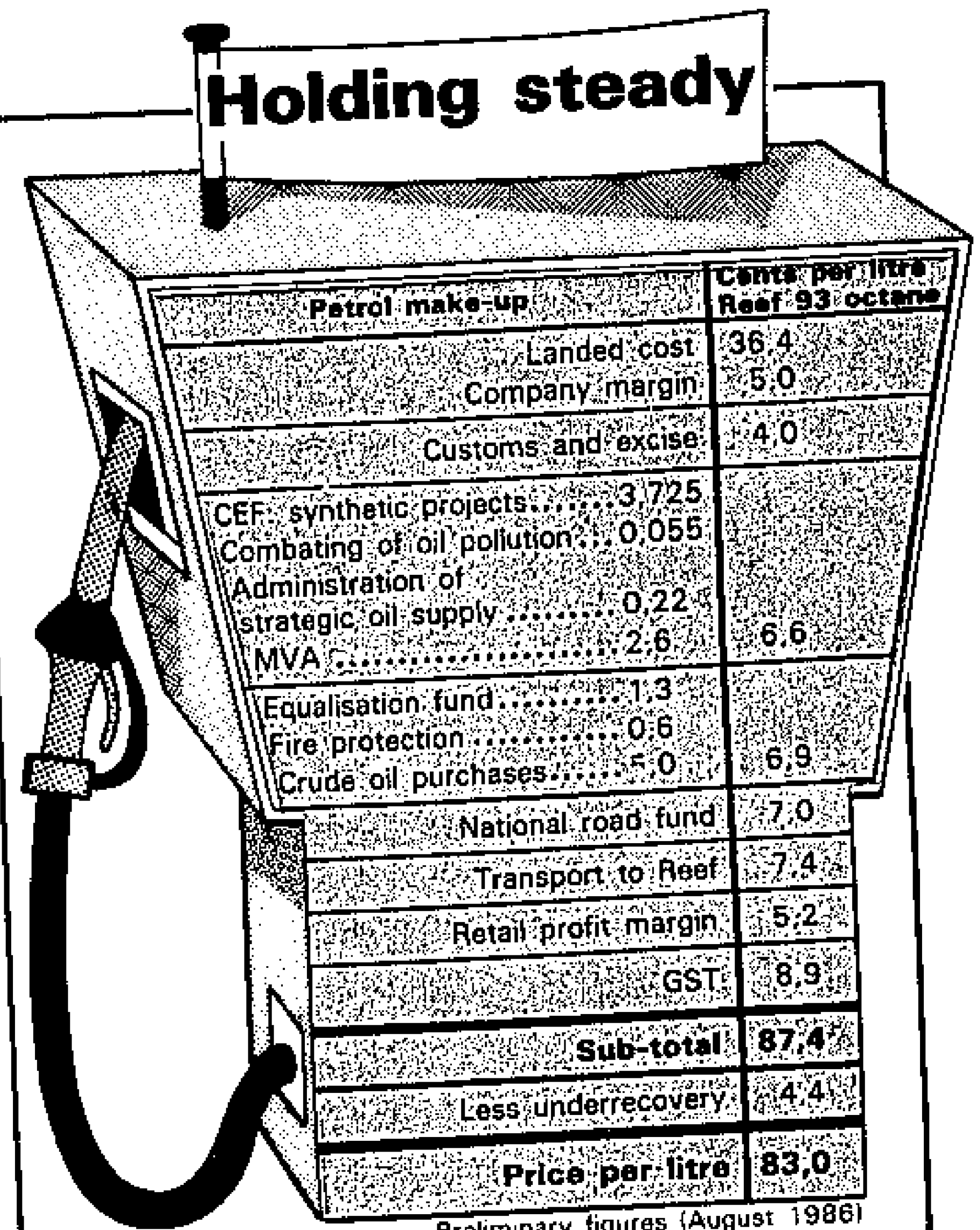
Other "buffers," before the authorities have to increase the price, include internal adjustment of the price structure and the sale of crude oil stocks, some of which are now classed as an "economic reserve."

The levy for the purchase of crude oil is being used to fund restocking of strategic supplies, depleted last year when motorists were subsidised by sales from stock to the tune of R1,2 billion.

Says one commentator: "As it turned out, the sale and replenishment amounted to incredible timing." Stocks were replaced at about a third of the historic price, at $10 a barrel, at a time when the rand was relatively stronger, around US45c earlier this year.

Profits from this stockpile trading were used to subsidise fuel prices during 1984-1985. Such operations provided an effective "buffer" against price increases.

Holding steady



Petrol make-up	Cents per litre Reef 93 octane
Landed cost	36,4
Company margin	5,0
Customs and excise	4,0
CEF: synthetic projects .... 3,725 Combating of oil pollution .. 0,055 Administration of strategic oil supply .... 0,22 MVA 2,6	6,6
Equalisation fund .... 1,3 Fire protection .... 0,6 Crude oil purchases 5,0	6,9
National road fund	7,0
Transport to Reef	7,4
Retail profit margin	5,2
GST	8,9
Sub-total	**87,4**
Less underrecovery	4,4
Price per litre	**83,0**

Preliminary figures (August 1986)

Another buffer, the consumer could argue, is the Central Energy Fund (CEF), receiving 4c/*l*. It's supposed to be for synthetic fuel projects, but government has helped itself to R750m for low-cost housing development.

A spokesman for the department says this doesn't mean the Mossel Bay project has been shelved. Plans are going ahead, the delay being of a "technical nature." A six-month delay is expected while boffins compile the conceptual design.

Besides, the "money is on loan to the Treasury and will be repaid," it is claimed.

Comments Danie Vorster, chairman of CEF: "The basis and terms upon which CEF funds will be made available to Treasury are still being negotiated between the Ministers of Finance and of Mineral and Energy Affairs.

"Resources — mainly cash reserves, outstanding loans for financing Sasol 3, and an equity interest in Sasol 3 — are earmarked for eventual establishment of synthetic fuel projects. But it is not foreseen that CEF's cash flow situation will adversely affect the planned synfuel programme." Indeed, since then, Sasol says it has repaid some R1,1 billion into the fund.

Comments Chris Stals, Director General of Finance: "The loan is interest-free, but will be repaid in time."

Recent reintroduction of the Sasol levy (3,6c/*l*) does not affect the price of petrol. It amounts to a rebate to Sasol on other charges in respect of synfuel products. Sasol's revenues from synfuel sales are based on the landed cost of crude.

In November 1985, the price peaked at 65c/*l*. Yet by April the price of 93 octane "hit bottom" when landed cost was just 29,6c/*l*, the lowest since February 1984. This hit Sasol's second-half results (*FM* September 5).

Back in January 1985 Sasol had agreed to forgo the 3,6c/*l* incentive subsidy, paid to it since 1979, "temporarily;" but it was open for reinstatement if "prices declined." ■

ESCOM FINANCE

55 FIN MAIL 12/9/86

Lightening the load

Market-related policies and more realistic loan planning are paying dividends for Escom. The electricity utility, with total assets of some R32 billion, has slashed R1 billion from its funding requirement target for 1987.

The new target of R3,4 billion follows a R300m reduction in 1986 to R3,3 billion. In 1985, net expenditure on fixed assets hit a high of R4,76 billion, while total borrowings peaked at R4,9 billion.

"But it must be emphasised that the R3,4 billion is a provisional target — unforeseen circumstances could still affect the cutback on original estimates," Escom financing manager Francois Botha tells the *FM.*

Botha is confident that R2,8 billion can be raised locally next year, and foreign funding will total some R625m, including project-related and export credit finance already arranged.

Escom's 1987 projections include savings of R250m on operating costs, while lower borrowing costs and interest on reduced requirements cut another R300m off the original bill. The balance of the R1 billion saving is made up primarily of lower capital expenditure flowing from the utility's improved budget control systems and new cost-conscious management philosophy.

While Escom is busy bringing its funding and capital expenditure requirements back to more basic levels, it seems clear that this will not lead to the cancellation of any of its six giant R3,5 billion power stations now at various stages of completion (*Business* August 1).

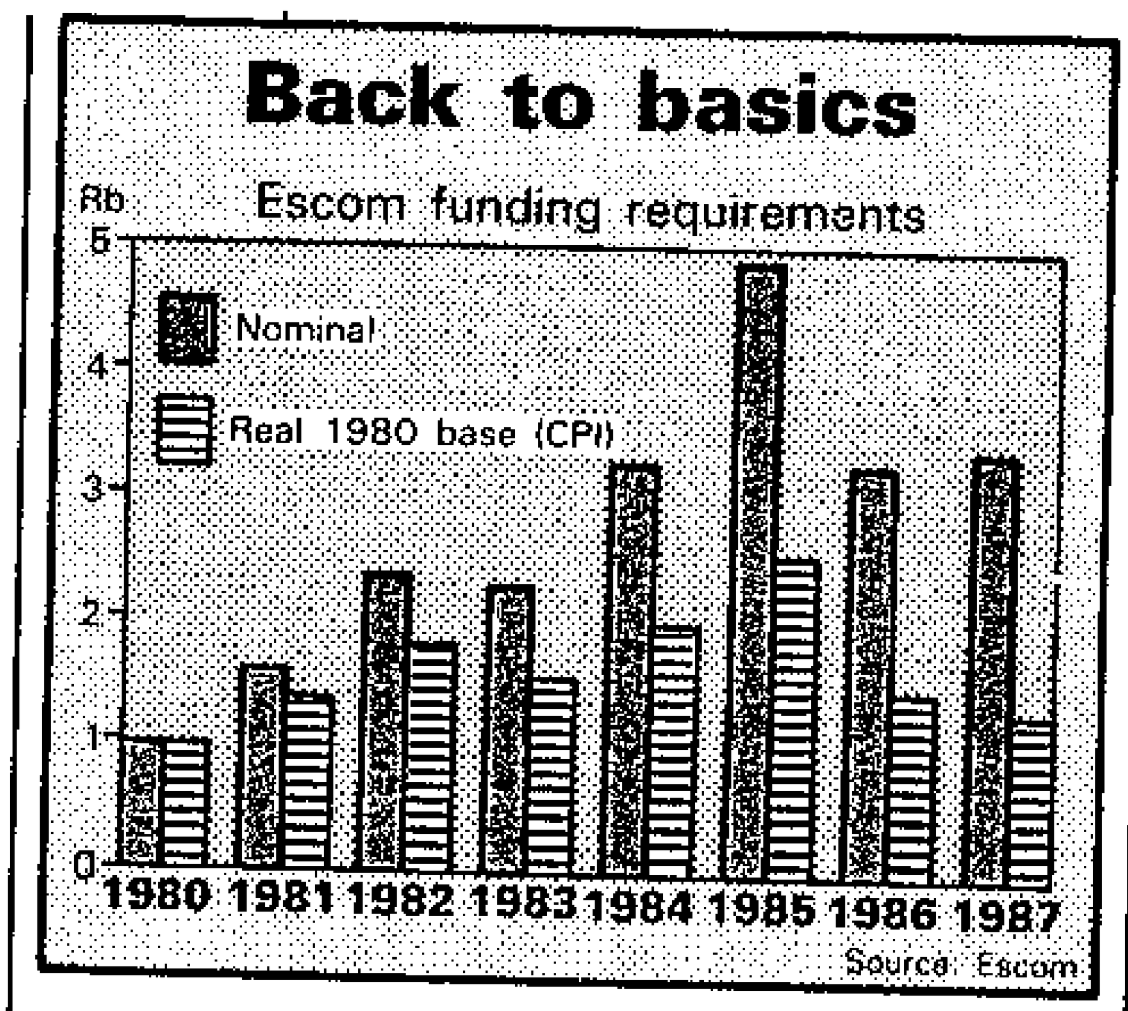
Botha does not spell this out in detail, but he says he foresees no problem meeting Escom's funding requirements on the local markets.

Although provisional capital expenditure budgets for the period 1986 to 1989 has been reduced by R1,2 billion, no further major cuts are envisaged and the corporation is continuing with existing projects. Capital projects in 1987 should require some R3,7 billion, against R3,3 billion in 1986.

With sufficient funds available on the local capital and money markets, along with some innovative accounting and the limited use of export credit finance, the worst-case scenario the power giants at Tutuka, Lethabo, Matimba, Palmiet, Kendal and Majuba face could merely be deferment of construction for limited periods.

This will be good news for construction firms and other suppliers — and their employees.

In the meantime, the possibility remains that unutilised surplus electricity capacity could put additional upward pressure on tariffs in the early Nineties. Until then, Escom intends to keep annual tariff increases below the inflation rate.



Scaling down SA's annual electricity growth requirements to some 5,5% a year and the more cost-effective management approach seem to have come at the right time to enable Escom to meet the challenge posed by foreign loans difficulties.

"We've already secured R1 billion of our revised R1,3 billion capital market requirements for this year," says Botha. "The remaining R300m will be taken up over the next few months." ■

12/9/86
BUSDAY

Doubts over Mossel Bay

(55)

DOUBTS that the Mossel Bay fuel-from-gas project would go ahead in the short-term were expressed yesterday by Murray & Roberts chief executive David Brink.

However, senior government energy officials described his comments as speculation.

A M & R subsidiary, Engineering Management Services Offshore (Emso), has been appointed planners and designers of the project.

Brink said there were two other synthetic fuel projects being considered and the priorities could lead to the Mossel Bay project being put on ice.

He said: "Government's decision on the Mossel Bay project will come only next year. It will be a difficult decision to make and I am not sure it will go ahead."

He said the money for all three projects would have to raised in SA and that could place limitations on the amount to be allocated for each project.

Mineral and Energy Affairs director-general Louw Alberts said no final decision had been made on Mossel Bay and any suggestion it would be delayed was speculation.

EVENING POST, WEDNESDAY, SEPTEMBER 17, 1986

55

Escom power station in EL is being 'phased out'

By BARBARA ORPEN

A POWER station in East London is being put in "cold storage" and a number of employees will lose thier jobs as a result.

The West Bank station, one of the oldest in the East Cape, is being taken out of service — a process which could take up to two years.

This was revealed today by the East Cape Regional Manager of Escom, Mr K L Garman.

Yesterday Escom's senior general manager, Mr Ian McRae, saidthat the country's poor economic growth and reduced demand for electricity was forcing Escom into staff reductions and possible power station closures.

Port Elizabeth will not be affected, as the Escom distribution plant based at Uitenhage had experienced no reduced demand for electricity.

The station feeds PE as well as areas such as Grahamstown, Kirkwood, Patensie, theLangkloof and the Gamtoos River Valley.

PE's Electrical Engineer, Mr C Adams, said today municipal employees at the Swartkops sub-station were not facing retrenchments.

"We are an entirely different organisation from Escom and as such do not face the same problems," he said.

Mr Garman said Escom had been forced to take active steps to reduce its staff and is discussing the matter with the trade unions.

Mr Garman said he was not in a position to reveal how many employees from West Bank were facing retrenchment.

Negotiations with trade unions were still in progress. Until conditions were agreed upon, figures could not be disclosed. The West Bank station had become economically unviable as it was one of the oldest in the region, and because of the high costs of transporting coal to the station.

It would be cheaper to generate electricity from power stations in the Transvaal, which at present had an excess generating capacity.

Mr Garman stressed, however, that West Bank was merely being put into "cold storage" and could well be utilised again in the next decade.

Escom and unions to hold discussions on reducing staff

POOR growth in the economy and reduced demand for electricity is forcing Escom to resolve the problem of redundancies.

Discussions with 12 trade unions are due to start today to decide on criteria for cutting staff.

Escom senior GM Ian McRae says the effects of a prolonged recession have had a marked influence on Escom, and the resultant slow-down in some activities has led to a redundancy in some jobs and staff.

Escom has been forced to take steps to reduce staff, and is discussing the matter with the unions. The main issues are: what criteria will be used to determine redundant jobs, what criteria will be used to determine redundant staff, and how the process will be implemented.

The establishment of criteria for determining redundant jobs and people will determine how many people are affected by the move.

The reduction is independent of steps taken by the organisation early this year to reduce Escom's staff complement through natural attrition and early retirements.

McRae says this process is running well and will be concluded by the end of the year. — Sapa.

55

Mixed reactions to Sasolburg pollution claims

Vereeniging Bureau

There have been mixed reactions to reports that hundreds of schoolchildren in Sasolburg are being adversely affected by air pollution.

While medical practitioners and many mothers in the town yesterday supported scientific inferences that "lung functions of children in Sasolburg are being negatively affected by acid rain conditions", a spokesman for the town council implied that the matter was being grossly exaggerated.

According to a report in an afternoon paper this week, a survey conducted recently by a team of scientists at the University of Pretoria revealed that a group of children in Sasolburg, who were subjected to tests, were more prone to lung function disorders than their peers at primary schools in the Parys, Heilbron and Frankfort (PHF) areas — which are relatively far-removed from the so-called polluted PWV region.

It was also found that the Sasolburg pupils were smaller than their counterparts from the PHF area.

The town clerk of Sasolburg, Mr Chris Ehlers, said that nobody in the Vaal Triangle would deny the presence of air pollution which resulted from the variety of industries which were situated in the area.

An open meeting regarding air pollution was recently held in Vanderbijlpark.

"The air pollution control section of the Department of National Health and Population Development in Pretoria is responsible for monitoring and controlling the limits of pollution in the Vaal Triangle and the Sasolburg municipality is convinced that this function is being carried out efficiently," said Mr Ehlers.

He pointed out that industries in the Vaal Triangle, including Sasol, Escom and Iscor, had spent about R300 million in the past few years in an effort to combat pollution in the area.

Mr Ehlers also emphasised that monitoring had shown that the incidence of sulphur dioxide and hydrogen sulphide in the air was "way below" the prescribed minimum standards set by the National Health Department.

"The achievements of Sasolburg pupils on the athletics field are well-known to everyone — and it certainly wasn't a sickly rugby team from the Sasolburg Technical High School which recently brought back the Administrator's Cup to the town," concluded Mr Ehlers.

On the other hand, medical practitioners as well as many mothers in Sasolburg are concerned about pollution in the town and the adverse effects they claim it is having on their children.

During a spot survey this week several mothers told *The Star* that at least one or two of their children — in some cases it was more per household — were suffering from severe sinus and chest problems as well as disorders relating to the upper respiratory passages.

In more than half of the cases, the mothers — and, according to them, their family doctors as well — were convinced that these disorders could be linked to air pollution.

A prominent Sasolburg medical pratitioner, who may not be named for ethical reasons, also firmly believes that air pollution is responsible for the "high incidence of chest, sinus and respiratory disorders in the town".

"The number of Sasolburg children and adults I treat for disorders of the upper respiratory passages is very high. I also have many patients who suffer from sinusitus — particularly sinusitus with an allergic origin.

"And in my opinion the high incidence of all these complaints is directly related to air pollution in the town," he said.

Escom to hold more talks on proposed retrenchments

BUSDAY 15/9/93

ESCOM management and unions are to hold further talks on Escom's retrenchment plans.

Yesterday's talks ended with representatives of 12 unions and staff organisations agreeing to put Escom's proposals to their members. The two sides will meet again on September 29.

Neither side would give details of the proposals last night, nor would Escom say how many jobs it wanted to lose nor in which areas. A joint statement said simply that "an offer covering various aspects" was made to the unions.

DAVID FURLONGER
Industrial Editor

However, it is known the talks centred on three issues — how to decide which jobs are redundant, deciding which staff are redundant to needs, and how to carry out any retrenchment programme.

Escom says retrenchments are necessary because of low national economic growth and reduced electricity demand. Earlier plans to reduce staff through natural attrition and early retirement proved inadequate.

18/9/86.

BUSDAY

55

Sasol 'likely to suffer decline in income'

SASOL is likely to suffer a decline in gross income next year, with lower rand-oil prices pushing down turnover and gross margins "significantly". However, the group is expected to maintain short-term dividend growth.

Cautioning that Sasol shares "might be slightly over-valued", stock market analyst Edey, Rogers says in a report that with fuels accounting for 70% of Sasol's turnover, profit margins are heavily dependent on producer prices.

With crude oil prices at $15 a barrel and a rand exchange rate of $0,40, Sasol shares should be trading at 690c. At its current price of 830c, it is trading at 16% above that level.

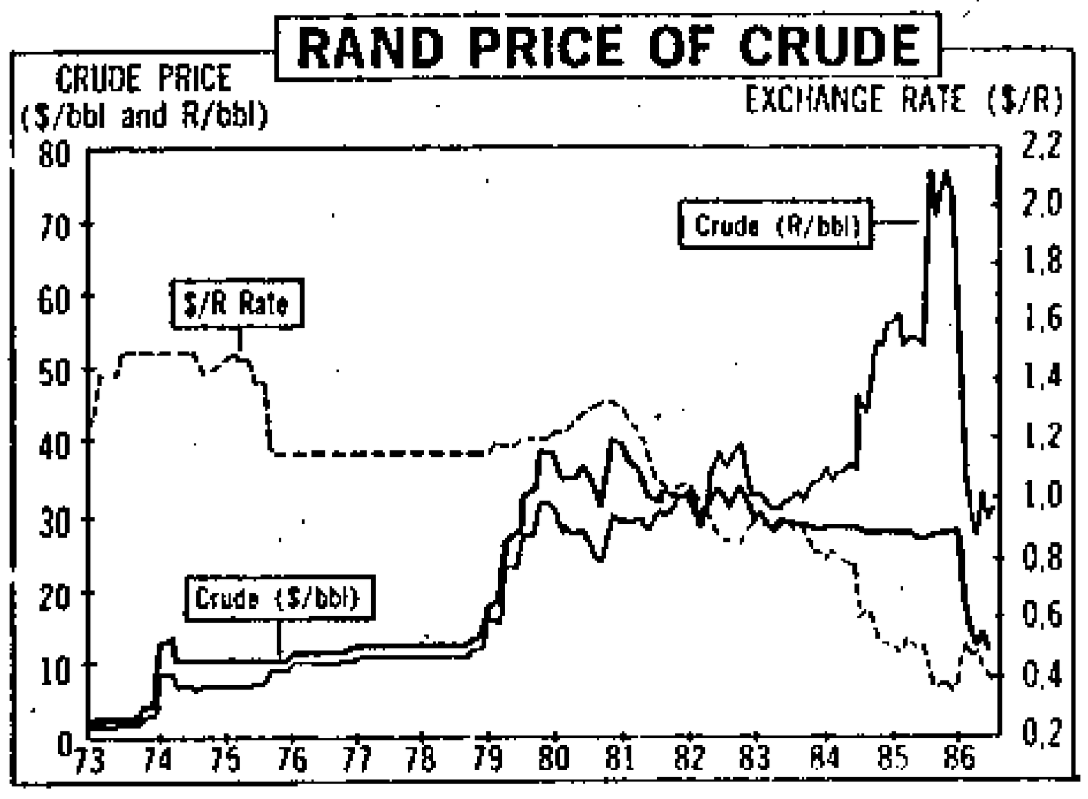
Commenting on Sasol's 1986 final results, the report says turnover increased 15% over 1985, net margins from 33% to 37%, and lower interest rates on group debt decreased the interest bill from R222m to R164m.

Taxed profits rose 40% but with R125m transferred to equalisation reserves, the increase in reported earnings and dividends was limited to 15%.

"These results are good, but it must be noted that despite the recent fall in the rand-oil price, the average price for the year was R53,60 a barrel, slightly up from the previous year's R51,70."

With the rand-oil price falling from R71,70 to R35,50 in the second half of the year, turnover dropped 5% and net margin from 40% to 33%, resulting in a 20% decrease in net income over the first half.

RAND PRICE OF CRUDE



DAVID FURLONGER

Edey, Rogers says: "This provides a graphic illustration of the impact of the rand-oil price on performance, and an indication of what may be expected in 1987."

Clear evidence of the fuel operation's exposure to rand-oil prices is shown by Sasol 3's results, in which second-half, pre-tax profits collapsed to less than one-fifth of their first-half level, from R332m to R61m.

Reinstatement of the 3,6c/l rebate, worth an estimated R216m to the group's operating income next year, and repayment in July of its R1,1bn debt to the Central Energy Fund, will partly compensate for lower product prices.

Edey, Rogers is reluctant to make a firm forecast for 1987, but offers a "rough illustration" of likely trends.

"The scenario that emerges is as follows: The lower rand-oil price will dent turnover and gross margin significantly. A basic margin around that of the second-half of 1986 is expected, but the levy rebate will lead to an apparent improvement.

"However, a decline in gross income still results. A conservative dividend policy from Sasol 3 is maintained and the lower interest bill has a major effect, enabling an increase in pre-tax income to be achieved (only 10% compared to 40% in 1986).

"Even allowing for a further transfer to reserves, an increase in earnings and dividends per share of 14% seems possible."

ARGUS 18/9/86

BUSINESS

55

VENTURES

Hefty subsidies, but Mossel Bay likely to go ahead — expert

From TREVOR WALKER

THE proposed Mossel Bay oil-from-gas project appears set to get the go-ahead from the Government in spite of fears that it will cost taxpayers huge sums of money in subsidies.

Dr Manny Pohl says in a report prepared for stockbrokers Ed Hern, Rudolph that without subsidies the project is unprofitable at ruling prices.

The price of crude would have to increase to $41,50 a barrel, at an exchange rate of 50 US cents to the rand, for the project to show a 15 percent return on capital.

If a minimum price per litre is guaranteed to the Mossel Bay refinery, the user of liquid fuels will have to subsidise this price during periods of low rand oil prices.

BENEFITS

This means that the benefits of low oil prices will not be shared fully by the consumer.

Dr Pohl says the State's primary objective in the synfuel industry is to achieve an adequate level of self-sufficiency of total liquid fuel consumption. This he puts at 40 percent.

Should the project be approved by Parliament by mid-1987, it could be completed by the end of 1990, with the bulk of the expenditure being spent between 1988 and 1990.

Soekor has, since December 1984, proved additional gas reserves and now has sufficient reserves in the off-shore area next to the Mossel Bay coastline to maintain supply to an onshore refinery producing 27 000 barrels of liquid fuel a day for at least 20 years.

Only the conceptual design phase of the development has been approved and EMSO, a joint venture company between Murray and Roberts and Crawford Russel, has been appointed to undertake this.

The State has yet to appoint a company or consortium for the conceptual design of the onshore operation.

DRILLING PLATFORMS

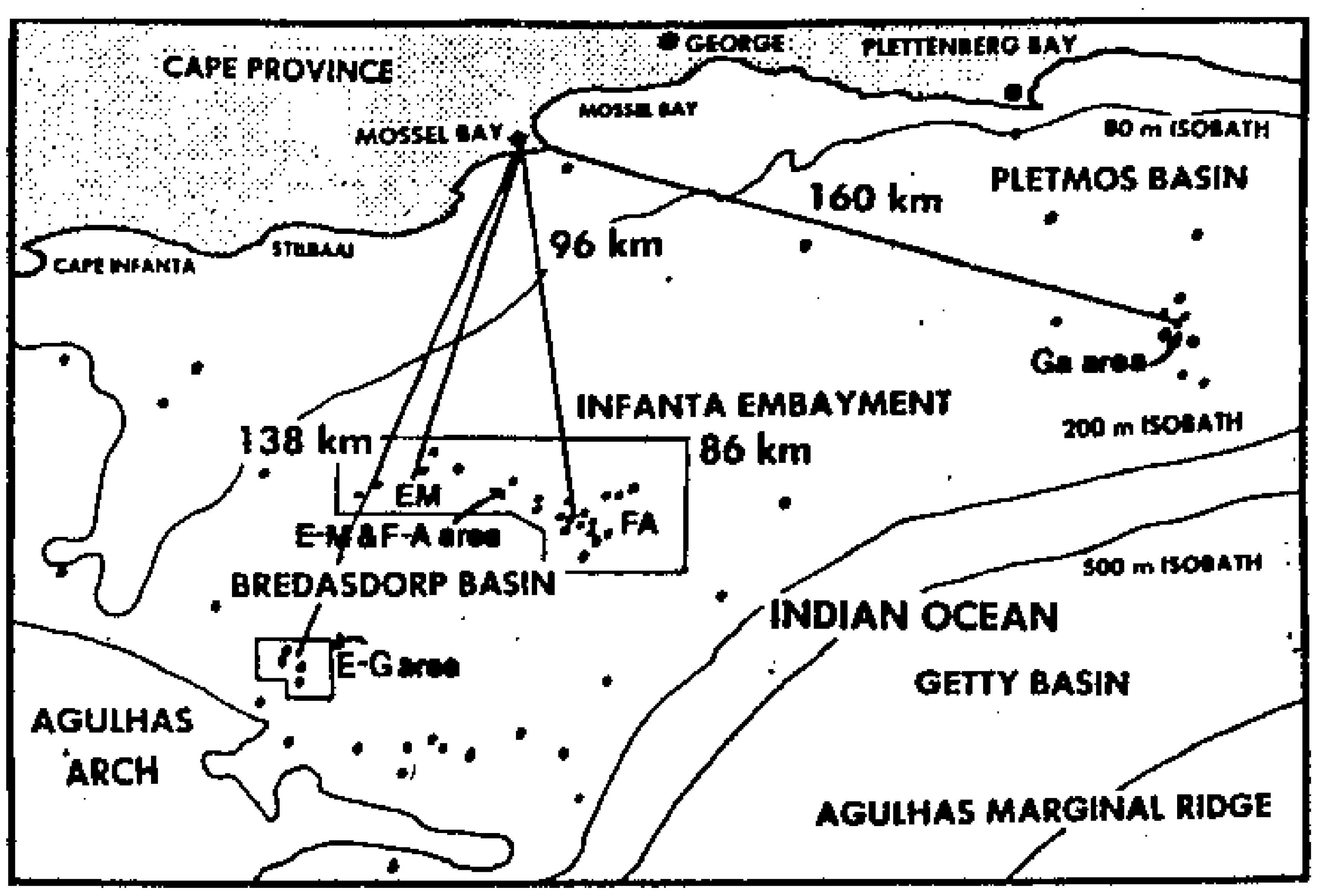
No decision to proceed with the construction of the drilling platforms, pipelines and refinery has as yet been taken.

Dr Pohl says: "We believe the project will go ahead because firstly we need to maintain a strategic level of self-sufficiency and secondly, the venture is cheaper than an oil-from-coal operation."

The cost of the off-shore development is estimated at R1,7-billion and the on-shore refinery at R2,4-billion.

MINIMUM PRICE

It is expected that the off-shore gasfields will be owned by the State through Soekor, a company of which all the shares are owned by the Central Energy Fund.



The Mossel Bay gas fields have been numbered E-G, E-M, F-A and Ga. The E-M, F-A fields could be the first exploited.

The onshore refinery is expected to be owned on a 50-50 basis by the State and the private sector.

If the Mossel Bay project is guaranteed a minimum fuel price it is expected that Sasol will also be accorded a minimum price, perhaps slightly lower than that paid to Mossel Bay because of Sasol's lower historical plant cost.

QUOTED SHARES

Contracts will probably be awarded before the beginning of 1988 to the contractors and, mindful of the present low level of activity in the industry, Dr Pohl says it would not be prudent now to take a position in quoted shares that may benefit from the project.

He says the extent to which individual shares will benefit will depend on the tendering capabilities of the companies.

A consortium of the six interested oil companies operating in South Africa has been formed to investigate the feasibility of the on-shore refinery with a view to acquiring an equity interest in the venture.

Their participation is under negotiation and it is expected that each company will be offered an equal share in the refinery.

SA firm achieves breakthrough in gold extraction process

Financial Staff

SOUTH Africa, world-leaders in gold mining technology, has now developed the first commercial use of pure oxygen to improve gold recovery in the traditional cyanide process.

This has resulted in improved recoveries and rates of dissolution, and substantial savings in cyanide.

Although ore types vary, and the benefits may at times be difficult to quantify, results from a number of different installations — including the retreatment of slimes and the reverse leach processes — are better than expected.

Afrox Limited, the developers, took the initiative to undertake development work in conjunction with a number of mines to show the practical feasibility of processes based on the patented Vitox and Primox systems which are widely used in the treatment of water effluent.

"Even though we had the know-how and the experience in dissolving oxygen in sewage and water effluent, the injection of oxygen into mine slurries raised a set of new problems which we have now solved," says Tony Stephens, manager of Afrox's aqueous processes section.

"The processes are well established and the equipment supplied is off-the-shelf, giving mines the added advantage of quick installation, minimum downtime and quicker financial return."

The oxygen is supplied in liquid form in storage vessels on the customer's site and vapourised through a set of ambient heat exchangers.

Control is achieved through the Primox and Vitox gas control and reticulation equipment, and oxygen is injected at the optimum position — the method used depending on the circumstances and requirements of a particular mine.

Nuclear power is here to stay — Swiss scientist

DD 10/9/86

Dispatch Correspondent
CAPE TOWN — There is no alternative to nuclear power in the modern world, according to a Swiss nuclear scientist.

Chernobyl-type accidents aside, nuclear power was absolutely necessary in a world where three out of every four people had inadequate or no access at all to electricity, said one of the delegates to the international Radwaste conference here, Dr Rudolf Rometsch, the president of NAGRA, the Swiss national co-operative for the storage of nuclear waste.

Dr Rometsch also chaired last month's Vienna conference at which international nuclear bodies and experts studied the causes and consequences of the Chernobyl accident.

Speaking between papers yesterday, Dr Rometsch said the accident, in which 31 people died and 135 000 were evacuated, was a major disaster — not only for those directly affected by it, but for the international nuclear industry.

"About 20 per cent of the total world output of electricity is from the 380 nuclear power plants in operation. But even so, most people in the world have no access to the power they need to feed themselves properly.

"And the situation is getting worse — by the year 2 000 the world's population will have grown by another quarter to six billion.

"If we are to keep pace with this growing population both in terms of food production as well as industrial growth, then we need more nuclear power plants, not fewer," he said.

Oil from gas plan 'still on'

W/E Post 20/9/86 (55)

By SHIRLEY PRESSLY

MOSSEL BAY has dismissed speculation that the R5 billion off-shore gas project may be scrapped, and is continuing to prepare for a massive jobs and money boost.

The Town Clerk, Mr Willem van Heerden, said today that to his knowledge there was no question of the oil-from-gas plan not going ahead.

The regional vice-president of the Chamber of Commerce, Mr John Michler, said the ultimate schedule of the oil-from-gas project had not changed.

They were reacting to comments by two leading businessmen that the viability of the project was now in doubt because of threatened sanctions making more coal available and other synthetic fuel projects more attractive.

The chief executive of Murray and Roberts, Mr David Brink, said in Port Elizabeth earlier this week that two other synthetic fuel projects were being considered and the priorities could lead to the Mossel Bay project being put on ice.

"I am nervous about the viability of Mossel Bay," Mr Brink told Weekend Post.

He said that although an M & R subsidiary, Engineering Management Services Offshore (Emso), would benefit from the project as it had been appointed planners and designers, "there are a lot of factors against it".

These included AECI's oil-from-coal project and Gencor's torbanite project to produce oil from coal shale.

He said maintaining security on the 100-kilometre long pipelines between land and the off-shore rigs also worried him.

Mr Wim Holtes, chief executive of the South African Foreign Trade Organisation (Safto), also questioned the viability of the project when in PE last week.

He was not sure if the Mossel Bay plan continued to make sense as international sanctions could result in 20 million tons of coal remaining unmined in SA.

As an alternative to Mossel Bay, this could be turned into liquid fuel, so raising doubts over the economic viability of the Cape coastal project.

Referring to Mr Brink's comments, the director-general of Mineral and Energy Affairs, Dr Louw Alberts, said no final decision had been made on Mossel Bay. Any suggestion that the project would be delayed was speculation at this stage.

The Minister of Mineral and Energy Affairs, Mr Danie Steyn, announced during a visit to Mossel Bay last month that planning of the project would be put back by 10 months.

But Mr Van Heerden said the time schedule for completing the project remained the same. Construction would start in 1988 and the first petrol would be on stream in 1992.

He said the initial announcement had created some expectations, but Mossel Bay's economy had not boomed yet.

However, it had helped to put the town on the map and had attracted many potential settlers.

Industrial plots which belonged to the municipality had all been sold and there was also a private developer with industrial land.

The municipality would also be creating a new industrial area which would be suitable for the heavy industries needed for the project.

Emphasising that the ultimate schedule of the project had not changed, Mr Michler said: "The work is

● Turn to Page 2

Mossel Bay still planning for boom

(55) 20/9/86 W/E Post

● From Page 1

being done on the drawing board. You cannot see it, but that does not mean that nothing is happening."

He said that Mr Steyn had said during a presentation in Mossel Bay that eight sites for the on-shore refinery had been whittled down to two "possibles".

Both were about 15 to 20 kilometres on the Cape Town side of the town.

Mr Michler said there was no engineering firm in Mossel Bay big enough to do the kind of work that would be needed.

A promise had been made to use local labour and firms, but he saw these concerns being used as sub-contractors to the main contractors.

Mossel Bay had lived with the possibility of benefiting from gas finds since exploration began 17 years ago and was confident the new project could go ahead.

"Nothing has diminished the optimism of the residents, who are adopting a wait-and-see attitude," he said.

Mr Michler said Mossel Bay businessmen and their counterparts in the Eastern Cape should "do their homework, plan their finances and be ready to go when the whole plan comes together".

(55)

opment Association Congress

Escom: no atomic plant before 2 000

BUSHMAN'S RIVER — No decision on the siting of a second nuclear power plant in South Africa will be taken before 1991.

This assurance was given yesterday at the annual congress of the South Eastern Areas Development Association (SEADA) by the chief marketing officer for the East Cape region of Escom, Mr J. Arneson.

He said Escom was in an "excess capacity situation" and this would defer plans for a second nuclear power plant.

"We have planty of coal and, although we will certainly build a second nuclear plant, it will not be before the end of the century."

Mr Arneson said it had been estimated that South Africa's present resources of coal would come to an end in 2030.

There was still an "enormous abundance" of coal in the Eastern Transvaal, he added.

"Meantime, there are 19 potential nuclear plant sites we are looking at."

They were situated between Cape Agulas and Mossel Bay, and Knysna and the Sunday's River.

"We are currently investigating the Oyster Bay area," Mr Arneson said.

Ecological factors could rule out the Sunday's River area because of shifting seasonal sands.

Mr Arneson stressed that no nuclear power plants would be built within 100 km of national or international boundaries.

Another criterion was the need for cooling, which indicated the advantage of a coastal site such as Koeberg.

Mr Arneson said Escom stations were currently powered by coal (90,3 per cent), hydro (4,6 per cent), gas turbine (0,8 per cent) and nuclear (4,3 per cent). — Sapa

DD26/9/86

Tariff rise by Escom expected

85

30/9/86

Escom is expected to announce tariff increases at a Press conference today — the third increase this year.

In January, Escom increased tariffs by 10 percent and six months later by a further 10 percent. But the third increase is expected to be higher — bringing the total increase for 1986 to more than 30 percent.

National Utility Services (NUS), international energy and fuel consultants, noted, after a survey of the year ending in March, that South African electricity prices showed an average increase of 19,7 percent. This was the highest increase of the 12 Western countries surveyed. Seven countries reduced the price of electricity.

However, despite these increases, South Africa had the cheapest electricity of the countries surveyed.

1/10/86

55

DD

Escom expects sales slump

Dispatch Reporter

EAST LONDON — Escom would not be able to maintain the increase in its sales next year and lower sales are anticipated compared with the long-term growth projection.

This was revealed in a statement yesterday from Escom's senior general manager, Mr Ian McRae.

He said electricity sales measured in kilowatts an hour had increased by 6,1 per cent in the first six months of 1986 over the same period last year.

"While this increase in sales is higher than anticipated, it cannot be maintained for the rest of the year. The increase was mainly the result of Escom's demand-side programme whereby, under certain circumstances, electricity was offered to municipalities, which have their own more expensive power stations, at a cheaper rate.

"This has enabled Escom to increase its market share of electricity produced in South Africa and reflects a higher growth rate."

The statement said lower than expected sales had a critical impact on required price levels due to the fixed nature of a large portion of Escom's costs.

The decision to proceed with the construction of power stations currently under construction did not have a negative impact on the price increase for 1987.

"Cancellation of projects would have increased cash outflows in the short term because of penalty payments, while deferrals would have only had an appreciable positive impact on cash flows by 1988.

"In both cases (cancellation or deferment), Escom would lose financially in the long term."

Mr McRae said Escom was employing various strategies to minimise the impact of the ongoing construction programme on tariffs.

Collieries would also be affected by Escom's strategy. Some collieries would be shut down and the mining houses had already been notified of the decision.

Escom power to cost 12% more next year

Finance Editor

ESCOM will raise the cost of electricity by 12% from January, and Durban and Natal can expect a rise in accounts from that date.

'We won't be able to absorb the full 12%, but the council will do its best to absorb as much as possible,' said Durban City Treasurer Wilf Stone.

'About three-quarters of our electricity budget goes to the purchase of electricity in bulk — R325 million out of R470 million — so if Escom put their tariffs up, there is no way we can absorb all of that.'

The 10% Escom increase on September 1 last year was followed by an 8,8% increase in Durban two months later; the 10% increase on January 1 this year was followed by an 8% increase in Durban a month later, and the 10% increase on July 1 was matched by a 10% increase in Durban the same month.

Mr R MacFarlane, assistant general manager for the Natal Eastern Region, said yesterday that the Cabinet had taken the decision to raise Escom's rates on Monday.

There would not be another rise until January, 1988. This was expected to be 10%, followed by a further 10% in January, 1989 — if inflation remained near 15%.

Construction

The rises would depend on the inflation rate, which was expected to be 16% next year, 15% in 1988 and 14% in 1989.

Escom will continue with its construction plans in spite of the difficulties in raising foreign or domestic loans to finance the expansion.

Mr MacFarlane said five new power stations were under construction. Tutuka at Standerton and Lethabo (Vereeniging) were so far advanced that deferment was not considered.

Cancellation, or deferment, of the plants at Kendal (Witbank), Matimba (Ellisras) and Majuba (Volksrust) were considered, but because costs and penalties would rise by well over R1 billion, they would go ahead.

Only half of the capacity of Majuba would be built.

Three collieries are to be phased out — Vierfontein by March, 1988, Cornelia by March, 1989, and Coalbrook by October, 1989.

Mr MacFarlane said the scheme to reduce staff by 6 000 through early retirement and attrition by the end of this year was about 1 000 short of the target.

Commenting on implications of the Lesotho Highlands water scheme, Mr MacFarlane said it would probably come on stream in the mid-1990s, when Escom's current building programme would be completed.

Escom tariffs to rise

02/10/86

EAST LONDON — Escom tariffs are to go up 12 per cent from January 1.

This was announced yesterday in a statement by Escom's Eastern Cape System offices on behalf of the commission's senior general manager, Mr Ian McRae.

The increase, which followed two hikes of 10 per cent each in the first part of the year, was announced with a pledge from Escom that there would be no further increases for the year.

If the inflation rate holds at 15 per cent, increases of 10 per cent a year are planned for 1988 and 1989.

"A number of factors have made this achievement possible. They include tighter controls by the Escom management, a reduction in operating and capital expenditure and improved efficiency throughout the organisation," the statement said.

It said that according to tariff projections, Escom had undertaken to restrict price increases to once a year.

"It has further undertaken to keep such increases, if at all possible, below the rate of inflation.

"The suggested increase of 12 per cent in 1987 is significantly lower than the combined effect of the two increase of 10 per cent each in January and July 1986."

See also Page 3

Escom power station go-ahead cheers construction leaders

STAR 1/10/86 (55) 268

By Frank Jeans and Sven Lünsche

South African construction leaders are elated at Escom's decision to go ahead with its new spread of power stations which will put billions of rands into the industry.

The Escom decision is a major boost for the struggling civil engineering industry which has seen work volumes diminishing rapidly.

When Majuba, the big project in the commission's network, was put on ice some time ago it came as a shock to construction men who were looking at an overall contract in the region of R2 000 million.

Now, not only Majuba at Volksrus but Kendal (Witbank) and Matimba (Ellisras) have all got the go-ahead and with each power station costing around R3,5 billion, the benefits to construction companies and ancillary industries will be enormous and should make a significant impact on unemployment.

Favourable impact

The three stations, along with Tutuka (Standerton) and Letabo (Vereeniging), are all at various stages of construction, but the first three still have considerable construction time down the line.

The 3 600 MW stations, each with six generating sets, take about eight years actual construction time.

Mr Jimmy Oosthuizen, chief executive of LTA says: "This development will definitely have a favourable impact on the industry as a whole.

"A lot of people in civil engineering, negatively affected by present conditions, can now look up again," he said.

It is estimated that one power station takes about 100 000 tons of cement over a five-year period, but to this must be added the cement requirements for infrastructure work such as housing, roads and other building work.

Mr Guy Luyt, chairman of cement group PPC, says: "We were concerned about the possibility of any cutback on Escom construction programmes and this announcement can only be welcome to the cement industry as a whole.

"The continuation of the Escom works can only result in positive results. Such massive undertakings will be an important base for cement supply in the future."

The Majuba contract was said to be the biggest civil engineering project to date in South Africa and worth about R300 million in civil works alone when it was postponed in 1984.

Mr Kees Legaay, executive director of the SA Federation of Civil Engineering Contractors, says that the civil works at Majuba alone could create more than 1 000 jobs, once work gets started.

Escom announced yesterday that work on three of the six sets at Majuba will start immediately, with the other three sets continued at a later stage.

"With all the auxiliary services involved, like mechanical and electrical work at the plant and the development of infrastructure in surrounding areas, between 2 000 and 3 000 jobs could be created once all six sets are given the go-ahead," Mr Legaay says.

"Together with yesterday's announcement of the go-ahead for the Lesotho Highlands Dam project, the Escom announcemt makes prospects for the civil engineering industry look fairly bright in the near future.".

Mr Charl van der Merwe, chief executive of Gillis Mayson, whose company is strong in power station construction, says the competition in the civil engineering industry is fierce at the moment, so that the tender for the new works might well be below market prices.

He expects tenders to be awarded this month, with the actual work starting in March or April 1987.

No problems in raising R1,7-bn

The capital market has discounted the effect of the R1,7 billion Escom will have to raise in loans on the domestic market to meet its financial requirements in 1987.

Analysts said yesterday the market had been aware of this for half a year and with the cash flow of institutional investors into public sector securities estimated at about R5,8 billion for 1986, Escom should have no trouble raising these loans.

As a result of capital expenditure cuts and cost control plans, Escom's estimated funding through the capital market will amount to only R1,3 billion in 1986.

Mr Larry Harper, Escom's senior general manager, finance, announced a R3,42 billion funding plan for 1987. Of this R1,7 billion will be raised in the primary and secondary capital market.

"Escom aims at taking up no more than 25 percent of the institutions' prescribed assets in public securities over the next three years, in order not to exert to much pressure on local interest rates," he said.

11/10/86 (55)

SMK

Escom's 5-station power plan will create jobs for thousands

Escom's decision to go ahead with the building of five power stations will be a big boost for the recession-hit construction industry.

Not only will billions of rands be injected into civil engineering and ancillary industries but thousands more jobs will be created.

The big five in the new power network are Majuba, Kendal, Matimba, Tutuka and Letabo and with each station costing about R3,5 billion, the benefits for construction and building are enormous.

Power costs to go up by 12%

BUSDAY 1/10/86

DAVID FURLONGER

ELECTRICITY costs will rise by 12% on January 1 — making a 35,5% increase since the start of this year.

Escom chairman John Maree said yesterday the increase would be the only one in 1987.

Maree said Escom intended to impose single increases in 1988 and 1989, each of 10%.

The 1987 increase will allow Escom to reduce its borrowing requirements on local financial markets next year. Finance GM Larry Harper said borrowings were expected to total R2,792bn, down from the 1986 figure of R2,982bn. He estimated requirements for 1988 and 1989 at R3,045bn and R3,060bn.

Much of the cash will go towards financing Escom's decision to press ahead with the construction of five more power stations.

After earlier warnings that slow electricity demand growth was causing Escom to reconsider its construction programme, Maree said it would go ahead.

However, as the new stations — Tutuka, Lethabo, Kendal, Matimba and Majuba — came on stream, capacity at older stations would be cut back and held in reserve for peak demand use and for future increased demand in the event

● To Page 2

Power costs to go up by 12%

1/10/86 BUSDAY

● From Page 1

of an economic and industrial recovery.

Escom's planners decided that to defer or cancel construction of the new stations, each costing R3,5bn, would be too expensive. Penalty clauses and other factors would cost more than R1bn.

Escom's cost-cutting programme is likely to cause the loss of 10 000 jobs. Early retirement and other incentives have already reduced the workforce from the 68 000 of last year. Maree hopes to bring this down to 58 000 in the long term.

Management expects to reach agreement with unions on Friday on a retrenchment package for workers whose jobs have been made redundant by the cost-cutting. Sources say that although talks will continue on the definition of redundant jobs and how to implement a retrenchment plan, there is broad agreement on a financial package.

Escom, the 12 unions and staff associations said yesterday redundant employees would be identified from November 1. A source said it was hoped the retrenchment programme would be almost complete by February.

Escom runs into resistance

1/10/86 · STAR

SS

The 12 percent increase in electricity tariffs will spark price rises in all areas in the economy, said the president of the Housewives' League, Mrs Lyn Morris, last night.

She was reacting to yesterday's announcement from Escom that it will raise its tariff by 12 percent from January 1 — the third price rise in 12 months.

"This price rise will affect everthing," said Mrs Morris.

"South Africa's inflation rate is unacceptably high. Most of our trading partners have single-figure inflation rates.

"If everyone gears their price rises just below the inflation rate we will never get our prices down."

The Federated Chamber of Industries and the Afrikaanse Handelsinstituut congratulated Escom for keeping its increase below the inflation rate.

DD 21/10/86 (55)

Consumers to face 12 pc power hike

Dispatch Reporter

EAST LONDON — Border electricity consumers must budget for a 12 per cent increase to be implemented in three months' time — on top of a nearly 40 per cent increase in tariffs this year.

This emerged here yesterday after an analysis of the 12 per cent hike from January 1, which was announced by Escom's senior general manager, Mr Ian McRae.

Consumers here have had to pay increasing power bills this year following two Escom hikes, as well as the loss of the government subsidy because of a rationalisation of tariffs throughout the country.

Some of East London's 58 000 consumers have accounts which have gone up by as much as 200 to 300 per cent.

Asked to clarify what exactly consumers could expect in three months' time and the reason for the increased accounts, the city electrical engineer, Mr Ken Robson, said the increase from January 1 would not exceed the Escom announcement and that the increased bills could be attributed to various factors.

Mr Robson said a report which would outline the implications for the city's electricity consumers in view of the Escom hike would be submitted to the city council's action committee within the next month.

"It is early to say how much it will be, but it will not be more than the 12 per cent announced by Escom."

Commenting on the increased accounts this month, Mr Robson said it had to be realised that there had been two increases of 10 per cent this year — and the government subsidy of 17,5 per cent had been withdrawn.

"That's an increase of around 40 per cent and we have to realise that the accounts coming now are ones for the winter months. There is always an extra load during winter," he said.

Asked about the complaints of those who had experienced increases of more than 200 per cent, Mr Robson said he would have to look at their accounts to see what the kilowatt reading was.

"That's the only way I can tell. If people feel there is something wrong with their accounts, they are welcome to come and discuss it with my department."

One consumer, Mr Donald Butt, of Stockton Road in Vincent, said his average account was between R89 and R114, including rates.

"I received an account for R210 this month, despite my family having conserved electricity through the use of a gas stove.

"I approached the officials about my problem and was told the government subsidy had fallen away and the amount that had accrued for three months was added onto my account this month. This, they said, accounted for the increase."

This was disputed by the muncipality's financial manager, Mr S. Venter, who said there had been no back charge on the lost subsidy.

He said an inspection of Mr Butt's account showed that his increased account was because of increased consumption.

"In June last year Mr Butt used 2 580 kilowatts, whereas for the same period this year he used 3 600 kilowatts. That's over 1 000 more.

"There is nothing wrong with his consumption. It should fall back to normal now that the winter months are over and, in rands and cents, that more than 1 000 kilowatts represents about R75."

The town clerk of Queenstown, Mr Peter Gerber, confirmed that the town's 5 000 consumers were in the same position as East Londoners.

"I'm afraid we are just going to have to pass the Escom increases onto the consumers. My council will take a decision on this soon."

The deputy borough treasurer in King William's Town, Mr Gideon Thiart, said it was council policy to pass on all Escom increases to the town's 4 000 consumers.

"But the full Escom increase might not be passed on. It will cost the council more, but we may have a surplus by December which we could pass onto the consumer."

The town clerk of Beacon Bay, Mr Bernard Aucamp, said his council had not yet discussed the Escom increase and he could not comment on what consumers could expect in January.

Beacon Bay took over the electricity account from East London this year and is receiving directly from Escom. The electricity rates have been pegged to the Escom rates for two years.

Two killed

DURBAN — Two guerillas were killed and a policeman wounded in a shoot-out in the Ubombo district in Northern Natal.

Police said the shootout was in the same area where a truck detonated a landmine a few days earlier. The three people in the truck were not hurt.

55 FIN MAIL 3/10/86

ESCOM

Going for growth

The agonising wait is over. Escom is to go ahead with the construction of five new power stations at a total cost of R17,5 billion, at 1985 prices. Any decision to halt or delay development would have hit the already struggling civil engineering industry and hundreds of suppliers of equipment and services.

At the same time, the R5 billion a year utility has taken the bold decision to peg next year's tariff increase to 12%, well below the inflation rate. And it has undertaken to limit increases to 10% in 1988 and 1989, provided inflation holds at 15%.

Both decisions will boost business and industrial confidence at a critical stage of the country's emergence from a four-year recession.

The decision to continue with the R3,5 billion-a-time coal-fired power stations at Tutuka, near Standerton, Lethabo (Vereeniging), Kendal (Witbank), Matimba (Ellisras) and Majuba (Volksrust) saves up to 3 000 contractors' jobs on each site at peak activity.

The ripple effect of the halting of any of the projects throughout the construction and engineering industries is immeasurable.

The one-off tariff hike for the next three years will also hearten industrialists, particularly exporters faced with negotiating long-term contracts.

The move follows Escom's achievement in slashing R1 billion from its funding requirement for 1987 (*Business* September 12) and a forecast reduction in operating and capital expenditure of R2 billion by 1989.

The savings have been made by strict controls on all aspects of Escom's business — asset management, staffing, budget controls, demand and supply side management, accounting systems and stock control, says chairman John Maree, adding: "Further improvements will enable us to run a very tight ship in future."

He tells the *FM* that better management of foreign exchange alone resulted in savings of some R50m. He says Escom is also within sight of achieving its target of reducing staffing from 66 000 to 60 000 by the year-end.

Maree says: "Our new policies are paying off. There's a new spirit within Escom — people who said a year ago we could not hit our savings targets are now coming forward with ideas for even bigger savings."

The decision to go ahead with the new power stations is not without risk. The cost of carrying heavy surplus generating capacity in the early Nineties will strain Escom's efforts to keep tariff hikes below the inflation rate. But, against this, Escom was faced with almost R1 billion in extra costs by the end of the century. Penalties for the cancellation of contracts would inflate this figure even further.

Tipping the scale in the end was probably the threat of sanctions and the difficulty of raising new offshore loans.

"Viewed against the background of all the factors, the risks and costs attached to deferment or cancellation were seen as too high," says chief executive Ian McRae.

Escom officials say that while the new generation power stations need foreign technology in critical areas, a very high proportion of the cost arises within SA. "We have a very strict policy to award contracts within the country wherever we can," says a spokesman.

After making allowance for the increased income from the higher tariff, which comes into effect on January 1, Escom reckons it will need to draw R2,792 billion from South African markets next year. Another R625m will come from foreign funding.

"We are very conscious of our responsibility to keep our drawings from the local market within reason," says Maree.

Future projections indicate that Escom will need to raise some R3,045 billion locally and R320m offshore in 1988; and R3,060 billion and R260m overseas in 1989.

The foreign element, mainly in the form of supplier credits, has already been assured. ■

FASHION RETAILING

Riches from rags

How does a company selling imported clothes in SA's depressed fashion market manage to increase turnover by 50% a year?

The secret, it seems, lies in aggressive marketing, a highly streamlined operation and the fact that its products, despite the effect of the low rand on the price of most imported goods, have wide appeal.

One company which has achieved this sales growth is Benetton, an Italian family concern which has taken just two decades to expand out of a village backroom into a network of 4 000 outlets in 57 countries. Since 1983 new stores have been opened at the rate of one a day. Worldwide wholesale sales reached US$500m last year, 30% up on 1984.

There are 14 stores in SA, the first of which opened four years ago. But expansion, really began in 1984 when turnover was R1,5m. In 1985 it was R3m; the directors expect it to reach at least R4,5m this year.

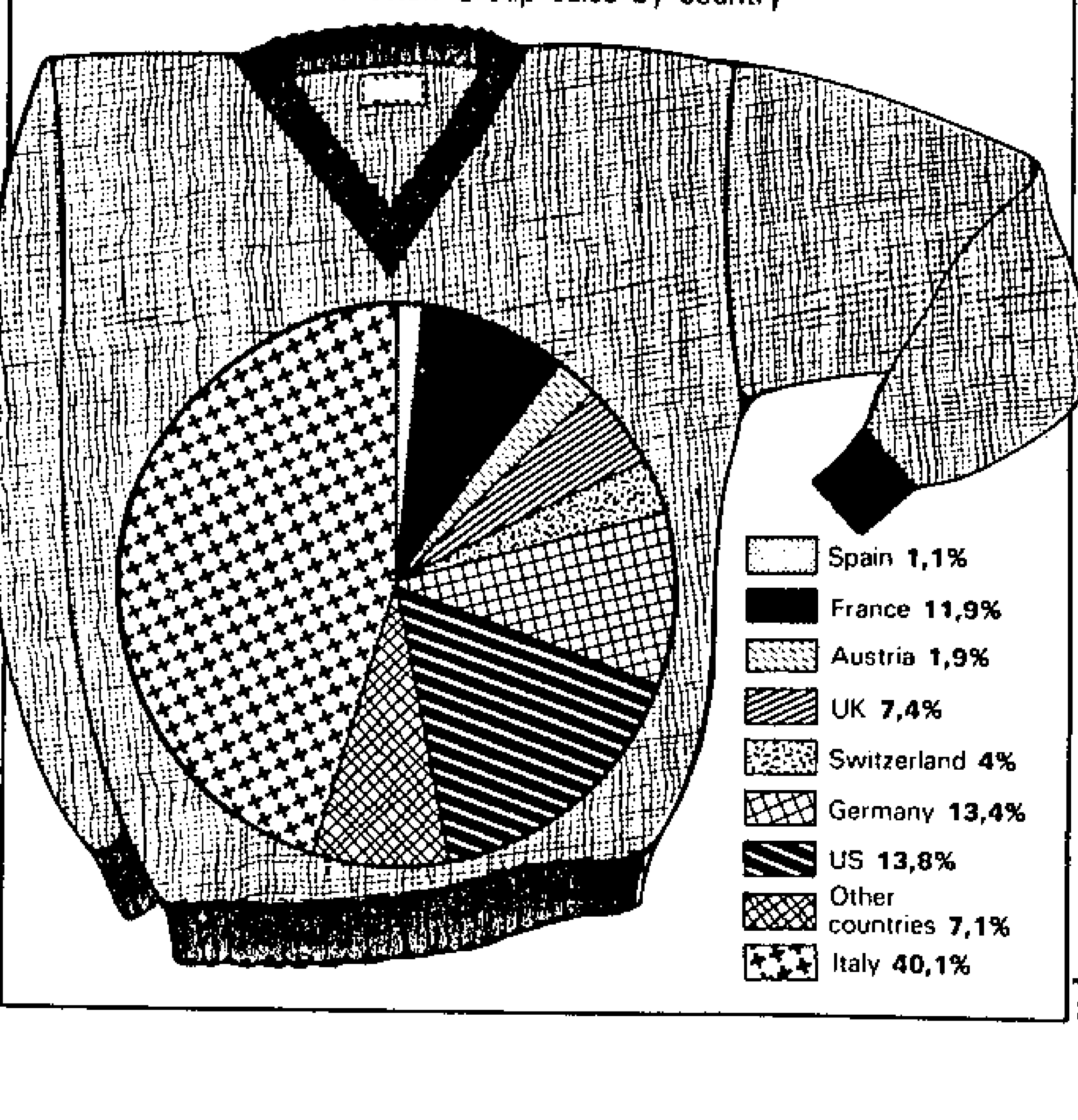
The marketing strategy is simple — bright, colourful advertisements to emphasise the eye-catching colours of the company's shirts, sweaters and slacks. And the campaign, *United Colors of Benetton*, also features models of different race groups, conveying the message that the merchandise sells to everyone. Indicative of the importance of the black market is the company's plan to open stores in Bophuthatswana, at Umtata in the Transkei, and at Bisho in Ciskei.

The stores are all essentially alike, though every one is franchised. Typically, they are located in areas famous for fashion, from Fifth Avenue in New York to the Carlton Centre in Johannesburg. They must be small and narrow to create a cosy atmosphere, and merchandise is always stacked on open shelves.

Franchisees undertake to sell nothing but Benetton clothes, although there are several trademarks, including Sisley, 0-12, and Divarese. This impression of competition allows the company to open differently named boutiques.

Into the world

Benetton Group sales by country



Escom cut R2,6-m to keep increases down — Minister

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Political Staff

CAPE TOWN — Escom had cut its operating and capital costs by R2,6 million over the next three years to keep prices down, Mr Danie Steyn, Minister of Mineral and Energy Affairs, said yesterday.

In an interview, Mr Steyn said since the appointment of the new Escom management after the De Villiers report, "all the fat has been cut off Escom".

He was defending the latest 12 percent increase in Escom charges which will be levied from next year.

Mr Steyn revealed that investigations were under way to see whether sections of Escom could be privatised.

CAPITAL COSTS

Mr Steyn said without cutting back operating and capital costs, Escom would not have been able to keep increases so low or give the assurance there would be no further increases next year.

It had also assured the public that increases over the following two years could be limited to 10 percent a year.

This was well within the Government's policy of keeping increases below the inflation rate to stimulate the economy.

Consumers could also cut their costs if they took advantage of the differentiated rates which applied at off-peak hours.

And if large consumers took advantage of the lower rates, further increases could be curtailed as capital expenditure could be reduced.

Mr Steyn gave the assurance that capital development would not be cut back to the extent that power cuts would have to be introduced at peak hours again.

At the moment there was an oversupply that would take about five years to absorb.

The problem remained peak demand which required expensive capital expenditure. Further methods of achieving a more even demand were being investigated.

He admitted that the current debt repayment standstill had affected the capital development programme as it had limited the ability of Escom to raise funds overseas.

Details of secret deals go to UN

SA gets Arab oil for arms, claims Israel

BUSDAY 3/10/86

55

TEL AVIV — Israel has submitted a dossier of South Africa's secret arms-for-oil deals with the Middle East to the UN general assembly.

Israeli ambassador Binyamin Netanyahu said yesterday that details compiled by Israel of Arab economic ties with SA, including weapons deals with Iran and Iraq, had been sent to the UN.

Netanyahu said the diplomatic offensive was designed to "smash the wall of lies built around Israel by the same Arab nations that conduct trade with South Africa.

"In fact, our trade contacts with South Africa are insignificant as compared with theirs," he said.

Speaking on Israel Radio, Netanyahu said Israel had information showing that Arab countries were meeting all of SA's oil needs.

"We have a detailed file on 119 tankers that carried oil to South Africa between the years 1980 and 1986. Arab oil sales to South Africa total $7,7bn," Netanyahu claimed.

Iran and Iraq were buying billions of dollars worth of arms, especially 155mm cannons and howitzers for their war against each other, in return for oil sales to SA, he said.

Israel has drawn international criticism for its political and economic ties with SA.

Although Israeli leaders have repeatedly condemned apartheid, Israel continues to maintain widespread economic links with SA.

Israel has denied foreign news reports that it sells weapons to SA.

The ambassador said moderate African states, which have official and unofficial ties with Israel, had launched a campaign to prevent radical African states from presenting UN resolutions condemning Israel for its ties with SA. Netanyahu did not elaborate.

Lourens van der Berg, director of energy supply of the Department of Mineral and Energy Affairs, yesterday described the report as "vague in essence and it could be a contravention of the Petroleum Products Act to comment on supplies of oil".

A spokesman for the Department of Foreign Affairs said the department was involved with the sanctions issue at the moment and would prefer to comment only after studying the report.

Approached in Pretoria for comment on the arms deals allegations, a spokesman for Armscor said: "It is not our prerogative to comment on sales (of arms) to any customer.

"It is the prerogative of the buyer, not the seller, to reveal details."

He declined to comment further. — Sapa-AP.

No end to Escom shocks

5/10/86 SUNTIMES

ESCOM'S announcement that it is to raise prices by 12% from January next year — the third increase in 12 months — is yet another setback for consumers.

By David Southey

It has also provoked protest from some of the country's leading economists, who argue that Escom's policy of building up a reserve cushion — similar to shareholders' funds in a private-sector company — is inappropriate for semi-government bodies, particularly in the present economic climate.

UCT economics professor Brian Kantor has long castigated parastatals such as Escom for "milking" consumers through tariff policies designed to bolster capital funds.

He argued: "If they want to run it like a private-sector company incorporating shareholder funds then the Government should privatise it and sell off its assets."

Escom communications manager Chuck Thal says the corporation has been forced to fund itself locally because of SA's debt standstill. After discussions with economists and Treasury officials, it was agreed that Escom should raise no more than 25% of its requirements on the local capital market.

But this means it has to find the balance from tariffs. Escom has had to trim R2,5-billion from running and capital costs over the next three years. Its projected capital-market borrowings are R2,8-billion in 1987 and R2,9-billion the next year.

Tariffs went up 10% in January and another 10% in July.

weather ... droughts come in nine-

Significant drop in incidents of unrest

STAR 7/10/86

Pretoria Bureau

There was a marked drop in the number of unrest-related deaths last month compared with the earlier stages of the state of emergency, the Bureau for Information said yesterday.

While 161 people died in June this year, only 28 deaths occurred in September. This figure is the lowest monthly total since February 1985. The current state of emergency was declared on June 12.

Dr Kobus Neethling, director of the bureau's research unit, said that although unrest was quietening, the revolutionary climate had not yet abated and was still intense in some places.

He gave a breakdown of the various unrest-related incidents which had occured since the start of the state of emergency:

- Unrest incidents: 38,2 percent stone-throwing; 18,4 percent petrol bomb attacks; 15,5 percent arson attacks; 5,1 percent robberies; 6,7 percent other incidents.
- Deaths: black agitators responsible for 68,4 percent; security forces responsible for 24,4 percent; and other unidentified individuals or organisations responsible for 7,2 percent.
- Injured or wounded: black agitators 59,7 percent; security forces 33,4 percent; and other 6,8 percent. The number of people injured per month dropped by 417 between March and September this year.
- Attacks on security forces: 180 attacks on security forces during the first week of the emergency and 32 in the 16th week — 64 percent of these attacks were stonethrowing, 23,1 petrol bombings, 8,3 shootings, 1,7 arson, 2,9 other.

Stayaway at Escom over home loss fears

STAR 7/10/86

By Mike Siluma

Scores of Escom workers who stayed away yesterday in protest over impending retrenchments returned to work today after talks between their representatives and management.

The Orange Vaal General Workers' Union (OVGWU) said that about 300 Escom employees in Sebokeng stayed away from work, demanding assurances that workers made redundant would not lose their homes. The houses were a condition of employment, and workers fear that they and their famalies will be thrown out if they are retrenched.

Escom said the retrenchments are necessitated by a cut-back in operations because of the economic downturn. At this stage it is not possible to say how many people will be made redundant.

OVGWU spokesman Mr Philip Masia said workers were not prepared to pay for alleged mismanagement at Escom with their jobs.

An Escom spokesman said about 150 workers who stayed away had agreed to return to work after management had given an undertaking that retrenched workers will not have to vacate their houses immediately.

Full details about redundancies will be made available later this week.

- About 200 striking members of the Metal and Allied Workers' Union (Mawu) slept in at Abkins Steel in Germiston to back a demand for the recognition of the union, a spokesman said.

He claimed that management had called in "scab" labour and permitted white employees to come to work armed.

The white employees were being abusive to the strikers, the spokesman claimed.

Heart baby is ailing after op

The Star Bureau

NEW YORK — The South Afric heart operation baby, Christopl Waters, has been re-admitted to Philadelphia Children's Hospital s fering from a bacteria infection.

Just over two months after his li saving surgery in the United States correct hypoplastic left heart s drome, Christopher is still ailing.

Surgery has successfully correc the congenital heart defect, and h

Teargas fired at youths

Escom men return

BUSDAY 7/10/86

ALAN FINE

ABOUT 150 Escom employees in the Southern Transvaal are due to return to work this morning after a stoppage yesterday. Their return comes after talks between Escom management and representatives of the Orange-Vaal General Workers' Union.

An Escom spokesman says the stoppage — which affected the Lethabo and Kragbron power stations — was a result of uncertainty over Escom's recently announced retrenchment programme.

Workers living in Escom-owned houses apparently feared they would lose their accomodation should they be retrenched.

Management has given an undertaking houses will not have to be vacated immediately after retrenchment.

Group Areas to stay

7/10/86 BUSDAY

Business Day Reporter

NO relaxation of the Group Areas Act will be possible until the President's Council recommendations have been dealt with by the Cabinet, provincial administrations say.

Until then the Act will be administered as it has been by the Department of Constitutional Development and Planning.

But there may be a further devolution of responsibility for the Act to local authorities, says John Griffiths, a member of the Transvaal Executive Council.

He denies it is being handled like a "hot potato", as Press reports have claimed.

"We are not afraid of handling it," he says.

13037

Sasol predicting lower fuel prices

SMR 55 9\10\86

Finance Staff

Sasol expects prices of its fuel products to be much lower during the next 12 months than they were in the previous financial year.

In the chairman's review, Mr David de Villiers said that the low rand prices for petroleum would be the major reasons for this drop, with the crude-oil price expected to remain volatile and to fluctuate between $10 and $18 a barrel.

There were, however, two main factors which would compensate for lower product prices received by Sasol, Mr de Villiers said.

"Firstly, interest will be saved on the loans of R1,1 billion, which were repaid at the beginning of the current financial year, and secondly, the reintroduction from 1 July 1986 of the levy rebate of 3,6 cents per litre for all manufacturers of liquid fuels from indigenous raw materials."

He added that Sasol's diversified product range also made the group less sensitive to fluctuations in oil prices.

"The lower sensitivity of fertilizers, chemicals and explosives to crude-oil prices, and the bringing to profitability of our younger fertilizer and explosives division will also in the longer term compensate for possible lower oil prices."

Sasol Three, however, was less diversified and would be less able to absorb lower fuel prices.

"This fact, plus the provision for tax which was made for the first time, has already resulted in a decrease in Sasol Three's taxed profit during the year under review."

Mr de Villiers said that Sasol hoped to "grow dividend distributions at a rate commensurate with the normal income expectations of investors in ordinary shares".

He is fairly confident that this can be achieved, as dividends on Sasol Three's retained profits, accumulated over the years, could be declared for the first time in the next few years.

"In addition, an equalisation reserve of R125 million was created during the year under review."

Sasol expected overall dividend growth to be maintained during the current year, provided there were no further dramatic drops in crude-oil prices or changes in exchange rates.

Industrialists 'must get oil act together'

By DENISE BOUTALL

PORT ELIZABETH industrialists should get their act together now if they wanted to tender for work on the Mossel Bay off-shore oil project.

This was said today by the director the Emthonjeni In-service Training Centre, Mr Dieter Kusel.

On returning to PE after a five-week European visit to investigate the training requirements of the off-shore oil industry, he said it was vitally important that industries which intended tendering for work on the project should start training staff now.

"Employers must get their act together now," he said.

When they tendered they would have to be in a position to say they already had the necessary trained staff.

PE was ahead of the rest of the country in its ability to train people for the off-shore oil industry. "Unless employers make use the facilities available here they will lose out," he warned.

Mr Kusel said he had been investigating the training needs of such a facility for the last year. The three weeks spent looking at training facilities for the industry in the United Kingdom had confirmed that Emthonjeni had correctly emphasised the importance of producing suitably qualified welders to work on the project.

The centre already had the infrastructure to train people to the required standards. It would now be using an independent testing authority to ensure that people trained there would meet the standards used in the UK and which would apply to the off-shore project.

He had had discussions with Lloyds Register of Shipping about the testing and was satisfied that Emthonjeni would meet their standards.

He said about 80% of the skilled staff required on the project would be welders. For the rest of the trades involved, the standard training provided in the usual courses would be adequate.

All people working on the project would, however, have to adapt to the confined working area.

He said in cases where Emthonjeni would be unable to institute training for highly specialised workers, it knew where to send them for training in the UK.

Certain work, such as laying the pipeline from the platform to the on-shore facilities, would, however, probably be contracted to a foreign company who would bring their own specially trained staff to SA.

Mr Kusel said he would be reporting on his trip to his board, the Midland Chamber of Industries and the PE City Council.

He also visited driver training centres in the UK, the Netherlands, Germany and Sweden and was confident that the training and facilities at the Struandale centre was of the best in the world.

"If anything, I think they can learn from us," Mr Kusel said.

WEEKEND POST, OCTOBER 11, 1986

Call for PE to plan now for oil project

Mr DIETER KÜSEL ... PE must not miss out on opportunities which will be offered by the Mossel Bay oil from gas project.

By PHOEBE LANGE

PORT ELIZABETH must not be caught napping when the Mossel Bay off-shore oil from gas project gets under way, Mr Dieter Küsel, director of the Emthonjeni In-service Training Centre, said this week.

"The time to wake up to ensure that we get our slice of the cake is now," he said.

Anticipating a day when skilled manpower for the off-shore industry will be at a premium, Mr Küsel is not just gassing.

His centre has already produced the first group of eight welders who have completed a stiff course, passed the tests and coded according to rigid American standards.

"And we'll be training more," he said on his return earlier this week from a tour to study overseas training methods.

"Under the Unemployment Training Scheme we're contracted by the Government to train unemployed people over three weeks at a nominal fee. Now, we've negotiated a special deal allowing for eight weeks' training in coded welding.

"But you can't train specialists in that time. So we are taking unemployed but experienced welders and re-training them.

"The first eight, trained to the American standard of ASTM 9, were all snapped up by an engineering firm. We'll continue with this programme as a service to the PE region and industry.

"There are obviously not enough skilled people available for the off-shore project. Apprenticeships take four to five years and we don't have that much time.

On a 15-day visit to Britain, Mr Küsel visited 22 organisations and had talks with about 50 people.

"I looked at every aspect of off-shore oil construction to see what training was needed. And if companies consider joint ventures with viable UK companies, I have the contacts.

"We in this area must ensure that we're not only ready but are, in fact, leading the way.

"However, industry must not leave it all to us. Companies must also train staff so that they're ready when the project gets off the ground.

Mr Küsel, who also looked at driver training centres in Britain, West Germany, Sweden and the Netherlands, said it was important to keep international links to keep up to date in training techniques. In his view Emthonjeni compared favourably with any training centre in the world.

● The call to prepare for the Mossel Bay project was echoed by the dean of the University of Port Elizabeth's Faculty of Economic Sciences and head of the Eastern Cape Strategic Development Team, Professor Charles Wait.

"It's time for the people of PE to take stock of their attitudes," he said.

● See page 10.

Inflation outstrips pay rises by 5,8%

MICK COLLINS

THE gap between salary increases and inflation is yawning wider with workers of all race groups — for the first time ever — trailing the inflation rate by 5,8%.

"This gap is the worst in memory," said Jane Ashburner, manager of the remuneration division of P-E Corporate Services.

The shock results emerged yesterday when P-E released its results of the 1986 general staff salary survey.

The picture becomes even more dismal considering that since the end of the survey in August, the Consumer Price Index (CPI) has risen to 18,2%.

The survey, undertaken from data provided from more than 1 000 organisations employing approximately 1,2-million staff of all race groups, showed that the overall percentage increase in basic salary levels for the period June 30, 1985, to July 1, 1986, was 11,1%.

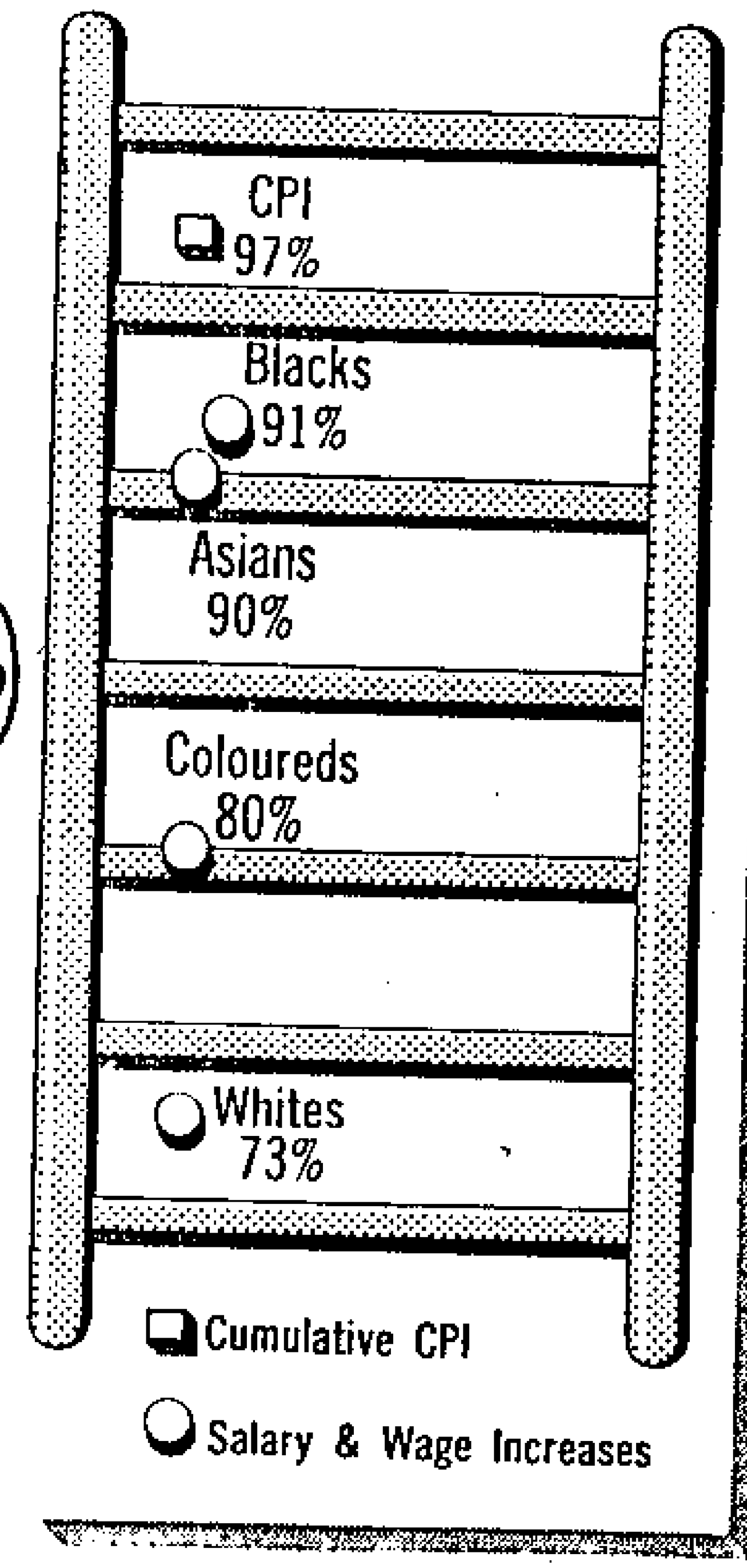
The CPI for the same period was 16,9%, reflecting the 5,8% lag.

The cumulative CPI for this five-year period is 97% (see graph). Blacks came closest to this with a cumulative wage increase of 91%. They were followed by Asians at 90%, coloureds at 80% and whites on the lowest rung at 73%.

The cumulative percentage pay increase for the past 10 years for whites is 199,3% against a cumulative CPI for the same period of 255,0%.

● See Page 10

WHERE WE STAND



12/9/86 BUSDAY. 55

$100m loan helps Escom projections

ALAN SENDZUL

THE recently negotiated $100m, four-year loan to Escom from the Public Investment Commissioners (PIC) is believed to have helped the utility cut its funding projections for 1987 by R1bn to R3,4bn.

A spokesman for Escom said the reduction also follows the deferment of several capital projects.

The PIC released the $100m to Escom after successful negotiations between Escom and SA's foreign creditor banks. Maturing foreign loans caught inside the standstill net are paid into the PIC account if offshore bankers choose not to roll the loans with local borrowers.

Escom recently disclosed that it had managed to obtain a loan from the PIC, but this appears to be the first time the utility has brought these funds on to its books.

Besides the PIC loan, Escom has obtained R375m in foreign capital this year in short-term European trade finance from export credit agencies. And, the public corporation has continued to apply a policy of requiring foreign suppliers of specialist capital equipment to put up the finance for projects involving their equipment.

Escom jobs axed

16/10/86 STAR

55

Escom has announced that about 2 000 staff will lose their jobs in a retrenchment programme starting in February.

Talks with unions and employee associations this week led to agreement on a substantial severance package.

Those affected will receive two months' notice.

Reduced power demand in the recession is blamed.

Real-life practice for the Koeberg cloud

Cape Times 16/8/86 55

By CHRIS ERASMUS
Science Reporter

THE City Council will hold real-life rehearsals of emergency measures to be taken by Capetonians in the event of a serious accident at Koeberg nuclear power station.

The rehearsals, to be held over the next few months in different parts of the city, will be designed to fully inform the public of what to do, and why, during a nuclear emergency. Evacuation instructions will be given from helicopters and police vehicles.

The city's Medical Officer of Health, Dr Reg Coogan, announced the plan yesterday at the annual Atomic Energy Corporation's licensing exercise for Koeberg.

Dr Coogan said he was very pleased with this year's scenario, as created by the AEC, to test the emergency plan prepared to deal with an accidental release of radioactive materials from Koeberg.

"This year the AEC made the radioactive 'plume' from the simulated accident drift over the city centre for the first time, creating a credible scenario. I have been trying to get them to do this for eight years.

"This had demonstrated that no matter what emergency plans we make, they will only work if every member of the public is aware of what is going on, what they must do during an emergency and why.

"The City Council plans to carry out at least four rehearsals in the next few months in different parts of the city with the object of explaining as fully as possible what the emergency plan is all about," he said.

The rehearsals will be carried out with the minimum of dislocation to normal life but with a maximum of publicity. People will not actually be required to take shelter in their homes or offices, for instance, or to actually evacuate the city centre.

Yesterday's simulated emergency began with a 15-minute "release" of radioactive material as a result of a malfunctioning valve at Koeberg. A radioactive cloud then drifted over the city, requiring simulated evacuations up to 16km from the plant and indoor sheltering up to a distance of 40km.

Cape Times reports

Braaing burglar nabbed at TV

Staff Reporter

POLICE investigating a city burglary report on executive director Brian Matthew said. ...n, it would be another

court said, taken reasonable steps to ensure they were acting within the law. tions to gover...

2 000 to lose jobs

BUSDAY 16/10/86

ESCOM is to retrench about 2 000 of its staff because of the economic slump and reduced demand for power.

It said in Cape Town yesterday that affected staff would receive "a substantial pay deal and other benefits".

Sources involved in the discussions said that although the retrenchment package had been decided, staff to be retrenched had not yet been identified.

An objective set of criteria had been agreed on to establish which jobs would become unneccesary and these would be applied to decide which staff were to be retrenched.

Retrenchments would take place after February next year and those affected would receive at least seven months' salary or, where applicable, early retirement without loss of pension benefits.

Once identified, redundant staff would be given at least two months' notice.

Escom said employees over 50 and with more than 10 years' service could take early retirement. — Sapa.

R268m scheme to be shared out

Escom set to privatise home loans

BUSDAY 16/10/86

55

GERALD PROSALENDIS
Economics Editor

ESCOM's R268m employers' home-loan scheme is to be privatised.

The public corporation's existing bonds will be ceded to local financial insitutions after negotiations that have been in progress for about a year.

The portfolio will be distributed among the United, SA Perm, Saambou and Barclays Bank, Escom announced yesterday. The Allied and NBS have been excluded from the deal.

It is understood the business was given to the institutions that offered Escom the best terms.

By selling off these assets Escom will raise funds which can be put to productive use for capital projects and lessen its demands on the capital market this year.

Escom's statement said the move complied with the stated objective of privatising viable activities to streamline its operation for greater cost benefit.

"Escom's policy in this matter was to obtain the funds for the portfolio from the source most qualified to provide and administer bonds — the housing bond market."

This could provide a precedent for other public corporations.

A spokesman for Barclays said yesterday the bank would get about R80m of the total porfolio. Building societies have not yet made their individual shares known.

Escom will continue to administer its housing scheme, but in future building societies will provide the funds.

The corporation expects the legal framework to enable the transfer to be in place within 18 months. Once the legal structure exists, Escom intends transferring all existing and new bonds to the institutions.

The statement said the step did not mean a withdrawal of the home-ownership facility from Escom employees.

"In these negotiations, every care has been taken to ensure that no cost burden is passed on to staff, and employees will not be affected as far as existing bonds are concerned," the announcement said.

It is understood that in future Escom employees will have a say in the selection of the financial institutions with whom their bonds are placed.

Negotiations continue for De Beer talks with NECC

STAR (SS) 20/10/86

By Susan Pleming, Education Reporter

The National Education Crisis Committee (NECC) and the Deputy Minister of Education and Development Aid, Mr Sam de Beer, are still negotiating about a meeting to discuss the black schools crisis.

Mr de Beer has demanded that the NECC deliver a memorandum on issues to be discussed at the meeting. Mr de Beer told *The Star* that a memorandum would help him prepare for the meeting.

CONDITIONS TO BE MET

The NECC has responded by saying that certain conditions would have to be met before a meeting could be held or a memorandum be sent.

Mr de Beer said the conditions laid down by the NECC could not be met.

"We will meet the NECC unconditionally," he stressed.

The conditions include the release of students, parents and teachers before the meeting and that the NECC should be allowed to hold report-back meetings with the community. The NECC has also asked Mr de Beer to guarantee that no NECC members will be detained at the meeting.

"Mr de Beer has responded by saying that these demands belong to another department. But this is not the case. The education and other departments all fall under the same government," said the publicity secretary of the NECC, Mr Eric Molobi.

He added: "It is very important that we meet to discuss the schools crisis. We have received a national demand to speak to the education department but certain conditions will have to be met first."

Mr de Beer said the department had not been intransigent towards the issue of meeting the NECC.

"I would like to remain open for talks provided a memorandum is given in advance."

ported the call by Mr Wilson and other business ... country desperately needs. — Sapa.

Engineering union to take Escom job dispute to Supreme Court

Own Correspondent

CAPE TOWN — A long fight to save a man's job is to go to the Supreme Court.

A final appeal to Escom by the Engineering Industrial Workers' Union (EIWU) for the reinstatement of Mr Esau Hoorn, who lost his job in February, has been turned down and the union will take the issue to court.

Mr Hoorn who, Escom has admitted, had a clean record with them, lost his job as a security guard after his certificate of competency was withdrawn in January by the National Key Points Secretariate.

Escom, which had started a staff reduction programme, told him they did not have another position for him and he was given the option of being dismissed or resigning.

Mr Leslie Davadoss, regional secretary of the union, said the Key Points Secretariate would not give reasons for the withdrawal of Mr Hoorn's certificate but it came after several confrontations last year with the head of security at Koeberg power station about his union activities.

At that time Mr Hoorn was chairman of the Escom Security Personnel Union which wanted to join EIWU.

Appeals were made against Mr Hoorn's dismissal but Escom last week told the union that a committee which investigated the complaint could not find any evidence of his alleged victimisation. Re-employment could not be considered.

Mr Davadoss said that, when a security guard was at the mercy of faceless people who could take his job away without having to disclose reasons, it made a mockery of Escom's industrial relations procedures.

"There must be valid and substantial reasons for the dismissal or withdrawal of a certificate of competency and proper procedures followed where the accused is given ample opportunity to defend himself.

"If he were found guilty others would know why and only then should a dismissal take place.

"It should not be left, as is the case now, to one or two people acting independently of any processes."

Policeman accused of rape

A policeman allegedly raped a 19-year-old suspected prostitute he had arrested in Joubert Park, Johannesburg, on Saturday night, according to police.

The police PRO for the Witwatersrand, Lieutenant-Colonel Frans Malherbe, said the woman had been standing on the corner of Bok and Quartz streets when she was arrested.

The policeman then took her to the Hillbrow police station and allegedly raped her in one of the offices there.

Journalists held on drugs count

The Star's Africa News Service

WINDHOEK — Two journalists from an anti-government newspaper in Windhoek were arrested by police at the weekend after drugs were allegedly found in the vehicle in which they were travelling.

The two men are expected to appear in court either today or tomorrow in the northern farming town of Ojtiwarongo in connection with charges of illegal possession of habit-forming drugs.

After Escom privatisation . . .

Societies covet state home loans schemes

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20/10/86 BUS DAY

BUILDING societies have set their targets on the housing portfolios of public corporations and government departments after Escom's plan to privatise its R268m housing loans.

Privatisation could be particularly enticing for corporations with large amounts of capital tied up in unproductive housing bonds — which are funded by revenue or loans, mainly on the capital market.

A building society source says: "Societies have for years been doing housing schemes for private companies and have the administrative skill to handle large portfolios."

It is understood that negotiations between Sats and one society were broken off about a year ago after Sats decided it could fund its employees' housing needs at lower cost.

Approached yesterday, a spokesman for Sats said the Wim de Villiers report, which deals with all aspects of privatisation recommended for

Business Day Reporters

Sats, is before the Minister.

He said he could therefore not comment on whether privatisation of home loans was on the cards.

Sats would make R350m available for housing loans this year, as opposed to the R400m made available last year, he said.

Iscor spokesman Piet du Plessis said home loans were granted to the corporation's employees through a housing company owned by Iscor.

At this stage, Iscor was not considering the privatisation of home-loan financing, he said.

☐ The United Building Society received the lion's share of the Escom deal by acquiring 50% of the portfolio, followed by Barclays' 20%, the SA Perm's 20% and Saambou's 10%.

It is understood Escom did not want to be seen to be favouring any one institution, although the allocations would seem to suggest that the UBS deal was the most attractive.

BUS DAY

Mossel Bay project may be shelved after inquiry

55

CHRIS CAIRNCROSS

THE Mossel Bay gas project might not go ahead as originally announced by government last year because initial euphoria has been replaced by caution.

Less is said about the strategic importance of developing the gasfield and greater emphasis is laid on determining its feasibility, projected cost and economic viability.

Government will take another year to decide whether the project has a future or should be shelved indefinitely, say officials.

Central Energy Fund (CEF) project director Bob St Leger says the entire scheme is being re-evaluated.

This investigation — jointly conducted by the CEF, Soekor, and Murray & Roberts subsidiary Engineering Management Services Offshore (Emso), which was appointed project planner — should be completed by next July.

Only then will final sensitivity analyses and other comparative studies be carried out to guestimate the optimal economics of the venture.

Double-digit inflation will certainly have outdated the original R4,8bn it was estimated the gas project would cost to bring to production.

But it is an approach lauded by oil industry executives who have continually voiced their doubts over whether sufficient exploratory drilling has been done to determine the extent of the Mossel Bay gasfield and of the economics of the venture.

These doubts still exist.

Industry executives point out the cost efficiency of exploiting the gasfield must be compared with the prices being quoted for crude oil.

These are about $14 a barrel — a level they reckon Mossel Bay would find impossible to compete with, even with the premiums SA is no doubt having to pay.

And they doubt these will reach the levels during the 1990s to enable the venture to be competitive — even should joint Opec action succeed in pushing up prices significantly .

One estimate is that oil prices must be between $35 and $40 a barrel for Mossel Bay to be competitive.

Escom wants to raise R100m in SA

22/10/86 BUSDAY (55)

ALAN SENDZUL

ESCOM will raise R100m from the SA capital market starting with a market test this week.

It hopes to come to the market on October 29 when the issue is open to investors. Possibly, the loan will be structured into a new medium-term bond and a re-issue of a long-term bond.

The money, co-managed by Senbank and Volkskas Merchant Bank, will be raised by a straight loan without option conversions.

This is the second of Escom's two scheduled R100m issues this year on the Treasury's official borrowing list. The Electricity Act dictates the utility must raise new money in the primary capital market.

It is understood that this could be the last year of the Act — which might then give Escom greater investment flexibility by not forcing it to generate funds through a public placement.

Funding manager Francois Botha said the utility would decide whether to accept more or less than the R100m depending on market response and the level of interest rates.

Essentially, Escom is financially comfortable having already raised R1bn of this year's R1,3bn target from secondary capital.

Sources said use of alternate funding forms meant Escom may not have to borrow more money this year.

Escom's previous issue in May was extremely popular and it decided to accept R161m largely raised through the 11% 1994 Bond which carried a conversion option.

Cost of SA gas rising the fastest

BUSDAY (SS) 22/10/86

SA AGAIN heads all Western countries in the rate of price increases of an energy source.

A new survey released by international energy cost consultants National Utility Services (NUS), says increases in the gas price in SA for the year to end-September averaged 11,2%.

By contrast, the trend among the other nine countries surveyed is downwards — all but two of the countries have drastically reduced gas prices as a result of the lower world prices of oil.

They are attempting to make gas a competitive source of energy, says national marketing manager of NUS in South Africa Peter Cornelius.

Only three countries out of the 10 have shown price increases. They are South Africa; Australia (7,8%); and the UK (1,2%).

Actual prices per therm for SA are Cape Gas R2,61 (12,5% up); PE Gas R1,6 (7,2%); Johannesburg Gas R1,37 (18,1%); and Gascor (tariff E) R0,79 (7,3%).

The unweighted price of R1,60 per therm places SA as the fourth highest-price gas producer. France heads the table at R1,82 followed by Belgium (R1,66) and Germany (R1,61).

The NUS survey is based on actual prices paid by customers who operate 750 000 business establishments worldwide.

Exchange rates are calculated at rates effective on September 2 (R366=£100). — Sapa.

PW approves purchase of land for giant Mossel Bay scheme

SS Argus 24/10/86

Gas project site chosen

MOSSEL BAY. — The site chosen for the multi-million rand Mossel Bay gas project is 14km west of Mossel Bay, the Director-General of Mineral and Energy Affairs, Dr Louw Alberts, said.

The project was announced earlier this year by State President P W Botha.

Dr Alberts said Mr Botha had approved the acquisition of the area, near the Bartelsfontein railway siding, and that the purchase of the ground had been negotiated with the owners at a price regarded as reasonable for such coastal property.

The site was big enough to double the size of the intended refinery if this should become necessary.

Ideal position

Dr Alberts said the site had been selected with consideration given to environmental and other impacts of the development.

"From an agricultural point of view, the ground is not very productive and it is not near or in direct sight of any residential area.

It was also well-situated with regard to electricity, road and rail services, and was in an ideal position for the connection of the gas pipeline from the platform to be built at sea.

There would be further investigations and surveys.

Viability

Inconvenience to the public during the stages of the gas project would be minimal.

"As is the case with any giant project of this kind, there are a wealth of factors — economic, financial and political — which will affect its viability and a comprehensive submission will have to be laid before the Cabinet for a final decision.

"This should happen before the end of 1987, but in the meantime, the public will be kept informed of the results of investigations and planning," Dr Alberts said. — Sapa.

CENTRAL STATISTICAL SERVICE

No. R. 2181 **24 October 1986**

REGULATIONS IN TERMS OF SECTION 17 OF THE STATISTICS ACT, 1976 (ACT 66 OF 1976)

STATISTICS RELATING TO ELECTRICITY, GAS AND STEAM

55

The Minister for Administration and Economic Advisory Services in the State President's Office has, in terms of section 17 of the Statistics Act, 1976 (Act 66 of 1976), read with Government Notice R. 139 of 4 February 1977, made the regulations contained in the Schedule hereto.

SCEDULE

DEFINITIONS

1. In these regulations, unless the context otherwise indicates—

"electricity, gas and steam undertaking" shall mean any activities on premises used for or in connection with the generation and distribution of electricity and the production and distribution of gas and steam, and also premises on which administrative, clerical, sales, research or other activities directly connected with the generation and distribution of electricity and the production and distribution of gas and steam are carried out;

"a person in charge of an electricity, gas and steam undertaking" shall mean—

(a) any person that, during the census year, owned such undertaking or was charged by the owner with the supervision or control of the administration, direction or management of such undertaking, as the case may be; or

(b) a trustee, liquidator, executor or administrator of an insolvent or deceased estate, a liquidator of a company, close corporation, non-profit society or co-operative in liquidation or a judicial manager of a company or close corporation under judicial management that owned such undertaking during the census year;

"return date" shall mean 31 March of the year following the census year or, if a later date is fixed in a certain case in terms of regulation 2 (2), the date thus fixed as the return date in respect of such case; and

"census year", with reference to a return in connection with an electricity, gas and steam undertaking, shall mean the calender year to which the questionnaire relates.

RENDERING OF RETURNS

2. (1) A person in charge of an electricity, gas and steam undertaking shall, before or on the return date, render a return for the census year ending before the return date on a form obtainable from the Head: Central Statistical Service, Private Bag X44, Pretoria, 0001, on which the particulars and information referred to in regulation 3 shall be furnished in connection with the electricity, gas and steam undertaking concerned and in respect of the said census year.

(2) The Head: Central Statistical Service may, on application by a person in charge of an electricity, gas and steam undertaking and on good cause shown, determine a later date than the return date for the rendering of a return by a person in charge of an electricity, gas and steam undertaking in respect of a particular census year.

SENTRALE STATISTIEKDIENS

No. R. 2181 **24 Oktober 1986**

REGULASIES KRAGTENS ARTIKEL 17 VAN DIE WET OP STATISTIEKE, 1976 (WET 66 VAN 1976)

STATISTIEKE BETREFFENDE ELEKTRISITEIT, GAS EN STOOM

Die Minister vir Administrasie en Ekonomiese Adviesdienste in die Kantoor van die Staatspresident het kragtens artikel 17 van die Wet op Statistieke, 1976 (Wet 66 van 1976), saamgelees met Goewermentskennisgewing R. 139 van 4 Februarie 1977, die regulasies in die Bylae hiervan uitgevaardig.

BYLAE

WOORDOMSKRYWING

1. In hierdie regulasies, tensy uit die samehang anders blyk, beteken—

"elektrisiteit-, gas- en stoomonderneming" enige aktiwiteite op 'n perseel wat gebruik word vir of in verband met die opwekking en verspreiding van elektrisiteit en die produksie en verspreiding van gas en stoom, en ook 'n perseel waarop administratiewe, klerklike, verkoops-, navorsings- of ander aktiwiteite verrig word, wat regstreeks in verband staan met die opwekking en verspreiding van elektrisiteit en die produksie en verspreiding van gas en stoom;

" 'n persoon in beheer van 'n elektrisiteit-, gas- en stoomonderneming"—

(a) iemand wat gedurende die sensusjaar die eienaar van sodanige onderneming was of aan wie die eienaar die toesig of beheer oor, of die administrasie, leiding of bestuur van die onderneming opgedra het, na gelang van die geval; of

(b) 'n trustee, likwidateur, eksekuteur of administrateur van 'n insolvente of bestorwe boedel, 'n likwidateur van 'n maatskappy, beslote korporasie, 'n vereniging sonder winsoogmerk of 'n koöperasie in likwidasie, of 'n geregtelike bestuurder van 'n maatskappy of beslote korporasie onder geregtelike bestuur, wat gedurende die sensusjaar die eienaar van sodanige onderneming was;

"keerdatum" 31 Maart van die jaar wat volg op die sensusjaar of, indien 'n later datum in 'n bepaalde geval ingevolg regulasie 2 (2) bepaal is, die datum aldus ten opsigte van so 'n geval as keerdatum bepaal; en

"sensusjaar", met betrekking tot 'n opgawe in verband met 'n elektrisiteit-, gas- en stoomonderneming, die kalenderjaar waarop die vraelys betrekking het.

INDIEN VAN OPGAWES

2. (1) 'n Persoon in beheer van 'n elektrisiteit-, gas- en stoomonderneming moet voor of op die keerdatum 'n opgawe indien vir die sensusjaar wat die keerdatum voorafgaan, op 'n vorm wat van die Hoof: Sentrale Statistiekdiens, Privaatsak X44, Pretoria, 0001, verkrygbaar is, waarin die besonderhede en inligting bedoel in regulasie 3 in verband met die betrokke elektrisiteit-, gas- en stoomonderneming en met betrekking tot genoemde sensusjaar verstrek word.

(2) Die Hoof: Sentrale Statistiekdiens kan op aansoek van 'n persoon in beheer van 'n elektrisiteit-, gas- en stoomonderneming en om goeie redes aangevoer, 'n later datum as die keerdatum vir die indien van 'n opgawe deur 'n persoon in beheer van elektrisiteit-, gas- en stoomonderneming ten opsigte van 'n bepaalde sensusjaar bepaal.

FURNISHING OF PARTICULARS

3. A person in charge of an electricity, gas and steam undertaking shall furnish the following particulars and information in respect of the electricity, gas and steam undertaking concerned on a return referred to in regulation 2 in accordance with the provisions contained in the return:

(a) The trading name;

(b) the name of the owner;

(c) the business address of the owner;

(d) particulars of installed capacities by type of motive power;

(e) particulars of fuel consumed;

(f) particulars of electricity generated, purchased and sold and of losses of electricity;

(g) particulars of utilisation of electricity available for consumption; and

(h) particulars of gas and steam produced, purchased and sold.

PENALTIES

4. A person in charge of an electricity, gas and steam undertaking that, without reasonable cause, contravenes or fails to comply with any provision of these regulations shall be guilty of an offence and liable on conviction to a fine not exceeding R1 000 or, in the case of continual failure to comply with such provision, to a fine not exceeding R50 for every day during which such failure continues.

WITHDRAWAL OF REGULATIONS

5. The regulations published by Government Notice R. 1139 of 2 June 1978 are hereby withdrawn.

VERSKAFFING VAN BESONDERHEDE

3. 'n Persoon in beheer van 'n elektrisiteit-, gas- en stoomonderneming moet die volgende besonderhede en inligting ten opsigte van die betrokke elektrisiteit-, gas- en stoomonderneming verstrek in 'n opgawe bedoel in regulasie 2 ooreenkomstig die bepalings in die opgawe vervat:

(a) Die handelsnaam;

(b) die naam van die eienaar;

(c) die besigheidsadres van die eienaar;

(d) besonderhede van geïnstalleerde kapasiteit volgens tipe dryfkrag;

(e) besonderhede van brandstof verbruik;

(f) besonderhede van elektrisiteit opgewek, aangekoop en verkoop en van verliese van elektrisiteit;

(g) besonderhede van aanwending van elektrisiteit beskikbaar vir verbruik; en

(h) besonderhede van gas en stoom vervaardig, aangekoop en verkoop.

STRAFBEPALINGS

4. 'n Persoon in beheer van 'n elektrisiteit-, gas- en stoomonderneming wat sonder redelike oorsaak 'n bepaling van hierdie regulasies oortree of versuim om daaraan te voldoen, is aan 'n misdryf skuldig en by skuldigbevinding strafbaar met 'n boete van hoogstens R1 000 of, in die geval van 'n voortdurende versuim, met 'n boete van hoogstens R50 vir elke dag waarop die versuim voortduur.

HERROEPING VAN REGULASIES

5. Die regulasies afgekondig by Goewermentskennisgewing R. 1139 van 2 Junie 1978 word hierby herroep.

No. R. 2202 **24 October 1986**

REGULATIONS IN RESPECT OF STATISTICS REGARDING TRANSPORT AND ALLIED SERVICES ESTABLISHMENTS MADE IN TERMS OF THE STATISTICS ACT, 1976

The Minister for Administration and Economic Advisory Services in the State President's Office has, in terms of section 17 of the Statistics Act, 1976 (Act 66 of 1976), read with Government Notices R. 139 of 4 February 1977 and 1646 of 26 July 1985, made the regulations set out in the Schedule hereto.

SCHEDULE

Definitions

1. In these regulations, unless the context otherwise indicates—

"person in charge of a transport and allied services establishment" means—

(a) any person who, during the period defined in regulation 3, owned such establishment or who was charged by the owner with the supervision or control of the administration, direction or management of such establishment, as the case may be;

(b) a trustee or liquidator or executor or administrator of an insolvent or deceased estate or a liquidator of a company or a close corporation or a non-profit society or a co-operative in liquidation or a judicial manager of a company under judicial management in control of such establishment during the period defined in regulation 3;

No. R. 2202 **24 Oktober 1986**

REGULASIES MET BETREKKING TOT STATISTIEKE BETREFFENDE VERVOER- EN VERWANTE DIENSTE-INRIGTINGS UITGEVAARDIG KRAGTENS DIE WET OP STATISTIEKE, 1976

Die Minister vir Administrasie en Ekonomiese Adviesdienste in die Kantoor van die Staatspresident het kragtens artikel 17 van die Wet op Statistieke, 1976 (Wet 66 van 1976), gelees met Goewermentskennisgewings R. 139 van 4 Februarie 1977 en 1646 van 26 Julie 1985, die regulasies in die Bylae hiervan uitgevaardig.

BYLAE

Woordomskrywing

1. In hierdie regulasies, tensy uit die samehang anders blyk, beteken—

"persoon in beheer van vervoer- en verwante diensteinrigtings"—

(a) iemand wat gedurende die tydperk in regulasie 3 bepaal, die eienaar van sodanige inrigting was of aan wie die eienaar die toesig of beheer oor die administrasie, leiding of bestuur van die inrigting opgedra het, na gelang van die geval;

(b) 'n trustee of likwidateur of eksekuteur of administrateur van 'n insolvente of bestorwe boedel, of 'n likwidateur van 'n maatskappy of 'n beslote korporasie of 'n vereniging sonder winsoogmerk of 'n koöperasie in likwidasie, of 'n geregtelike bestuurder van 'n maatskappy onder geregtelike bestuur wat gedurende die tydperk in regulasie 3 bepaal, in beheer van sodanige inrigting was;

The highest electricity bills go to those without electricity

A new study dispels the popular myth that many black households cannot afford electricity and shows that those with no electricity pay three times as much for their energy needs, reports MOIRA LEVY

SOUTH AFRICA produces nearly 60 percent of Africa's total electricity supply.

Yet 22-million South Africans, out of a population of 31,4-million, have no access to electricity.

For their energy requirements, the vast majority of the country's population is forced to use fuels like paraffin, gas, coal and wood, which are considerably more expensive than electricity.

A survey by Anton Eberhard, director of the Energy Research Institute at the University of Cape Town, showed that township families without electricity paid up to three times as much for domestic energy than those households with access to electricity.

"This data clearly dispels the popular myth that most black households cannot afford electricity. The truth is they can no longer afford not to have electricity," Eberhard writes in the latest study to come out of the second Carnegie Inquiry into Poverty and Development in Southern Africa.

In his study he calls for more urgent investigation into alternative energy sources for the rural areas.

"Until now, only trivial amounts have been invested in energy supply for the underdeveloped areas, while it is clear that it is in this sector that the most serious shortages and problems occur." Eberhard warns against the "misallocation of research and development funds which have focused mainly on non-renewable" types of energy, in particular nuclear energy, with little regard to the environmental consequences of depleting resources.

In underdeveloped rural areas, wood is the most common fuel, accounting for 80 percent of energy used. The result has been "enormous and severe scarcities" of natural woodlands and a new reliance on purchased wood which, although relatively cheap, needs to be transported — at approximately 80 percent of the price of the load.

"The social costs of dependence on fuelwood are high. The average woman spends most of the working day labouring over the provision of basic services which are simply taken for granted in most urban areas. Fuelwood and water collection trips are arduous and time-consuming," Eberhard writes.

"Wood scarcities have meant that more and more households are having to switch to alternative fuels, particularly in peri-urban and urban areas. With many of these households denied access to electricity, they are forced to use inferior and expensive fossil fuels."

It is the families in the peri-urban areas, "sandwiched between the metropolitan and rural areas", who are denied access to agricultural land and woodland and who are forced to rely on these "most costly, and perhaps least reliable fuels".

Eberhard found in his survey that most householders consider paraffin, gas, coal and batteries to be too expensive, and fear that gas and candles constitute a fire hazard. Many families "complained that paraffin and candles are messy to use, that they provide poor light, and that smoke from wood and coal fires permeate clothes".

Eberhard argues that in spite of the initial costs involved, electrification in the urban and peri-urban areas would be the best solution to energy shortages.

He estimates that supplying electricity to the households in and around the metropolitan cities and towns would require less than 8 000-million kwh each year, or seven percent of the total electricity produced by Escom in 1984.

"Unfortunately, it seems that the provision of services such as electricity is still being regarded as of secondary importance in the planning of townships and the up-grading of peri-urban and informal settlements," Eberhard writes.

The massive housing project at Khayelitsha in the Cape is another example where the electrification of houses has been ignored. "There is no doubt that by denying electricity to these areas, communities are further impoverished by having to meet the higher costs of fuels such as coal, gas, paraffin, candles and batteries, and quality of life expectations are frustrated by being denied the opportunities and benefits of electrification."

The installation of electricity is expensive, Eberhard concedes — the World Bank lent \$60-billion (in 1982) to Third World countries for developing electric power sources — and he proposes that solar heating and a more energy-efficient design for low-cost housing also be considered in remote rural areas far from the electricity grid.

"The creation of energy-efficient building requires a greater appreciation of the way climate, orientation, design and building materials can be used to increase comfort levels."

Eberhard also calls for state or community-initiated afforestation projects, especially in the homelands. He says South Africa's fuelwood production is about 420 000 tonnes, way below the country's basic requirement of 5,3-million tonnes. To meet this demand, he estimates, nearly 750 000 ha of woodlot needs to be cultivated.

This is "clearly a huge task when it is recognised that the total area under commercial plantations in South Africa is 1,2-million ha and that the total area in the homelands currently under woodlots is only about 26 000 ha."

Besides increasing the availability of wood, energy supply could be improved if wood were used more efficiently. An experiment by UCT's Institute for Energy Research has produced a stove that uses woodfuel 50 percent more efficiently than the usual model, Eberhard reports.

Wk Argus 25/10/86 (55)

Boom time!

Mossel Bay buzzes as gas fever bites

By ANTHONY DOMAN
Weekend Argus reporter

SUDDENLY the knowing smiles have become broad grins as Southern Cape speculators hit paydirt with their Mossel Bay land deals.

The sleepy coastal town is awake and buzzing with activity now that the site for Mossel Bay's multi-million rand gas project has been announced, ending months of speculation.

Long-range plans can now be set in motion, say developers and town council officials.

But even before the official announcement this week, the location of the refinery complex seemed to be an open secret.

While the authorities were tight-lipped, locals spoke about the site chosen from the short-list of three of the original eight proposals.

In gently rolling farmland 14km out of Mossel Bay on the Cape Town road, the site is a few minutes' drive from the centre of town and from the main through-route.

Housing and commercial developments are mushrooming along this stretch of road.

Revitalised

A new shopping centre — unusually large for this part of the country — wasn't there a year ago. And a national supermarket chain is reported to have bought a site nearby in preparation for its first venture into the area.

The town — which looked set to fade slowly away after the rebuilt N2 became a bypass — has been revitalised. Housing and industrial sites are up for grabs, roads are being torn up and rebuilt and big developments are planned for the town centre.

Along the N2 to George, scarred hillsides opposite the nearby holiday village of Hartenbos are the scene of feverish activity by building contractors.

And in Mossel Bay itself land is being sold off regularly by the municipality.

"There is no shortage of buyers," said Mossel Bay municipality Liaison Officer Mr Arthur Johnson.

He said lots of land was still available "but we don't want to flood the market."

The town's future as a holiday resort also seems assured.

"Big guns"

A beachfront hotel has been taken over by a major chain as the "big guns" move in.

A hotelier in the coloured area of D'Almeida said her attorneys were watching the situation carefully.

"We're not sure what the implications are for us," she said.

"But we are expecting lots of development here too. Many people have already moved in from out of town and I think we will need more land here soon."

Others are also looking at increased demand.

Mr Jan van Heerden says the a R6-million "park home" complex which he runs will not be enough to satisfy the demand.

"We've sold a third of the units, mainly to retired people and holidaymakers," he said.

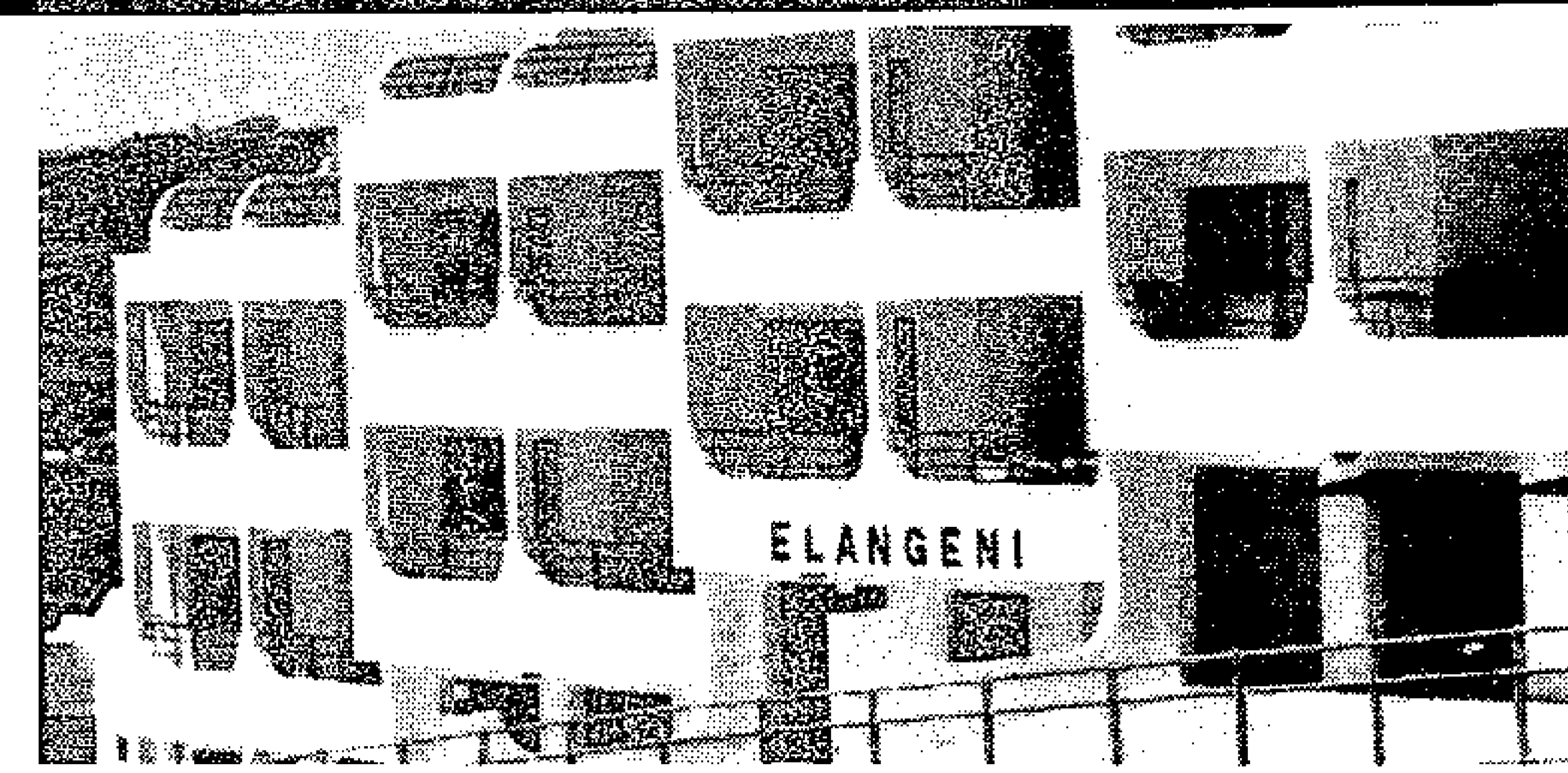
"But the owner is negotiating a deal with a major company to provide accommodation for its workforce".

He said people were streaming into the town.

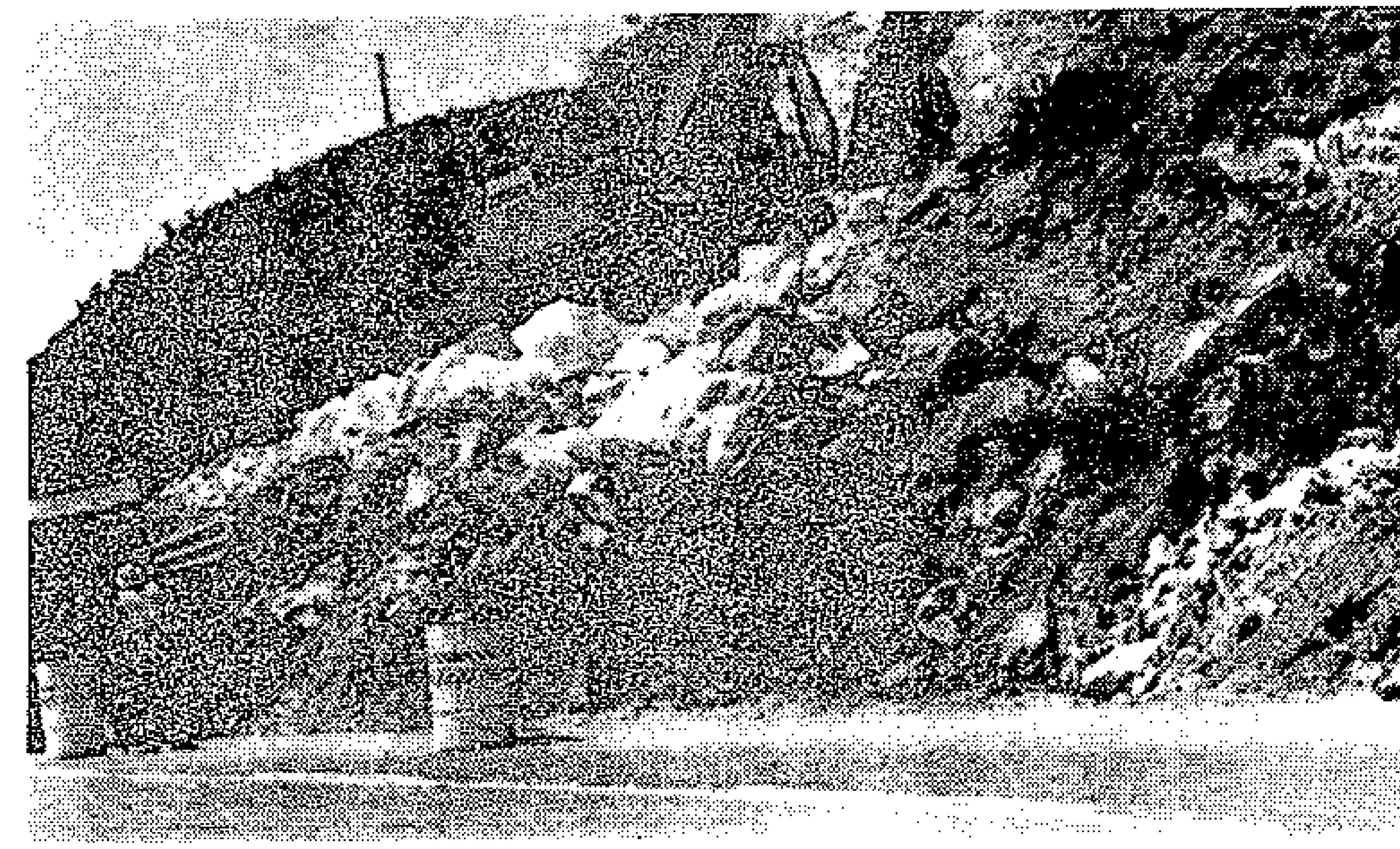
But not everybody was in favour of the boom.

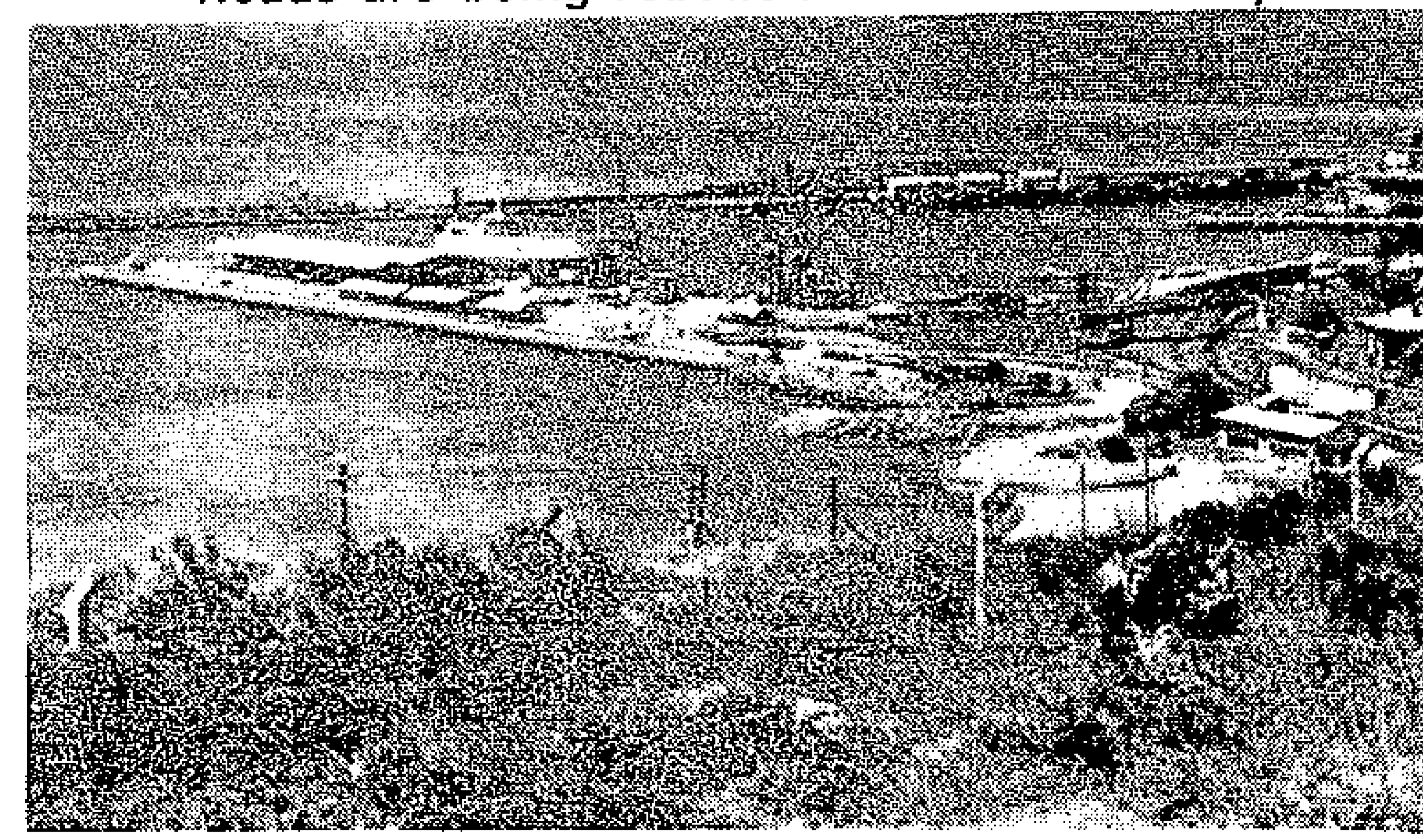
"Some of the locals don't want this place to expand. They want it to stay a quiet little seaside town," said Mr van Heerden.

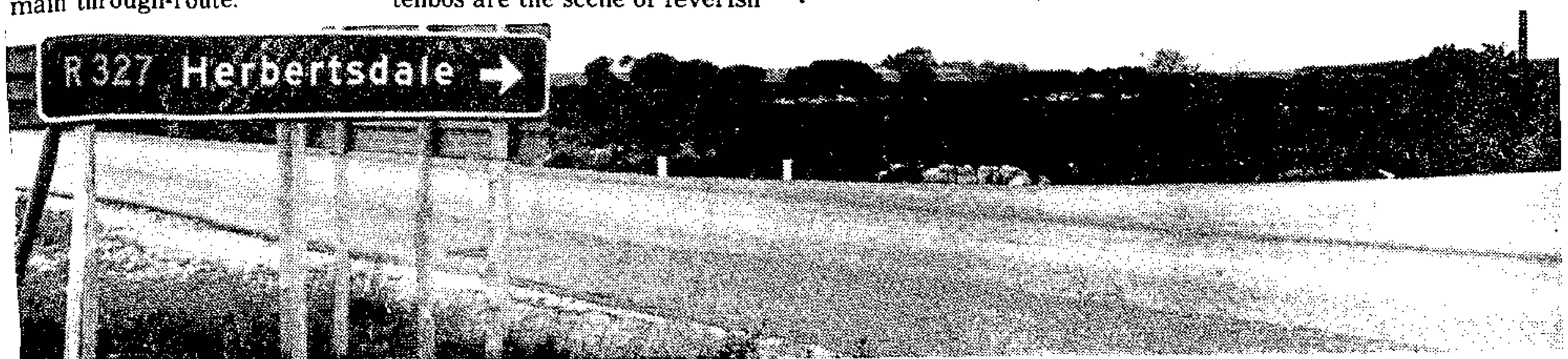
"But they are in the minority. And they can't stop progress".



Gleaming white luxury flats — a sign of the times.


Roads are being rebuilt all over Mossel bay.


Mossel Bay harbour may be quiet now, but a boom is com



The refinery complex will be on farmland on the far side of this road 14 km west of the town.

Big things are in store for Mossel Bay's main road, stretching invitingly into the distance.

W/E Argus 25/10/86

AT last the Southern Cape's natural gas bonanza seems to be nearing reality. The region is bracing itself for undreamt-of prosperity. The announcement this week of the site for the multi-million rand refinery complex at the once-sleepy port of Mossel Bay has ended months of speculation — and started a new wave of enthusiasm.

For some, end of line

55

Weekend Argus reporter

BOOM time in Mossel Bay means the creation of new communities — and the end of the line for others.

The fast-spreading coloured area of D'Almeida is on the point of swallowing up a squatter settlement with possibly the best view in town.

Perched on a hillside overlooking the bay, the JCC squatter camp has been reduced to a handful of people in tumbledown shacks. According to one local, the camp sprang up about 40 years ago.

At one time it was a thriving, bustling — and dangerous — place. Still evident are the remains of substantial buildings.

Breathtaking view

But in spite of its ramshackle houses and rusting cars, the settlement has one priceless asset — a breathtaking, and some would say unequalled, view of the bay.

Most of the inhabitants have already left for new homes at Maraisplaas, about 3 km further inland.

The few who remain seem uncertain about if and when they will have to leave and if there will be houses waiting for them when they do.

And while they look forward to living in proper brick houses, some are sad about leaving.

"Ja, Meneer. We must go but we would like to stay here," said Mrs Antoinette Miershoop.

"Dis darem nog heerlik hierso."

Squatters in the JCC camp at D'Almeida will have to make way for coloured housing development.

NO POWER FOR THE PEOPLE

70% of SA people don't have lights

City Press 26/10/86

55 / 384

CP Correspondent

TWENTY-TWO million people in SA, or 70% of the total population, do not have electricity in their homes – and yet this country supplies 60% of Africa's electricity.

And the 70% of the population is forced to use other forms of energy that are considerably more expensive – like paraffin, gas, batteries or wood.

"This data clearly dispels the myth that most black households cannot afford electricity – the truth is they can no longer afford not to have electricity," Dr Anton Eberhard writes in the latest study of the second Carnegie inquiry into poverty and development in Southern Africa.

Eberhard, of Cape Town University's Energy Research Institute, found that township families were paying up to three times more on lighting and heating for their homes than white householders who have electricity.

To provide electricity to the areas around the cities and bigger towns – and supply another 5,5-million people – only an additional 70% of the total electricity produced in 1984 by Escom would have to be produced.

Yet, Eberhard writes, "unfortunately it seems that the provision of services such as electricity is still regarded as being of secondary importance in the planning of townships and the upgrading of peri-urban and informal settlements.

"Khayelitsha in the Cape is another example of where the electrification of houses has been ignored. There is no doubt that by denying electricity to these areas, communities are further impoverished by having to meet the higher costs of fuels such as coal, gas, paraffin, candles and batteries."

In the rural areas, 80% of household energy comes from wood – and the result has been a massive scarcity in certain areas.

Worst off are families "sandwiched between the metropolitan and the rural areas" who have no access to agricultural land or woodland and "are heavily dependant on the most costly, and perhaps least efficient of cooking, heating and lighting fuels".

Eberhard calls for more funding for research and development of alternative energy supplies in rural areas.

"Until now, only trivial amounts have been invested in energy supply for underdeveloped areas. If problems of poverty and development in SA are to be tackled, then the question of energy provision cannot be ignored."

Specialty gas from Fedgas

SUN TIMES

26/10/86

Business Times Reporter

55

THE R1-million Fedgas specialty gas facility was officially opened in Alrode, Alberton, this week.

The plant is the latest in a series of capital projects entered into by Fedgas, the most notable being the recently commissioned air-separation plant at a cost of R15-million.

The specialty gas plant is the largest in the southern hemisphere and is the culmination of the recognition nine years ago of the need for these gases.

Speciality gases are an integral part of optical fibre and semi-conductor manufacture and they play a large role in the process control functions in coal gasification plants and oil refineries.

The applications in the medical profession are varied and include anaesthesia and lung testing. High-purity gases are also used in pollution control and food packaging.

The facility incorporates advanced technologies developed by Linde and Messer Griesheim, the parent companies of Fedgas.

Mossel Bay hails gas site

27/10/86

BUSDAY

55

Own Correspondent

MOSSEL BAY residents and business leaders have welcomed the announcement of the site for a gas refinery in the town.

Mineral and Energy Affairs director-general Dr Louw Alberts announced the site — which is 14km west of Mossel Bay near the Bartelsfontein railway siding — at a meeting in the town last week.

He said the acquisition of the land had already been negotiated with the owners, and the site was big enough to double the size of the intended refinery.

Assocom Southern Cape vice-president John Michler said the announcement had been favourably received in the town.

He said: "We have lived with this for 15 years. There has been speculation and uncertainty and now that business people know, they can settle down to planning their strategies."

He said the anouncement came after viability and environmental impact studies. The planning stage for the project would take about 15 months and building would probably begin only in 1988.

Mossel Bay town clerk Willem van Heerden said people were happy about the decision, as there had been speculation that government would not continue with the project or would move it somewhere else.

He said the refinery, which would probably be called "Mosgas", would convert gas into petrol and diesel.

Escom plays it safe with its two loans

BUSDAY 29/10/86 (55)

ALAN SENDZUL

ESCOM shrugged off adverse market conditions ahead of its R100m issue today by structuring its two loans with a touch of conservatism.

It will offer Loan No 166, a new 11% 1993 stock at a 14,3% yield to maturity (YTM) priced at 85,89% and a reissue of Loan No 160, an 11% 2009 stock at a yield of 16,1% and a price of 69,37%.

Pitching Loan 160 has been a slight problem for Escom since the long end of the capital market is subject to sharp rate moves and it therefore decided to play it safe.

Three weeks ago the 160s were trading at a yield of 16,44% compared with 16,21 a week ago. Yesterday, jobbers tried to short the 160s ahead of the offerring by pushing its yield up to 16,3%.

After todays R100m issue, loan 160 will be the biggest stock in issue at close to R4bn. The medium-term 1993 stock will ultimately have R1bn in circulation assuring investors of adequate marketablity.

Funding manager Francois Botha believes that this injection into the capital market will give a lift to Escom's secondary market operation where these stocks will later be traded.

Escom has decided to play it safe by offering the 160s at a YTM of 16,1%.

The utility said that even though it did not expect the bulk of the money to be raised through the long-term Loan 160 stock, its drawing power should not be underestimated.

The buildup in liquidity in the system is bullish for long-term rates and as the gap between the return on long- and short- dated stock has widened markedly, it is uneconomic at present to hold short-term paper.

Soweto power scheme complete

Business Day Reporter

THE privately-funded Soweto electrification project has been completed in a record four-and-a-half years at a cost of R206m.

The scheme has been offically handed over to the councils involved — Soweto, Dobsonville and Diepmeadow.

Speaking at the hand-over at the West Rand Administration Board offices in New Canada, Guill Marais, chairman of consortium leaders Marais & Partners, said 105 000 houses were wired, along with many businesses and clinics.

"The project is one of historical significance and serves as a basis to improve the quality of life for the 1,4-million people of Soweto."

The volume of excavations for the project totalled 690mc³ or the equivalent of 10 000 average-sized swimming pools. And 1 178km of low voltage cable was used.

"At the peak of the project, about 1 500 skilled and unskilled workers were on site. It is estimated that a further 3 000 workers were employed by the supplying manufacturers. The project stimulated many allied industries and all the large manufacturing companies participated."

Marais said 8 140 street-lighting poles of all types were installed in the complex.

"There was already high-mast lighting in the area and further high-mast installations were designed and installed by the Johannesburg City Council."

He said the project was one of the greatest ever underatken in SA, and probably in the world.

"In 1978, the chairman of the then Soweto Urban Bantu Council David Thebehali approached the private sector for assistance in improving the quality of life in Soweto. In those days Soweto had minimum infrastructure and electricity, water and sewerage systems were inadequate."

All this had now changed, he said. Finance for the project was arranged through a consortium of banks and financial institutions.

FIN MAIL 31\10\88

MANAGEMENT

Escom's example

55

Electricity Council chairman John Maree was this week duly rewarded for his leadership and restructuring abilities at Escom when he received the Wits Business School's annual award for business excellence.

Maree's achievement has a powerful message for other public-sector corporations. Given strong leadership and direction, these can achieve as high a standard of performance and efficiency as any private business, he says.

Maree, the Barlow Rand heavyweight who was brought in after "fixing" another troubled State corporation, Armscor, has transformed the giant electricity utility in just nine months. He moved in in May last year on an initial three-year appointment and his restructuring and decentralisation programme began in January.

He comments: "I am often asked: how does one change large organisations? My basic belief is that strong leadership and clear direction are determining factors. If positive leadership is introduced into an organisation and high standards and norms are met, people in the organisation will start behaving differently, reacting to those standards and norms."

Other important factors are "clear guidance, good communication and an insistence on meeting new criteria." Clear objectives, agreement on priorities, proper planning, budgeting and proper financial controls and effective management information which allows progress to be clearly mapped, are all vitally important.

"Budgeting and measurement against budget is a wonderful motivator," adds Maree.

Meanwhile, an internal attitude survey conducted by TWS in September records favourable employee response to the management changes instituted by Maree and his team. Escom employees see Maree as the "dynamic" pivot of the current changes sweeping the utility, previously seen as "dictatorial" and "sloppy."

One senior employee commented: "It's like two different organisations. It's less of a monster now. They have reversed this and set in motion a vehicle for change." Another adds: "Now we are ... more business-orientated, but also more concerned about people."

Improved key factors in the new strategy and philosophy are customer orientation and running Escom as a business, while cost-conciousness seems to have permeated through to all staff levels.

Part of the original problem was that Escom was perceived by its employees as being run by engineers and not driven by cost considerations. Nor did it matter if budgets were exceeded, while consumer attitudes were not considered of much importance by staff and management.

The general feeling is that from being typically inefficient, Escom is now adopting sound management practices with a new concept of quality — "fitness for purpose" — filtering through. There is strong focus also on satisfying customer needs where previously Escom was supply-orientated, with sales, not marketing, as the key.

According to the survey, the main reason for continuing bad morale was uncertainty over looming retrenchments. This issue would appear to have been settled by the recent announcement that relatively few employees, some 2 000, would lose their jobs early next year.

Escom has always been perceived by its staff as being a fair employer with a history of technological excellence. But the verdict on management was damning: "autocratic," "paternalistic," "secretive" and "invisible" were among some of the comments.

No longer. Admiration for the new management team is based on its strong, participative and open style. There is little doubt though that without the vision and direction of Maree not much in Escom would have changed.

In his opinion, one of the most effective ways of introducing a high-performance culture is to change the reward system: "One has to stop rewarding conformity, the ability not to make waves and long service. Instead, initiative, innovation and achievement should be highlighted and, in doing so, the culture shifts from that of a bureaucracy to that of a meritocracy."

He pays tribute to the staff: "The biggest single step was to give the organisation direction and focus. The response has been quite amazing."

With these qualities, he says, there is nothing to stop public-sector corporations from achieving as high a standard as any private business. ■

CTRICITY SWITCH-ON

Appliance sales off to slow start

55

WHEN the Soweto electrification project was announced in 1978, manufacturers and retailers of electric appliances were delighted, predicting a huge new market.

Consensus now is that this market has failed to materialise.

The reasons are varied. Some say that although overall electrification has happened, cables stop at the gate — too few blacks have the money to be hooked up to the system.

Others blame the downswing in the economy.

According to Richard Ferrer, marketing director of Tek Corporation, black purchases of electrical appliances are lower today than four years ago.

Buying power

Mr Ferrer says: "High unemployment and the downturn in the economy mean that buying power has decreased. In some black areas where there has been electricity for some time ownership of appliances is high.

"This will happen in Soweto as well if the economy revives."

Wietske van der Westhuizen, group marketing manager of Ellerine, says there is a gradual increase in the purchase of electrical appliances.

Mr van der Westhuizen says: "There is no rush to buy. Paradoxically, sales of gas appliances are good.

"Part of the problem is the high cost of electrical installation. This is a major deterrent to black buying of appliances. In areas where there has been electrification for some time, there is a high percentage of ownership of appliances. But it is not happening overnight."

Coal fires die

Dion's chief executive, Norman Cohen, says there has been much business in small appliances, like double hot plates, but the sale of majors has not taken off.

Game director Trevor Falkson is optimistic about sales before the Christmas season. He believes that recent price increases for electgrical appliances of between 12% and 20% have been a deterrent to buyers.

According to Gert Coetzee, manager of a downtown Lewis Stores, however, sales have been good. He attributes the volume of sophisticated appliance sales like hobs to the increasing degree of home ownership in Soweto.

Mr Coetzee says: "The sale of coal stoves has virtually come to a halt. We don't even carry them on the floor any more. Electrical appliances are what are selling now."

Sanctions speed Mossel Bay

SUNTIMES 2/11/86 BUSDIV

280

280

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By David Southey

THE growing threat of tighter sanctions appears to be the Government's chief reason for going ahead with the multi-billion-rand Mossel Bay gas project.

In spite of indications that oil is likely to remain cheap for some time to come, conceptual engineering work for the project is going according to plan.

The contract for the offshore work has been signed in Cape Town between Mossgas, a wholly owned subsidiary of the Central Energy Fund (CEF) and the Cape-based Engineering Management Services (EMS).

Secret

This phase of the project is expected to be completed in March next year. Physical implementation is expected to start at the beginning of 1988.

CEF director of projects Bob St Leger says each phase of the project will be assessed at completion and the results analysed before a decision is made on whether to go ahead with the next. This implies that the Government would then at least have the option of ditching or delaying work should circumstances demand.

CEF (Pty) has acquired land near Mossel Bay — although at what price remains a secret.

Mr Leger tells Business Times: "In terms of the feasibility study things are looking good. The conceptual work now involves firming up the ideas presented, determining costs more precisely, discussing and ironing out technical problems, drawing up basic designs for the project and determing the method of execution."

Mr St Leger says the Government is determined to maximise South African content of the project, which will give a significant boost to the heavy-engineering and construction industries. Wherever possible, imported components will be financed by supplier credits.

Confident

Mr St Leger says the project is likely to be completed in spite of projected falls of $5 a barrel or more in world oil prices.

"A study of oil over the long term shows that if the price stays low for long enough, more and more users will convert to oil and vice versa if the price rises over a long period."

Mr St Leger is confident that the gas reserves off Mossel Bay will last long enough to maintain the project.

"We are very comfortable with the known reserves," he says.

Koeberg tries to trace leak

3/11/86

Business Day

2601/55

MICK COLLINS

ESCOM nuclear experts were still trying at the weekend to trace a leak that saw minute traces of radio-active material being detected in sewage sludge at the Koeberg nuclear power station.

An Escom spokesman said in Cape Town: "Technicians are still checking the pathway, but the levels discovered are minute."

He said the level allowed for X-ray technicians on internationally accepted standards was 5 000 mren a year. "The natural background on Reef mine dumps is about 500 mren, while away from mine dumps the background is 130 to 150.

"In Cape Town, the natural background is 100 mren. What we are talking about here is a fraction of 1 mren. It is about one-thousandth of what is reportable to the Atomic Energy Corporation. It is insignificant."

S A could survive oil embargo, says report

LONDON—South Africa could survive an oil cut-off for many years, and an international embargo would be 'impractical', according to the authoritative British magazine Petroleum Economist.

'South Africa is dependent on imported crude for only a relatively small proportion of its energy needs,' it says in a major article about the Republic's fuel situation.

'Further, in an oversupplied oil market, South Africa could doubtless continue to import, even in the highly unlikely event of a worldwide oil sales ban being agreed. Calls for an oil embargo are therefore seen as misdirected.'

It cites as evidence of the 'impracticality' of oil sanctions the fact that South Africa has had little difficulty in importing the oil it needs, and even in laying down stocks, in spite of official embargoes on sales imposed years ago by most Opec countries and a number of non-Opec producers.

Outcomes

'The embargoes have merely served, in times of short supply, to push up the price which the South African authorities have had to pay in the market,' it adds.

Discussing the pressure on foreign oil companies to pull out of South Africa, the magazine says that as their assets cannot be removed, disinvestment would amount to the sale of the companies' facilities to South African firms or the Government — 'neither of which outcomes would help to end apartheid'.

It concludes that allowing for South Africa's own synthetic oil-from-coal production, the introduction of rationing and the inevitable circumvention of even a widely backed oil embargo 'it is clear that South Africa could withstand an oil cutoff for many years'. — (Sapa)

NM 9/11/86

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ARGUS 6/11/86 (55)

Bishop Lavis lights up with R1,8-m switch-on

AWARD FOR BRAVERY: Cape Town traffic officer Kelvyn Visser, who risked his life to rescue an unconscious man from a burning shack in Crawford in February, was awarded a certificate and a gold watch on behalf of the city council at a ceremony in the mayor's parlour today. Congratulating Sub-Inspector Visser, 31, are the Mayor, Mr Leon Markovitz, left, and traffic chief Mr Harry Attwood. The rescued man died in hospital from 80 percent burns.

Staff Reporter

BISHOP Lavis will finally step out of the "dark ages" next year thanks to a R1,79-million electrification project announced today.

Nearly 2 000 houses in the township are still without electricity.

The contractors are expected to take between 14 and 18 months to complete the project.

Estimated monthly rent increases are R6,36 for two-roomed houses, R6,73 for three-roomed and R7,03 for four-roomed dwellings.

Selling prices of houses will increase by R653 (two-roomed), R690 (three-roomed) and R722 (four-roomed).

"A happy day"

Tenants will also have to pay a R150 deposit and a monthly levy of R10 to Escom before power is switched on.

"It's a happy day for us," said the MP for Bishop Lavis, Mr Nic Isaacs.

"We've been trying since 1971 to achieve this."

He said attempts to get electricity for all of Bishop Lavis had involved much "koppestampery".

"At first people thought they could get along without electricity because the alternatives — wood, gas and paraffin — were quite cheap. But when the fuel price shot up everybody began screaming for electricity."

Upgrading

At first the people in charge of Bishop Lavis, the Housing League, were advised to look for money on the open market because State funds were not available.

"But this would have meant an increase of R26 a month in rents. It wasn't feasible," Mr Isaacs said.

The electrification should be seen in the light of the R7-million being spent on upgrading the Cape Flats. It would also stimulate house sales.

"And we are already selling about 60 houses a month now," he said.

Of the original 3 491 houses built, 1 280 — about a third — were wired for electricity because the township was meant for the poorest section of the community rehoused from the Goodwood Acres area.

The view at the time was that most of the tenants would not be able to afford the additional rent if all the houses were electrified.

Escom has already laid cables in many areas of Bishop Lavis. About 400 residents have had electricity installed on their own.

Pik challenges US allegations

The Argus Correspondent

PRETORIA. — Foreign Affairs Minister Mr Pik Botha says the United States must produce evidence to back its allegations that South Africa is continuing to back the Mozambique rebel movement Renamo in breach of the Nkomati Accord.

Commenting on statements by the US Assistant Secretary of State for African Affairs, Dr Chester Crocker, Mr Botha said if Dr Crocker had been correctly reported, it would not be the first time that insinuations and allegations of this nature had come from America.

In the past the Americans had claimed they could not disclose their sources, but Mr Botha said that excuse was "simply not good enough".

"If you make allegations of that nature you ought to be prepared to produce the evidence," Mr Botha said.

Speaking in Kenya, Dr Crocker said US officials had discussed, without making a decision, the possibility of providing military aid to the Mozambican Marxist government in its fight against the rebels.

ARMS IN THAT COUNTRY

"There are already a lot of arms in that country," said Dr Crocker, noting that Mozambique now received US economic and food aid. "What we would hope is that neighbours would leave Mozambique to settle its own problems, and some of them have not been doing that."

Asked if the South African Government, in spite of its denials, was actively aiding the rebels, Dr Crocker replied: "It is our impression that a pattern of communication and support does exist."

Cape Times 7/11/86

Switched-on Lavis to lose 'ghost' image

Staff Reporter

THE electrification of 2 200 Bishop Lavis houses — a Cape Flats township which has been fighting for years to obtain domestic electricity — will start next week.

The township would no longer be a "ghost town" or "kill me quick" and might become a select suburb, the Labour Party MP for Bishop Lavis, Mr Nic Isaacs, said at a press conference yesterday.

Many householders had been fighting for more than 20 years to obtain electrification for their houses and were faced with high bills for alternative fuels like paraffin, gas, oil and candles.

According to Mr Isaacs, 400 houses had already been electrified on the tenants' initiative. Electricity was cheaper than the alternative fuels.

The 14- to 18-month electrification process would start on Monday and about 60 houses would be completed by the end of the year.

It is calculated that rent increases for two-bedroomed houses will be R6,36, three-bedroomed houses R6,73 and four-bedroomed R7,03.

Tenants would have to pay a deposit of R150 to Escom and a monthly levy of R10. The deposit would be returned if electricity accounts were paid in full, Mr Isaacs said.

The Department of Local Government, Housing and Agriculture made R2 217 649 available in May, and in October accepted the lowest tender of R1 213 753.

The difference between the approved amount and tender amount would be made up by cost escalation, professional fees and other indirect costs.

A spokesman for the Bishop Lavis Youth Congress said there was a high rate of unemployment and the residents would not be able to pay increased rent.

But although it's an over- relatively cheap house and brother comes to visit on week- scared to face the public, who

Israel blasts Arabs over oil to SA

STAR 55

Markel

at the "South Carnival" today. It starts at Rosettenville Corner at 10 am and the theme is "Rock ... (from left): Clinton Basel, Diane Vieira, Fatima Almeida and five-year-old Jean-Paul Vieira. ...tertainment. ● Photograph: Garth Lumley.

NEW YORK — Israel said yesterday that Arab states had fuelled South Africa's economy with about R22 000 million worth of oil over a five-year period — thereby violating a United States embargo to which they subscribed.

Israel's UN ambassador, Mr Benjamin Netanyahu, accused Arab oil producers in a speech to the UN General Assembly of trying to divert world attention from their own thriving trade with South Africa by depicting Israel as a major collaborator with the South African Government.

The Arab oil producers of the Persian Gulf provided two-thirds of the R6 500 million in oil which South Africa imported each year, said Mr Netanyahu in reviving an issue Israel raised at the UN last year.

"In other words," he told delegates, "the Arab oil producers provide the umbilical cord that nourishes the apartheid regime."

The Israeli envoy was protesting against a pending resolution that would have the UN again condemn "the continuing and increasing collaboration of Israel with the racist regime of South Africa, especially in the economic, military and nuclear field".

Mr Netanyahu denied that there was any nuclear co-operation between the two countries, and described Israeli trade with South Africa as "miniscule, about $100 million (R23 million) annually."

He spoke on the second day of the Assembly's annual debate on "Policies of Apartheid of the Government of South Africa". A vote on a package of resolutions is expected on Monday.

LLOYD'S FIGURES

Mr Netanyahu said he had based his figures on reports of the anti-apartheid Shipping Research Bureau of Amsterdam, and the Lloyd's Voyage Record. The bureau, he noted, had traced 167 oil tanker shipments to South Africa from Gulf ports between 1980 and 1984.

Those tankers, he said, carried a "staggering $9,9 billion for the five-year period".

He explained the lack of more updated figures by saying: "There is roughly a lag time of two years between the actual shipment and the bureau's reports on them."

Mr Netanyahu complained that the UN Special Committee Against Apartheid had deliberately ignored the bureau's reports because of Arab pressure.

When Israel raised the Arab oil issue at last year's anti-apartheid debate, Saudi Arabia insisted it was "firmly committed to an economic embargo against South Africa in all sectors, most particularly in oil".

Other oil states also denied the Israeli charges. — Sapa-AP.

Lorry driver was negligent — court

CAPE TOWN — A Kraaifontein businessman has been acquitted of attempting to murder a traffic officer who, he said, was "always giving me tickets" and "making my life very difficult".

Mr Johan Kriek (34) was found guilty yesterday of negligent driving after an incident in Kraaifontein on August 11 during which he was alleged to have tried to run down traffic officer Mr Johan Lotriet with his 18 m-long lorry.

Mr Lotriet told the Bellville Magistrate's Court he had to jump out of the way of Mr Kriek's lorry while he was on point duty at an intersection.

He said Mr Kriek stuck his arm out of the window of lorry, made waving "move-on" motions and drove straight towards him.

Mr Kriek was fined R150 (or 75 days).

...ville

...roops in the wars to demand a place in the international community.

The suicidal fight for Delville Wood was one the most heroic but pointless battles.

The battle was a comparatively minor engagememt in the five-month long battle of the Somme, which was launched in July 1916 and claimed 420 000 British casualties, 194 000 French and 440 000 German.

Escort agency prompts legal prostitution plea

Mr Geoff Stark.

By Glenda Spiro

Another escort agency opened in Orange Grove, Johannesburg this week and the area's city councillor, Mr Geoff Stark, said prostitution should be legalised.

Le Chic, which opened on Monday, is the third escort agency on Louis Botha Avenue.

"I'm not implying these escorts are prostitutes but I feel serious consideration should be given to legalising brothels."

This would lead to control and medical inspections.

Mr Stark said he had had only one complaint about the new agency: "I referred her to the licensing board."

Le Chic's owner, Mr Laurie Rosenberg, said he had had no complaints and whether sex would be for sale had nothing to do with him: "I supply an escort to a guy and that is my purpose. It's an above board business."

After the first week of business he is still unsure whether opening the fourth agency in the northern suburbs will be successful: "Like any other busines when you start off, it's fair. It's not like a takeaway, you know."

Resident Mr Dara Behnam didn't mind "as long as men don't queue outside".

"It's better then seeing women standing on corners."

...e Star and win yourself a week's holiday

"BEST OF TIMES" ...ION

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Your ability to pick out a news story which has been well written and properly portrayed, could win you a week's holiday at the Molopo Sun Hotel in Bophuthatswana.

Pick out the "best news story" in The Star for this week, and the holiday is yours.

All reports in The Star, The Saturday Star and The Sunday Star this past week — from November 3 to tomorrow — are eligible for consideration.

This competition is being held in conjunction with Ster-Kinekor to promote the film "The Best of Times".

Those who remember the competition from last year may recall that the winning news story — after hundreds had been nominated — was about Bishop Tutu preventing a necklacing at some risk to his life.

It is not the event itself that should get your vote, it is the way the reporter has portrayed it.

Reasons for your choice must accompany the local news story for which you vote.

Doubt on Mossel Bay gas scheme

W/L Mou 8/11/8? Political Staff ... 055

PRETORIA. — The Minister of Finance, Mr Barend du Plessis, has left a question mark hanging over the proposed multi-million rand gas conversion project for Mossel Bay.

At a Press conference after yesterday's business summit, Mr du Plessis said the Government's spending policy had shifted from large-scale infrastructure development to socio-economic development.

This included such programmes as the building of schools. These trends had already started, as could be seen in the seven-fold increase in spending on black education.

He said it was a dramatic shift which held hope for the underprivileged.

Asked whether the Mossel Bay project would be affected, Mr du Plessis said such decisions — and those concerning any other large-scale project — would be subjected to "priority requirements" when the time came for final decisions.

Mr du Plessis

Meanwhile, business representatives at President P W Botha's economic summit yesterday have agreed to go along with the Government's economic development strategy.

"Big business" leaders emerged from the all-day conference confident that the partnership first forged at the Carlton conference had been renewed in spite of growing dissatisfaction with the pace of reform.

Mr Botha said the conference had succeeded in achieving its purpose.

Business leaders said the demands for faster reform had been put politely and firmly, but no Government reply had been received.

Mr du Plessis had said the Government would bear in mind the statements on reform when it came to making policy decisions.

The demands included a call for the scrapping of the Group Areas Act.

Long-term strategy

Issues such as the release of ANC leader Mr Nelson Mandela and the unbanning of the African National Congress were not raised.

The businessmen gave their approval to the long-term strategy devised by the Government's Economic Advisory Council, with the rider that it should be implemented as soon as possible.

The new policy aims primarily at stimulating the economy by switching the emphasis of Government spending from huge infrastructural projects to socio-economic schemes to overcome unemployment and improve the lot of the underprivileged.

The Government wants the private sector to play a far greater role in improving the socio-economic conditions of blacks.

Mr Meyer Kahn, of South African Breweries, and Mr Warren Clulow, of Barlow Rand, made it clear that they had agreed to go along with the Government's economic plans and to ultimately convert them to the free enterprise system.

A Business Day Survey

Edited by MELANIE SERGEANT

Scheme will have social and economic benefits

ANDREW

MICK COLLINS

THE development of a mega-project such as the Lesotho Highlands Water scheme will have a considerable ripple effect, which will benefit the entire community both economically and socially, says a leading Durban project manager.

Rod Andrew of Andrew & Boulle says a project of this nature will also result in improving labour migratory patterns and upgrading communications in both SA and Lesotho.

Andrew, whose company was responsible for the design of the powerhouse and ancillary structures on the $1bn Karakaya Dam in Eastern Turkey, says the impact of the scheme must be seen within the context of an overall strategic and economic plan for the region.

"It is exciting to reflect on the positive impact the Karakaya development had on that region and the Turkish economy on the whole, and we forsee wide-ranging benefits for both SA and Lesotho which will emanate from the Highlands scheme."

With reference to Turkey, he says that country embarked on one of the world's largest multi-purpose development schemes to generate hydro-electric energy and to irrigate arable lands in the mid-1970s.

"From an initial demand of 33Mw at the time of the formation of the Turkish Republic in 1923, the current demand exceeds 7 000Mw.

"Feasibility studies showed that when the 700 000ha of arable lands were fully developed, the gross value of the agricultural production of the area in a single year would be more than half the total cost of constructing the irrigation facilities.

"It was envisaged that the direct benefits would be the equivalent of an annual average yield of about 10% on total investment."

Andrew says the indirect benefits had a greater impact on the region.

"At the time the region was not only one of the least developed areas of Turkey, it was being depleted of its working population through migratory patterns to the major cities such as Ankara and Istanbul."

He says the construction of the various projects provided employment and training for thousands of people, a network of all-weather roads, where none existed before, and improved local communications.

"It prompted intensive industrial and commercial development, with new industries for processing agricultural and livestock production, supplying fertilisers, agricultural machinery and other materials needed to sustain intensified agriculture.

"In this way the migratory pattern was not only inhibited, but reversed in that people were attracted to the region."

Through increased economic activity, Andrew says, the region — and ultimately the nation — profited indirectly from a broadening of the tax base and a reduction in imports of agricultural products.

"The lower Euphrates multi-purpose project generated more indirect benefits than any other kind of economic activity which could have been undertaken in the region.

"It achieved the development of the only significant natural resource of that area — land and water — and in its agricultural context, involved practically the entire population of the region."

Andrew says the Lesotho project will have beneficial offshoots which will accrue through effective management of natural resources.

World Bank agrees to help — in principle

MICK COLLINS

THE World Bank has agreed in principle to act as the lead agency in making up the financial package for the first fase of the Lesotho Highlands Water Scheme.

Officials have now confirmed the provision of R100m for the initial design, surveying and geotechnical work needed to get underway.

One of the questions that hung over the entire project was that of finance, but sources on both sides were confident there would be no last-minute hitches.

A spokesman for government said the money would be raised through a mixture of specific project financing, export credits and bank loans.

For the first phase SA, through the Trans Caledonian Authority, will be expected to put up R250m needed for construction on the SA side of the border.

The money will be raised on the local capital market.

The remaining R1,16bn will be borrowed on the international market under the guidance of the World Bank acting for the Lesotho Highlands Development Authority.

Officials in Maseru and Pretoria have expressed confidence that any capital needed will be found despite SA's difficulties with the world community.

"The scheme is economically viable and will be of tremendous benefit to Lesotho.

"There is nothing the world at large can do for Lesotho which would bring as much good to that country," said one commentator.

Initial fears that Lesotho's water resouces would be depleted by the massive scheme have been dispelled by a Maseru official.

"Even with massive investment in hydro-electric power, internal irrigation and water supply projects to SA, only a fraction of the water available in my country will be used."

A number of international funding agencies are said to be interested in the project while several local merchant banks will also be looking to place sizeable investments.

Observers see the onus for most of the finance falling on Lesotho, which is certain to look to sympathetic agencies such as the United Nations Development Programme and the European Development Fund for help.

Even though the project will be put out to international tender, it is expected to bring the cash injection eagerly awaited by SA's civil and construction industries.

Engineers seek the best in the market

AS with other major hydro projects already completed, engineers on the Highlands Water Scheme will look for the best the market place has to offer in the way of ancilliary equipment.

Johannesburg-based Salvalve-Sal, the marketing operation and part of the Dorbyl group, handles the range of valves manufactured by Valvemakers in Benoni.

A spokesman for the company says he has observed a definite swing towards the resilient seal type of valve, known as the Elypso.

"The valves are designed with a rubber-covered gate so they are ideally suited to a wide variety of uses — water reticulation being one of them.

"The design offers a specific advantage — the ability to close even with a twig or a large steel nail caught in the body of the valve — the resilient rubber covering the gate simply seals around the object."

The design of the valve incorporates a recess-free seating which helps to reduce turbulence.

"The unit can withstand high velocities during opening and closing without sustaining damage. Shock transmitted down the pipeline, caused by water hammer, has little effect on the valve."

"The valve can be buried below ground after plastic tubing has been fitted around the neck.

"This would extend up to a surface box, overcoming the problems experienced when burying a standard valve gate."

Water lifeline for the PWV area

MICK COLLINS

SALVATION is finally on the way for SA's industrial heart — the Pretoria/Witwatersrand/Vereeniging (PWV) area.

Beset by crippling water shortages on a scale never envisaged by the industrial planners of yesteryear, the area has been thrown a lifeline in the shape of the Lesotho Highlands Water Scheme.

Breathtaking in concept and complexity, the R4bn project will set the pace for future PWV and Lesotho development.

The mighty project will double the total water storage capacity of the Vaal River system and at the same time provide Lesotho with much needed employment, electricity and a vast tourist potential as the hinterland is opened up.

The scheme, the largest project of its kind in the world, will also stabilise resources of the Orange River and complement the Orange River project.

Lesotho will earn more than R150m/year from water sales to SA and at the same time save R20m/year in electricity payments which it makes to Escom. A 330km road network will also be developed under the treaty signed by SA and Maseru officials.

The signing marked more than 30 years of detailed planning and complex political negotiations.

The treaty binds the two countries only to the first stage of the project which will cost R2,8bn. The total project will eventually cost R4bn at 1986 prices. A completion date of 2019 has been given, with the first major cities such as Ankara and Istambul."

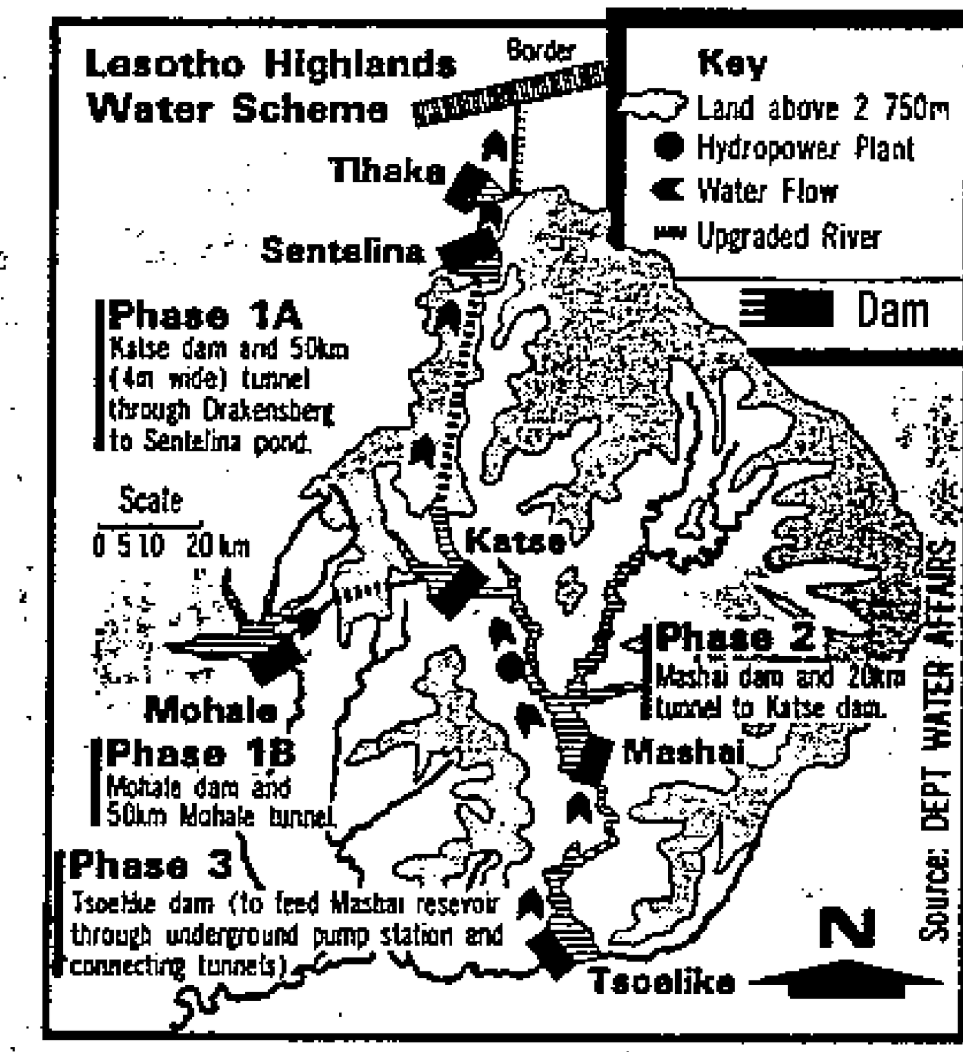
According to officials neither country can afford to turn back once the first phase has been completed and the rest of the project is expected to forge ahead.

As the life giving flood makes its way to SA's industrial hub it will generate 800-million Kw hours of energy a year for use within Lesotho.

The first phase will see the construction of the giant Katse Dam on the Malibamatso River to form the project's key storage and collection point.

Eighty kilometers of tunnels, 4m in diameter, will be excavated to the east of Buthe-Buthe and through these the water will surge to generate 250-million Kw hours of electricity.

Future phases will include the 150m-high Mohale Dam on the Senqu River, a second hydro-electric plant and a second tunnel system. Finally, six huge dams — four of which will be higher than any existing dam south of the Zambezi — will complete a scheme, which will serve SA's and Lesotho's needs far into the next century.



Source: DEPT WATER AFFAIRS

Stronger links likely

THE interdependence created by the Highlands Water Scheme will give SA and Lesotho a far healthier basis from which to conduct future security negotiations, say sources close to both governments.

They say fears initially expressed that SA was reluctant to enter into the deal because of any future African National Congress (ANC) threat were dispelled by Lesotho's new strongman, Major-General Justin Lekhanya before the signing of the pact.

Although conservative in comparison with the previous government, Lesotho still hosts a strong Russian diplomatic corps and at least two of the current government ministers are known to be sympathetic to the ANC.

However, sources in Maseru see the establishment of strong diplomatic links now that the water treaty has been formalised.

8 000 will have to move

Industrial Staff

NEARLY 8 000 Basothos will have to move to new homes when the six giant dams for the Lesotho Highlands Water Scheme start filling up.

But the Lesotho government has given an undertaking that all those displaced will be resettled.

It has also stated that preference will be given to those displaced when the hiring of labour for the project commences.

People who have to move will also be compensated, a Lesotho government source said.

Further employment is expected to be made available to the local workforce as more than 330km of roads are graded and built.

Official sources are reluctant to say how big a labour force will be required, but unofficial estimates put the figure at more than 4 000.

bus. DAY 12/11/86

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13/11/86 BUSDAY

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MINING / FINANCE

Colliery passes milestone

CHERILYN IRETON

RAND MINES' new R440m Khutala colliery passed a significant milestone this week by dispatching its first coal to Escom's Kendal power station.

This delivery marks the first of a 1,5-million ton stockpile which Escom will establish at the power station between now and June 1988, when the first of its power-generating sets will be commissioned.

Although Khutala has only planned to reach full production of 1,1-million tons in 1998, it already has two underground sections in operation, producing around 25 000t of coal a month.

The first coal delivered to Kendal yesterday was brought into the coal stockyard by means of an overland conveyor belt. It was mined from the No 2 and 4 seams, which lie no more than 100m below surface. The mine also boasts a rich No 5 seam, about 2,2m wide, which will be available for the export market should conditions in that market improve.

Escom's new station, scheduled for completion in September 1993, is expected to save SA almost 55-million cubic metres of water each year by means of its sophisticated, indirect dry-cooling design.

Costing in the region of R3,5bn, Kendal will limit water loss through evaporation by cooling the water in a closed system inside its cooling towers. This system uses 0,8l of water a kilowatt-hour compared with a wet system's 2,5l a kilowatt-hour.

We're in a dilemma — Sasol chief

SAVK 14/11/86 55

Jaap Boekkooi

South Africa will have to build new liquid fuel plants sooner or later but with current low oil prices it is difficult to predict whether such plants should be of the oil-from-coal or imported crude oil type, says Sasol's general manager.

Mr T Van der Pas told the second resources conference in Johannesburg yesterday that the consumption of both petrol and diesel was growing, the self-sufficiency attained in the early '80s dropping and the use of the Sasol plants increasing, making extra plants a necessity. At the same time world oil prices could stay below $20 a barrel until the next century.

Planners of future plants have a difficult task because they face the question of which type of plant to build. "The answer depends to a large extent on economics," Mr van der Pas said.

One aspect to be considered by planners is the large savings in foreign exchange achieved by Sasol plants. These amounted to almost R4 000 million last year alone, or nearly two-thirds of all capital invested in them.

The Sasol plants have made these savings by reduced crude oil purchases and the export of valuable chemical by-products.

South Africa has large reserves of coal to build more Sasol plants and the only other raw material that plays a part in planning is availability of water.

Experience had shown that South Africa had the know-how, experience and workforce to undertake mega projects in the synfuel field with 65 percent local content, said Mr van der Pas.

Koeberg 'dumps' its first radioactive waste

55

The first radioactive waste from the Koeberg power station will go to the dump site at Vaalputs later this month.

This was announced last night by the Minister of Mineral and Energy Affairs, Mr Danie Steyn, at the official inauguration of Koeberg.

But Mr Steyn indicated that only low and medium-level radioactive waste would be dumped at Vaalputs at this stage.

Used fuel units — which are high-level waste — would be stored at Koeberg for the next decade.

A decision would then be taken whether to send it overseas for reprocessing, or to keep it in air-conditioned storage at Vaalputs.

SAFE INSTALLATION

Mr Steyn said the low and medium-level radioactive waste to be stored at Vaalputs would amount to about 1 000 steel drums and 500 concrete containers a year.

He again stressed that Koeberg was a safe nuclear installation with a myriad protective measures to prevent any radioactive leakage which could threaten either workers or people living around the site.

"Nuclear energy is safe, clean and cheap. While it is not yet as cheap as the electricity generated by inland coal power stations, it is already cheaper than the electricity of a power station at the coast.

"It does not have the inconvenience of transporting millions of tons of coal and the storage problem of millions of tons of ash.

"Our coal is getting less, and it is estimated we will within the foreseeable future build our last coal power station. A study is being undertaken to determine what the energy balance should be between nuclear energy and coal," he said.

Mr Steyn said since start-up to September this year Koeberg had generated 15 935 gigawatt-hours of electricity, using 49 tons of fuel.

This was the equivalent of nearly eight million tons of coal, which would have produced two million tons of ash and released 116 million cubic metres of gaseous effluent into the atmosphere.

55 BUS DAY 14/11/86.

Steyn gives safety assurance at Koeberg inauguration

GERALD REILLY

ESCOM was already indentifying sites for nuclear stations to provide power into the next century, Mineral and Energy Affairs Minister Danie Steyn said yesterday.

Speaking at the inauguration of the Koeberg nuclear power station, Steyn claimed nuclear power was safe, clean and cheap.

Koeberg was a fine example of international co-operation, he said.

Up till September this year the plant had generated 15 935 gigawatt-hours of electricity, and 49 tons of fuel were consumed.

This was equivalent to 8-million tons of coal, which would have produced about 2-million tons of ash and released 116-million cubic metres of gaseous effluent into the atmosphere.

Steyn said Koeberg's safety standards were the most sophisticated in the world. Radiation was minitored constantly.

Koeberg's high-level waste lost 90% of ite radioactivity within 30 years, the Minister assured.

SUN TIMES 16/11/86 (55)

Escom power plan for town and country

By Don Robertson

ESCOM is about to embark on a programme to bring electricity to black townships and rural communities.

All that is needed is the go-ahead from the Department of Community Development.

At the same time, Escom hopes to start negotiations for setting up a Southern African electricty grid consisting of at least six neighbouring states.

Senior general manager Ian McRae says the plan for the upgrading and electrification of Alexandra, Sandton, costing an estimated R60-million, has been accepted and awaits Government approval.

These plans, he says, can be adapted for townships elswhere, also at minimal cost.

Prime mover

Escom, which has acted as the prime mover in the Alexandra project, believes the upgrading could be acheived in three years. It would involve the repair of roofs, windows and gutters and the painting and plastering of houses. Electricity would be added to all houses during the reconstruction phase, and additional recreational facilities, shops and schools could be built.

Mr McRae says: "It is vitally important to do something speedily in an effort to improve the quality of life in the townships. It will also allow the creation of home industries in these areas. But to achieve this, we must deregulate quickly."

Escom's study of the Alexandra project shows that a house can be upgraded and provided with electricity for only R4 000.

"I am making Escom's expertise available to all the relevant local authorities in an effort to find schemes suitable for all townships. Suppliers can co-operate and in this way we might be able to get prices down further.

"The Government must give this effort high priority. Although it has helped in the past, we must get into higher gear. When the quality of life improves, the population growth rate declines. This is important."

Escom is also providing electricity for rural areas. It is connecting an estimated 10 000 consumers a year — many of whom would normally use wood for cooking and heating. Mr McRae believes it is South Africa's interest from an environmental point of view that progress continues.

"Although it is not always economic to bring electricity to these areas, there is more at stake than the bottom line."

Mr McRae is also encouraged about the possibility of establishing a Southern African electricity grid and believes that early next year he may be able to sit down with utility directors from Namibia, Botswana, Mozambique, Swaziland, Lesotho and Malawi to discuss the best and most economic ways of linking the electricity systems.

Zimbabwe, Zambia and Angola would fit in well with the scheme, but political problems might prevent this, he says.

Spending

Escom is already assisting Mozambique and Botswana with their electricity developments in the form of contract negotiations, training, specifications and maintenance. It is also advising both contries on new power station and hydro-electric projects.

Escom supplies 100% of Lesotho's power, 80% of Swaziland's, 60% of Mozambique's and about 35% of Botswana's.

Such a combined scheme would be beneficial to all and allow Escom to buy and sell power. Buying power would help Escom to reduce its capital spending and preserve SA's natural resources.

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Bus Day 17/11/86

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Low oil prices cast pall over synfuel

SA faces choice on energy needs of the future

Business Day Reporter

SA MAY be facing a choice of either increasing existing oil refining capacity or of building another Sasol-type synthetic fuel plant, says Sasol's GM responsible for research and development and process design, Theo van der Pas.

He told a Resources of Southern Africa Conference in Johannesburg last week that fuel consumption was growing and demand would soon outstrip the existing capacity of Sasol and the crude refineries. And neither the Mossel Bay project nor using torbanite deposits would provide a solution.

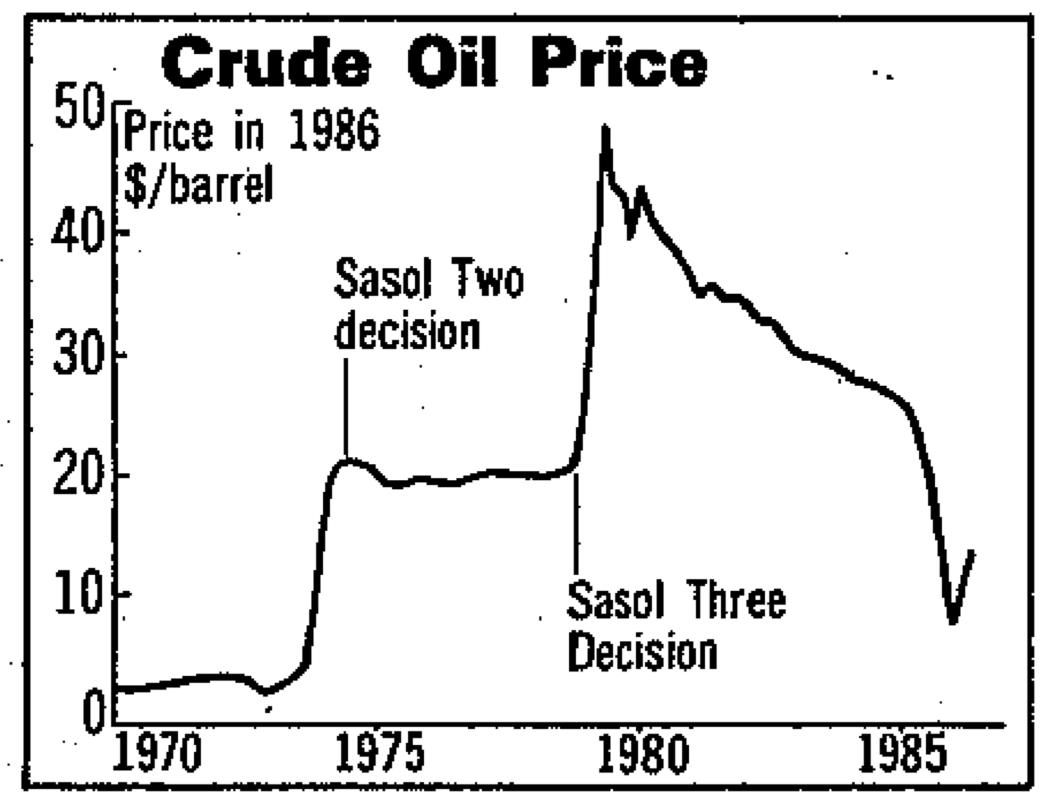
Van der Pas said the go-aheads for Sasol 2 and Sasol 3 had been relatively easy decisions because of high oil prices.

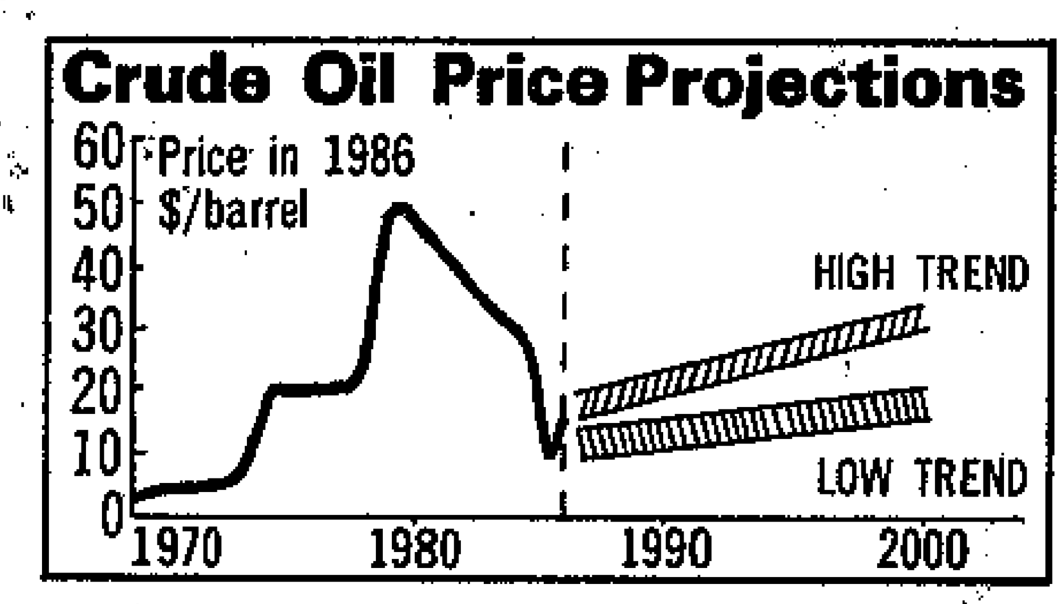
Today the situation was different. The oil industry was re-adapting to a situation of free or over-supply and low prices. Proved oil reserves had been expanded. Energy-efficient technology had sharply cut consumption.

Prices (in 1986 terms) were expected to rise slowly from now to 2000 to predicted high of $35 a barrel.

Van der Pas said the new era of cheap oil, which had cast a pall over synfuel developments worldwide, made decisions difficult for local planners. But there were sound arguments for SA taking the synfuel route.

Additional oil-from-coal capacity would enhance fuel self-suffiency and foreign exchange savings. SA had large deposits of low grade coal which could be exploited, as well as the necessary technical and manpower resources.





Mr John Rich, second from left, was re-elected president of the Border Chamber of Industries yesterday. Mr Leo Borman, left, was re-elected vice-president and Mr Les Behrens was re-elected honorary treasurer. With them is the chamber's director, Mrs Sheila Hamilton.

20/11/86 DD

Move on electricity tariff

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EAST LONDON — The energy sub-committee of the Border Chamber of Industries (BCI) is to recommend to both Escom and the East London municipality that electricity tariff structures be amended so as to remove a disincentive to the establishment of certain types of industry.

The committee's report, tabled at yesterday's annual BCI meeting, said there had been major changes to the electricity tariff structures with the withdrawal of government subsidies and changes to Escom tariffs.

It said that an investigation into whether Border region consumers were paying an equitable rate for electricity indicated:

- East London and Escom tariff structures favoured the few large consumers working continuous shifts.
- The tariff structure penalised operations working 45-hour weeks and provided an overall disincentive to the establishment of such businesses in the Border region. The report said that East London was found to be the 6th most expensive region of 16 industrial centres surveyed.

"The committee will recommend to both Escom and the East London municipality that it adopt tariff structures similar to certain East Rand municipalities that are more equitable to the nature of businesses in the East London/Border region in order that the current disincentives be removed," the report said.

A report by the industrial development committee said that the West Bank land issue had been "unofficially agreed upon." The official announcement had yet to be made. It said there was sufficient land to accommodate East London's industrial development needs for the immediate future without recourse to the Berlin industrial area.

The Scheepers East Cape strategic development task force was "vigorously" tackling various growth-inhibiting factors, inlcuding:

Upgrading of Duncan Village; accommodation of the Duncan Village overflow; the Needs Camp, Kwelera and Mooiplaas settlements; under-utilisation of East London's harbour; the question of a "customs privileged facility;" marketing of the Berlin industrial area in conjunction with Ciskei; a metropolitan guide plan; the infrastructural network; effluent disposal; and tourism.

Weil to talk on

Business Editor

EAST LONDON — A "forthright" view on inflation awaits those who attend the banquet tomorrow night at which the Border area's Marketer of the Year will receive the Daily Dispatch Dolphin Trophy.

The guest speaker will be the managing director of Checkers, Mr Clive Weil, a product of Queen's College and Selborne College whose mother and brother still live in East London.

"I have been asked to speak on inflation, a subject on which I have some fairly forthright views," Mr Weil said yesterday.

The Marketer of the Year competition is run an-

21/11/86

Escom cuts back on Usutu coal

STAR

Escom has asked the Usutu mine to reduce the supply of coal to Camden Power Station with immediate effect.

Lower electricity demand resulting from the unfavourable economic situation in the country is blamed.

The reduction in coal supply will lead to a cutback in the Usutu workforce of about 100 people, both black and white, but management has promised to try and find alternative employment opportunities in the Gencor group for those employees affected directly by the situation. "The availability of alternative employment opportunities, however, cannot be guaranteed by management" a spokesman said.

Usutu currently employs about 1 900 people. Production will be reduced by 50 000 tons a month to 300 000 tons as a result, the spokesman added. — Sapa.

FINMAIL

21/11/86

COAL TECHNOLOGY

Breakthrough for Escom

South Africa has achieved world leadership in energy technology involving the use of low-grade coal. The development has massive implications for the economy and promises to extend the country's coal reserves substantially, opening up hitherto uneconomic low-grade fields.

Escom's breakthrough, proved over the past year at the Lethabo power station, promises many benefits. It opens prospects for technology sales abroad, while leaving SA's already substantial reserves of high-grade coal free for sale in export markets and for exploitation in the chemical industry. Also, if the technology is sold elsewhere, it could mean major exports of low-grade coal.

Escom senior GM Ian McRae says SA's leadership was confirmed at the recent triennial World Energy Conference in Cannes, which he attended with former Escom chairman Jan Smith.

Lethabo power station near Vereeniging has been successfully burning low-grade coal with an ash content as high as 40% for the past year. Heat values from this fuel are as low as 14 MJ/kg. Although this is well below the world average of 24MJ/kg-25MJ/kg, the energy is produced far more economically from what would otherwise have been waste.

"I believe the success at Lethabo could add anything up to 25% to SA's proven coal reserves, because most of these low-grade reserves were not included in the last reserve assessments," says McRae.

But recently Escom has been busy with far more than low-grade coal. For example, although the new dry-cooled stations are some 5% more costly than water-cooled stations, they will lead to substantial water savings — an important consideration in drought-prone regions.

And Escom is also pursuing its nuclear option. "We are looking for three more coastal sites for eventual use as nuclear power stations," says McRae. "While nuclear stations are still far more expensive than the coal-fired variety, coal is a diminishing resource. And it is strategically important to have a variety of power sources anyway."

At last week's official inauguration of the Koeberg nuclear power station, Mineral and Energy Affairs Minister Danie Steyn disclosed some impressive facts: between start-up in August 1984 and September this year, Koeberg used only 49 t of fuel — the equivalent of nearly 8 Mt of coal. Against an equivalent coal-fired station, it saved 31 620 Ml of water and did away with the need to generate 2 Mt of ash waste and pump 116 m^3 of gaseous effluent into the atmosphere.

McRae says no new nuclear stations appear in Escom's current 10-year projections, but SA "cannot afford not to proceed with its nuclear development programme."

Reasons he puts forward:

- Existing investment in nuclear technology and scientific expertise must be used and expanded or they will be lost;
- The strategic need to develop alternative generating capacity at the coast;
- Growing concern over air pollution and environmental damage;
- The need to save scarce fresh-water resources by using sea water; and
- The need to reserve valuable high-grade coal for chemical and fuel development.

But what about sanctions? McRae is not overly concerned. Nuclear technology, he reckons, will be available despite foreign pressure. ■

MOSSEL BAY

Ready to roll

One of the major outstanding decisions on the R5 billion Mossel Bay project — which gas-to-fuel conversion process will be used — is imminent.

Even if a version of Sasol's synfuel Fischer-Tropsch process is used, SA is going to need outside help and sanctions-watchers will be fascinated to see which foreign companies are prepared to run the gauntlet for the sake of the massive returns involved.

Mineral and Energy Affairs Director General Louw Alberts tells the *FM* that a final decision will be made "within three or four weeks, certainly by Christmas." The delay has been caused by the inevitable overseas "interaction."

Alberts, however, emphasises that a postponement is not being considered despite the more cautious re-evaluation of the scheme which is currently under way.

As far as technology is concerned, Mobil and Caltex liquid fuel catalysts are strongly in the running. But a likely scenario appears to be the development of a hybrid process. According to the Central Energy Fund, feasibility studies have been completed on the multi-stage process routes.

"There are a number of variants where single steps are replaceable with suitable substitute technologies," a spokesman tells the *FM*. "Those technologies required to reach the production target will be available. The process evaluations and comparisons are now in the final stage and parameters such as economic, financial, state of development, the end product mix and many more are involved.

"At this stage we do not wish to be more specific. Sanctions are not expected to have an immediate effect on the selection of the preferred process route, but they will receive consideration."

The decision on technology and last month's siting of the R1,7 billion refinery are boosts for the lagging on-shore development.

The site is on the N2 highway 14 km west

MAKING MEMOREX

To raise funds after the Sperry/Burroughs merger to form Unisys, the new company is divesting itself of its controlling interest in former Burroughs subsidiary, Memorex. A $550m management buy-out, with New York investor Eli Jacobs as the principal financier, should be tied up by the end of the year.

But, for the 42-month-old Memorex operation in SA it is business as usual, says GM Jose Loureiro. And the strong links with Unisys will be retained, he says. "Because it's a management takeover, there will be no practical or cultural changes."

The links with Unisys include manufacturing, sales and servicing of IBM plug-compatible computer peripherals and the computer media products marketed by Memorex. The company will also continue to market Unisys-manufactured storage devices for the plug-compatible environment.

Burroughs, which bought Memorex in 1981 for its technology in high-end storage devices, will also retain some preference shares in the new Memorex company and chairman Michael Blumenthal believes the restructuring will significantly advance the overall strategy of Unisys.

Says Loureiro: "Blumenthal borrowed heavily to buy the Sperry operation. There was a need for repayment of some of that debt. The new deal also allows Unisys to concentrate on systems marketing, which is really its forté."

Chief executive of the acquiring company Giogio Ronchi says future operations will focus on the "growing IBM plug-compatible and media markets." There are also plans to take advantage of market opportunities by extending product offerings and maintaining a "high level of customer service."

Cont...

of Mossel Bay, near the Bartelsfontein railway siding — much to the relief of keyed-up local business leaders and residents. The 400 ha is big enough to allow the conversion scheme to be doubled if there is future need.

According to the Central Energy Fund, site surveys are already under way. Information is being gathered to permit conceptual design to proceed as soon as a project management contractor is appointed.

Construction will begin early in 1988, with completion due in 1991.

As far as Soekor and the offshore development is concerned, there have been no delaying factors. Liaison officer Mike Leibrandt says the final engineering design for the 130 m-high sea platform and pipeline, which is being undertaken by Murray & Roberts subsidiary Engineering Management Services Offshore (Emso), is "proceeding apace." Design work is on line for completion in late 1987 and construction in 1988.

All this, of course, is subject to government's final go-ahead for the entire project.

As with any giant project of this kind, there is a host of factors to be taken into account — economic, financial, political and, in the current situation, strategic — which will affect the outcome. A comprehensive submission will have to go before Cabinet for a final go-ahead and this should happen in late 1987.

After the initial euphoria, the mood in Mossel Bay now is one of "wait and see," says deputy town clerk Daan Swart.

The site announcement (see *Property*) cleared up a lot of uncertainty but only when the planning has been done and the go-ahead for physical construction on all levels is given, will the economy of the region get its desperately needed new impetus.

100 laid off by Gencor

STAR 23/11/82

A decision by Escom to reduce coal supplies to its Camden power station has resulted in the retrenchment of 100 Gencor mine employees near Ermelo.

In a statement issued yesterday Gencor said Escom had reduced its demand for coal from the Usutu Coal Mines. Usutu, which employs about 1 900 people, will reduce its production from 50 000 tons a month to 30 000 tons.

Escom said the economic recession had led to a reduced demand for electricity.

Every effort would be made to find alternative employment within the Gencor Group for those affected but this could not be guaranteed, Gencor said.

Watch your kilowatts, says Robson

DD 22/1/86 (55)

Power costs will not drop

Dispatch Reporter

EAST LONDON — Electricity tariffs are set to rise continually and there is no chance of them dropping, according to the city electrical engineer, Mr Ken Robson.

The only way the city's 58 000 consumers can try to offset the increases is through the effective use of electrical energy.

"People think work studies should only be done in the factory, but with all the appliances in the home today, this is where there should be a work study. Consumers will be surprised to see how much power wastage there is: they never watch their kilowatts.

"This should be a must and they should strive to bring it down every month. A consumer's objective should be to use only the amount of electrical energy needed for any particular task," he said.

Monthly summer and winter kilowatt hour goals should be set and daily readings of the kilowatt hour meter should be taken to monitor electricity use.

Mr Robson suggested some cost-cutting measures, which he said could reduce electricity costs.

● Hot water geysers were the major users of electricity. For a family of two adults and two children, a saving of 13 per cent could be achieved if the heater was switched off for nine hours a day.

"The availability of hot water under these conditions would be adequate," Mr Robson said. The installation costs of a second small five to 10 litre water heater directly above the kitchen sink could be recovered through overall savings in a year.

● The most economical setting for the thermostat on the water heater was 60C and all hot water pipes should be well lagged. An additional lagging around the cylinder would also reduce loss. On average, a water heater used about 150 kilowatt hours a month to replace standing heat losses alone, he said.

● Heaters should be switched on in a room some time before people intended going to the room and all the windows should be closed.

"When the room is adequately heated, the heater should be switched off and when it cools down, it can be switched on again.

"A two kilowatt heater left on for five hours each night uses 10 kilowatt hours (units a night) which amounts to 300 kilowatts a month," he said.

Low power heaters should be used and an approved electric blanket should be used in preference to a heater in the bedroom. An electric blanket only used four kilowatt hours of electricity a week.

● It is also cheaper to boil water in an electric kettle than in a pot on the stove, said Mr Robson.

"Then again, only enough water for the specific number of cups required should be boiled, as long as the element is covered."

● Opening refrigerator doors and deepfreezers should not be done unnecessarily. Doors should be kept closed during electricity supply interuptions.

Refrigerator doors' seals should be in a good condition and hot food should not be put in refrigerators.

"These appliances should also be defrosted regularly, according to the manufacturers' specifications, as a heavy accumulation of ice reduces operating efficiency and increases running costs," Mr Robson said.

● Only cold water should be used in washing machines, unless the clothes were extremely soiled. Cold water detergents also reduced electricity consumption and the shortest cycle for an automatic washing machine should be used.

Washing only a few items at a time should also be avoided.

● As far as lights were concerned, Mr Robson said they should always be switched off when not in use. Fluorescent tubes used less electrical energy than incandescent lamps, and provided more illumination.

● Electric stoves also used a lot of electricity and one way to cut down was to use a pressure cooker or triple pots.

If the oven was used, a number of separate dishes for cooking should be prepared.

"The solid plate on the stove should be switched of 10 to 15 minutes before the cooking period is complete. The oven can also be switched off about 30 minutes before a roast or casserole is cooked because the oven will retain enough heat for that period," Mr Robson said.

● Pots and pans should be matched to the sizes of the plates on a stove.

"Small pots on large plates mean that the heat around the pot is wasted and pots with distorted bottoms require more heat."

● Swimming pool equipment should be experimented with to find the minimum operating periods a day (summer and winter) to maintain the required standard of clean water.

Mr Robson said industrial and commercial consumers were required to pay for the total number of kilowatt hours used and for the kilovolt amperes.

"The latter is the high cost item of the account and therefore substantial monthly savings can be achieved if the maximum ampere demand can be predicted or reduced.

"The industrial and commercial operations which require the use of electrical equipment should be carefully investigated and monitored regularly to achieve the objective of the lowest maximum demand registered each month," Mr Robson said.

STAR 25/11/86

Escom probe into sites for nuclear plants

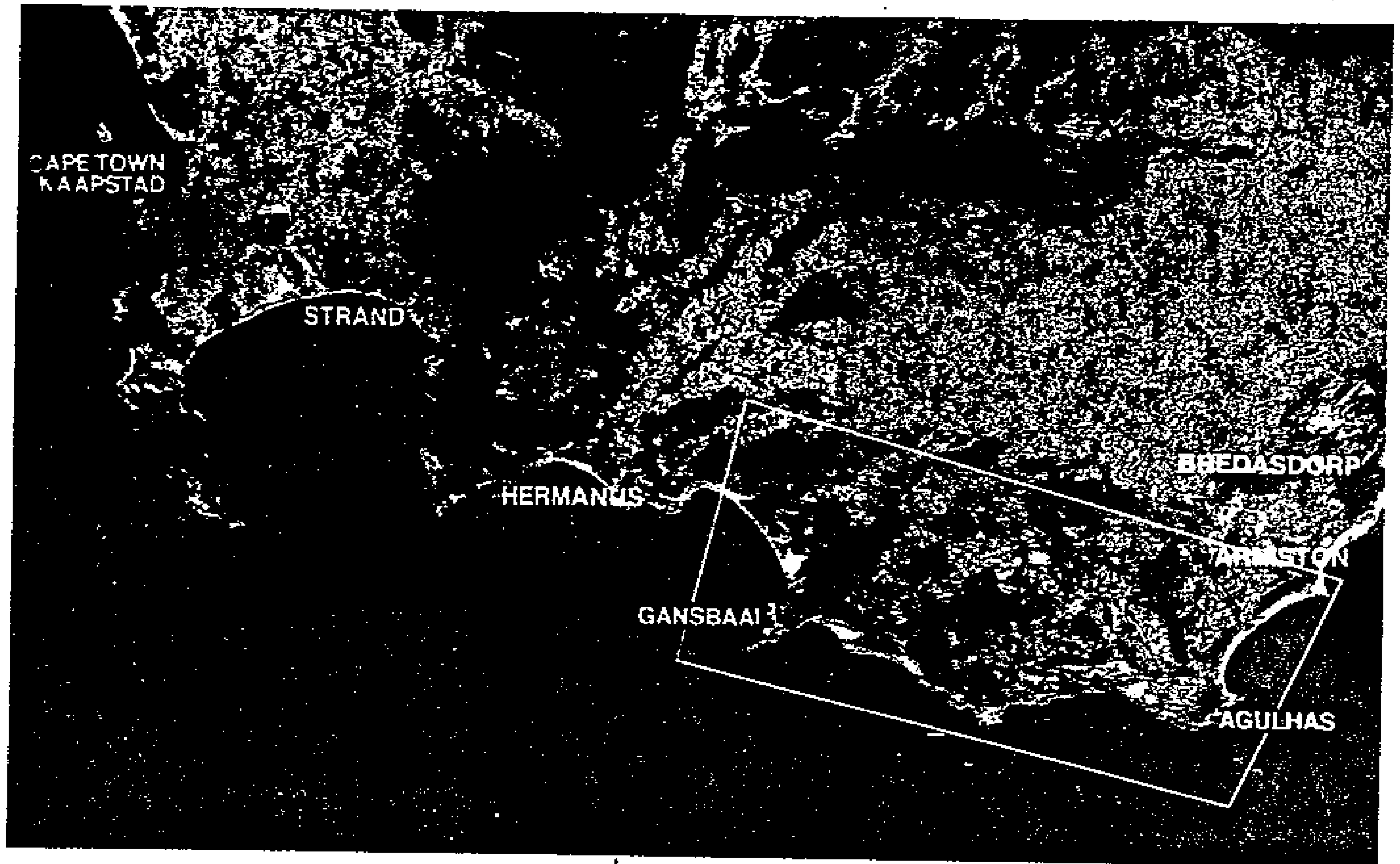
CAPE TOWN — A special team of investigators will soon start examining the coastline between Gansbaai and Cape Agulhas as part of an Escom programme to identify possible sites for future nuclear energy stations.

Since 1982, a total of 19 "candidate" areas have been identified.

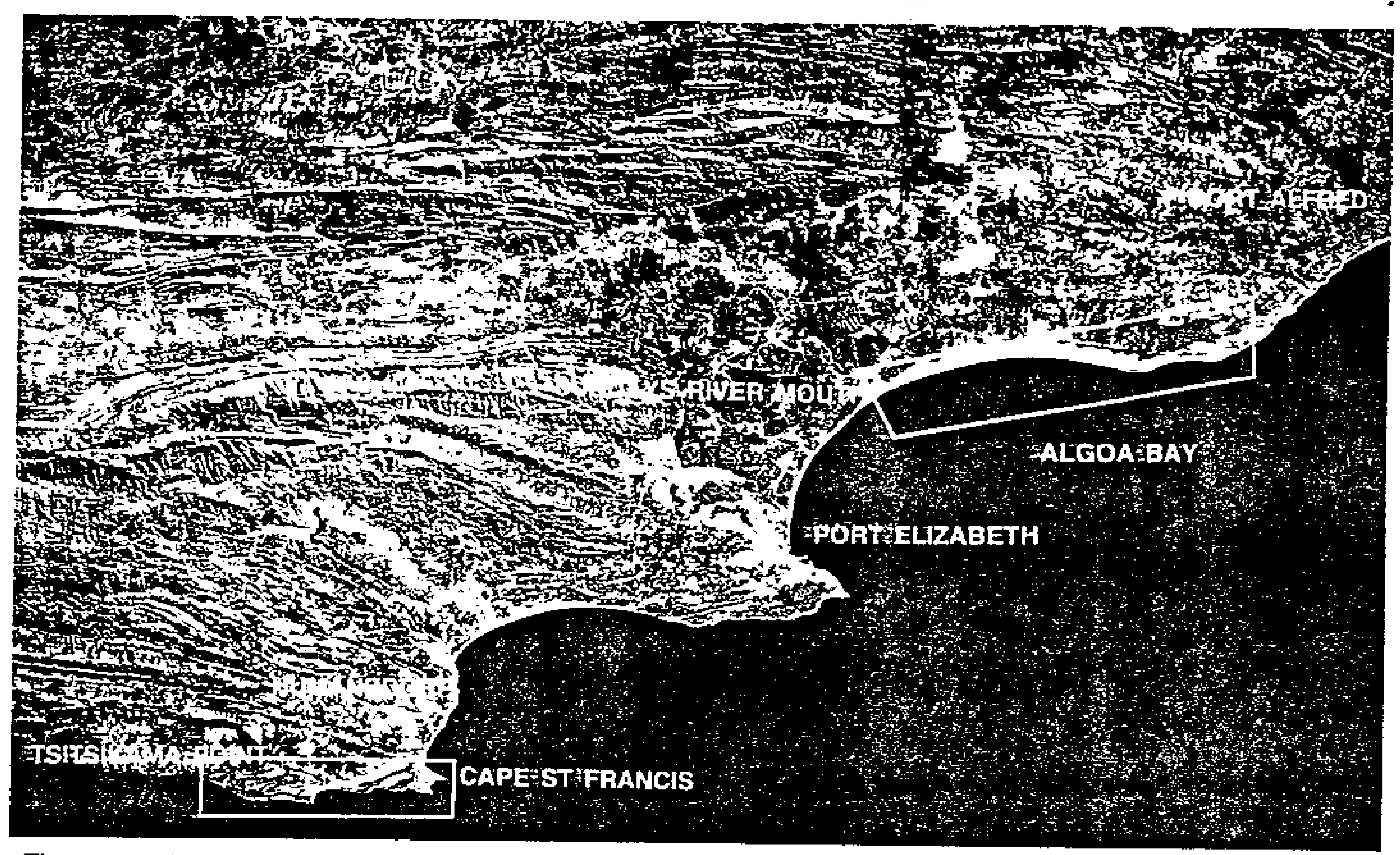
The project's leader, Mr Otto Graupner, said at a Press conference yesterday that the results of the investigation would probably be made known early next year.

Escom said the studies were purely part of a programme to identify possible sites since more nuclear stations would have to be built.

Cape sites for nuke plant



The satellite picture shows the sections of South-Western Cape coastline selected as possible nuclear plant sites.



The two regions of the Southern Cape coastline selected for investigation as possible sites for nuclear plants.

CAPE TIMES 25/11/86 (55)

Warning to speculators

By CHRIS ERASMUS and ANDRE KOOPMAN

ESCOM has disclosed the locations of 19 candidate sites for future coastal nuclear power stations, all of them in the Cape and Natal.

The "most feasible" site for a future coastal nuclear power station, from a geological point of view, was probably the Gansbaai to Agulhas section of the Cape coastline, an Escom spokesman said yesterday.

In its search for locations Escom is involved in conducting preliminary studies at sites in the Cape in an area on the south coast from Gansbaai to Agulhas, two small regions east and west of Port Elizabeth and in a large region of the west coast starting just north of St Helena and stretching up most of the west coast to within 100km of the SWA/Namibian border.

Definite statements

The other possible sites, in Natal, were situated in a small section of the coast about 100km north of Durban. These are considered less promising because of the high population density.

The manager of the Atomic Energy Corporation's Geotechnology Department, Dr P D Toens, said yesterday that although it was still too early to make definite statements about the site of South Africa's next nuclear power station, from a geological point of view the Gansbaai to Agulhas section of the coastline probably offered the "most feasible" site.

The Atomic Energy Corporation is to open an office in Gansbaai in January and likely sites in this area will be investigated.

Disclosing details of Escom's R13 million search for a new nuclear power station site yesterday, spokesmen said all studies were still in a very early stage.

However, intensive investigations of all possible sites would be completed by 1991, at which time Escom could begin to consider the next steps in its nuclear power development programme including the acquisition of desired sections of coastline.

But Dr Toens warned the public against property speculation in the areas identified for a possible nuclear power station: "They will get their fingers burnt if they try that.

"For one thing we are not yet confident that any one of the 19 specific locations identified so far might be the site for a new nuclear facility. And for another, such a facility would require only 3km of coastline, making the chances of someone buying up just the right property very remote indeed," he said.

Intensive site selection investigations are due to begin in the South Cape site between Gansbaai and Agulhas in 1988 and in the Western Cape in 1989.

Escom was also finalizing its studies on the sections of coastline to the east and west of Port Elizabeth and results should be available by the end of 1987.

Escom spokesmen were reluctant to be specific about deadlines for the construction of the country's second nuclear power station, saying that Escom would only need to commit itself to the construction of new nuclear plants by the mid-1990s and that it was highly unlikely that a new plant would be in operation before the turn of the century.

Once the go-ahead for construction is given, it will take another 17 years before South Africans will draw energy from new nuclear plants.

Spokesmen made it clear that South Africa's future energy requirements would be almost exclusively met by nuclear stations from about 2030.

Mr Otto Graupner, Escom's site investigation project leader, said the factors involved in the selection of a suitable site included sufficient water to cool the nuclear plant, its proximity to international boundaries, the seismic activity of the area and demographic factors such as population density and effect on the environment.

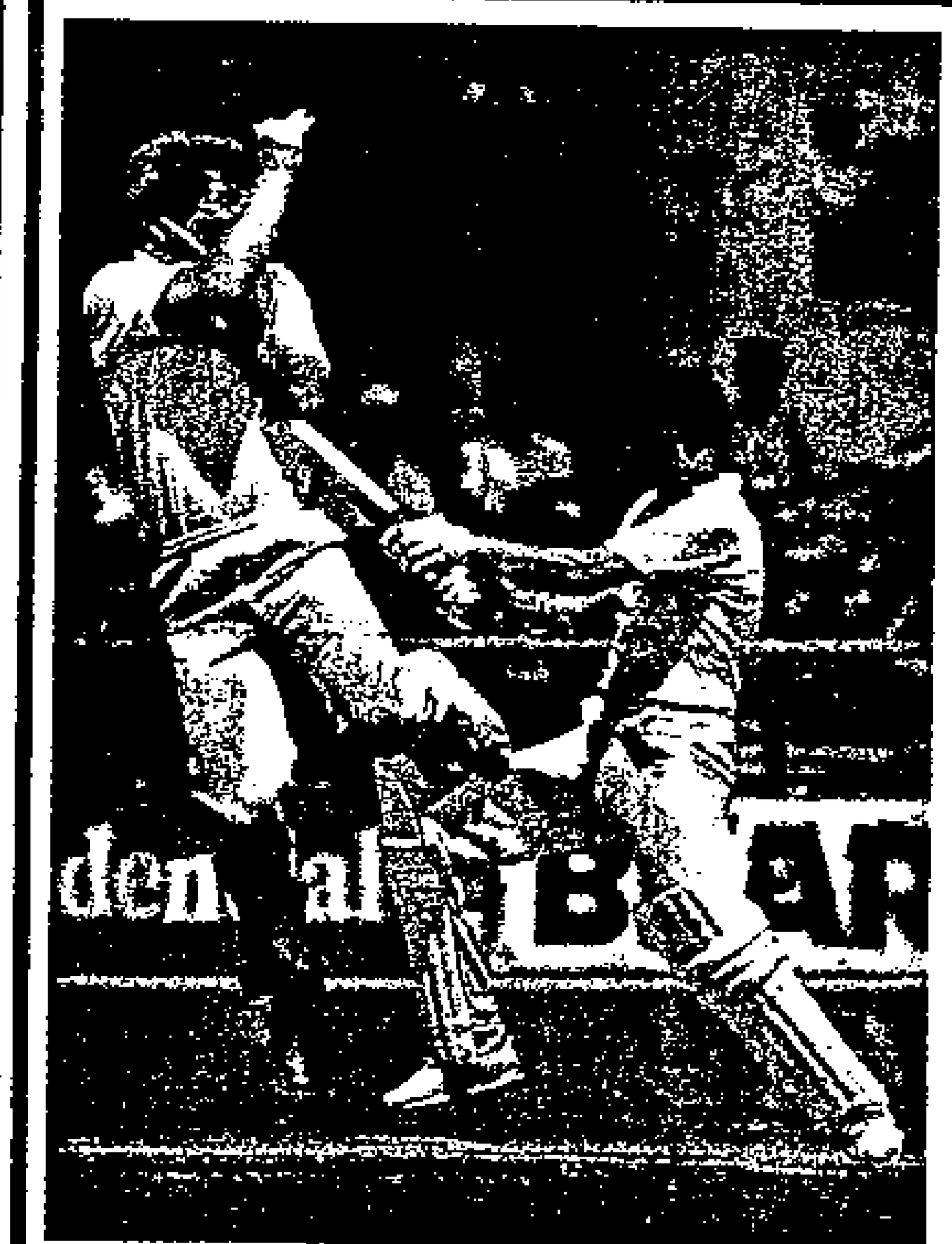
Excess of 60 000

Mr Graupner said high population density counted heavily against the close proximity of a nuclear plant.

"If we are talking about a population in excess of 60 000 people we will not have a nuclear station within a radius of 60km, but the distance would decrease with lower population densities," he said.

Reacting to the announcement, Koeberg Alert yesterday called on organizations and individuals to campaign against any further nuclear development.

WP gamble . . . and win!



WP's Lawrence Seeff gymnastically avoids a square cut from N Tvl captain Lee Barnard. Picture: Anne Laing

By MARK SALTER

WESTERN Province yesterday plucked themselves from the brink of defeat in their Castle Currie Cup match against Northern Transvaal at Newlands.

They had declared at 256/4 after just one hour's batting, to give Northern Transvaal a target of 299 to win in five hours, which amounted to fewer than four runs an over on a flat track.

WP bowled out the visitors for 223, to win by 75 runs.

"We had to make it tempting," said WP captain Adrian Kuiper.

"We have already drawn one match at home, so we had to have a win, especially after Transvaal won so well in Johannesburg (against Eastern Province)."

Northern Transvaal looked safe as they cruised along at 169/4 just before tea. Then they lost their captain, Lee Barnard, who scored 77 and placed Northerns in their strong position.

Shortly after tea they lost three quick wickets to the combined talents of Stephen Jefferies and Garth le Roux.

"That was the turning point for us," said Kuiper.

"They were going along quite nicely until that point."

Barnard was full of praise for Kuiper's courageous declaration.

"It was a very good declaration. With 15 points for a win you just have to go for it. They did very well," he said.

☐ Full report, back page

Thief fumbles snatch

Own Correspondent

LONDON. — A sneak thief was chased and tackled by two entire rugby teams in London on Sunday.

A barmaid screamed a warning as she spotted the thief fleeing from Wanstead rugby club after he had emptied players' wallets — and the match was abandoned as the victims gave chase.

With the horrifying sound of 60 sets of studs thundering on the tarmac behind him as he fled, the thief started flinging stolen money out of his pockets — in vain.

The teams soon afterwards delivered a thief with a broken nose, fractured jaw, black eyes, abrasions, bruises and tattered remnants of clothes to the police.

Cape Times 25/11/86

N-power station an 'economic disaster'

27/11/86 SAIC (55)

Own Correspondnt

CAPE TOWN — The Koeberg nuclear power station had been an "economic disaster" and no new nuclear power stations should be built, claimed Koeberg Alert, the anti-nuclear power lobby.

Instead, money should be spent on researching alternative energy resources to meet the needs of the rural population — "where South Africa's real energy crisis is to be found".

However, Escom has responded by saying that although no decision on new nuclear power stations is likely in the foreseeable future, present investigations will allow sufficient time for "thorough and co-ordinated" research — including economic viability.

Koeberg Alert said construction of nuclear power stations in sensitive areas would damage the environment and the effects of any major nuclear accident would be "catastrophic".

The organisation has called for a full investigation into the cost of any new nuclear plant and claims this was not done in the case of Koeberg — "with the result that this plant is an economic disaster".

"According to figures released in Parliament in 1984, Koeberg has turned out to be the most expensive option for supplying electricity to Cape Town with electricity costing three times that from coal power stations in the Transvaal.

HAZARDOUS

"Koeberg Alert opposes the development of nuclear power in South Africa because it is expensive, environmentally hazardous and unnecessary with our large coal resources."

Instead the organisation has called for:

- Conserving electricity.
- Continuing to use coal in power stations fitted with pollution control equipment.
- Spending money on research into alternative resources of energy such as solar power.
- Addressing the energy needs of the rural population.

In reply, a spokesman said Escom had no plans to build another nuclear power station at present — "and it is not expected that the need for a further nuclear power station will arise before the end of this century".

"The investigations now taking place are comprehensive, multi-disciplinary studies to establish the viability of a number of areas for possible future nuclear power stations," he said.

Present investigations would allow sufficient time to research the areas thoroughly and co-ordinate Escom's activities with other authorities. Areas were being assessed in terms of environmental sensitivity, geological and demographic suitability and economic viability.

Electricity won't cure pollution

27/11/86
BUS.DAY
55

GERALD REILLY

ELECTRIFICATION alone will not solve the critical problem of smoke pollution in black urban townships, an air pollution conference at the CSIR in Pretoria was told yesterday.

Management consultant J Heyl said it had been assumed the electrification of black urban houses would have the additional advantage of significantly reducing smoke pollution.

Within the next 10 years, around 80% of black houses would have electricity.

"Research has shown, however, that the electrification of black residential areas will not necessarily lead to a significant reduction in smoke pollution as most of the estimated 260 000 old-type, smokey stoves will continue to be used for space heating."

With the abolition of influx control, urbanisation would accelerate, placing an additional strain on the already overburdened urban infrastructure, said Heyl.

"Conservatively estimated, by the year 2000 70% of the total black population could be urbanised, compared with 40% now."

Smoke pollution in urban black townships would continue to worsen if coal remained the principal domestic fuel, Heyl warned.

At least another 1,5-million houses would have to be built in urban areas over the next 15 years. And a significant number would be in metropolitan areas where pollution was already a critical problem.

Strategies to overcome the current pollution levels would cost between R100m and R200m.

One way of alleviating the problem would be to make the transfer of ownership of houses dependent on the installation of a smokeless stove/heater.

If coal burning was totally replacedby electricity in urban households, the problem of residential smoke pollution would be drastically reduced.

But research indicated that the number of coal stoves would decrease slowly.

AIRLINE MOVEMENTS

The hub of Gansbaai's activity, the harbour, hibernates in the sun.

55

27/11/86 Argus

Waiting for the switch-on!

By PETER FABRICIUS, Staff Reporter
Pictures: DION TROMP, The Argus

GANSBAAI town clerk Johan Pieterse positively radiates glee at the possible prospect of having South Africa's second nuclear power station near his town.

"We are in favour of it," he says from behind his desk in the humble municipal offices. "I haven't heard any negative response, except for one farmer who fears that the power station will steal his labour from him.

"The first thing I said when I heard the news was: 'Where's my new office going to be?' "

The town clerk's sentiments seem to be shared by most of Gansbaai.

Like him they are "holding thumbs" that Escom will choose Gansbaai from among the 19 possible sites, and set off the chain reaction that will rescue this poor little Walker Bay fishing village from slow decline.

"For the town, I would say the power station will be 100 percent," said Mr Fredrick de Waal, owner of an electronic business.

"Gansbaai is just about an old age home already. All the young people go away because there is no work.

"If the fishing carries on going downhill, it will become a ghost town."

THAT is not hard to believe. The town already looks as if it is about to give up the ghost.

Its bland little box houses on tiny treeless plots bask lazily in the sun and little moves.

It is out of both the fishing and holiday seasons and so even the little harbour is quiet. Boats are being recaulked, the fish factory is being refurbished and one or two skiboats are bringing in small catches.

"In the old days the boats sometimes used to bring in two or three catches a day," said Mr De Waal.

"Now they sometimes go for days without a catch. Only the fish factory is keeping Gansbaai alive and if the fish go further down, it will die out."

Mr Barend Geldenhuys, head of the Fishing Co-operative and chairman of the local *sakekamer*, was reluctant to discuss the issue until the town had had its scheduled meeting with Escom today.

But he also complained bitterly about the decline of the catch and the crippling effect of small quotas.

Fishing is Gansbaai's lifeblood and the resource seems to be dwindling. This season the boats had to abandon Walker Bay to seek their quotas up the West Coast which made the town even quieter than usual.

Town clerk Mr Pieterse said that at least half the town's 1 000 white and 1 000 coloured people worked in the fishing industry, mostly in one of three big companies in the harbour.

MOST of the rest were retired or unemployed. He had heard that 6 000 people would be needed to build a nuclear power station — tripling the population and taking up the unemployed slack.

And about 2 000 would be required to operate the plant — thus permanently doubling Gansbaai's numbers.

"It will change the face of Gansbaai and the composition of the community," he said approvingly.

The municipality is poor because of the low income of most of its ratepayers and the poor profit margins of its handful of businesses.

But it has plenty of space to accommodate the hoped-for nuclear boom.

Neither the town clerk nor anyone else seems terribly concerned about the danger of radiation.

"I don't think they would put in something unless it was absolutely safe," Mr Pieterse said.

More fatalistic, fisherman Mr Babsie Dahl grunted as he wrestled with a stubborn hydraulic boat pump: "You can't get away from progress.

"But in any case you are more likely to get hit in the head with a brick going to town."

NOT everyone is in favour of the reactor, of course. Fisherman Mr Page Groenewald saids gruffly: "It will spoil the fishing, we are against it"

Others believe the likely effect on the fishing is unknown and wish to question Escom further before giving their opinions.

Some conjecture that by warming the seawater at its outlets, the reactor will boost fish numbers.

For the many pensioners and casual weekend visitors, there would appear to be no advantage to be gained from a boom.

"A few people want Gansbaai to remain the little town it is," said Mr "Bokkie" Botes, manager of the fish factory.

"I'm not one of those."

"The older people won't like this at all," said Mr De Waal. "Gansbaai is the sort of place where you don't have to lock your front door.

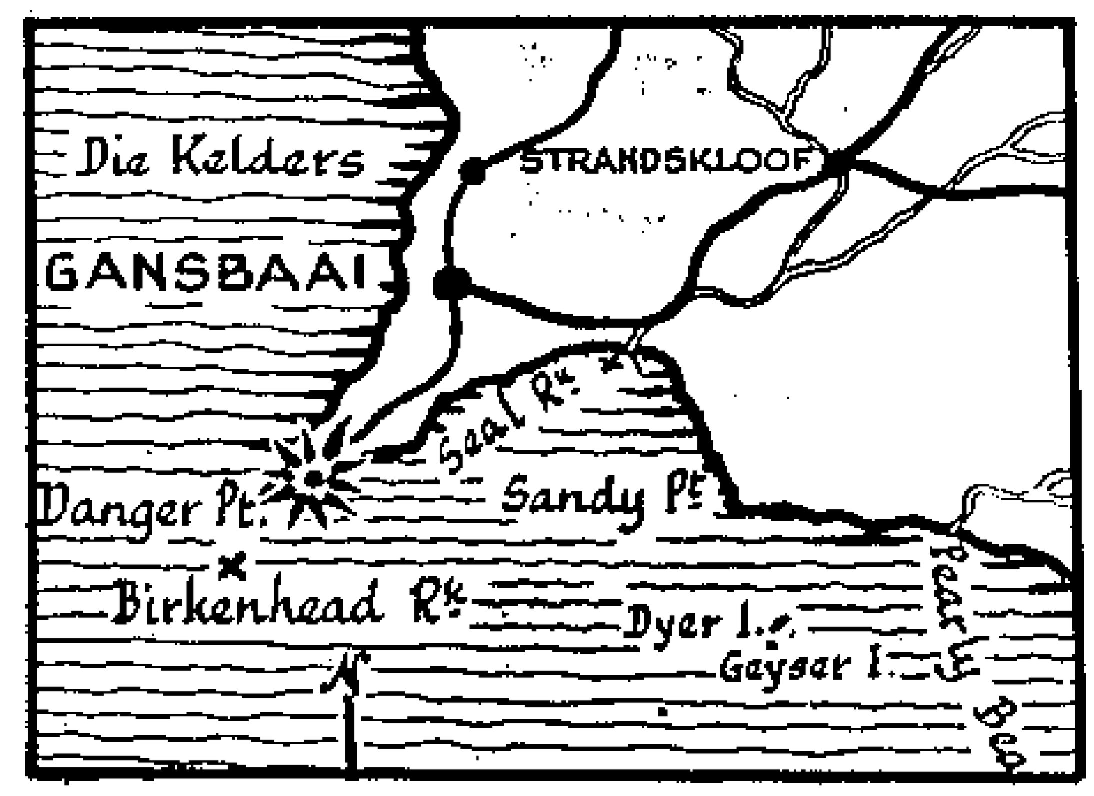
"That will change and they will kick against it."

"Babsie" Dahl, left, with a helper

"Living in injury time", Ben and Dina Otto.

Holding thumbs for the boom is Gansbaai town clerk Johan Pieterse.

"Any injection will be a good injection," says Mr "Bokkie" Botes.



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R52-m for power plan

Sowetan 28/11/86

THE Katlehong Town Council is spending R52m to complete installing electricity in all houses in the township.

This was announced by Mr Thami Siluma, mayor of Katlehong, at a function on Wednesday to launch the second phase of the electricity masterplan.

The electricity project is the continuation of the electricity masterplan which was abandoned by the council in mid-1984, following a dispute between the council and the East Rand Development Area, formerly the East Rand Development Board over the money to be used for the project.

When the masterplan was introduced in 1979 the council was told that the whole project would cost R17,5m but Erada later informed the council that they had made a "mistake" and that the project would cost R43m.

Mr Siluma said the council has received R52m from the Government.

21/12/80 SUN TIMES (55)

Petrol 'cushion' keeps price steady

By Don Robertson

A BULGING equalisation fund and its cushioning effect will be sufficient to hold the petrol price for the next few months at least.

The Department of Mineral and Energy Affairs says there will be no increase this year. If crude-oil prices and rand exchange rates are maintained, the petrol price should hold steady.

This is in spite of an under-recovery in retail sales of petrol in the past four months. In August, the under-recovery was 3,693c a litre, followed by 1,628c in September, 1,399c in October and 1,9c in November.

The under-recovery led to speculation that petrol prices would have to be increased before the end of the year or early next year.

However, Renier Roets, deputy director of the Department of Mineral and Energy Affairs, says the equalisation fund, or "slate", which is used to prop up the petrol price during under-recovery and is topped up when retail prices are higher than cost, was estimated at R127-million at the end of November.

This, plus the stable performance of the rand against the dollar in the past few months will allow the authorities to keep prices the same for some months.

In addition, 5c is taken on each retail litre sold and added to the replenishment fund. In November, the leeway between the 5c replenishment a litre and the under-recovery of 1,9c was 3,1c a litre.

Total

Mr Roets says: "This acts as a cushion to any sudden increase in the crude-oil price or a fall in the rand exchange rate."

There is also a modest over-recovery on the sale of diesel fuel.

Bernard Lafitte, managing director of Total, says the crude-oil price has risen by about $2 a barrel since the beginning of November to about $15. However, he believes there is sufficient in the "slate" to prevent any immediate increase in the petrol price.

"I do not foresee any price increase for some time," he says.

But Mr Roets says that because of the possibility of rising oil prices and falling exchange rates, the petrol price is reviewed almost daily.

The Sunday Times London bureau reports that a major campaign for the withdrawal of French Total from South Africa has been launched in Paris.

The campaign is supported by 22 organisations, including students, trade unions, teachers and humanitarian groups.

Thousands of postcards are to be sent to Total director FX Ortoli, calling for the withdrawal of Total. According to the organisers, Total South Africa has a 13,5% share of petrol sales in South Africa and 700 service stations. It holds 30% of the Natref Refinery in Sasolburg. A subsidiary, Tesa, has large holdings in coal mines. Total also holds 10% of the Rossing uranium mine in Namibia.

The campaign will be aimed particularly at stopping Total from supplying the police and army.

Highlands project spelt out

BUSDAY 21/12/86

GERALD REILLY

THE vastness of the Lesotho Highlands water project and the enormous costs involved were spelt out at a briefing at the CSIR in Pretoria on Friday.

The final report covers 19 volumes of text and eight albums of drawings.

Water Resources managing engineer T P C van Robbroeck said the project, when completed, would consist of at least six major dams, 240km of tunnels, a 276MW hydro-electric power station producing 804gWh a year for use in Lesotho, two major pumping stations, 288km of access roads, and 263km of ungraded roads.

Estimated investment cost — at constant July 1985 prices, and excluding interest — during construction was R4,059bn.

Van Robbroeck said the main socio-environmental impact would be the loss of about 4 000ha of arable land and 18 700ha of grazing. A total of 1 365 people would be resettled.

"However, extra employment; new and improved infrastructure, fisheries and tourism; and the distribution of the extra income from water sales in the Lesotho economy will more than offset the negative impacts."

Most of the project would be located in Lesotho, and parastatal authorities would be set up in Lesotho and SA to maintain, implement and operate the project.

Zimbabwe to get tons of SA fuel

STAR 2/12/86

The Star's Africa News Service

HARARE — South Africa is supplying Zimbabwe with 34 000 tons of fuel because of snags in the operation of the pipeline from Beira, according to sources in Harare.

It has been learnt the order was placed last month and South Africa agreed to provide 16 000 tons of diesel, 10 000 tons of petrol and 8 000 tons of aviation fuel.

About 500 tankers will be used to rail the consignment to Zimbabwe but it is unlikely the whole consignment — which the Zimbabweans wanted in six weeks — will be delivered by the end of the year.

It is understood the need to place the order for fuel from South Africa arose because the pumping capacity on the pipeline had been reduced by interruptions to the power supply.

GENERATOR TROUBLE

Some of the diesel generators used in Beira have been giving trouble and at least three tankers which arrived at the port were delayed and incurred heavy demurrage charges.

Sources said the tankers had to pump their cargoes directly into the pipeline and this contributed to the delay.

Zimbabwe imports about 600 000 tons of fuel a year, most of which is pumped through the pipeline to be stored at the tankfarm at the Mutare oil refinery which is in mothballs.

Last year, more than 60 percent of its oil in refined form came from Kuwait.

The pipeline runs through the Beira Corridor which is protected by thousands of Zimbabwean soldiers against attacks from MNR rebels who, Zimbabwe says, are backed, financed and supplied with arms by South Africa.

The protection of the corridor and the successful operation of the pipeline, the rail route to the sea and the port itself are seen as essential if Zimbabwe is to apply sanctions against South Africa — which could retaliate by preventing the flow of other goods to and from Zimbabwe.

2/12/86
STAR
55

Stranded N-waste: probe is on

CAPE TOWN — Escom is investigating the cause of the problem which left the third load of nuclear waste being transported from Koeberg nuclear power station stranded on the national road at Klawer last week.

An Escom spokesman said no more nuclear waste would be transported to the Vaalputs disposal facility in Namaqualand before the cause of the fault had been found and rectified.

CHASSIS CRACK

The driver of the lorry transporting the load of nuclear waste from the power station discovered a crack in the chassis of the trailer during a routine check.

An Escom spokesman pointed out later that any impression created by an SABC report that the load of waste was still stranded on the road was not correct.

"The waste all safely arrived at Vaalputs and there is no cause for concern," he said. — Sapa.

BUS DAY 3/12/86

55

Days of cheap power are over

Energy losses run to R600m

MICK COLLINS

INDUSTRY'S energy costs will soar from their current cheap base in SA to come more in line with Western countries, economists predict.

Energy analysts at Wits University estimate that energy losses across the country cost about R600m a year.

Most at risk are the country's export potential, retail prices, profit margins and employment opportunities.

Senior partner at Contech, Arnold Nelson, says over the past few years the amount of energy consumed, as a percentage of manufacturing costs, was invariably low.

"This no longer applies. In the manufacturing sector it is often 5% of costs. In mining it can be 12% of working costs, while in the ferro-alloy industry it can be as high as 48% of total costs.

"Clearly anything that can be saved here will be of immediate benefit."

Nelson urges a re-examination of processes and questioning of why they are done in a particular manner.

"The use of energy is no different to that of any other manufacturing function in this respect."

He says any energy audit can be expected to lead to reductions of 10% in total energy costs.

"Later some capital expenditure recommendations might well lead to a further 10%. As with productivity improvements, these reductions are permanent.

"In addition they are inflation proofed. The more resource cost increases, the more you save. Savings in energy costs are immediately reflected as increased profits."

Nelson says: "In SA the first fact to be realised is that energy is no longer cheap. The first approach should be to conduct an investigation into what is happening to each resource. Loss areas must then be uncovered and each loss quantified so as to establish ~~its relative~~ cost."

BUSDAY

55

3/12/86.

Escom steps up rural voltage

MICK COLLINS

ESCOM plans to spend R300m on rural electrification next year in order to meet growing consumer demand.

An extra R25m will be spent on the scheme by the end of this year. Chairman John Maree says this portion has become available as a result of savings in operating and capital expenditures.

"We are committed to bringing electricity to the whole country and upgrading the quality of life," he said.

He said Escom will have erected more than 13 500km of reticulation lines in 1986, to supply about 8 400 rural customers, at a cost of R230m.

Maree said the corporation was increasing the number of estimated new customers for 1986 from 7 500 to 8 400 as part of a major drive to meet increased customer demand.

He said by next year a total of 78 800 rural customers would be receiving electricity.

8/12/86 BUSDAY 55

Harare oil firms 'seek SA aid'

MICHAEL HARTNACK

HARARE — Zimbabwean oil companies have asked their SA counterparts to supply 34 000 tons of petrol, aviation fuel and diesel to maintain essential deliveries in Zimbabwe over the next few weeks, the Zimbabwean *Financial Gazette* says.

It says shortages are feared if SA supplies do not arrive in time to meet an imminent upsurge in consumption because of increased travel over Christmas and peak activity on farms with the onset of the rain.

"The principal problem is not necessarily a national shortage of fuel, but the difficulty of moving supplies by rail from Faruka, the Beira pipeline terminus at Mutare.

"This is due to a shortage of locomotives (one-third of the National Railways of Zimbabwe's fleet is believed to be out of action because of a shortage of spare parts), and the limited capacity of the Mutare-to-Harare railway line," the newspaper says.

By buying fuel from SA, trains hauling tanker cars can make deliveries at Bulawayo and in the Zimbabwean midlands en route to Harare, thus providing supplies at times of maximum use.

"While national fuel stocks are reasonable, problems are being experienced because of a reduced output on the pipeline from Beira to Mutari," the report said.

"There are six diesel generators situated along the 300km pipeline, supplying power to drive the pumps. Several are out of action and the pipeline's capacity has been considerably reduced."

Tanks at Beira are reported to be transferring fuel directly into the pipeline, so the ships' pumps boost the flow of fuel to Zimbabwe. But this is slowing the off-take and the unloading of tankers is taking considerably longer.

The *Financial Gazette* says there are at least two tankers now in Beira harbour, one of which is incurring demurrage charges as it waits to discharge its cargo.

The present tanker quay at the port has only one pipeline through which ships can offload fuel.

8/12/86 BUSDAY

Revlon's pull-out not cosmetic

MICK COLLINS

US COSMETICS giant Revlon has bowed to pressure and decided to pull out of SA.

Revlon said at the weekend it planned to sell its SA coterie as soon as possible — and not later than the end of next year.

The company's announcement has been welcomed by Operation PUSH, a civil-rights group headed by the Rev Jesse Jackson, which sees disinvestment as the essence of its operation and was due to step up its boycott of Revlon products.

Jackson recently sent Revlon an ultimatum and said civil-rights groups in 30 US cities felt the company should hire and deal with more blacks and minorities. He still had to be convinced the move was not merely cosmetic.

Revlon said its board authorised the move because of the "uncertainty in the economic and political" situation and the SA government's tardiness in dismantling apartheid.

Revlon, which is on the crest of a wave, employs about 300 people in SA making various products for blacks and whites.

The company, controlled by New York financier Ronald Perelman, has repeatedly varnished over its revenues from SA but sources said they are thought to be in the region of US$20m.

The company posted total revenues of US$1,24bn in the nine months ended September.

Revlon also said it was reviewing hiring practices to "enhance" advancement opportunities for blacks and other minorities.

FIN MAIL

ELECTRICITY 12/12/86

Regional power

Political and economic co-operation in southern Africa could be considerably strengthened if Escom gets a plan to establish a regional power grid off the ground.

The idea, being punted by Escom GM Ian McRae, is to develop existing coal deposits in Botswana and Swaziland for power generation in those countries. And by linking such power units to South African facilities, the beginnings of a regional power grid would be established.

Escom already supplies power to all independent homelands, Namibia, Lesotho, Swaziland, Botswana and Mozambique. In theory, at least, it could link up with countries like Zimbabwe and Zambia further north once political problems are removed.

Looking further afield — and ahead — the Zimbabwean and Zambian hydro-electric schemes at Kariba, and possibly the hydro units in the Lesotho Highlands scheme, could become part of a regional grid. And once political problems in Mozambique are resolved, the currently unutilised power generating capacity of the massive Cahora Bassa scheme could also be harnessed regionally.

Says McRae: "Such a power base could lay the foundation for a powerful regional economic unit and for co-operation across political boundaries. I am in constant contact with my colleagues in Botswana, Namibia, Swaziland, Lesotho and Mozambique, while countries like Malawi, Zambia and Zimbabwe could also become involved once the obvious benefits of regional power co-operation begin to overshadow current political differences."

Apart from sharing Escom's proven technology in the use of low-energy coal and dry-cooled station operation (*Business* November 21), SA could also assist by providing its sophisticated material and technical support back-up services, financial and management expertise and additional power in case of electricity breakdowns in any neighbouring country.

"We currently provide some 60% of Mozambique's electricity and despite political differences, I have given my colleagues there an undertaking that power will be available from the South African grid. And, by developing generating capacity in neighbouring states and utilising their resources, the grid will not be a one-way street. There are obvious benefits for all parties."

Escom's recent achievement of scaling down its capex requirements by R1,2 billion

NOVEMBER VEHICLE SALES

CARS

	1985 Jan-Nov	% of Market	1986 Jan-Nov	% of Market	1986 Nov	% of Market
Toyota	**44 482**	**24,03**	**41 885**	**25,79**	**3 302**	**25,19**
Corolla	30 703	16,58	28 237	17,39	2 389	18,22
Cressida	13 602	7,35	13 563	8,35	913	6,97
Other	177	0,10	85	0,05	—	—
Samcor, MMI & Ford	**38 093**	**20,57**	**34 108**	**21,01**	**2 823**	**21,54**
Mazda 323	9 751	5,27	9 190	5,66	785	5,99
Mazda 626	5 263	2,84	5 556	3,42	396	3,02
Escort	8 429	4,55	3 345	2,06	26	0,20
Laser/Meteor	—	—	7 409	4,56	1 052	8,03
Granada	619	0,33	250	0,15	—	—
Sierra	9 600	5,19	7 139	4,39	564	4,30
Peugeot	1 737	0,94	337	0,21	—	—
Tredia	2 646	1,43	882	0,54	—	—
VW	**26 652**	**14,40**	**28 426**	**17,51**	**2 622**	**20,00**
Golf/Jetta	20 035	10,82	24 240	14,93	2 157	16,45
Passat	4 570	2,47	2 678	1,65	316	2,41
Audi	2 047	1,11	1 508	0,93	149	1,14
Mercedes-Benz	**19 651**	**10,61**	**17 433**	**10,74**	**1 491**	**11,37**
Honda	10 312	5,57	8 940	5,51	720	5,49
Mercedes-Benz	9 174	4,96	8 465	5,21	769	5,87
Other	165	0,09	28	0,02	2	0,02
BMW	**11 851**	**6,40**	**12 466**	**7,68**	**1 180**	**9,00**
5 Series	1 809	0,98	2 000	1,23	294	2,24
7 Series	947	0,51	717	0,44	50	0,38
3 Series	9 078	4,90	9 726	5,99	836	6,38
Other	17	0,01	23	0,01	—	—
Nissan	**12 584**	**6,80**	**12 708**	**7,83**	**932**	**7,11**
Skyline	3 702	1,99	4 251	2,62	298	2,27
Langley/Pulsar	8 330	4,50	7 859	4,84	606	4,62
Laurel	464	0,25	560	0,35	22	0,17
280 ZX	5	0,00	12	0,01	—	—
Other	82	0,04	26	0,02	6	0,05
GM	**16 753**	**9,05**	**12 892**	**7,94**	**758**	**5,78**
Opel Rekord / Commodore / Senator	4 975	2,69	3 928	2,42	194	1,48
Opel Ascona	2 841	1,53	441	0,27	5	0,04
Opel Kadett	8 934	4,83	8 388	5,17	424	3,23
Opel Monza	—	—	135	0,08	135	1,03
Other	**157**	**0,09**	**72**	**0,04**	**1**	**0,01**
Jaguar	81	0,04	20	0,01	—	—
Range Rover	27	0,00	12	0,01	—	—
Mini	2	0,00	2	0,00	—	—
Lancia	39	0,02	38	0,02	1	0,01
Renault	**8 955**	**4,84**	**2 387**	**1,47**	—	—
Renault 5	718	0,39	1	0,00	—	—
Renault 9/11	8 189	4,42	2 370	1,46	—	—

Nov total .... **13 109 (25,09% down on •17 501 last year)**
Jan-Nov total .... **•162 377 (12,30% down on •185 152 last year)**
Oct total **16 452**

LIGHT COMMERCIALS (Up to 5 000 kg)

	1985 Jan-Nov	% of Market	1986 Jan-Nov	% of Market	1986 Nov	% of Market
Toyota	**31 091**	**39,86**	**28 420**	**38,97**	**2 314**	**38,75**
Nissan	**15 542**	**19,92**	**15 609**	**21,41**	**1 052**	**17,62**
Samcor, MMI & Ford	**13 798**	**17,69**	**15 104**	**20,71**	**1 601**	**26,81**
GM	**11 764**	**15,08**	**8 094**	**11,10**	**499**	**8,36**
VW	**4 635**	**5,94**	**5 441**	**7,46**	**498**	**8,34**
Leyland	**635**	**0,81**	**247**	**0,34**	**7**	**0,12**
Mercedes-Benz	**80**	**0,10**	**7**	**0,01**	—	—

LIGHT COMMERCIALS (Up to 5 000 kg)

	1985 Jan-Nov	% of Market	1986 Jan-Nov	% of Market	1986 Nov	% of Market

Nov total .... **5 971 (15,31% down on •7 050 last year)**
Jan-Nov total .... **72 922 (6,52% down on •78 008 last year)**
Oct total **8 015**

MEDIUM COMMERCIALS (5 001 kg to 7 500 kg)

	1985 Jan-Nov	% of Market	1986 Jan-Nov	% of Market	1986 Nov	% of Market
Samcor, MMI & Ford	**1 808**	**37,15**	**1 372**	**32,73**	**109**	**34,49**
Toyota	**1 076**	**22,11**	**1 270**	**30,30**	**99**	**31,33**
Mercedes-Benz	**431**	**8,86**	**374**	**8,92**	**49**	**15,51**
GM	**902**	**18,53**	**694**	**16,56**	**41**	**12,98**
Nissan	**649**	**13,34**	**482**	**11,50**	**18**	**5,70**

Nov total .... **316 (31,16% down on •459 last year)**
Jan-Nov total .... **4 192 (13,87% down on •4 867 last year)**
Oct total **367**

HEAVY COMMERCIALS (7 501 kg and over)

	1985 Jan-Nov	% of Market	1986 Jan-Nov	% of Market	1986 Nov	% of Market
Mercedes-Benz	**2 923**	**30,18**	**2 258**	**35,11**	**232**	**38,86**
Toyota	**1 215**	**12,55**	**1 059**	**16,47**	**99**	**16,58**
GM	**1 255**	**12,96**	**706**	**10,98**	**71**	**11,89**
Magnis/Nissan	**1 143**	**11,80**	**862**	**13,40**	**64**	**10,72**
Leyland	**641**	**6,62**	**464**	**7,22**	**47**	**7,87**
MAN	**570**	**5,89**	**403**	**6,27**	**40**	**6,70**
Samcor, MMI & Ford	**966**	**9,98**	**342**	**5,32**	**19**	**3,18**
ERF	**307**	**3,17**	**143**	**2,22**	**10**	**1,68**
Malcomess-Scania	**182**	**1,88**	**126**	**1,96**	**7**	**1,17**
Int Harvester	**169**	**1,75**	**39**	**0,61**	**7**	**1,17**
Hestair	**31**	**0,32**	**16**	**0,25**	**1**	**0,17**
Foden	**38**	**0,39**	**13**	**0,20**	—	—

Nov total .... **597 (29,10% down on •842 last year)**
Jan-Nov total .... **6 431 (33,59% down on •9 684 last year)**
Oct total **670**

TOTAL INDUSTRY SALES

BMW	1 180
ERF	10
GM	1 369
Hestair	1
International Harvester	7
Leyland	54
Malcomess	7
MAN Truck	40
Mercedes-Benz	1 772
Nissan/Magnis	2 066
Samcor	4 552
Toyota	5 814
VW	3 120
Other makes	1

Nov total .... 19 993 (22,66% down on •25 852 last year)
Jan-Nov total .... 245 922 (11,45% down on •277 711 last year)
Oct total 25 504

• Includes models withdrawn from the SA market over the next three years and slashing R1 billion off its projected operating expenditure could also have valuable lessons for others.

How was this achieved?

"Operating expenditure was cut by a reduction in staff and improved operation of the inter-connected power system, while coal costs have also been contained," explains McRae.

"Capital expenditure was reduced by a heavy reduction in our transmissions expansion plans. We also cut back on modification programmes to power station plant to improve long-term performance."

Escom started by slashing budgeted annual demand growth from the original 8% a year to 6% a year by 1984. This was further reduced to 5,5% a year in 1985, and the commission is now working on a 5% annual

Escom's McRae ... seeing the broad picture

demand growth budget. Efforts to conserve energy also helped, says McRae. These included:

- Favourable off-peak tariffs for electricity sales, with night-time "valley" rates offered more cheaply than peak day-time rates; and
- Encouraging major consumers in industry and mining, as well as households, to save power, thus reducing the output need.

"Notwithstanding SA's low per-capita use of electricity — only about 2m of the black population of 20m effectively utilise electricity — and the resultant high load factor, our electricity costs remain the lowest in the world. And the fact that water shortages force us to move towards more costly dry-cooled stations further reduces our capacity to save," he adds.

Nevertheless, says McRae, Escom's management of SA's electricity needs under these sometimes trying conditions holds valuable lessons for other developing nations — lessons which SA is more than willing to share. ■

Rise in petrol price possible

13/12/86
NM
55 (2880)

JOHANNESBURG—An increase in the price of petrol to South African motorists is virtually certain if the world price continues to climb at recent rates in the new year — particularly if the dollar strengthens against the rand.

This is the implicit message of a new report by Sasol on petrol price trends, which points out that South Africa's fuel prices have been based on the world price in dollars.

The recent strengthening of the rand in dollar terms has weakened the likelihood of a S A price hike.

But as the rand is unlikely to appreciate much further in the coming six months, the increase in the world price — in U S cents a gallon — will have to moderate substantially, if a S A price increase is to be avoided.

The report, covering price trends up to end-November, says: 'In November the world price in S A cents a litre was 33,493c — only some 0,05c per litre higher than in October — primarily as a result of a slightly weaker rand/-dollar parity.'

The report notes that: 'Motorists in Group 15 (Johannesburg and Pretoria) paid approximately 1,4c a litre too little for 93 octane petrol. This shortfall will be financed from the "slate" price equalisation fund.'

Graphs with the report show that the margins currently enjoyed by petrol wholesalers and retailers total 10,2c — wholesalers getting 4,958c and retailers 5,200c.—(Sapa)

Power to the people ... in bundus

CITY PRESS 14/12/86.

ESCOM is to spend an additional R25-million on rural electrification this year to supply about 78 800 customers by 1987.

Escom chairman John Maree says the extra capital has become available as a result of savings made in both operating and capital expenditures.

Maree says the additional amount made available is desirable to meet the rapid increase in the demand for electricity on the platteland. This demand is a direct result of the changes in the tariff structure from January 1986 which either abolished the payment of extension charges or reduced them significantly.

Escom received over 9 000 applications for power from people in the rural areas in 1985, 10 000 in 1986 to date and expects a similar number in 1987.

19/12/86

FIN MAIL

58

NEDBANK/TRIOMF/AECI

Easing the burden

Nedbank could be close to ridding itself of the Triomf albatross. A deal with Triomf's old partner, AECI, has long been an obvious solution, and this week it was announced that negotiations have reached an advanced stage for the acquisition by AECI of Nedbank's ordinary and preference shares in Triomf.

Nedbank senior GM Chris Liebenberg says the negotiations have only been in progress for "the last few days." He suggests that "the terms we are talking about are in the ball park area where both parties will be happy."

AECI spokesman, financial director George Thomas, is more evasive, saying "it is inappropriate to make any comment at this stage." Liebenberg adds that the announcement was only made because Nedbank wants to further extend the already protracted suspension of Triomf's shares.

Analysts and industry sources agree that AECI must be getting Triomf at a bargain price. Other fertiliser producers have emphasised that the industry remains depressed by weak demand and large over-capacity, estimated at some 40%-50%, despite closures and rationalisations. Total losses in 1986 are expected to easily exceed last year's figure, which was put at upwards of R100m.

Triomf's Richards Bay operation was placed in provisional liquidation earlier this year. The main remaining asset is the Potchefstroom plant, whose current replacement cost an industry source estimates at R80m. Others think this too low, though the book value of Triomf's total assets are only R72m; but a buyer of Triomf would also acquire R81m in accumulated losses.

Nedbank stands to gain in several ways, not least by enjoying a powerful boost to investor sentiment on its share price.

The group obviously never wanted to be in the fertiliser business. It was forced into taking control of Triomf when the problems at Triomf Fertilizer (Richards Bay) (TFRB) clearly became insoluble. TFRB had to be put into provisional liquidation, this being seen as a prerequisite for the sale of the rest of Triomf.

Nedbank's greatest potential bad debt exposure is to TFRB. A claim for R200m has been made to the TFRB liquidators, according to Nedbank CE Gerry Muller, and the exposure to the Potchefstroom plant is another R170m. So most of the R248m which Nedbank has provided against its Triomf exposure is for TFRB. This presumably would not be affected by the sale of the rest of Triomf.

There are other advantages for Nedbank. Most fertiliser industry sources thought the bank would have difficulty turning Triomf around and there was a danger of increasing losses calling for additional finance. This possibility will be eliminated if Triomf is sold and the loans of R55m may also be guaranteed or taken over by AECI, a highly rated borrower.

Benefits for AECI are less evident. One objective may be to buy market share — AECI and Triomf have some 24% each. It could also have in mind further rationalisation, which most senior executives in the industry believe is essential if the fertiliser producers are to see a return to reasonable profitability. Also, Triomf had requested the scrapping of tariff protection on ammonia-based urea, which only AECI produces locally. As an AECI subsidiary, Triomf won't seek actions against AECI's interest.

It is uncertain whether the price war which shredded the profits of all fertiliser companies is over. Even if Triomf is incorporated into AECI, there is still main competitor, Sasol.

Conditions in the fertiliser market are still worrying. Though rains have been good so far this season, farmers are heavily in debt.

Already Nedbank is looking a lot healthier than it was in May, when the full extent of the financial and management problems became known. When CE-designate Piet Liebenberg assumes office in February, bringing a needed injection of senior management, he could find a group which has gone a long way towards recovery. Agreement with AECI should clear a major hurdle still remaining. And, even those who did not suspect AECI could be a buyer now say "they are the only ones who could take Triomf over."

Pat Kenney

THE JSE

Best of 1986

SA's economic and political traumas were ignored as the JSE romped to record highs in 1986. During the year the JSE Actuaries All Market index rose by no less than 50% to 1 914. Much of the excitement was focused on the mining sector, and the All Gold index gained 63% against the Industrial index's advance of some 32%. Ironically, of the top 20 performing counters in our table, only two are gold-related counters.

Again this year, the really big money was to be made in selected financial/industrials — those "special situation" stocks that get carried along by deals, takeovers and reconstructions. Indeed, the performance roster suggests 1986 could be called the year of the investment entrepreneur. It was not always the skilful manager, but the astute investment banker who attracted the highest premiums. Men like Arnie Witkin, Ronnie Price and Mannie Simchowitz came into their own — gaining much support from bullish market conditions.

In some cases, such as Malbak, W & A and Mathieson and Ashley, price gains were linked to radically changed perceptions of the fundamentals. But a number have been riding at least partly on speculative considerations — and, perhaps, wishful thinking. Dividend yields are generally low or non-existent, reflecting the high expectations.

JSE TOP PERFORMERS

Name	Price (c) Dec 15	Gain Cents	%
Eureka	1 450	1 305	900,0
Math Ash	360	310	620,0
N Bernica	1 200	1 010	531,6
Gant's	250	210	525,0
Eurefin	650	525	420,0
W & A	1 400	1 120	400,0
Amic Opt	725	575	383,3
Inv Club	330	255	340,0
Rale	70	54	337,5
Fintech	1 115	850	320,8
Waicor	725	550	314,3
Elcentr	170	128	304,8
H J Cable	335	243	264,1
E Dagga Opt	1 100	790	254,8
Tarry	1 500	1 075	252,9
SA Wool	2 600	1 850	246,7
Channel	24	17	242,9
Rd Lease	770	540	234,8
Malbak	730	505	224,4
Gant's 12,5% CP	225	155	221,4

Top performer **Eureka**, which appreciated more than 900%, was acquired by Price a few years back when it consisted of little more than a pile of cash. He injected properties and trading assets into the shell, and later floated off leasing subsidiary, **Eurefin**. Eureka's price began picking up steadily, and in mid-1986 accelerated explosively when computer firm Computermatic was listed via a Eurefin rights issue. Analysts perceived that the formerly amorphous Eureka was acquiring a high-growth profile.

Eurefin, which holds a stake in Computermatic, a pile of cash and various other trading companies, followed Eureka upwards, and over the year recorded the fifth biggest price gain. Another company in our roster, **H & J Cables** gained recently from links with Eureka. In fundamental terms, H & J Cables did nothing to justify a major rerating of its shares; both its profits and its reporting standards offered no encouragement. But the cable company received

ENERGY

Allaying Cape fears

55 FIN MAIL 26/12/86

Inevitably perhaps, the threat of sanctions against SA's powerful export coal industry raised fears in a jittery Cape that the coal-to-fuel projects already under investigation would take precedence, or even replace, the Mossel Bay gas-to-petrol project.

But the country's custodian corporation of energy projects, the Central Energy Fund (CEF), assures the *FM* that it is not taking an either/or line in its parallel investigation of the three new synthetic fuel proposals.

In fact, the CEF says that all three — Mossel Bay and the Gencor and AECI/Am-coal's coal projects — will probably be needed. It also envisages more projects at a later stage to meet SA's growing fuel demands.

Cape fears were prompted by the knowledge that coal exports earned R3,1 billion in 1985 and that the industry is second only to gold in size. If major export contracts are lost, the strong Transvaal mining interests, including Sanlam's Gencor and Anglo's Am-coal, might push for the coal projects to go ahead to mop up surplus production and maintain employment.

Local confidence has not exactly been boosted either by government's hesitancy since the commercial potential of south coast gas was established four years ago.

Also fuelling the prospect of a north-south power play was the fact that the coal exports leap since 1980 — from 29 Mt to 44,3 Mt — had led to a huge accumulation of discard coal. This is estimated by Mineral and Energy Affairs to be about 250 Mt, equivalent to more natural gas energy than official estimates of the south coast gas desposits.

Obviously, ways of better utilising the discard dumps — only partly used by Escom and Sasol — would have to be found, with liquid and electricity fuels the largest likely users.

The problem with coal-based solutions is that the coal is in the wrong place for the Cape, which is pinning considerable hope on long-term investment in Mossel Bay.

Bob St Leger, projects director of the CEF, which is financing the feasibility analysis of the three projects, dismisses coal lobbying, and says decisions on the coal projects are not related to Mossel Bay.

"Both gas and coal are under investigation and recommendations will be made on their commercial and technical merits. And it is highly unlikely that export coal would be used for synthetic fuels . . . We are not talking of an either/or situation."

The feasibility studies will continue until government decides on the staging of the projects. The decisions will encompass financing, total capital requirements, job creation, market demands, infrastructural capacities, and the social and environmental costs of going ahead or killing the project. The answers are likely to be known in the second half of 1987.

Asked about the likelihood of another Sasol refinery, St Leger says: "Present gas reserves are inadequate for our fuel needs. Consequently, there will have to be new coal-based fuel plants unless we strike a major oil find."

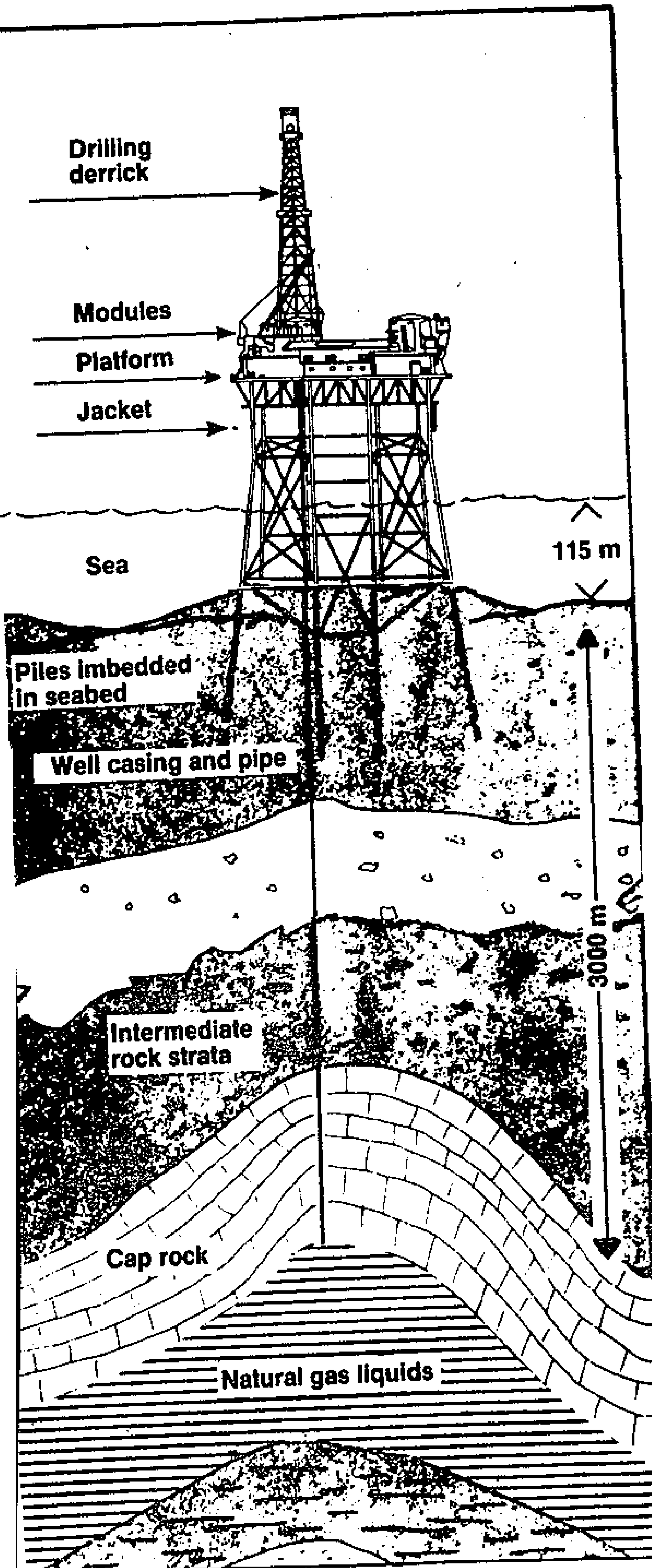
Meanwhile, fears of the immediate effects of coal sanctions are receding in the face of strong demand for SA's cheap coal. So far this year, only Denmark, France, and the US have joined other Scandinavian countries in banning coal from SA. The European Economic Community threw out an embargo proposal.

The South African coal mining industry's aggressive sales drive is continuing to depress international prices and undercut Australian, US and Canadian producers.

Statistics show that although coal exports fell 18% in September, anti-South African policies have hardly affected annual sales. Phil Rogers, head of research at shipbroker Simpson, Spence and Young, estimates that total exports this year will fall to only 42,4 Mt from last year's 44 Mt.

With other analysts predicting a surge in the volume of world coal trade, and a likely end to the market depression in the next few years, the *Financial Times*'s International Coal Report believes that SA's best defence lies in supply reliability, consistent quality and aggressive marketing. ■

Mossel Bay is riding on gas-fuelled boom



This sketch depicts one of the seven platforms planned for offshore gas extraction off Mossel Bay. Above the sea are the drilling derrick modules, platform and the jacket. Each platform will drill multiple wells, each one designed to drain a 250-hectare section of the gas bearing rock. Only one well will go straight down, the rest will have a drift angle, up to a maximum of 65° to reach each section of the field.

By SHIRLEY PRESSLY

MOSSEL BAY is already riding on the crest of the wave as a mini-boom in building gets underway in preparation for Soekor's multi-billion rand fuel-from-gas project.

A whopping R21 million worth of building plans was approved from January to the end of November.

Acting Town Clerk Mr Daan Swart said the total building plans approved in that period was R21 173 982 compared to R11 947 250 approved in the same period last year.

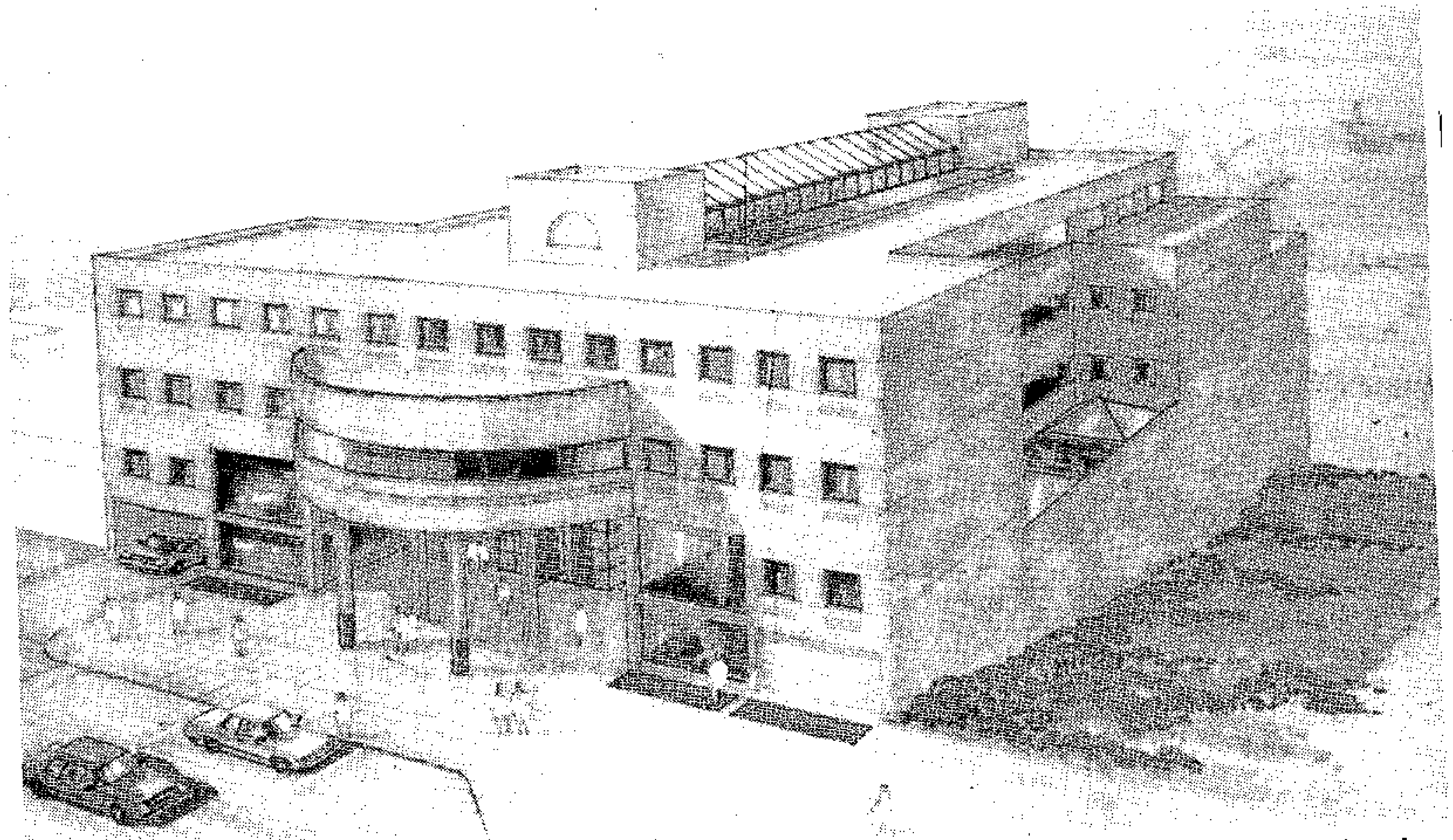
This was almost double the building plans approved last year and included 89 dwellings which were completed and six blocks of flats. Building plans for houses passed totalled R4 955 000.

Mr Swart said it was difficult to say how much of the building activity was a direct spin-off from the fuel-from-gas project but it had definitely had an effect on property in the town, even at this early stage.

Major construction company, Concor, has begun work on a R4 million business complex — Mossel Bay's tallest building — in the centre of the town for the Johannesburg Municipal Pension Fund.

The centre, to be built on a sloping 1 000 square metre site in March Street, will stand eight storeys high on the side which accommodates the slope and three storeys on the street side.

Architect Wilhelm Lochner, of Lochner Loots, says the building's architectural character is intended to complement the surrounding business environment.



An artist's impression of the R4-million business complex on which Concor Construction has started work in Mossel Bay.

Facilities will include a shopping arcade with 1 850 square metres of lettable shopping area, a seaview terrace leading off an upmarket restaurant and 2 200 square metres of air-conditioned office space and parking for 87 cars on two levels.

Agent Syd Viljoen said commercial space had already been taken by a steakhouse, pharmacist, florist and toy shop.

Other tenants being sought are a bank or building society, a men's clothing store and a cinema.

The building is due for completion by December 1987.

According to reports, full proposals for phasing in the fuel-from-gas development of the offshore gasfield are expected to be laid before the Cabinet next year.

These are likely to include plans for temporary housing for construction workers, housing for permanent staff and adequate school accommodation.

Mr Swart said a site had already been allocated for the onshore plant west of Mossel Bay.

He said the town was experiencing an exceptionally busy summer season with thousands of visitors from up-country.

The season was longer this year than in previous years and was expected to tail off later than before.

Beaches were thronging with people and all holiday accommodation was fully booked.

Emso, the Murray and Roberts subsidiary appointed as project manager for Mossel Bay offshore development, are now drawing up a list of companies who are capable of getting involved in the project.

As part of their brief Emso are building up a data base of local companies that may play some part in the building, positioning, servicing and supply of gas extraction facilities at Mossel Bay.

E L Bateman, Soekor's appointed feasibility investigators, are fulfilling a similar role for the planned on-shore processing section by "looking into the capabilities of local companies to see what they are capable of".

● The Midland Chamber of Industries has completed a document on the PE-Uitenhage area's infrastructure — including training facilities — and the work and service capabilities of local companies with regard to the project

Nuke link to island runway plan?

Cape Times 29/12/86

LONDON. — South Africa is planning to build a 1,6km runway on Marion Island off Antarctica, where it has a small scientific station, and the airstrip could be used to develop a nuclear weapon test site with Israeli help, the Observer newspaper reported at the weekend.

The paper said the 25-man scientific team on South African-owned Marion Island, some 1 900km south of Cape Town, was told the runway would help in case of a medical emergency there and would allow for supplies to be airlifted to the base.

The newspaper said the scientists were ordered by government officials not to discuss the plans for the R11-million runway but were now "worried that their weather station could be used as a cover for military operations, either nuclear or conventional".

Environmental concerns

Marion Island is located about halfway between South Africa and the Antarctic mainland and the newspaper said the planned runway would be capable of handling Hercules transport planes, raising environmental concerns because flight approaches and its construction could disrupt the habitats of birds, seals and killer whales.

A former director of the Stockholm International Peace Research Institute told the Observer he believes the runway could allow for South Africa to use the island for testing of missiles, including those capable of carrying nuclear warheads.

"South Africa probably exploded a nuclear test device in this area in 1979 and the airstrip is very likely to have military implications," Mr Frank Barnaby told the Observer.

The newspaper said the scientific team was currently supplied by ship and a decision to build the airstrip was made earlier this month.

The newspaper said that in 1979 an American satellite detected a flash suggesting that a nuclear test had taken place in the Indian Ocean not far from Marion Island. It said many experts believed it was conducted by South Africa with Israeli assistance.

South Africa denies it has nuclear weapons although it has never signed the Non-Proliferation Treaty.

Israel has long been suspected of possessing nuclear weapons and last autumn an Israeli nuclear technician told a British newspaper it had stockpiled as many as 200 nuclear weapons. The technician is now facing trial in Israel for treason.

□ **The Cape Times Defence Correspondent comments:**

An airstrip for Marion Island is long overdue. Present means of communications — a ship carrying a short-range helicopter — are not only very expensive but consume time that could mean the difference between life and death if any Marion Islander is struck down by illness or accident.

Given the fact that most Marion Island inhabitants are civilians, it is difficult to see how the station there can be used as camouflage for a top-secret weapons testing facility. In any case, South Africa has just built a new missile range near Bredasdorp where it can test any nuclear delivery systems it might have developed.

□ South African Defence Force spokesman Colonel John Rolt said he had heard of the report early yesterday.

"But I really cannot comment. The military is merely the end-user of any weapons produced by Armscor."

Armscor spokesmen were not available for comment at the time of going to press.

Despite claims that SA would use the runway to serve a 24-man scientific station based on the island, experts doubted that the airstrip would be used for civil purposes.

□ Our London correspondent reports that a Cambridge scientist is likely to be affected by the environmental row. Dr Nigel Bonner, deputy director of the British Antarctic Survey, has been appointed an external assessor by the South African authorities to judge the effect of their plans on the environment.

BUS DAY 55

Curbing pollution

ALAN SENDZUL

WHILE Escom has focused on a more businesslike approach to power generation, it faces mounting public awareness to pollutants — especially where power stations are close to urban areas.

This has complicated cost-saving equations and, over time, could also add to expenses. But it is an element which Escom has not been prepared to overlook and one in which it could probably be considered an industry leader.

To the uninitiated the plumes swirling in the air above Tituka power station look like an environmentalist's nightmare. But to power station manager Ben Steyn they are quite the opposite. "When I see vapour spewing out, I know there are megawatts pumping into the power grid."

Misconception

Although notorious for a smoke-like appearance, the clouds are nothing more than water vapour from the cooling towers. But the misconception illustrates confusion surrounding natural resource violation.

The corporation is involved with on-going research to conserve the environment and to minimise the inevitable effects of generating electricity. It handles a programme with 22 monitoring stations around the country to analyse acidity in the rain and the sulphur content of the air.

Not only are ground levels measured, but light aircraft take aerial readings of gases emitted from the stacks. This research is co-ordinated with the CSIR, which tests gaseous emissions around power stations or at its air sampling stations.

But even though the coal stations are heavily monitored for sulphur emmision, there are difficulties in getting accurate readings without the most sophisticated apparatus.

Also, as the quality of the coal intake varies, so too does the chemical composition of gas coming out of the stacks. Nevertheless, Escom prides itself as being "well within permissible emmission levels at all times".

If there is a problem, then the pollution regulator — the chief pollution officer of the Department of Health, who is responsible for providing power station licences — is notified with an explanation of the difficulty.

In SA, coal-fired stations are in a favourable enough position at the moment to distance hot issues, such as acid rain. Unlike most of Europe — particularly Germany, which has a sulphur content in its coal of 3% to 4,5% — SA coal contains a lowly 0,5% sulphur, the element which combines with oxygen to form dangerous acid rain. As a result, Germany has been forced to switch to "cleaner" nuclear power to avoid repercussions from emmisions in a narrow geographical area, and this has accelerated electricity costs.

The SA asbestos mining industry has no regulation of emissions other than an internal directive from the government Mining Engineer, which arguably falls short of being an effective deterrent. However, the Department of Manpower is aiming to issue asbestos regulations early next year, based on those applied in Europe.

Water conservation has always been an important issue in SA, a country prone to severe drought cycles. The new generation power stations use half the water compared with those built 10 years ago. When refinements, such as dry cooling, are added to the improved design then the water saving becomes considerable.

Improvement

Escom switched to dry cooling stations at Duvha and Matla, where water supplies were scarce. The efficiency over a wet-cooled station is estimated at close to a one-third improvement.

Another technological breakthrough is the installation of electrostatic precipitators to deal with the problem of fly ash. Inferior coal, with a large ash content, releases a lot of dust into the stacks apart and deposits at the bottom of boilers. Ash is collected by electrically charging the particles in the smoke, causing them to cling to the precipitator's plates. The plates are then struck by large hammers, releasing the dust, which is then collected by filters.