

ENERGY - 1987

JAN. - ~~SEP.~~ DEC.

By COLIN URQUHART

TWO giant oil rigs are searching for oil off the Eastern Cape coast south of Port Elizabeth.

The Soekor rigs are at present drilling in deep water south of Sardinia Bay, out of sight of land. A spokesman for Soekor, Mr Mike Leibbrandt, confirmed that two rigs, which he declined to name, had returned to the Eastern Cape and were drilling off the coast south of Sardinia Bay.

He said the company considered the area "geologically very promising". Although no major discovery, other than the gas fields off Mossel Bay, had been found, South Africa's 20-year search for oil would be an ongoing process.

It was hoped, he said, to expand the country's existing gas reserves. If any major discoveries were made in this area, follow-up holes would have to be drilled and a full-scale gas field found before its economic viability could be assessed.

The present move to these waters was to try to build on the Southern Cape coast's gas and oil field reserves - reserves estimated at present to last about 30 years.

Mr Leibbrandt said that since the signing of the contract between Mossagas and Energy Management Services Off-Shore (Emso) for the conceptual design of the off-shore development last year, it had been decided to continue the search for further gas or oil deposits up the east coast to beyond Durban and also along the west coast.

Soekor, which began a land-based search for oil in the late 1960s in the farmlands around Colchester, 40 kilometres north-east of Port Elizabeth, turned to off-shore drilling in 1978 when the finds were not considered economically viable.

The giant Sedco K was brought into East Cape waters in April, 1978, first drilling 53 kilometres south-east of Cape Recife. Another rig, the Actina, off Sardinia Bay in 1983 for about two months, and the Sedco K returned to the area again in January, 1985, this time off Schoenmakerskop within sight of land.

A number of wells were sunk and rumours of some gas finds drew a "no comment" from Soekor. The Murray and Roberts magazine Robust said recently the Mossel Bay off-shore project, if finally approved, was expected to start at the beginning of 1988 with the first gas being piped ashore in 1991.

The gas and condensate would be piped ashore along approximately 80 kilometres of pipeline.

The direct labour requirements were estimated to peak at 2 000 people.

Handwritten notes: *W/E Port*, *55*, *11/187*

New search for oil off Cape

PE electricity consumption rises sharply

W/E Post 17/1/87

(S)

Business Reporter

INDUSTRIAL and domestic power consumption in Port Elizabeth has picked up substantially in the last six months and a growth of as much as 3,5% is being predicted for the current financial year.

This is a substantial turnaround on the figures for the 1985/86 financial year when electricity and gas sales, as measured by the units sold, dropped by 2,4% and 3,7% respectively, according to figures published in the City Electrical Engineer's annual report.

In an interview this week, the City Electrical Engineer, Mr Charles Adams, said the turnaround was symptomatic of improved economic conditions in the city.

The increase of consumption by industry appeared to be the result of greater activity by manu-

Sign of manufacturing pickup, says city's electrical engineer

facturers who were busy rebuilding their inventories.

He said that although he was unhappy with the 1985/86 electricity consumption figures which appeared to indicate unusually and inexplicably high transmission losses, there was no doubt that the service had suffered a negative growth rate.

There had been a steady increase in consumption in the last six months indicating a growth of about 3%. It was possible that sales could grow by up to 3,5% this year, he said.

There was little growth in sales to business.

According to the figures published in the annual report electricity sales fell



Mr CHARLES ADAMS.

below the 1983/84 level and gas sales below the 1981 level in the 1985/86 financial year.

The price of electricity paid by consumers increased by only 10,7%

during the year.

In spite of the reduced sales and contributions totalling R16,9 million to various municipal accounts, the electricity service ended the year with an operating surplus of R2,12 million.

Just over R10 million went to the rate and general service account, R3,01 million to the gas service account, R1,59 million to the electricity service capital fund and R2,3 million to street lighting.

An analysis of electricity sales shows that domestic consumption decreased by 2,7%, business consumption by 12,1% and sales in the rural areas by 7,5%. Industrial consumption dropped by 2,7%, a major

reversal of the 11,6% increase in 1984/85.

Sales to Uitenhage grew by 1,7% and to Government consumers by 11,7%.

The number of new connections made dropped from a peak of 2 948 in 1976 to 1 160 a decade later. Disconnections more than doubled from 6 869 in 1984/85 to 14 917 in 1985/86.

In the beleaguered gas division, which the City Council is currently negotiating to sell, the number of gigajoules sold dropped from a peak of 277 843 in 1983/84 by -2,3% to 271 613 in 1984/85 and by -3,7% to 261 613 in 1985/86.

Income from the sale of coke dropped from R901 281 to R311 252 between 1984/85 to 1985/86.

In spite of nearly doubling the sale of gas from 138 948 gigajoules in 1976 the deficit of the service increased in ten years from R393 859 to R3,01 million.

C (45c + 5c tax)
For other prices, see Back Page.

Natal, Western Province, Eastern Province 80c (71c + 9c tax)

CAPL LOVIN 22115
DURBAN 304-1215

THE VITAL VIEWPOINT

19/11/87 - BUSDAY

212 (55)

SA starts deliveries of fuel to Zimbabwe to stave off crisis

HARARE — South Africa has begun deliveries to Zimbabwe of a 34,000-tonne fuel consignment to ease serious local shortages of petrol, diesel and aviation gasoline (Avgas).

The deal — costing Robert Mugabe's government at least Z\$8.5m in hard currency, has been ignored by Zimbabwe's government-controlled news media, but according to business sources supplies have come only just in time to stave off a

crisis in the country's western areas, the result of MNR attacks on the Beira-Peruka pipeline and the inability of the Zimbabwean National Railways to move enough fuel from Feruka.

Late last year SA withdrew locomotives and rolling stock on loan to the NRZ for fear they would be seized in the event of a sudden border closure, and 30% of the NRZ's own locomotives remain unserviceable due to lack of foreign cur-

MICHAEL HARTNACK

cy for spares.

Apparently two scheduled Air Zimbabwe flights had been cancelled recently because aviation fuel had not been delivered on time.

Fuel stocks have now been restored to a satisfactory level by the SA supplies.

Some officials see the spectre of economic sabotage behind the crisis, which

came as the country approached its year-end deadline for joining international mandatory sanctions against SA.

Mugabe said yesterday that sanctions by Southern African nations had been postponed deliberately because of the need for co-operation among some of the frontline states.

"But they are coming and coming very soon, that is, from our side," he said.

suggested he might establish a Non-

Aligned Movement (NAM) "peace-seeking, not peace-keeping" mission to mediate in the Iran-Iraq war.

Mugabe, who is chairman of the NAM, said the situation in the Gulf war had assumed "very dangerous proportions".

"More and more civilians are dying as the two brotherly countries, Iran and Iraq, pound at each other," he said.

Mugabe was speaking on the eve of his departure for China, Korea and India.

court proceedings against OK for allegedly supplying Jazz bags to guns.

SA fuel for Harare

Dispatch Correspondent

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SA sells fuel to Zimbabwe

The Zimbabwean Government is paying South Africa R11 million for a 34 000-ton consignment of fuel to ease a fuel shortage, sources have confirmed.

The first consignment reached Zimbabwe about six weeks ago.

The Beira-Feruka pipeline was damaged near the coast recently by MNR rebels. Zimbabwean National Railways was unable to bring in enough petrol from Feruka to distribution points within Zimbabwe. — Pretoria Bureau.

Fuel stockpile levy dropped

2/11/87

BUSINESS

DAVID FURLONGER

55

THE 5c "stockpiling" levy on a litre of petrol has been withdrawn, say government sources.

They say the levy, announced by Mineral and Energy Affairs Minister Danie Steyn last April to raise extra funds to stockpile fuel, has been quietly dropped.

It won't mean a cut in petrol prices, however, because the 5c saved is immediately 5c re-imposed.

Instead of contributing to the petrol price as a levy, the money is being transferred to the "slate", an equalisation fund that helps avoid monthly price changes.

Costs change constantly according to world prices and the value of the rand against the US dollar.

While motorists sometimes pay too much for their petrol and sometimes too little, the slate keeps pump prices steady.

Some government officials have speculated that petrol prices will rise early this year.

By adding the 5c to the slate, however, say sources, the government will be able to hold down the price a little longer.

Petrol prices may increase again later this year

22/11/81 55 2/11

| DECEMBER PETROL PRICE | |
|-----------------------|---------|
| Retail margin | 5.2c |
| Wholesale margin | 4.958c |
| Transport | 1.4c |
| GST | 8.9c |
| Taxes | 12.9c |
| State levies | 15.5c |
| Landed cost | 32.745c |

STOCKPILING of fuel reserves is slowing down because the country can no longer handle the rate of fuel coming in. The slowdown is only temporary, however, and stockpiling will build up again later this year.

Once it does, an increase in petrol prices may not be far behind. Pressure is building up on the "state", an equalisation fund that keeps petrol prices steady. Retailers and wholesalers are asking government for bigger profits.

DAVID FURLONGER
Industrial Editor

stockpiles remain below levels the government wants, fuel has been coming in too fast.

"We have not yet got our basic reserves to the point we would like. But you can't suddenly buy up a whole load of oil at one time."

The present slowdown is the reason why the 5c "stockpile" levy on a litre of petrol is being withdrawn. Government sources told *Business Day* this week the

5c was being transferred to the state to prevent an immediate increase in petrol prices.

Alberts says no final decision has been made on the levy but fuel industry sources say the 5c has already moved to the state. They say a breakdown of the latest fuel price shows government is over-recovering by nearly 4c on a litre of petrol.

Alberts says part of the 5c may go to the state to keep down prices. "There has been increased pressure on the state,

particularly on the petrol side. We are under-recovering petrol and over-recovering diesel. Probably part of the 5c will go to compensate for petrol."

Retailers currently receive a 5.2c profit margin on each litre of petrol sold, and wholesalers 4.958c. Alberts says retailers want "a few cents more" and wholesalers "a fraction of that".

"Their margins have been constant for a long time," he says. "With wages and expenses going up, they may have a valid argument. We want to look very carefully at their needs."

Fuel levy withdrawn

(S) DP
22/1/87

Dispatch Correspondent

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DD 24/1/87

Row over petrol reports (S)

Dispatch Correspondent
HARARE — The independent Financial Gazette, the only Zimbabwean newspaper to publish reports about fuel purchases from South Africa, at a time when the country has been pressing the West to impose sanctions against South Africa, has been criticised by Zimbabwe's Minister of Energy, Mr Kumbirai Kangai.

He described the report that Zimbabwe had bought 34 000 tonnes of fuel from South Africa

as "inaccurate, misleading and capable of causing despondency".

Zimbabwe had acquired fuel "elsewhere" but had been obliged to import it via Maputo, Komatipoort and Beitbridge, he said.

He also claimed that there had been adequate stocks of fuel in the country and accused the Financial Gazette of being "provocative" in saying two Air Zimbabwe flights had been curtailed due to lack of refuelling stock.

The editor of the Financial Gazette, Mr Clive Wilson, said he stood by his report about the South African fuel and noted that South Africa's Deputy Director of the Department of Minerals and Energy Affairs, Mr Dirk Neethling, had confirmed Zimbabwe paid South Africa R11 million for the supplies.

The row has renewed fears that the government may not tolerate the continuing independence of the Financial Gazette.

Public favours discount petrol

THE public opposes the clampdown on discount petrol, a Markinor Gallup Poll shows.

The poll, carried out among 1 000 urban whites, shows that 82% believe filling stations should be free to cut prices.

Only 16% agree government was right to stop Pick 'n Pay from offering discount coupons for petrol purchases.

"We are pleased to know we have such support from the public," says Richard Frieslich, general manager of Pick 'n

WSDA SUSAN VAN ZYL

Pay's Auto Outlets. He says if Pick 'n Pay wins its appeal against a Supreme Court judgment last June, it will immediately start discounting again. The judgment put an end to the petrol-sales coupon scheme.

The appeal will be heard early in March. "At the moment it is just a big thumb-holding operation," says Frieslich.

ADRIAN VON BUREAU

By DENISE BOUFTALL

PORT ELIZABETH has the capability to handle a large proportion, and possibly the entire job, of building the Mossel Bay off-shore gas platform.

(55)

7
Eve Post
29/1/8

This is the finding of a study of the city's industrial and manpower base aimed at proving that Port Elizabeth has the infrastructure to undertake the work.

Potential main contractors are visiting the city daily to assess the facilities and some were basing their costs entirely on working only in Port Elizabeth, the chairman of the City Council's De-

'PE can build Mossel Bay gas platform'

Development Working Group, Mr Charles Garai, said today.

The three-part report, funded by the City Council and the Midland Chamber of Industries, was compiled by consultants working in conjunction with the SATS, local industrialists, the City Engineer's Department, Soeker and the project managers, Enso.

"We are confident the Algoa Bay area will be able to attract a large percentage of the fabrication and assembly sub-contracts, and that major companies will establish new facilities here," Mr Garai said.

The city had the resources and the ability to handle a large proportion, if not all, of the off-site fabrication needs for

the construction of the first — and subsequent — off-shore gas platforms.

The development working group was considering undertaking a similar report aimed at ensuring that a proportion of the work on the on-shore refinery came to Port Elizabeth.

Mr Garai said it was fairly certain that some of the modules on the platform would be built in the city. Some of the potential main contractors believed that both the modules and the jacket could be built here.

This represented employment for a few thousand people and work could start late this year or early in 1988. He pointed out that, although no final go ahead had been given for the project by the Government, it was significant that so many contractors were preparing to tender.

The study was completed last October and the findings have been presented to local and Government authorities and potential major contractors.

The main report details with the city's physical infrastructure — harbour, water, electricity, gas and roads — necessary for the manufacture and assembly of the platform's components. It also details the industrial capability of the area and outlines work opportunities offered by the project.

(7) (7) (5) 2/2/87

DAILY DI

Sasol taken off sanctions list

JOHANNESBURG — South Africa's petrol-from-coal company Sasol "is delighted" at being removed from the list of South African parastatal organisations subject to sanctions by the United States.

The US Department of Foreign Affairs has accepted representation that the degree of involvement by Sasol in the Industrial Development Corporation of

South African was not to such an extent that it fell within the policy guidelines for parastatal companies.

Sasol's public relations officer in Johannesburg, Mr Jan Krynauw, said that Sasol had been a private company and listed on the Johannesburg Stock Exchange since 1979.

The company is still awaiting details from the US. — Sapa

Early gas-oil boost for PE

Weekend Post Reporter

THERE is already R40 million to R50 million in the pipeline for preliminary work on the Mossel Bay gas project and Port Elizabeth will start feeling the benefits within the next few months.

The announcement this week that the R4 200-million project will go ahead has sent a wave of optimism through the Southern and Eastern Cape.

It has been predicted that 5 000 new jobs will be created in Port Elizabeth alone.

Mr Frikkie Odendaal, liaison officer for the Department of Economic Affairs and Technology, said yesterday that half — and possibly more — of the off-shore construction, estimated at R1 000 million, would take place in Port Elizabeth.

He also gave the figures for the preliminary work.

The platform, including piles, jacket and module support frame, will be constructed in

the Port Elizabeth harbour.

Mr Odendaal said work on one of the seven modules would start with the cutting of steel in Durban in May.

Details of where the other modules are to be built would be disclosed later, but it was not impossible that PE could be in line for one of them.

He said the allocation of work would ensure that one company did not do everything.

Construction of the platform was expected to be completed in 1990.

Mr Karel van Zyl, public relations officer for the Central Energy Fund in Johannesburg, described the case made out by PE for a major share of the work as "most impressive".

He was referring to the report commissioned by the PE City Council and the Midland Chamber of Industries.

"There is no doubt that all the potential major contractors now know Port Elizabeth's capacity, which will make it a lot easier for

them to take decisions about the siting of the work they get," he said.

Although market forces would ultimately decide where the different components were built, PE stood "a very good chance" of getting a lot of the work.

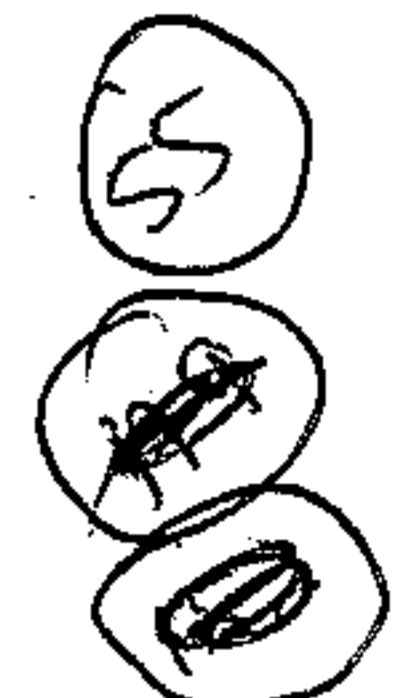
Mr Van Zyl said that the project would be geared so that the work could be done by using up excess capacity currently available in the country without building industrial facilities that would stand unused once the platform and refinery was built.

Mossel Bay is expecting development to start almost immediately, with neighbouring towns like George and Oudtshoorn also feeling the benefit.

The Town Clerk, Mr Willem van Heerden, said yesterday he expected preliminary work to begin this year, though construction of the refinery was only due to start in 1988.

● See Page 3

PE all set to train gas industry staff



By DENISE BOUTALL

TRAINING the people who will build and man the massive offshore platform is possibly one of the most daunting aspects of the R4 600 million Agulhas Bank gas project.

The Emthonjeni Group Training Centre in Port Elizabeth has made a major bid to be designated the official training centre for staff both in the construction of the platform and the operation of the gas field off the Mossel Bay coast.

The existence of this highly regarded centre in PE is one of the advantages of building the platform here.

This is according to the authors of the report arguing the case for PE as the site for the fabrication of the platform.

Last year the centre's director, Mr Dieter Kusel, undertook a three-week visit to the United Kingdom to learn at first hand about the training requirements of the offshore oil industry.

By that time the centre had already started training welders to become coded pipe welders.

Mr Kusel's report on his trip, detailing not only

Offshore oil report PART THREE

the training requirements but also describing the process of building, transporting and installing the platform, has been included in the PE report.

He makes it clear that welding is the key skill in the construction process and remarks that experience in the UK had shown that shipbuilders had not been the most successful in the construction of offshore platforms and that it was in many cases better to train welders specifically for the job on the platform.

This is interesting because it has been argued that Durban, with its existing ship building industry, might have an equal or even better claim as a construction site for the platform.

Apart from welding, training would have to be

given in a variety of other trades as well as for offshore crane operators.

In addition, training would have to be given in non-destructive testing techniques which are part of the incredibly strict quality control systems used to ensure the highest possible standards of construction.

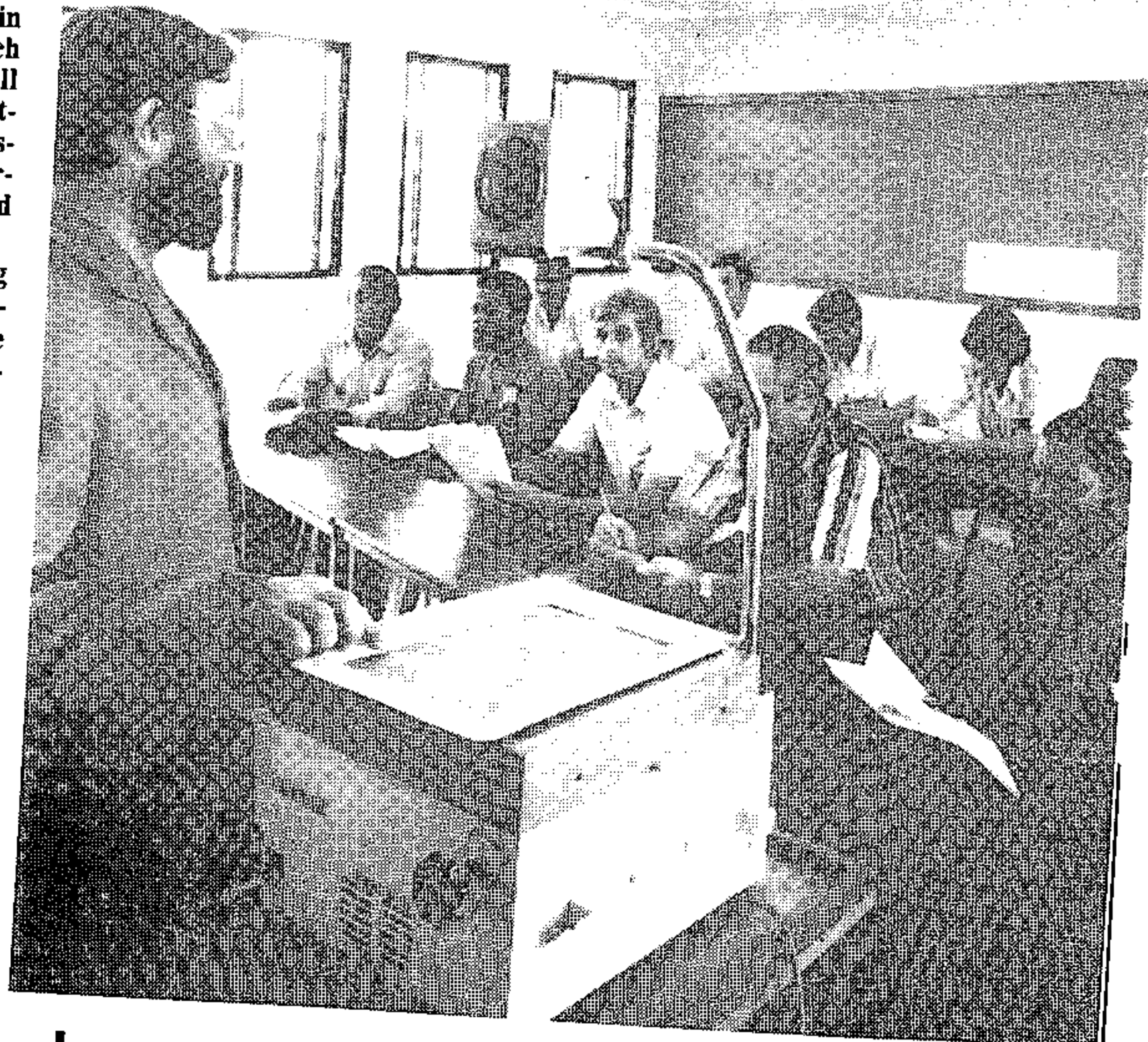
Once the platform is in operation, staff, of which there will be 200, will need training in fire fighting, survival, quality assurance, diving, underwater repair work and offshore catering.

Some of the training will necessitate the establishment of expensive facilities to simulate conditions that workers might encounter on the platform 90 kilometres south of the coastline.

Mr Kusel warns against false expectations about the number of jobs that might be created during the construction process, but points out that skills and labour would also be required for the maintenance of the platform.

"I am confident that the PE-Uitenhage region will be able to supply the skilled personnel required for this venture."

Emthonjeni makes bid to undertake training



Strike three for PE's bad labour reputation

Post Reporter

PORT ELIZABETH has long had a reputation of being the "strike centre" of South Africa.

Yet the picture of the city's labour force that emerges from the report arguing the city's case as the major manufacturing site for the Agulhas Bank off-shore project is that of a skilled group of people who are well acquainted with the complexity of working in an industrial environment.

Contrary to its backwater image PE is a

highly industrialised city with has the highest proportion of what is known as "high skill intensive" industries in SA.

More than half (57%) of the industries in this area fall in this category compared to 47% in the Vaal Triangle.

As for strikes — in 1983 and 1984 PE and Uitenhage accounted for only 2% of the strikes and in 1985 for 8%.

The region has a reservoir of well-educated, highly skilled whites who are more stable and better motivated because of the absence of a "overheated" demand for their

skills.

The large coloured labour force has a broad range of skills extending into management and administration.

"All this is underpinned by a solid core of black semi-skilled and unskilled labour, long urbanised and well versed in industrial skills."

In addition there is a higher concentration of blacks in the technical and professional occupations than the national average and the turnover of staff in the region is lower than the national average.

Instruction at PE's Emthonjeni Group Training Centre takes place in the classroom as well as in simulated work environments. Last year the centre's director, Mr Dieter Kusel, undertook a three-week visit to the United Kingdom to about the training requirements of the offshore oil industry.

Local content goal 'will be difficult'

(S)

blow
5/13/87

Study says SA lacks expertise for gas project

SA DOES not have enough manpower with the technical expertise to handle the offshore portion of the R5,5bn Mossel Bay gas project, an EMSO study says.

The company was appointed by Soekor as overall project managers of the development.

The expert manpower shortage was cited as the main reason why government had accelerated the project's starting date.

EMSO's MD Steve Hrabar said yesterday "in the drive to maximise local content on this project, studies showed that, in conjunction with the onshore project, the peak in the labour requirements would exceed the resources available within SA's engineering and construction industry".

To rationalise labour requirements, reducing the peak to manageable levels, the Central Energy Fund (CEF) was faced with the option of extending the date of completion or accelerating the start-up.

Hrabar said it was decided to advise the Cabinet to opt for the latter.

Oil industry executives with experience of the offshore oil business expressed some scepticism over this explanation yesterday.

CHRIS CAIRNCROSS

They doubted this expertise could be acquired locally in the time available. They believed the entire exercise would still have to depend heavily on overseas sources of manpower.

And they questioned the extent to which local companies would, in the end, be capable of becoming involved.

A local content target of 70% would be extremely difficult to achieve in value terms, they maintained.

Some R300m from the CEF has so far been allocated for synfuel projects during 1987. Of this amount, about R40m-R50m has been earmarked for Port Elizabeth, and R70m-R80m for Durban for the Mossel Bay "Malgas" project.

First beneficiary of these funds is Durban shipbuilding firm Sandock-Austral, which has just been awarded the contract to provide the detailed design of the accommodation module for the offshore platform.

Hrabar stressed the philosophy was still to maximise local content wherever possible and, where foreign technology was required, it would be mandatory for this technology to be transferred to local companies.

Power cuts — an apology

Sweetan
5/2/87

THE Atteridgeville City Council yesterday apologised to residents for the power failures that left major parts of the township in darkness from Saturday until Monday.

In a statement released yesterday, the town clerk, Mr Solly Rammala, said the power failures were beyond their control.

Teams of technicians and artisans worked around the clock to restore the electrical power supplies he said. The council yesterday brought in electrical consultants to assist in establishing the cause of the problem, Mr Rammala said.

"Once more we apologised most sincerely. We are aware of hardships such as food rotting in refrigerators," said Mr Rammala, who added that they were saddened by such occurrences. He called upon residents to realise that this was a major and complicated breakdown which was very difficult to repair.

"We thank you for your forbearance and regret the inconvenience caused to you and we wish to assure you that in future we will do all in our power to ensure that such breakdowns are kept to a minimum," Mr Rammala said.

Unlawful powerlines blamed for roof death

SS
DD 12/4/87

Dispatch Reporter

UMTATA — The municipality here adopted a by-law 15 years ago directing that wiring for houses go underground, and that power lines entering houses through the roof be re-routed underground.

The city electrical engineer, Mr K. McMillan, was asked to comment yesterday about an accident in which one person was killed and another seriously injured by an overhead powerline on the roof of their home.

Mr McMillan said the house where the accident occurred on Miller Street was the only house on the street which still had overhead power.

"We have been trying for 15 years to get all houses to re-route the electricity underground."

Most of the houses on the street have been sold and when the Transkei Development Corporation purchased the houses the corporation insisted on an inspection before the purchase which would require the seller to re-route the electricity.

Mr McMillan said it

was possible that this house had not been sold and consequently there was no inspection.

"It is unwise to go on a roof after swimming and anyone going on the roof should have proper rubber soles because it is easy to slip," he said.

Mr Gregory Schultz, 23, was in critical condition in the intensive care unit at St Augustine Hospital in Durban, a specialist treating him said yesterday.

His older brother Brian, 25, died when he tried to rescue his brother from the live wire.

A local diver called to the scene was resuscitating Gregory at the time a doctor arrived at the house.

The Schultz family is well known in Umtata and has been here many years.

Both Gregory, Brian and their father matriculated from Umtata High School and it was believed their mother was also a matriculant there.

A relative of the family said Brian, born and raised here, was a relief manager at Sparg's Wholesalers.

The principal of Um-

tata High School, Mr A. Webber, remembered the family well and said they were strong supporters of the school and the family was known for its involvement which included drama at the school.

Brian, who matriculated in 1979, played the side drums in the school band as well competing in the school's first athletic team and second team rugby.

Both boys were well-liked but quiet, he said.

Brian's friends commented that he was known for his smile and easy manner.

Brian enjoyed motorbiking and Gregory, who works at a manufacturing company of video cassettes and audio tapes, also enjoys motorcross.

● A physician here said he was planning to hold first aid courses for adults. He said the tragedy had highlighted the need for the community to be familiar with cardio-pulmonary resuscitation.

He said the accident emphasised the danger in older houses where power lines entered the roof in contrast with newer houses which received current underground.



SS FIM 13/2/87

Synfuel stirrings

Is something moving, at last, on the synfuel front? Speculation is mounting that government is about to approve either, or both, synfuel projects proposed by Gencor and AECI/Amcoal.

The Central Energy Fund (CEF) has been studying the feasibility of both projects, as well as the Mossel Bay fuel-from-gas scheme, for some time. Projects director Bob

St Leger has said the answers are unlikely to be known until the second half of the year (*FM* December 26 1986).

However, the CEF points out that government is free to go ahead at any time on the basis of available information. Speculation that such a decision has already been reached on at least one of the private sector projects has led to heavy share trading in both Amcoal and Gencor coal division's Trans Natal.

Now an advertisement in the *FM* has aroused new speculation that the major play-

ers are beginning to move.

The ad, placed for "the coal division of an expanding South African mining and industrial group" is for a project manager (synfuels), offering a negotiable R120 000 salary. The ad says the company is "embarking on a major new investment in synthetic fuels." Candidates are required to have had exposure to mining, geology, beneficiation and finance.

Gencor isn't saying whether it placed the advertisement, but the *FM* understands that internal feasibility studies on its torbanite

project will be completed by the end of March and that it is on the threshold of formulating in-house proposals on the scheme.

At last count the cost of the project was reckoned at about R600m, and Gencor has an agreement with government that the State will provide some of the finance.

An AECI spokesman says there are no new developments on its joint fuel-from-coal project with Amcoal. "However," he says, "with a general election in the offing, who knows whether government will not speed up its decision on one or more of the three projects under review?" Cost of the AECI plant was estimated last year at R3,5 billion-R4 billion.

Meanwhile, the Mossel Bay project is on schedule, with Mosgas Ltd having awarded an engineering contract to Sandoc-Austral for its next plant module. And the CEF spokesman says a decision on the gas-to-fuel conversion process to be used will be taken in the next month. ■

†THE MINISTER OF THE BUDGET AND WELFARE:

(1) Yes.

(a) Pietermaritzburg and District Council For The Care Of The Aged (PADCA) in connection with the Riverside Park project which is at present being erected with the aid of an approved loan from the Department of Local Government, Housing and Works.

(b) The organisation informed the Department on 23 June 1986 that the project would be completed within eighteen months and the Department was requested to make provision for subsidies on running costs as well as subsidies for furniture and equipment.

(2) Yes. The subsidies mentioned will be payable after completion of the project.

For written reply:

General Affairs:

Telephones

14. Mr A B WIDMAN asked the Minister of Communications:

How many telephones were installed in the (a) (i) Witwatersrand, (ii) Durban, (iii) Cape Town, (iv) Port Elizabeth and (v) Bloemfontein areas and (b) Republic in 1986?

The MINISTER OF COMMUNICATIONS:

- (a) (i) 59 309,
- (ii) 13 610,
- (iii) 19 447,
- (iv) 1 721,

Hoa

(2) (a) 1st quarter R54,98
2nd quarter R31,21
3rd quarter R26,27
4th quarter R32,40

(b) January 1987 R38,23.

Voters

73. 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 January 1987 or the latest specified date for which information is available?

The MINISTER OF HOME AFFAIRS:

Details of voters are attached as requested:

(i) House of Assembly: As at 31 January 1987: Annexure A.

(ii) House of Representatives and House of Delegates: As at 31 December 1986: Annexure B and C respectively.

Note: Figures for the House of Representatives and House of Delegates as at 31 January 1987 are not yet available. Those in respect of the House of Assembly have been processed as a matter of urgency in view of the coming general election.

Annexure A

Summary of Voters' Statistics from the Population Register 31 January 1987
House of Assembly

| | |
|--|-----------|
| Cape of Good Hope | 838 450 |
| Natal | 357 066 |
| Orange Free State | 231 502 |
| Transvaal | 1 604 396 |
| Total number of voters registered in the Republic on 31 January 1987 | 3 031 414 |

Remark

The number of voters registered in each

Hoa

electoral division in each of the various provinces is furnished hereunder.....

Number of voters registered in each constituency of the Republic
House of Assembly
Province of the Cape of Good Hope

| | |
|------------------------------|--------|
| Albany | 15 534 |
| Algoa | 17 917 |
| Allwal | 10 263 |
| Beaufort West | 9 440 |
| Bellville | 14 834 |
| Caledon | 13 533 |
| Cape Town Gardens | 16 261 |
| Ceres | 10 466 |
| Claremont | 16 840 |
| Constantia | 19 248 |
| Craddock | 10 436 |
| De Aar | 10 207 |
| De Kuilen | 19 924 |
| Durbanville | 23 187 |
| East London City | 16 910 |
| East London North | 17 303 |
| False Bay | 16 924 |
| George | 18 565 |
| Gordonia | 10 644 |
| Graaff-Reinet | 9 819 |
| Green Point | 13 556 |
| Groote Schuur | 14 977 |
| Helderberg | 21 649 |
| Humansdorp | 16 583 |
| Kimberley North | 14 296 |
| Kimberley South | 15 333 |
| King William's Town | 17 598 |
| Kuruman | 10 257 |
| Maritland | 19 184 |
| Malmesbury | 18 653 |
| Mossel Bay | 14 185 |
| Namaqualand | 9 945 |
| Newton Park | 17 719 |
| Oudshoorn | 12 931 |
| Paarl | 15 843 |
| Parow | 16 390 |
| Piketberg | 14 724 |
| Pinelands | 15 970 |
| Port Elizabeth Central | 14 641 |
| Port Elizabeth North | 16 452 |
| Prieska | 8 946 |
| Queenstown | 12 240 |
| Sea Point | 16 982 |
| Simonstown | 20 348 |
| Stellenbosch | 13 330 |
| Sundays River | 13 144 |
| Swellendam | 12 171 |

Handwritten signature

Handwritten date: 17/2/87

Bigger profit on fuel

JOHANNESBURG

The retail profit margin on a litre of petrol rose yesterday by 1,6c a litre to 7,6c.

Announcing the bonus for garage owners, the Minister of Economic Affairs, Mr Danie Steyn, said there would be no increase in petrol prices to the motoring public.

He said the hike was necessary because the wages of pump attendants were increased by 27,5 per cent in August 1986.

"The estimated cumulative profit and loss account (the slate) amounted to R192 million at the end of January this year. In the present circumstances it is not expected that there will be any change in the prices of petroleum products in the near future."

The minister said an increase in the delivery differential of the oil industry was also approved with regard to all fuel. It amounts to 0,3 cents a litre which means a total recovery factor for delivery cost of 1,6 cents a litre.

Both these increases will be offset against the slate in full and there will be no change in the price of petrol. — DDC

MOSSEL BAY OK!

PE set for big slice of oil-gas bonanza

19/2/87 SS EVE post

By PATRICK CULL
Political Correspondent
CAPE TOWN — The Government has given the final go-ahead for the giant Mossel Bay oil from gas project.
And Port Elizabeth has been earmarked to play an "appreciable part" in the initial R4,2-billion

project. A second future platform will bring the total cost to R5,5 billion in 1986 terms.

It is anticipated that the first off-shore production platform will be completed in 1990 with production of gas starting during 1991. By 1992 both on-shore and off-shore

production and processing facilities are expected to be in full production.

The gas find has a current life of 29 years but this is expected to be extended if further gas deposits are discovered.

Opening new headquarters for Soekor at Bellville this afternoon, the

Minister of Economic Affairs and Technology, Mr Danie Steyn, said the Cabinet had given the green light for the project when it met yesterday.

He said detail engineering design of the off-shore gas production facilities was scheduled to begin in April and manufacture of project components would also be "initiated early this year".

He added that as detail design became available, preparations could be made for "final commencement" in 1988.

Mr Steyn said detailed contracts had not been finalised yet but a "substantial rise in general engineering activities in South Africa with an appreciable part being played by cities on the southern coast such as

Turn to Page 3

PE set for big slice of S. Cape oil-gas bonanza

SS EVE post 19/2/87

From Page 1

Port Elizabeth" could be expected.

The Minister said on-shore managing and engineering contractors would be appointed during 1987 to allow for the "procurement and fabrication of components to get underway in 1988".

Mr Steyn said the decision to go ahead with the project implied "dramatic developments" in the Mossel Bay area.

But, he added, he wished to warn that this did not imply that everything was going to happen overnight and that "thousands of job opportunities will immediately be available in Mossel Bay".

"Most of the initial developments will take place in other centres like, for example, Port Elizabeth."

The Minister said the Mossel Bay project should be seen as the kernel of further industrial development in economically underdeveloped areas.

More details about developments in centres such as Port Elizabeth would be made known shortly.

He said it had been decided to plan the Mossel Bay project in various phases to ensure that "untenable high peaks" in the engineering and construction industry were not created and that an even spread of engineering activities and job opportunities prevailed.

Mr Steyn said that the lower oil price coupled with an international rapid growth in demand is expected to result in higher oil prices in the mid-1990s.

It seemed that "all governments of oil importing countries judge the strategic, economic and environmental advantages of synfuels clearly important enough to take steps to continue with synfuel programmes".

The fuel produced from the Mossel Bay project is to be known as Malgas after a bird found in the region.

Petrol profits get pumped up

19/2/87 B/Day

SS



● STEYN

THE retail profit margin on a litre of petrol yesterday rose by 1,6c a litre to 7,6c.

Announcing the bonus for garage owners, Economic Affairs Minister Danie Steyn said there would be no increase in petrol prices to the motoring public.

He said the adjustment was necessary because wages of pump attendants were increased by 27,5% in August 1986.

"The estimated cumulative profit and loss account (the slate) amounted to R192m at the end of January this year. In the present circumstances it is not expected there will be any change in the prices of petroleum products in the near future."

The Minister said an increase in the delivery differential of the oil industry

MICK COLLINS

was also approved with regard to all fuel. It amounted to 0,3c a litre, which meant a total recovery factor for delivery cost of 1,6c a litre.

Both these increases will be offset against the slate in full and there will be no change in the price of petrol.

The last fuel price adjustment occurred on April 14 1986.

The Minister said favourable international crude oil prices and a somewhat improved exchange rate made it possible to lower fuel prices on that date.

"The full price reductions were not

● To Page 2



Filling station profit boost

passed on to the consumer in order to prevent fluctuations in the fuel price as well as to make funds available for the purchase of crude oil under such favourable circumstances.

"Since then the exchange rate as well as the free-on-board (FOB) cost of imported fuel were subjected to fluctuations which moved petrol into an under-recovery situation."

It was, therefore, necessary he said, to suspend 5c a litre on the equalisation fund levy on petrol with effect from December 1, 1986 to ensure a balanced contribution to the slate on all products.

At the same time, the equalisation fund levies on the other products were increased so as to continue the stock-piling programme.

"The change in the equalisation fund levy, as well as the better exchange rate since December 1986 now placed petrol in a unit over-recovery position.

SS



● From Page 1

"Notwithstanding the improvement in the exchange rate, the landed cost of diesel and paraffin escalated in such a way that both products are in a unit loss position because of the extremely cold winter in the northern hemisphere and increased crude oil prices."

Since the relatively low crude prices of \$13 per barrel in the third quarter of 1986, Opec countries managed to increase prices to more than \$17 a barrel in January 1987.

He said the recent crude oil price was \$18 a barrel. The higher crude oil prices influenced, inter alia, the landed costs of the refined products in SA.

Local cost increases necessitated further internal adjustments in the price of petrol at present. For example, an interim increase of 2,0c a litre to petrol retailers has now become inevitable.

(9/2/87) (SS) D

Robson: roof power lines safe

Dispatch Reporter

EAST LONDON — Electricity power lines entering a house through the roof were "perfectly safe", provided they were installed correctly and were properly insulated.

If conductors were not properly insulated they should not, "under any circumstances", be touched.

This was said yesterday by the city's electrical engineer, Mr Ken Robson, who was asked to comment on possible dangers posed by overhead power supply cables following the death of a man and the serious injury to another who came into contact with a cable on the roof of a house in Umtata.

The Transkei capital promulgated a bylaw 15 years ago which made it a requirement for all power supply cables to be re-routed under-

ground whenever a house changed hands.

Mr Robson said East London would not follow the Umtata ruling.

"It is perfectly safe to have power lines entering houses through the roof, providing they are installed and insulated strictly in accordance with regulations," he added.

The subject was also raised by Mr W. A. F. Schultz of East London, in a letter to the Daily Dispatch.

Mr Schultz said that reports on the death of the man on the roof because he came into contact with an electrical cable, could scare many people who wanted to paint and patch the roofs of their houses.

"The present system is safe enough and any house owners who think that their wires are not sufficiently covered due to perishing should con-

tact the city electrical engineers department," he added.

Mr Schultz said the process of directing power supplies underground would cost the ratepayer a "great deal of money".

Mr Robson said he could not say exactly how much the conversion would cost, but it

would be "very expensive".

He said it had been many years since overhead electricity has been re-routed in East London.

"We don't do that here any more and there are a large number of houses in East London still with overhead power supplies," he added.

Call for cash aid to relocate for gas plan

20/10/77
EVERPOM
15

By DENISE BOUTALL
THE possibility of financial assistance for industrialists who move to Port Elizabeth to work on the offshore gas platform is being investigated.

The MP for Walmer, Mr Andrew Savage, yesterday called for a cash wage incentive to compensate the business sector for the relocation allowance which applies elsewhere.

Mr Brian Rayyer, a director of the management

Report crucial — Mayor

Post Reporter

THE report arguing PE's case as the site to build the Mossel Bay offshore platform had helped the Government in its decision, the city's Mayor, Mr Ben Olivier, said today.

It had made clear that the project could be undertaken locally.

The Minister of Energy Affairs, Mr Danie Steyn had told a delegation from the city that such a report would help him to answer certain questions.

The report, which was made public this week, had handed to Mr Steyn in December.

Offering a "big thank you" to the Government, Mr Olivier added: "I believe everybody in the city will benefit from it."

consultants who drafted the report arguing the case for Port Elizabeth as the site for the fabrication of the platform, said while any additional incentives would help, Port Elizabeth's case as the site for the work was not dependent on this.

His company was pursuing the possibility of some form of assistance for industrialists who moved to the city to work on the project.

The co-ordinator of the East Cape Strategic Development Team, Prof Charles Wait, said the ECSDT felt the incentives should be provided by the Central Energy Fund as part of the capital cost of the project.

The major concern was to obtain a relocation allowance which was paid to industrialists when they moved factories to specified decentralisation areas.

"The relocation allowance is wanted solely for the gas contract and one can reasonably argue that its cost should be added to the capital cost of the project."

He pointed out that obtaining the relocation allowance for all industries moving to Port Elizabeth would be a time-consuming process entailing policy decisions on the part of the Government as well as the consent of the independent homelands.

Framework for Mossel Bay oil platforms will be built in PE

By PATRICK CULL

EV. Post

SS

Feb. 1987

CAPE TOWN — The framework for the platforms and some of the platform structures for the Mossel Bay oil project will be built in Port Elizabeth, a Department of Economic Affairs and Technology spokesman said today.

Estimates for building the framework were being obtained and further details would be made known later.

He stressed that the Port Elizabeth harbour would be used in the giant R4,2 million project and said reports that the Sandrock Austral shipbuilding yard in Durban would get a lion's share of the project were untrue.

Sandrock had been given a sub-contract to plan one platform — one of seven modules involved in the project.

"The cake will be split evenly and Port Elizabeth will get its share".

The Minister of Economic Affairs and Technology, Mr Danie Steyn, said it was expected that thousands of jobs would be created by the project, which is due to come on line in 1991 and which will contribute significantly to South Africa's self-sufficiency in oil.

The Opposition spokesman on trade and industry, Mr Andrew Savage, said the Government was responsible for ensuring that industrial incentives were made available to contractors wanting to establish themselves in Port Elizabeth.

The Government should consider cash wage incentives, similar to those applicable in East London, to compensate for the fact that — unlike other areas — industrialists moving to Port Elizabeth received no relocation allowance.

N/M 20/2/87

Go-ahead for R4,2 b gas field project

**Parliamentary
Correspondent**

THE Minister of Economic Affairs and Technology, Mr Danie Steyn, announced yesterday that the Cabinet had decided to proceed with the development of the gas field near Mossel Bay.

Opening Soekor's new headquarters at Bellville, Mr Steyn said the initial project would cost R4,2 billion.

He said a second platform costing R1,3 billion would be built in 17 years time.

Mr Steyn said it was anticipated the first off-shore production platform would be finished in 1990 and that production of gas would start during 1991.

By 1992, he said, both on-shore and off-shore production and processing facilities were expected to be in full production. The gas field has a current life of 29 years.

Contracts

Spelling out the initial stages of the project, Mr Steyn said detail engineering design for the off-shore gas production facilities was scheduled to begin in April this year and that manufacture of project components would also be 'initiated early this year'.

He added that as detail design became available preparations could be made for 'final commencement' in 1988.

He said detailed contracts had not been finalised yet but one could expect a 'substantial rise in general engineering activities in South Africa with an appreciable part being played by cities on the southern coast such as Port Elizabeth'.

Mr Steyn said that the decision to go ahead with the project implied 'dramatic developments' in the Mossel Bay area.

But he warned that this did not imply that everything was now going to happen overnight and that 'thousands of jobs will immediately be available'.

MICK COLLINS and
CHRIS CAIRNCROSS

IN the most important industrial development in the Cape's history, Economic Affairs Minister Danie Steyn yesterday set the seal on the R4,2bn Mossel Bay offshore gas project.

Opening Soekor's new headquarters in Bellville, Steyn said Cabinet approval had also been given for the construction of a second offshore platform at a later stage, which will boost the capital cost of the entire project by R1,3bn to R5,5bn in 1986 money terms.

Economists and industrialists have welcomed government's decision saying the news has injected new life into SA's staggering economy and brought hope to the economically ravaged Eastern Cape.

The go-ahead for the project is the result of more than 20 years of land and sea prospecting.

Industrialists said yesterday employment opportunities for 10 000 workers would be created as construction neared its peak. There was also a possibility of a further 10 000 jobs being created through satellite industries.

Steyn said the capital injection of about R4bn over four years would initially come from the Central Energy Fund (CEF). "Participation of the private sector is not yet excluded. After completion it will be privatised under the leadership of the CEF."

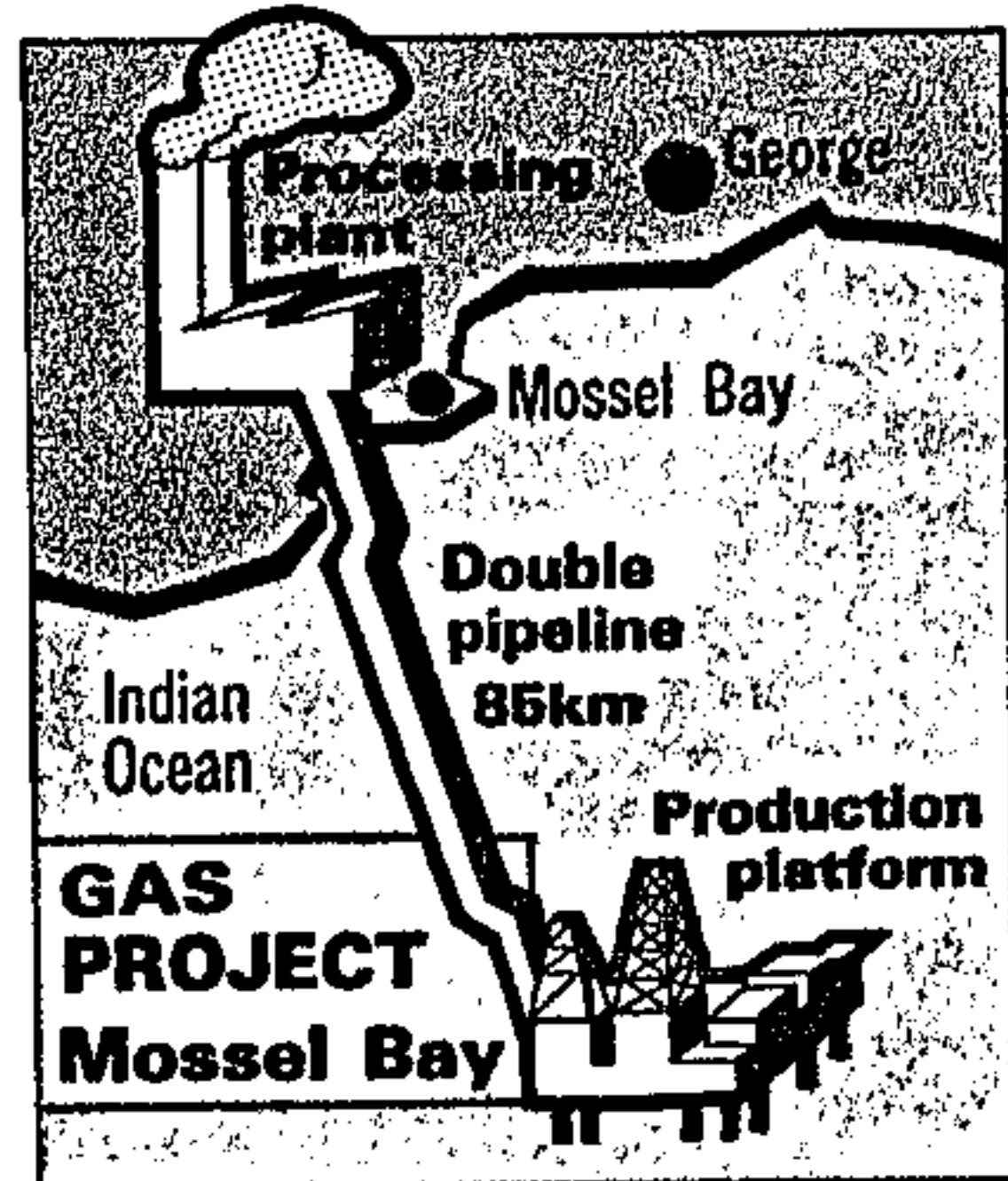
SA Federation of Civil Engineering Contractors CE Kees Lagaay said the project would have a dramatic effect on the whole Eastern Cape and the profession at large.

Murray & Roberts group CE David Brink said: "I think it's tremendous news for the construction and engineering sectors. What is encouraging is that there is

● To Page 2



Offshore gas plan brings R4bn fillip



More postage

HOUSE OF ASSEMBLY — Warning that more postal tariff increases can be expected later in the year, Home Affairs and Communications Minister Stoffel Botha yesterday announced that postage on standardised local letters is to go up by 2c from 14c to 16c from April.

● See Page 5

The increase was a "left hook to the nation" and unnecessary, PFP spokesman on Communications Alf Widman said.

Gas plan a boost for Cape

every intention to maximise local content. We are very excited about other aspects for us which include tugs and helicopters. This is a boost for M & R."

Referring to M & R shares, which jumped to 940c on the JSE yesterday, Brink said the share had moved up about 50% in two months.

"But after our poor results last year it still has a long way to go to get back to previous levels."

Steyn said the gas field had estimated reserves likely to guarantee the project an operating lifespan of at least 29 years.

He said: "Production is scheduled to commence in 1991. Detailed engineering design of the offshore platform is to start in April with the fabrication of components likely to commence later in the year, and actual construction in 1988."

"On-shore managing and engineering contractors will be appointed during the year to allow procurement and fabrication of components for the refinery to also start in 1988."

However, Steyn sounded a warning saying approval did not imply everything would now happen overnight and that thousands of job opportunities would

immediately be available in Mossel Bay.

He said: "Most of the initial developments will take place in other centres like Port Elizabeth. It was decided to plan the project in various phases to ensure that untenable high peaks in the engineering and construction industry are not created."

A mood of optimism prevailed at a "Mossel Bay" meeting of about 140 industrial and civic leaders in PE yesterday.

Delegates were given copies of a report setting out the reasons why the city was most suitable for large-scale fabrication of the rig.

A spokesman said: "The PE region is well placed to provide the total requirements for fabrication, construction needs and servicing for the Agulhas Bank project." He said the area was depressed and operating at a low level of capacity utilisation with high unemployment.

He said: "The gas project represents a realistic opportunity for private enterprise and the authorities to promote industrial expansion and an improvement in the level of economic activity."

● From Page 1

5 000 oil jobs in pipeline for PE

Post 20/2/87
SS

By DENISE BOUTALL

THE Mossel Bay offshore project could result in the creation of some 5 000 jobs supporting about 25 000 people in Port Elizabeth.

This was said today by Mr Brian Rayner, a director of the management consulting firm that compiled the report stating Port Elizabeth's case for building the platform.

He was reacting to the Government's go-ahead on the project.

Mr Rayner said it was estimated that about 1 200 people would be employed on the construction of the platform, but the spinoff from the work could create about five times as many jobs.

"If 1 000 of those jobs are in Port Elizabeth that means 5 000 jobs supporting about 25 000 people.

"To this one has to add the possibility of a substantial proportion of the onshore refinery being built in Port Elizabeth on a modular basis."

In his statement yesterday, the Minister of Energy Affairs, Mr Danie Steyn, said that production of oil from the Agulhas bank gas field would start during 1991. A second platform would be built about 17 years from now. The field has an esti-

● Turn to Page 2

5 000 oil jobs possible in PE

Post 20/2/87
SS

● From Page 1

mated life of 29 years.

Asked whether PE was not staking too much on a project with such a limited life, Mr Rayner said: "Whether it's a one-off or not, it will be good for us and we must get as much of the work as possible."

Exploration of gas and oil was continuing between PE and Mossel Bay and Mr Steyn was probably being careful not to raise too many hopes about the construction of additional platforms. "But this is certainly not a flash in the pan," he said.

The construction in PE would mean that a lot of overseas specialists would visit the city and spend money here.

"If the jacket is built here, it would no doubt also function as a tourist attraction because of its enormous size. It will be almost three times as high as Brister House."

Once construction was complete the city would continue to play a major role in the training of staff who work on the platform and in the maintenance of the structure. There could also be spinoffs from the transportation of the oil from Mossel Bay to the rest of the country.

Although PE was the logical site for manufacture, he believed the report which was commissioned by the City Council and Midland Chamber of Industries had helped to arm the Government to argue the case for the city against political pressure to base the fabrication elsewhere.

Mr Rayner said the argument for building the refinery on a modular basis in PE was that it was better to create the additional employment opportunities in the city where there was already serious unemployment and sufficient capacity.

Mossel Bay did not have a big enough labour force to undertake the work.

The cost of building the refinery would be about three or four times the cost of the platform.

'The benefits will outweigh the problems'

Weekend Post
Correspondent

THE disclosure that the R4 200 million Mossel Bay gas project is to proceed — creating an estimated 1 800 jobs in the region — has sent a wave of optimism through the Southern and Eastern Cape.

Comments on the project include:

● Mr C W Heunis, Mayor of George: "The project will be a big economic boost,

Gas project creates wave of optimism

WIE Post (SS) 21/2/87

but one should guard against over-optimism.

"A problem could be the creation of jobs. While it would be wise to sound a note of caution about the

resulting population influx, the benefits outweigh anticipated problems.

"The project will focus more attention on the

Southern Cape, and the snowball effect it will have on our region will be far-reaching and all sectors of our economy — including industry, agriculture and forestry — will benefit."

● Mr J de Jonghe, president of the Chamber of Commerce in George: "Apart from the profit motives, it will provide investors with the chance to inject funds into the Southern and Eastern Cape to give these areas a much-needed economic boost.

"The project will have a stabilising effect, especially in the socio-political field, with special reference to Port Elizabeth, where unemployment is high."

● Mr Charles Robertson, Chamber of Commerce, Mossel Bay: "I hope the activities will be planned so that the creation of the necessary infrastructure can start off in a low key, but as soon as possible."

● Mr Rudi Barnard, Mayor of Mossel Bay: "We can prove this large-scale development will not have a detrimental effect on our cultural and historic traditions, or the environment.

"We can now in start with further planning and the infrastructure must be developed to its full potential.

"The economic benefits for Mossel Bay and the

R500-m a year SA gas bonanza

THE R5 500-million fuel-from-gas project to be based at Mossel Bay will save the country up to R500-million a year in foreign exchange.

That's the prediction this week of the Minister of Economic Affairs and Technology, Mr Danie Steyn.

The project, the largest of its kind in the world, will gear up this year and begin producing in about four years' time.

It will create about 5 000 new jobs in its construction phase.

Manpower Minister Pietie du Plessis said a further 5 000 secondary services and spin-off jobs would be created in the politically sensitive Eastern Cape, which has been hit by unemployment.

Once in production, the project will provide 1 800 to 2 000 new jobs.

Gas from a field about

By **LESTER VENTER**
Political Correspondent

70km offshore will be piped to the proposed Mossel Bay refinery.

A revolutionary technological breakthrough will enable the refinery to produce petrol-to-diesel ratios according to demand.

South Africa's current oil-from-coal production at Sasol operates on fixed ratios which have in the past led to oversupplies of petrol.

Manager

A private-sector chemical engineer, Mr Bob St Leger, has been appointed to head the project.

The undertaking, with a projected life of 29 years, grew from Soekor's search for offshore oil.

When Mr du Plessis, the responsible Minister at the time, switched the search to gas, the field which reaches offshore to the southern Cape was mapped out.

The project was assigned priority this year above two other fuel projects which remain on the cards:

- The revival of the 40-year-old Satmar oil-from-shale project at Ermelo, and

- A new Sasol plant on a coal field yet to be determined.

Mr Steyn also announced private sector involvement in the refining aspect of the Mossel Bay project would be considered.

But the offshore resource and its exploitation would remain in Government hands, he said.

This year's expenditure on the field will be R300-million. The entire project financing will be through the Central Energy Fund (CEF).

In the course of the project the harbours at Port Elizabeth and Mossel Bay will be extended.

Mr Steyn said: "The fact that this is happening here while sanctions and disinvestment are at their height is gripping the imagination of people in South Africa and overseas."

Whether it is the policy of the (a) South African Transport Services and (b) Department of Transport to (i) keep open the jobs of persons, and/or (ii) re-employ persons, who have been detained in terms of security regulations without being charged; if not, (aa) why not, (bb) what is the policy of the Transport Services and the said Department in this regard and (cc) who formulated this policy; if so, on what basis is this policy carried out?

The MINISTER OF TRANSPORT AFFAIRS:

(a) No employee of the South African Transport Services can or will be discharged and it will also not be regarded that the services of such an employee have been terminated merely because of the fact that he or she has been detained. The vacancy of posts or re-employment is therefore not applicable.

(b) No officer of the Department of Transport can or will be discharged merely because of the fact that he or she has been detained. The vacancy of posts or re-employment is therefore not applicable.

Re-employment of detainees

493. Mr S S VAN DER MERWE asked the Minister of National Health and Population Development:

Whether it is the policy of his Department to (a) keep open the jobs of persons, and/or (b) re-employ persons, who have been detained in terms of security regulations without being charged; if not, (i) why not, (ii) what is the policy of his Department in this regard and (iii) who formulated this policy; if so, on what basis is this policy carried out?

The MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT:

No civil servant can or will be discharged merely by the fact that he or she is being detained. The vacancy of posts or

re-employment is therefore not applicable.

Re-employment of detainees

494. Mr S S VAN DER MERWE asked the Minister of Law and Order:

Whether it is the policy of the South African Police to (a) keep open the jobs of persons, and/or (b) re-employ persons, who have been detained in terms of security regulations without being charged; if not, (i) why not, (ii) what is the policy of the Police in this regard and (iii) who formulated this policy; if so, on what basis is this policy carried out?

The MINISTER OF LAW AND ORDER:

(a) and (b) Concerning the members and civil employees of the South African Police, no such person can or will be discharged merely as a result of the fact that he or she is being detained. The vacancy of posts or re-employment is therefore not applicable.

Old-age pensions

495. Mr B B GOODALL asked the Minister of Constitutional Development and Planning:

(1) (a) How many Black persons applied for old-age pensions in 1986 and (b) how many of these applications (i) had been (aa) granted and (bb) turned down and (ii) were still under consideration as at the end of that year;

(2) what was the total number of Black persons receiving old-age pensions as at the latest specified date for which figures are available?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

(1) (a) and (b) (i) (bb) and (ii). Special records are not kept of the information required. A new data system is being implemented which will provide for the supply of

such information in the near future.

(b) (i) (aa). It is estimated that 38 116 black persons were granted social pensions in 1986. This figure reflects only pensions granted by the Department of Development Planning and does not include those granted by the self governing territories.

(2) 285 853 as at 31 January 1987.

Petrol: transportation

496. Mr B B GOODALL asked the Minister of Transport Affairs:

What was the cost in cents per litre in respect of transporting petrol from Durban to the Reef as at the latest specified date for which information is available?

The MINISTER OF TRANSPORT AFFAIRS:

Approximately 1 cent per litre by pipeline for the 1985-86 financial year.

Fuel pipeline

497. 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 1985-86 financial year and (b) from 1 April 1986 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 1985-86 financial year?

The MINISTER OF TRANSPORT AFFAIRS:

(1) (a) R240,4 million.

(b) R192,1 million till December 1986.

(2) R60,1 million.

Petroleum products

498. Mr B B GOODALL asked the Minister of Finance:

What total amount was collected in net excise duties in respect of petroleum products in the 1985-86 financial year?

The MINISTER OF FINANCE:

During the financial year 1985-86 net excise duty in the sum of R289 209 414,55 was collected on petroleum products.

Loss of foreign exchange

499. Mr H H SCHWARZ asked the Minister of Agriculture:

What is the estimated loss of foreign exchange suffered by the Republic in 1986 in respect of (a) additional imports and (b) loss of exports attributable to drought conditions in the Republic?

The MINISTER OF AGRICULTURE:

(a) Approximately R60 million until July 1986.

(b) Approximately R199 million until July 1986.

Foreshore Board

500. Mr S S VAN DER MERWE asked the Minister of Public Works:

Whether the Foreshore Board is still in existence; if not, (a) (i) when and (ii) why did it cease to exist and (b) in which institutions are the powers of this Board now vested?

The MINISTER OF PUBLIC WORKS:

No.

(a) (i) With effect from 1 April 1979:

(ii) The Cape Town Foreshore Act, No 26 of 1950, provides that if the Board has achieved the object for which it has been estab-

the Defence Act No 44; if so, (a) where are these barracks situated, (b) how many persons/offenders can these barracks accommodate and (c) for what reasons were these barracks established;

(3) what was the average number of offenders detained in detention barracks in 1986?

The MINISTER OF DEFENCE:

- (1) (a) (i) 5.
- (ii) None.
- (b) 429.
- (c) As on 9 February 1987.

(2) No. (a), (b) and (c) fall away.

(3) Different categories of persons are admitted to detention barracks, viz persons awaiting trial, persons sentenced to detention and persons who are kept in safe custody. It is not possible to supply the average number in respect of offenders.

Central Energy Fund

314. Mr B B GOODALL asked the Minister of Economic Affairs and Technology:

What was the balance in the Central Energy Fund as at 31 December 1986?

The MINISTER OF ECONOMIC AFFAIRS AND TECHNOLOGY:

R3 727 412 634.

Central Energy Fund

315. Mr B B GOODALL asked the Minister of Economic Affairs and Technology:

What total amount was collected on behalf of the Central Energy Fund in the 1986-87 financial year?

The MINISTER OF ECONOMIC AFFAIRS AND TECHNOLOGY:

Total income collected on behalf of the Central Energy Fund for the period 1 April 1986 to 31 December 1986:

R240 004 434

Gross CEEFlevy received (4c/1).....

R240 004 434

Less payment to:
SFF-Association (administration of the crude oil stock-piling programme)

R10 926 967

Department of Transport (combating of oil pollution)

R 13 658 709

Netto CEEFlevy received.....

R226 345 725

Interest received on funds invested

R347 258 345

Dividends received (Sasol 3)

R 25 000 000

Total income for the period

R598 604 070

Unemployed Black persons

The MINISTER OF HOME AFFAIRS:

316. Mr B B GOODALL asked the Minister of Home Affairs:

According to the information published in Statistical News Release P27.3 on 12 January 1987

(a) How many Black persons were unemployed as at the date of the latest current population survey and (b) what is the date of this survey?

(a) 503 000.

(b) October 1986.

Mossel Bay oil-gas project

321. Mr D J N MALCOMMESS asked the Minister of Economic Affairs and Technology:

(1) Whether (a) the State, (b) Soekor and/or (c) any other company in which the State directly or indirectly owns shares has purchased any land in the Mossel Bay area for use in connection with development of the oil-gas project; if so, (i) what specified land in each case, (ii) what was the cost of each specified piece of land and (iii) from whom was each such piece of land purchased; if not,

(2) whether any land is to be purchased in the Mossel Bay area for this purpose; if so, (a) what area of land and (b) what steps had been taken to acquire this land as at the latest specified date for which information is available?

The MINISTER OF ECONOMIC AFFAIRS AND TECHNOLOGY:

(1) (a) and (b) No.

(c) Yes. Land was purchased in the name of Mossref (Pty) Ltd, a wholly-owned subsidiary of CEF (Pty) Ltd of which all the issued shares are State-owned.

(i) (a) The remaining extent of portion 4 of the farm Duinzigt No 244 in the division of Mossel Bay in 36,5752 ha.

(b) Portion 1 of the farm No 298 in the division of Mossel Bay in 123,1260 ha.

(c) Portion 1 of the farm No 301 in the division of Mossel Bay in 235,0803 ha.

(ii) Purchase prices were as follows:

(a) R248 100.

(b) R477 400.

(c) R682 673.

(iii) The land was purchased from the following persons:

(a) Harold Russel Muller.

(b) Hendrik Pienaar.

(c) Johannes Jochemus Albertus Vermeulen.

(2) Fall away.

99-year leasehold

322. Mr E K MOORCROFT asked the Minister of Constitutional Development and Planning:

How many plots were surveyed in each province of the Republic in 1986 with a view to the 99-year leasehold scheme?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

Cape Province..... 95 601
Orange Free State 43 100
Transvaal..... 169 362
Natal 10 506

99-year leasehold

323. Mr E K MOORCROFT asked the Minister of Constitutional Development and Planning:

(1) (a) How many persons in each specified Development Board or Office for Community Services area applied in 1986 for (i) leases in terms of the 99-year leasehold scheme and (ii) leave to purchase property under freehold title and (b) how many such applica-

Border, Ciskei free to share in gas project

Dispatch Reporter

EAST LONDON — The Minister of Economic Affairs and Technology, Mr Danie Steyn, has said that Border and Ciskei companies are welcome to participate in the Mossel Bay gas project.

The MP for East London City, Mr Peet de Pontes, who held talks with Mr Steyn in Cape Town yesterday concerning the participation of local companies in the project, said this prospect holds very exciting possibilities and could provide a major injection into the region's economy.

Mr De Pontes, speaking from Cape Town, said the talks were aimed at making sure that the Border region would share as far as possible with the tremendous development that the project entails.

"While I must be realistic and accept that we do not have all the facilities to handle certain sections of the manufacturing required for the project, our industries can and should make a substantial contribution."

He said East London had engineering and foundry facilities that were leaders in their field and could make a valuable contribution.

"The minister supported this view strongly and confirmed that it would be welcomed should Border and Ciskei companies become involved."

Mr De Pontes said that apart from certain large basic construction components for which specific specialised equipment was required, the bulk of the project

would be put out to tender.

"Any company can then tender and the best tender will be accepted," he said.

"In view of East London's proximity compared to some other major centres and the subsequent transport costs involved, our companies would be in a very favourable position to win the tenders."

Mr De Pontes said he had discussed the matter with Mr John Rich of the Border Chamber of Industries (BCI).

"I have requested the BCI to compile a brochure setting out the various companies of our region, inclusive of Ciskei, outlining their facilities and capabilities," he said.

He said the BCI would give this immediate attention and, once compiled, the information would be submitted to the minister and Mr Bob St Leger of the Industrial Development Corporation and the Mossel Bay project leader.

"In this way it will be ensured that East London industry is placed in the best possible position to compete," Mr De Pontes concluded.

● A Dispatch Cape Town correspondent reports that the final assembly of the R4,2 billion Mossel Bay synfuel project will take place in the Port Elizabeth harbour.

Mr Frikkie/Odendaal, liaison officer for the Department of Economic Affairs and Technology, also confirmed yesterday that as far as possible fabrication of the platform would take place in Port Elizabeth.

SS DD 24/4/87

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stabilisation".

Gas plan: govt leaves escape clause

CHRIS CAIRNCROSS

THE green light given to the R5,5bn Mossel Bay gas project could well turn to amber before the year end.

Although the Cabinet announced its approval for the scheme last week, it has left the door open to reverse the decision later this year — if further investigations reveal this would be the better course to take.

This is made clear in the wording of the announcement by Economic Affairs and Technology Minister Danie Steyn at the official opening of Soekor's new headquarters in Bellville.

Declaring that approval had finally been given for a start to be made on implementing the Mossel Bay project, Steyn cautioned that the Cabinet would reconfirm its decision only at the end of the year, after the completion of further investigations, and depending on other circumstances.

Steyn's announcement apparently surprised some Soekor officials, who confessed they were only expecting such a decision to be made much later in the year.

Although the announcement has been welcomed, its timing has been described as precipitate. And in political circles it was seen as an obvious pre-election exercise.

Plan Lim

(Reg. No. 05)

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Gas plan: escape clause 'not sinister'

27/2/87
B/day
(15)

THERE was nothing "sinister" in the government's escape clause in the Mossel Bay gas project, a spokesman for the Ministry of Economic and Technology Affairs said yesterday.

Final approval of the R5.5bn project is not due until the third quarter of this year, but government gave the go-ahead for the scheme last week.

The spokesman said taking inflation into account, it was considered cheaper to begin earlier while there was sufficient information to make it viable.

He said: "I don't think the main thrust of the early announcement was the May election, although it might have played a role."

The Cabinet has authorised a R300m expenditure on the project this year. It is probable construction

KAY TURVEY

of the offshore platform and module to house the power generator and staff living quarters will begin as early as May.

Detailed design of the refinery is scheduled for completion at the end of 1987, with construction to begin in 1988.

Dave Brink, CE of Murray & Roberts, the holding company of EMSO, said engineering work on the coast was progressing rapidly.

□ The project would inject "great hope" into the shipbuilding and ship repair industry, Dick Jenkins, national chairman of the SA Association of Ship Builders and Ship Repairers, said in Durban yesterday.

MOSSEL BAY

Under starter's orders

SS 1/11/27/2/87

Government's go-ahead for the R5,5 billion oil-from-gas project at Mossel Bay has come as a welcome economic stimulant for the entire eastern Cape.

And the benefits will be all the greater because, according to latest estimates, the 30% local content originally envisaged has now risen to almost 70%.

An indication of the urgency surrounding the project — the biggest single industrial development in the Cape — is that official approval was due to be announced only in May. Now orders are out that preliminary design work should be completed in April, opening the way for an almost immediate start to site works in Mossel Bay and detailed planning.

"No time is being wasted. We attach the utmost urgency to the project," a spokesman for the Department of Mineral and Energy Affairs (DMEA) tells the *FM*.

But the critical decision on which liquification process will be employed has still to be taken. "Negotiations are in hand and a decision is expected by mid-March," says the DMEA source.

About 5 000 new jobs will be created during the construction phase, and the off-shore platform and the refinery on the mainland will provide permanent employment for 1 800-2 000 workers.

So far it is estimated that about R300m will be spent this year alone on site preparation and the construction of the platform and its seven modules. About R180m of this will be spent in Mossel Bay itself. Port Elizabeth will get work worth R40m-R50m and contracts worth another R70m-R80m are likely to go to Durban engineering firms. Final assembly of the platform, or "jacket," will probably be carried out at Port Elizabeth.

"We cannot give the exact breakdown yet because the capabilities of various companies are still being investigated," says the DMEA official. "But we want to divide the cake so that as many people as possible get a slice."

Detailed engineering design will start in April, and fabrication of components will begin later this year. Assembly of the platform will begin next year, when a start will also be made on the 85 km of double pipeline which will carry the gas to the mainland processing plant. On-shore management and engineering contractors will also be appointed this year.

The Central Energy Fund (CEF) will provide about R4 billion over the next four years for the first stage of the project. Economic Affairs Minister Danie Steyn, announcing the go-ahead, said: "Participation of the private sector is not yet excluded. After comple-

tion it will be privatised under the leadership of the CEF." The *FM* understands that government has already received approaches for a stake in the operation of the refinery. The gas field itself, however, will remain in State hands.

A second off-shore platform to be built at a later stage will bring the total cost of the scheme to R5,5 billion, at 1986 prices.

The project, the culmination of nearly 20



Minister Steyn ... spreading the benefits

years of prospecting on land and sea, is due to begin production in 1991 and the gas field has an estimated life of 29 years.

At current exchange rates fuel produced from Mossel Bay will save SA R300m-R500m a year. The venture will also ensure that the country's level of self-sufficiency in fuel oil is not diminished by increased consumption.

The DMEA says that a special effort will be made to ensure that infrastructure which will not be required at the end of the construction period is kept to a minimum. "We are determined to use existing infrastructure as far as possible," says the department spokesman. ■

Oil-gas: PE will get its fair share

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Evening Post
27/2/87

Post Reporter

PORT ELIZABETH will be given as much work as it can "sensibly handle" on the Mossel Bay oil-gas project, energy chief Dr Louw Alberts said today.

"It also depends on what facilities are available in PE," said the Director-General of Mineral and Energy Affairs. "But let me assure you we'll be pushing as much as possible PE's way."

Reports had been suggested that it was by no means certain that PE would get as much out of the project as it was expecting and that Durban, because of its infrastructure, was more likely to be favoured.

Dr Alberts said it was not possible at this stage to put figures to PE's share of the preliminary work on the project. Engineering companies would have to be consulted and contracts settled with subsidiary operations.

"These things take time to finalise, but as soon as definite information is available it will be made public," he said. "And I want to make it clear I'm talking weeks, not months."

Dr Alberts confirmed that a substantial amount



Dr LOUW ALBERTS

would be spent in PE this year "and a great deal more before the end of the preliminary stage".

It was made plain from the start that aspects of the project would have to be handled in Durban, where there were major shipbuilding facilities.

The initial capital outlay, at 1986 values, would be about R4 200 million, and the erection of a second platform — to be completed within 17 years of the first — would cost a further R1 300 million.

Last week's Government go-ahead came the day after the publication of a report pushing for PE to be the major manufacturing centre.

Commissioned by the

City Council and the Midland Chamber of Industries, it concluded that PE was well placed in terms of "both services and resources" for such a role.

In an interview, the author of the report, Mr Brian Rayner, said while PE did not have the facilities to build the entire platform, "we can certainly assemble everything here and we hope that we can get as much of the fabrication as we can handle".

The city's development officer, Mr André Crouse, said PE had the infrastructure to handle most of the work.

Certain specialised equipment was not available in the city.

"But what you have to calculate is the cost of creating special facilities in Port Elizabeth against the cost of transporting enormous pieces of steel equipment over long distances. And some of the facilities that would be needed do not exist anywhere in the country anyway," he said.

Durban had shipbuilding facilities, but the cost of transporting items by barge from Durban was enormous. The rates were about R500 000 a day and the risks large.

w/ G ARBOUS 28/2/87 (18) (55)

BUSINESS

Fear of labour bottleneck pushes Mossel Bay project

By TOM HOOD, Business Editor

THE start of the R5,5-billion Mossel Bay gas-from-oil project has been accelerated because of fear of a labour bottleneck.

Studies showed the peak in skilled labour requirements in 1988-89 would exceed the resources of the engineering and construction industries, said the head of the design team this week.

"The go-ahead announcement may appear to be sudden but the underlying reason is the employment situation in the country," said Mr Steve Hrabar, managing director of Emso, a Murray and Roberts associate, which is handling the design detail from Cape Town.

The earlier start would reduce pressure on skilled labour, allowing more time to train people and let industry adjust to "this exacting new technology of offshore engineering" he added.

And in the present economic climate, the start would also be welcomed by the engineering industry.

Contracts worth tens of millions of rands of business could soon flow to Cape Town engineering companies from the project — an offshore platform and an onshore processing plant that will need a capital outlay of R4,2-billion at 1986 prices.

A second platform will come into production 17 years after the first and cost R1,3-billion.

About R300-million has been allocated for synthetic fuels this year. Between R40-million and R50-million will be spent in Port Elizabeth and between R70-million and R80-million in Durban, said Mr Hrabar.

Cape Town's share was not known at this stage, but it would be involved in various stages of the construction, design detail, fabrication of

various jacket components and the development of the Mossel Bay infrastructure.

He expected some contracts to be let shortly so that cutting of steel in fabrication shops could start by the middle of this year. Planners aimed at a local content of more than 70 percent.

Hundreds of construction jobs would be created — many in Cape Town if local companies are able to land contracts.

The nature of the offshore plant meant ports with large harbours such as Cape Town, Port Elizabeth and Durban were best placed for the manufacture of the huge components.

Large areas of quayside have been earmarked by SA Transport Services for the assembly of these components before they are floated to the Mossel Bay gas field.

Mr Hrabar said the award of contracts would depend on price and capability so it was up to Cape companies to be competitive in what they submitted. South African companies, however, would have to make arrangements with an overseas partner with experience in this field to avoid costly mistakes made in other countries.

The fundamental design of the entire platform and pipeline was now complete, said Mr Hrabar. Pipeline routes on the seabed and on land were now settled.

Steel specifications for the platform had been finalised and the planners had completed the pre-qualification of South African fabricators to undertake the fabrication of the jacket and topsides.

Great emphasis was placed on the impact of the project on the environment.

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PE group visits Mossel Bay for information

A HIGH-POWERED group of Port Elizabeth civic and business leaders visited Mossel Bay today to get first hand information about the gas project.

Mr Danie Werth, acting regional representative for the local Bureau for Information, said today the trip was organised jointly with the Department of Mineral and Energy Affairs.

Included in the delegation was the PE Mayor,

Mr Ben Olivier.

Mr Werth said the bureau initiated the trip following the announcement that PE would get a share of the work connected with the project.

He said the group left by bus early today.

Together with representatives of the Mossel Bay Municipality, they were taken by helicopter to the off-shore drilling rig, where they had lunch.

(55)

6ie Post
2/3/87

Platform a gas for tourism

E. Post 3/3/87

The building of the 72-storey gas drilling platform in Port Elizabeth will be something worth seeing. In fact, it could become a tourist attraction.

The platform will be four times the height of Brister House and even taller than Johannesburg's Carlton Centre, if platforms built in other parts of the world are anything to go by.

Those who compiled a report in favour of the platform being built in PE, point out that the enormously complex, precision-built structure will probably weigh more than 30 000 tons.

It will stand in about 103 metres of water supported by 24 piles, each about two metres in diameter and about 100 metres long.

The whole structure is known as a platform. Its different elements will be built on shore and shipped by barge to the site about 90km south-west of Mossel Bay.

The various elements of the structure are described below.

The jacket — an eight-



**Evening Post
special report**

**by DENISE
BOUTALL**

legged support structure built of 63mm thick tubular steel. It will be built horizontally at the dockside, skidded on to a barge and towed to the site where it is manoeuvred into a vertical position and lowered on to the seabed. It will be about 115 metres high and about 70 x 55 metres in width and breadth and weigh 11 000 tons.

The piles — each of the four corner legs will be supported by six piles which together will weigh 75 000 tons.

Bottles — to accommodate the piles the base of each corner leg is especially large and heavy. These sections are called bottles and include

special pile guides.

Nodes — the points at which the jacket bracings join the legs are known as nodes. The nodes accommodate the bracing members where they intersect.

Template — every platform usually serves 16 to 18 wells. To reduce the time needed to bring a platform into production some of these wells are drilled through the template by a floating rig before the platform is installed. The template is a large steel structure weighing about 90 tons and is fixed to the seabed.

Modular support frame — this is positioned on top of the jacket to support the modules necessary for the operation of the plat-

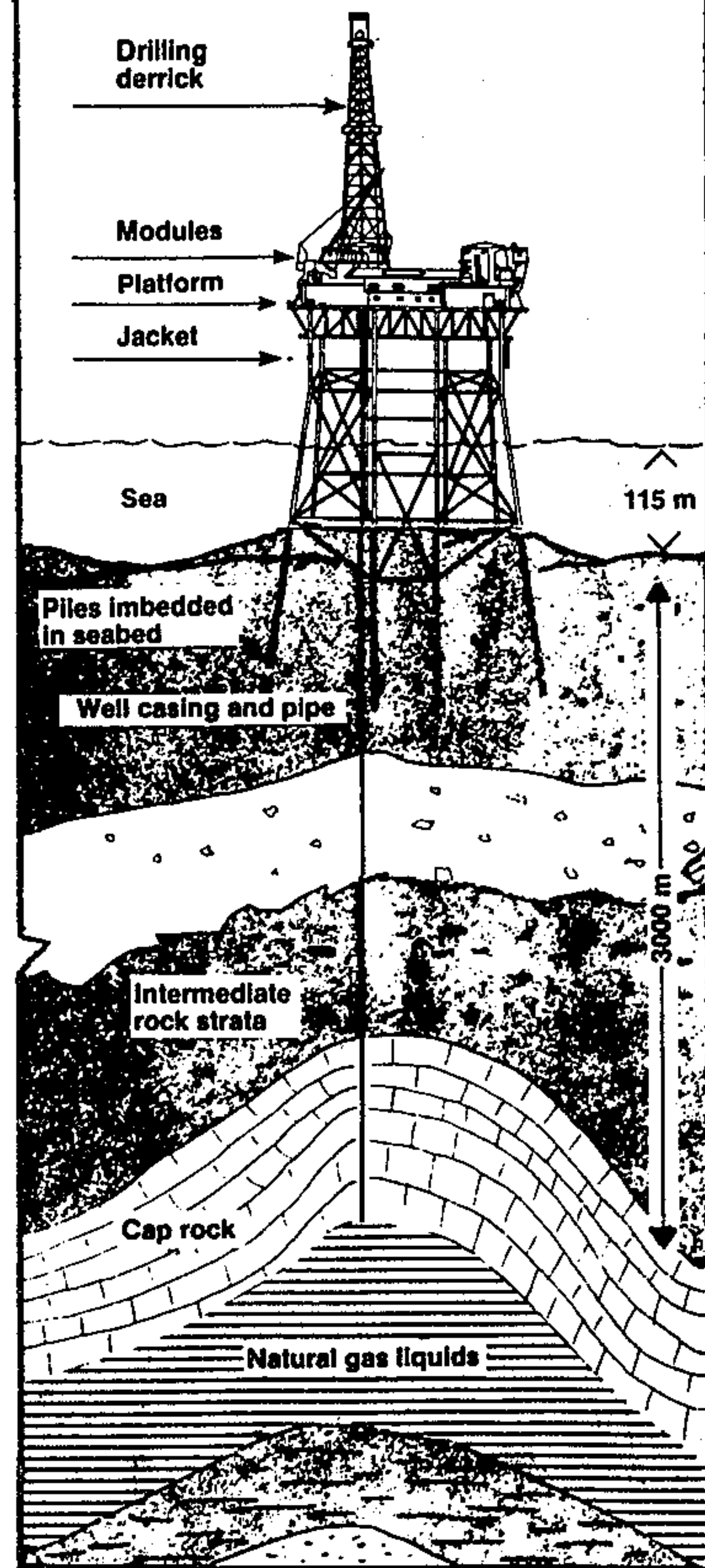
form. It will include two decks. It will be about 70 metres by 30 metres and stand 12 metres high and weigh about 1 700 tons.

Topsides — everything on top of the module support frame is generally referred to as topsides and usually includes seven modules weighing no more than 1 700 tons.

Accommodation module — accommodates about 100 people in two-berthed cabins. The crews are changed over every two weeks. The facilities include a kitchen, dining room, recreation room, change rooms and a medical area. Special construction techniques and materials are used to ensure that the module is as light as possible. The helipad is sited on top of this module.

Power and control module — this is usually situated below the accommodation module and houses the large gas turbine generators as well as emergency generators, battery packs and electrical switchboards.

Drilling and mud module — houses the equip-



A typical off-shore platform showing the various component parts. About R1 000 million is to be spent on the construction in the PE harbour.

ment used in drilling as well as mud cleaning equipment and tanks to allow for mud recycling and the diesel generators used to power the drilling rig.

Utilities module — houses workshops, offices, the equipment which circulates cooling water, hot water, fresh water and air.

Wellhead module — this houses the production wellheads as well as some

of the processing equipment.

Production module — gas is received at the wellhead at high pressure and is treated in this module to remove liquid oil (condensate).

Pipelines — There will be two pipelines, a 640mm diameter one for gas and a 20mm one for condensate. The larger one will be weighted with a concrete coating.

Tattoo fans

PE and Mossel Bay

BY DENISE BOUTALL

THE Port Elizabeth and Mossel Bay municipalities will be close allies in the development of the Agulhas Bank oil-from-gas project.

A high-powered Port Elizabeth delegation visited Mossel Bay yesterday to discuss ways of coordinating the activities of the two municipalities in the R4.6 billion project.

The alliance is also expected to function as a powerful lobby to ensure that both towns get as much benefit as possible from the massive project.

Although Mossel Bay will be the site of the onshore refinery and the town that will serve the offshore platform, Port Elizabeth is expected to be the major site for the construction of the platform and manufacture of the re-

Strike a deal

Alliance will maximise oil opportunities

finery, as well as the servicing of both installations once the field comes into operation in 1991.

The Port Elizabeth delegation included the Mayor, Mr Ben Olivier, the Town Clerk, Mr P K Botha, the City and Deputy City Engineers, Mr Arthur Clayton and Mr Angus Fraser, the devel-

opment officer, Mr Andre Crouse, city councillors Mr Charles Garai, who is chairman of the council's development working group, and Mr Van Zyl Cillie, and president of the Midland Chamber of Industries, Mr Peter Morum.

The Town Clerk of Mossel Bay, Mr Willem van Heerden, said today the Port Elizabeth group was flown to the exploratory drilling rig currently working in the area before being shown around the town and the site selected for the refinery.

This was followed by discussions between the municipal representatives and members of the Mossel Bay Chamber of Commerce.

"We decided there would be closer co-operation on an ongoing basis and that this would be done through the appointment of a special sub-committee of each council."

The initiative for the visit had come from Mossel Bay and was prompted by the announcement 13 days ago by the Minister of Economic Affairs and Technology, Mr Danie Steyn, that the project would go ahead.

Mr Van Heerden said the advantages of closer co-operation would be seen on a practical basis during the construction phase on matters such as the routing of large loads through Mossel Bay, but would also ensure that the councils supported one another in negotiations with Government.

● The first in a special series on the oil project appears on page 10

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Slick footwork should keep PE from slipping up on project

WHEN the outgoing MD of General Motors South African, Mr Bob White, in January called on Port Elizabeth to "fight back", most people in the city, inured to PE's negative self-image, probably thought: "How?"

Last week the City Council and the Midland Chamber of Industries presented them with a formidable weapon in the form of the report stating the case for PE as the major fabrication centre for the offshore platform

for the Agulhas Bank gas project.

Though aimed at arguing the city's case on a specific project, it also catalogues PE's many advantages as an industrial centre.

The report was commissioned last July after

concern had been expressed that PE might lose out on the construction of the platform unless it stated its case.

By October the report was complete and on December 2 it was presented to the Minister of Economic Affairs and

Technology, Mr Danie Steyn.

It was a case not so much of "fighting back" but making sure that PE got into the ring before anyone else.

Although no commitment has been made, it appears that a substantial

proportion of the work on the offshore platform will be done in the city.

Buoyed by the positive reception of the offshore report, there are now plans for a second report, arguing the case for building the onshore refinery on a modular basis

in PE. ● Over the next three days the Evening Post will be running a three-part series summarising the offshore report.

The first article describes the constituent parts of a typical offshore platform.

The second summarises the profile of PE given in the report and the third will deal with the Emthonjeni Training Centre report on the training of people for offshore platform work.

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Brewing to drinking

Bubble of euphoria?

SS FM 6/3/87

It is not too late for SA to reconsider the economic logic of the Mossel Bay gas-to-petrol project. On the basis of what is known, it appears to be a substantial dissipation of scarce capital resources for a modest return.

Most — if not all — of the arguments used to justify spending some R5 000m to bring Soekor's gas ashore and convert it to liquid fuels appear on close examination to have been stretched to their limits, if not beyond.

Thus the need to extend SA's self-sufficiency in liquid fuels in the near future is by no means acute. Sasol is currently producing somewhere close to half the country's petrol and diesel requirements; a large stockpile of imported oil has been accumulated; and international oil markets are likely to remain slack for many years to come. An increment to local output equivalent to some 10% of consumption can hardly in these circumstances be as vital a matter as has been claimed.

Then there is the little issue of reserve sufficiency. Insofar as SA has based its synthetic fuels programme thus far entirely on coal, one parameter which has always been beyond question is the adequacy of the resource base (now evaluated at some 62 000 Mt mineable). The offshore gasfields servicing the proposed synfuels plant are estimated to contain enough for a 30-year life.

Even a 10% overcount of the recoverable gas would reduce the life of the plant to 25 years, unless an entirely new gasfield is discovered. To be confident about the sufficiency

of gas reserves over the economic life of the plant, one would have thought it prudent to have a margin of at least 20% surplus gas in hand.

Even a plant life of 30 years (although reasonable for depreciation purposes) is no great shakes. The Sasol 1 plant, through diligent updating and renovation, is producing fuels as well as ever after more than 30 years of operating life.

Unfortunately, if it turns out in the end that plant life is limited because of miscalculations about the gas reserves, it will be too late to do anything about the situation except to import gas at considerable cost — or to add a coal gasification unit.

The argument about giving a boost to the eastern Cape does not hold water either, as R5 billion could surely be spent to greater socio-economic effect in other ways.

It should also be remembered that the Mossel Bay plant will be no more than about half the size of Sasol 2 or Sasol 3, so that economies of scale in capital expenditure are not likely to be optimised on the basis of what is already standard operating scale for giant synfuel plants.

In the *FM's* opinion, Mossel Bay should be put on ice pending further really substantial gas discoveries. If a new tranche of synfuel capacity is deemed necessary at this stage in our affairs, it should be based on the vast inland coal reserves and should match Sasol 2 and Sasol 3 in scale. This argument holds whether Sasol itself adds to capacity or whether other concerns enter the synfuels field. ■

New oil field not viable

Post Reporter

THE oil field discovered by Soekor 120km southwest of Mossel Bay fell far short of the 10 000 barrels a day needed to make it economically viable, said the Director of Mineral and Energy Affairs, Dr Louw Alberts.

The find was uneconomical as it would yield only about 4 000 barrels a day. A yield of 10 000 barrels a day over 15 to 20 years would have been considered economical.

Oil and gas exploration would, however, continue.

Dr Alberts said the value of the find was that it indicated it was worthwhile continuing the search for oil in the area.

The find is the second of this size Soekor has made in the last 18 months.

Soekor announced last night that oil had been produced from the borehole E-AA1 located 120km south-southwest of Mossel Bay and 80km south of the gas fields.

During production tests, approximately 5 000 barrels of oil and five million cubic feet of gas a day were produced from two zones.

Soekor has, on several occasions during the last year, referred to the fact that varying quantities of oil and gas have been encountered at intervals and considers these test results as encouraging.

"This oil discovery will be followed up by further seismic surveys and drilling.

"Should further drilling and tests in the area yield positive results, oil production from a floating platform could be considered," Soekor said.

Cash for M Bay Urgently needed

55 13/87

By ANDRE ERASMUS

A MASSIVE injection of funds is necessary in Mossel Bay to provide the infrastructure needed for the on-shore development of the oil-from-gas scheme.

The Town Clerk, Mr Willem van Heerden, today confirmed that urgent talks would be held regarding the fund-
ing, which would have to come from the R5.5 billion set aside for the project.

"A small local authority such as ours cannot provide the money for this and discussions over the next week or two will

decide how the funding will be done."

Mr Van Heerden said funds would have to be made available by the Government to provide township facilities and infrastructure to serve the refinery site 15 kilometres outside the town.

The programme for the provision of the infrastructure would have to provide for the completion of housing for the contractors by the middle of next year.

By the beginning of 1988 there would have to be on-site potable and construction water. "Other water, for plant use, will only be neces-

sary in four years and to this end the Government is looking at establishing a dam in the Groot Brak River.

"Everything concerning the planning for the scheme now has to be put into practice.

"The town has accepted that the Mosgas and Mosref schemes will go ahead and people are expecting visual changes.

"There is already a tangible air of expectation and buoyancy in the town, which is satisfying."

Mr Van Heerden said

the meeting this week with representatives from Port Elizabeth had yielded interesting prospects.

Over the next two weeks there would be several meetings in Mossel Bay with representatives of Government departments, Mosref and Mosgas.

The meeting with Port Elizabeth municipal officials had resulted in a "working arrangement" between the two councils.

"Port Elizabeth's industries will obviously be getting a fair share of

the work up there.

"We will need labour in Mossel Bay and this could aid the Eastern Cape's unemployment problem with workers being sent to Mossel Bay on contract.

"There are also training facilities in Port Elizabeth which could be used to provide the skills necessary for the refinery development.

"Basically, Mossel Bay will do what it can to persuade developers to use Port Elizabeth."

Small Soekor oil strike

*Cape Times
6/3/87
SS*

Own Correspondent

JOHANNESBURG. —
Exploration company
Soekor struck an un-
quantified amount of oil
120km off the Mossel Bay
coastline two weeks ago.

Director-general of
Mineral and Energy Af-
fairs Mr Louw Alberts
said it appeared from
the initial assessment to
be only a "small body of
oil" and therefore not
commercially viable.

But the precise vol-
ume and availability of
oil will possibly be
known within a few
weeks.

He said: "The point
brought home most
clearly by the latest dis-
covery is that continued
exploration around the
gas fields is becoming
justified from a cost
viewpoint."

The oil pocket, which
is south-west of the ex-
isting gas fields, is the
second strike in 18
months and is within
50km to 100km of the
first find.

CAME Times 6/3/87
55

Malgas allocated R4 500m to 1991

ERS

Own Correspondent

PORT ELIZABETH. — Some R4 500m has been allocated to finance synthetic fuel projects for the Mossel Bay natural gas project for the period 1987-1991, Steve Hrabar, managing director of Engineering Management Offshore Services (EMSO), said yesterday.

Of this sum, which is to come from the Central Energy Fund, R300m is earmarked for 1987 spending.

An estimated additional R3 300m will be necessary to carry the "Malgas" project through to the commissioning stage.

Hrabar said contrary to certain reports it was "quite possible" to achieve a 70 percent local content target for the project.

He was commenting on criticism from offshore-oil experts this week that the local content target for the gas project was "unrealistically high".

'Conservative' target

"I want to emphasize," he said, "that our initial feasibility study shows the 70% target is, if anything, too conservative."

"The target can certainly be achieved with the right co-operation between SA companies and overseas know-how."

He said that EMSO was a subsidiary of the Murray & Roberts (M&R) group core company, Engineering Management Services, and that Sanlam now has a substantial stake in M&R.

The feasibility study and first stage of the project were being tackled in three phases — the cost and returns, the implications in terms of geology and the environment, and the offshore design.

"We expect to have the second phase complete by the end of March and to start detail design and the calling for tenders in April," said Hrabar.

Mobil wages increase by 28%

MOBIL OIL and the Chemical Workers' Industrial Union (CWIU) have concluded a wage agreement which will raise the minimum wage at the company's marketing subsidiary by 28% to R710 a month.

The CWIU describes the settlement

as a "positive step" towards the goal of a living wage.

It provides for a R155 across-the-board increase and formally covers about 235 CWIU members in the Transvaal and eastern Cape.

Sonja's digging to save Mossel Bay's past in the face of development

By ANDRÉ ERASMUS

WHILE the country is getting excited about Mossel Bay's oil prospects, petite Sonja Schoeman seems to be fighting a lone battle to preserve the town's history.

Day after day, while top-level business meetings concerning the multi-million-rand Mosgas scheme are being held in the town and helicopters clatter between the shore and the rigs, Miss Schoeman wields her dainty trowel, unearthing pieces of the country's history.

Since last January she has been patiently digging away at the land between the famous Post Office Tree and the modern developments on the town's Santos Beach.

This area has been set aside for development as a natural museum and before any work can be undertaken, Miss Schoeman, an archeology graduate now working for the University of Stellenbosch's Department of Archaeology, is digging and finding artifacts dating back to the time of the Dutch East India Company.

Her project — commissioned by the Mossel Bay Museum — is to determine what ecological and historical impact the development will have on the area.

"I've been working here since last January and have so far found an aqueduct dating back to about 1821 which was probably used to channel water from a spring down to the beach so that passing sailors could get fresh water easily.

"The project is part of cultural resources management, something which is now taking off in this country following recent legislation. Effectively, this prevents the destruction of our heritage for the sake of new development," Miss Schoeman said.

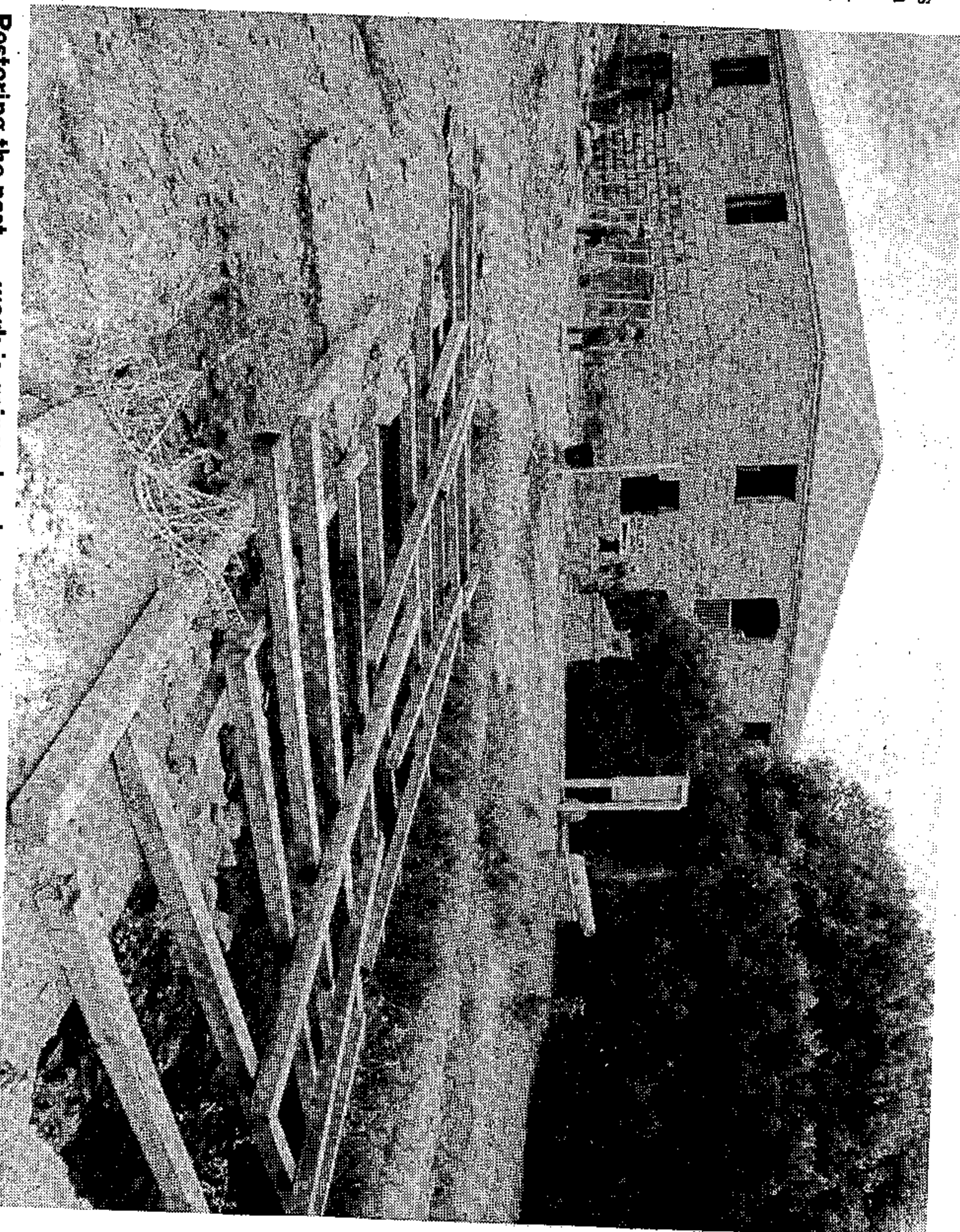
Having completed her studies in archeology and cultural history, and being a "boon and bred" Bolander, Miss Schoeman has found her stay in Mossel Bay stimulating.

"I love the sea and it will be a wrench to leave here and return to Stellenbosch at the end of the year. Also the finds here and the wealth of historical evidence are extremely satisfying for a person with my training."

When completed, the historical site will be developed as a garden with indigenous plants like aloes, milkwood and wild dagga, incorporating the Post Office Tree and the shell museum currently being rebuilt.



Digging up the past... archeologist SONJA SCHOEMAN points with her trowel at a detail uncovered during excavation work close to Mossel Bay's Post Office Tree.



Restoring the past... work is going ahead on restoring a building next to the old Post Office Tree (it's on the right), while part of the archaeological diggings are temporarily protected (foreground).

Fewer girls become 'gynmslip mothers'

By RAYMOND HILL

THERE has been a drop in the number of "gynmslip mothers" in Port Elizabeth and Uitenhage, according to newly released statistics.

But Mrs Penelope Aarts, Eastern Cape regional organiser for the Family Planning Association and a trained social worker, said the figures were still "unacceptably high".

They did, however, indicate that girls at coloured and African schools were responding to advice by family planning experts.

The statistics for 1986 have been released by the Livingstone Hospital. The latest figures for Port Elizabeth white girls, compiled by the Provincial Hospital, and those compiled by the Dora Nginza Hospital for Africans, are not yet available.

The statistics show that 872 girls from schools in the northern areas fell pregnant, compared with 945 the previous year — a drop of 7,7%.

The number of pregnancies among girls at African schools dropped from 1 673 in 1985 to 1 649 in 1986 — a marginal decrease.

The figures include one 12-year-old girl and 311 16-year-old girls.

In Uitenhage the number of African schoolgirl pregnancies dropped 12,8% from 493 in 1985 to 430 in 1986.

But coloured schoolgirl pregnancies in Uitenhage increased by 8,8% from 262 in 1985 to 285 in 1986.

Pregnancies among white schoolgirls in Uitenhage dropped by 50% from 91 to 46.

Uitenhage had nine Indian schoolgirl pregnancies in 1985, and only one in 1986.

The "gynmslip pregnancy" phenomenon has been a cause of concern among social workers and community leaders for many years.

But Mrs Aarts said she regarded the drop as showing that Family Planning's educational programme was "paying dividends".

"The latest figures are still unacceptably high, but the drop is an indication that teenage sex education is the most positive approach to the problem," she said.

Boys and girls in the northern areas,

especially, were making better use of the various education programmes and clinics offering family planning advice.

She said that in one week last month seven school girls between 14 and 16 years, including some from the northern areas, were found to be pregnant after being tested at the association's centre in Fettes Road.

Some of the cases handled by the association included:

● A 15-year-old schoolgirl in the northern areas who became pregnant after being seduced in her room by a 19-year-old schoolboy

● A schoolgirl, also 15, who was taken to a doctor by her mother for contraceptives last month. The girl received no contraceptives after promising the doctor that she would refrain from having sex. Six weeks later she was pregnant.

● An 18-year-old girl who had her third baby recently. The first was born when she was 15 years old and still at school. Each child was fathered by a different man.

Bisho court prevents T'kei soldier's burial

Weekend Post Correspondent

EAST LONDON —

The wrangle over the body of one of the raiders who attacked the palace of Ciskei's President Lennox Sebe took a new turn yesterday when the Bisho Supreme Court gave an order preventing his burial.

The widow of Rifleman Mbuyiselo Templeton Nondelo had applied for an urgent interdict restraining Ciskei authorities from burying or otherwise disposing of her husband's body.

Rin Nondelo died during the unsuccessful February 19 attack which Ciskei has called a coup attempt, launched by Ciskeian dissidents with the backing of Transkei.

Transkei has not yet officially admitted its role in the attack despite extensive evidence gathered by Cis-

kei, and Bisho is holding on to Rin Nondelo's body in the hopes of extracting an admission from Umtata.

Ciskei spokesman Headman Somtunzi said last week Rin Nondelo would be given a pauper's burial if Transkei had not officially claimed his body by last weekend.

Mrs Zoliswa Sylvia Nondela applied last Saturday for an interdict, which was eventually given yesterday.

Immediately after the order was made, lawyers for the widow filed papers for a second urgent interdict, to be heard next Thursday, for access to the body for identification.

If the body is her husband's, the application also seeks to have it handed over to her.

Mrs Nondela, a nurse, said in an affidavit that her husband had been a member of the Transkei Defence Force (TDF), and was based in Port St Johns.

In a supporting affidavit, Rin Nondela's father, Mr Wilson Ngunika Nondela, said he had first heard of his son's death when he saw a picture of his bullet-riddled body in a newspaper the day after the attack.

He had been to see a General Mkhaka of the TDF in Umtata.

"I was told that my son had been sent to the 'holders' and went missing there," Mr Nondela said.

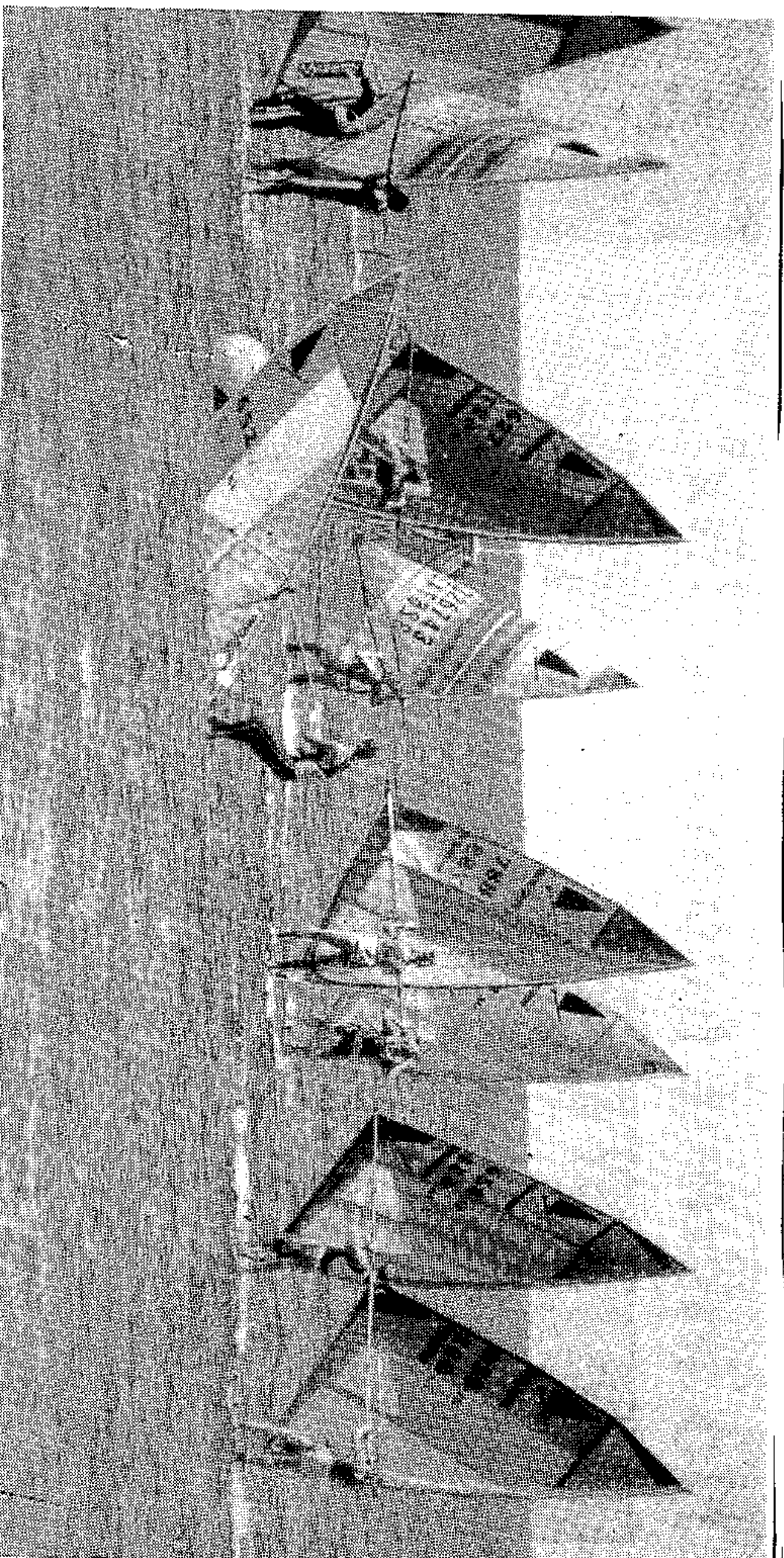
On March 2, he had travelled to Bisho on the advice of the TDF to identify the body.

He went to see Ciskei security police with his daughter-in-law and their

lawyer, but instead of being allowed to see the body they had been questioned and told Ciskei "wanted Transkei to come and apologise".



Springboks MURRAY SPIERS and MARGOT HARDMAN were among 90 of the country's top boardsailors who took part in the Algoa Bay crossing this afternoon.



Part of the fleet rounding the first buoy, off Hobie Beach, during this afternoon's Algoa Bay crossing.

Blaze of colour as crossing gets underway

By JENNY CULLUM

A FRESH south-westerly breeze sent 91 boardsailors skimming on their way on the Great Western Cooler Algoa Bay crossing this afternoon.

The Port Elizabeth beachfront at Hobie Beach was a blaze of colour at the start of the event with multi-hued sails, bikini girls, husky boardsailors, music, boaterwars and refreshments all vying for attention.

The 60-kilometre crossing, which is the second longest of its kind in the world, has attracted the country's leading boardsailors, including two women. They were tackling a course which had been extended by 10 kilometres compared with previous years.

Boardsailors rushed for the water as the hooter sounded to start the event and bunched around the buoy, before rounding it on their way to Bluwatervlei Bay.

Hot favourite was Springbok and world champion Murray Spiers, who has won three out of the five crossings and is on pass from the army for the event.

Other leading contenders include Wim Lagay and Brett Clark.

While the boardsailors were battling it out across the bay, a "swim for life" fun race was held from Hobie Beach.

Mr Scheepers was for many years involved with the Assemblies of God Church in the Eastern Cape as pastor and superintendent.

Wine industry dispute

CAPE TOWN — The wine industry has declared a dispute in its wage negotiations with workers, says Mr Piet Rossouw, Stellenbosch Farmers' Winery director of manpower.

Workers, who went on strike this week after negotiations between their union and the industry's Employers' Association broke down, returned to work yesterday.

Mr Rossouw said negotiations between the Employers' Association, representing wine producers, and the union representatives, 6 000 workers, failed after the union rejected a 1 1/2% increase on minimum wages. The union wanted an across-the-board increase of R35.

Soothsayer tells PV to relax

JOHANNESBURG — A Hillbrow fortune teller says she knows the outcome of the general election — "and P W Botha can relax, he will stay in power, although he must beware of an Ides of March situation".

Regina says the PPP would face hard times and that "an individual with evil purposes will shame the PFP".

She says she knows it all because she uses the I Ching philosophical system — or "oracle of change" — which she claims is infallible.

Asked if Dr Denis Worral would win Heiderberg, Regina said there was "good news for a fair person who has come back from overseas".

Scheepers resigns post

Weekend Post Correspondent

JOHANNESBURG — The headmaster of Parktown Boys' High, Mr Noel Scheepers, has resigned his post for "personal financial reasons" and will be entering "business in the Eastern Cape".

Mr Scheepers, who has been headmaster since the end of 1982 and who taught at Grey High in Port Elizabeth before that, would not elaborate on his reasons but said it gave him "much personal pain" to announce his resignation.

He was also at one time vice-principal of Dale College in King William's Town.

Mr Scheepers was for many years involved with the Assemblies of God Church in the Eastern Cape as pastor and superintendent.

(5)

Soekor may be on the brink of big oil strike

By COLIN URQUHART

SOEKOR may be on the brink of discovering a major oil field off the Southern Cape coast in a previously unexplored area.

News of the find in a "wildcat area" was disclosed to VIPs visiting the giant drilling rig, Actina, this week.

They were told that a "significant" quantity of "crude oil" had been discovered at two depths in a new area about 30 sea miles from the Mossel Bay gas fields Soekor intends exploiting.

The Director-General of Mineral and Energy Affairs, Dr Louw Alberts, issued a statement later in the week saying that a "small body of oil" had been found, but that it was not commercially viable. However, officials close-

ly involved in the oil search believe the statement could be deliberately underplaying the significance of this find until further exploration takes place.

The giant drilling rig Actina was working 65 sea miles south-west of Mossel Bay at well E-AA1 when it discovered the oil two weeks ago.

Informed sources say a heavy condensate "not unlike crude oil" producing at the rate of 5 000 barrels a day plus five million cubic feet of gas had been discovered.

They say Soekor has not ruled out further finds.

If successful, these could lead to plans to transfer the oil to refineries in Cape Town or Durban by tanker with a "floating platform".

Using this method the established refineries could

make the latest find more viable.

This find would in no way affect the R5,5 billion Mosgas project, according to Soekor. It would still go ahead as planned, using a "fixed" platform and piping the gas ashore to an oil-from-gas refinery.

During the rig tour some guests were told that it had not been the intention to go down to the depth where the main reservoir was found, but because the rig was ahead of schedule and an initial discovery at one level had been made, drilling had continued.

A spokesman for Soekor, Mr Mike Leibrandt, yesterday described the well as "encouraging", but said the results would have to be carefully analysed.

He warned that it was premature to speculate on the economic viability as

this had been a strike in a area rigs had not drilled in before.

The economic life of the well would not be known until data was analysed.

Mr Leibrandt said drilling would continue in the hope of expanding the field around E-AA1. This could take several years.

It is believed that if it proved viable, this would be a "totally new ball game" for Soekor — and a new field could be opened up.

The Actina moved on Wednesday to a new site approximately 20 sea miles closer to Mossel Bay from E-AA1.

The first major find of gas and condensate was discovered at well FA2, off the Mossel Bay coast, in 1980.

Another discovery, in

economically viable quantities, was made by the rig, Sedco K, south west of Mossel Bay in October, 1982.

In February, 1985, Soekor announced the discovery of a further major strike at well ES4 which could produce 2 600 barrels of condensate a day.

The Mosgas project (off-shore platform, piping and on-shore refinery) has been designed around these earlier finds.

At present three rigs are searching for oil off the South African coast — the Sedco K is in East Cape waters, near Port Elizabeth, and the Actina and the Nymphaea off the west coast.

No major gas or oil finds have been reported from East Cape coast so far.

● See Page 5

9/3/87
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Fuel lead content to be cut

GOVERNMENT is to cut the lead content of petrol — but the move will cost motorists about 2c a litre.

Confirming the new measures at the weekend, government spokesmen said the Cabinet had already approved the scheme.

The new measures — part of government's ongoing clean-air policy — will only come into effect on January 1, 1989.

The lead content of all grades will be lowered from 0,8g/l to 0,4g/l, a health standard which is accepted in most Western countries.

Director of energy planning at the Department of Mineral and Energy Affairs

MICK COLLINS

Robert Scott said the Cabinet had also approved reducing coastal petrol from 98 to 97 octane.

"Lowering the lead level will be an expensive process. The technology used in the refining process is more severe. There will also be an increase in the amount of crude oil used. Considerable capital outlay will be required to install extra refining plant."

After consultation with the motor and oil industries the estimated increase in

B/Day ● To Page 2 →

Air pollution 'has been dropping'

motoring costs would be about 2c/l.

"The Cabinet has also approved that we hold the 0,4g/l lead level for a period of not less than five years in order to justify the capital expenditure."

55 B/Day
9/3/87 ● From Page 1

Lead content in SA petrol was last cut — from 0,84g/l — in January last year.

R4bn is on offer from CEF

Pullout firms spurn Mossel Bay tenders

B/Dey

10/3/87

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DISINVESTING chemical engineering companies are turning down the chance to profit from the next stage of the Mossel Bay offshore oil development.

Industry sources say at least three foreign companies have turned down offers from the Central Energy Fund (CEF) to apply for future tenders.

If final go-ahead for the project is given, the CEF is expected to provide about R4bn over the next four years for the first stage.

There has been speculation that with 70% local content the remaining 30% does not make it profitable enough for foreign companies.

One company, however, says that having joined the disinvestment bandwagon, foreign firms cannot be seen becoming involved again in SA.

Foster Wheeler, a British affiliate of the American chemical engineering firm, announced last month it had sold its SA operation to a local management consortium.

The company recently completed a

DAVID FURLONGER
Industrial Editor

study commissioned by the CEF while Foster Wheeler was still foreign-owned.

Tim Evans, company secretary of Foster Wheeler in the UK, said yesterday: "We recently received a telex asking us if we were interested in future work in connection with the Mossel Bay project.

"As part of the requirement, we were expected to form a joint venture with a South African operating company. Since we've just left the country, it was hardly the time to do so.

"The 70% local content requirement didn't come into it."

Two American companies, Bechtel and Kellogg, are also understood to have turned down work at Mossel Bay. Officials of the two companies could not be reached for comment.

Meanwhile, Engineering Management Offshore Services (EMSO) MD Steve Hrabar insisted yesterday that 70% local content was achievable.

SS 6/10/87
10/2/87

Trek — no bumps in the road ahead

LIZ ROUSE

TREK Beleggings maintained earnings growth in 1986 with the help of a tax break which more than compensated for a drop in operating income.

The company performed well for shareholders against a background of static inland demand and a fall in petroleum product prices since March/April.

Thanks to lower taxes — a stock loss of R15m resulted in a tax credit of R7,5m — net attributable profit rose by 35% to R35,2m (R28,8m) in the year to December 1986. Earnings a share at 174,7c a share, up from 1985's 139,7c a share, were better than expected.

The final dividend has been lowered to 38c (40c), but the interim dividend was increased by 10c to 25c, so total distribution was up at 63c (55c).

When earnings were down 12,4% to 67,1c a share at the halfway stage, directors revised their forecast of higher year-end earnings to similar earnings in the second half. In the event second-half earnings were 107,6c a share.

However, chairman Donald Masson and MD Sarel Steyn warn in the preliminary report that, faced with a static petroleum market and with fixed marketing margins, Trek may have difficulty in improving profits this year.

This is where Trek will, through its conservative accounting policy of mak-

ing provision in good years, be able to provide stability for shareholders. The Slate, which moved into an over-recovered position of R14,7m at the year-end, will serve as a cushion against a squeeze on operating profits when lower product prices and high marketing costs come up against fixed marketing margins.

Masson does not foresee a rise in petrol prices this year, although no-one can predict the trend in international oil prices or in the rand.

Masson and Steyn said Trek's sales performance in 1986 mirrored poor economic conditions, a static market, lower international posted prices of refined products and crude oil, as well as unstable rand/dollar exchange rates.

Volumetric turnover declined slightly, sales declined by R18,7m to R656,4m (R675,1m) and operating profit came off R8,6m to R28,5m (R37,1m). Investment income fell to R16,4m (19,6m) on declining interest rates. Cash-rich Trek (R50m) faces the increasingly pressing decision to switch into more rewarding avenues for its large resources.

Surplus funds are invested in preference shares on a short-term basis. Masson said an obvious investment would be in the Mossel Bay project.

cated political seenario.

force.

Petrol verdict contested

Pick 'n Pay's fight to continue with its prohibited petrol sales coupon scheme was taken on appeal to Bloemfontein today.

The company has appealed against a judgment in the Cape Supreme Court in which Mr Justice Berman dismissed Pick 'n Pay's application against the Minister of Mineral and Energy Affairs to prevent him from stopping the coupon scheme.

Pick 'n Pay had sold petrol at the fixed price at its outlets, but had handed out coupons offering a reduction on the price of other goods.

Counsel for Pick 'n Pay will argue the coupons did not affect price-fixing as they could not be used for petrol, but only for other goods.

Counsel for the Minister will argue the selling of petrol and the providing of coupons — for a lower price on groceries or other goods — constituted a single transaction.

Menlopark board to debate calls to quit

The board of Hoërskool Menlopark is due to meet in Pretoria today and will discuss calls for its resignation following the "Squeegee" affair.

The board is unlikely to resign, but it is believed it will co-opt two additional members as it is meant to have eight members and now has only six. Two resignations would mean the members would not represent a quorum and the board would automatically be dissolved.

The meeting comes weeks after parents demanded at a mass meeting that the board resign over its refusal to allow the black schoolboy athlete to participate in an athletics meeting.

This demand was followed by a public request from the Minister of Education and Culture, Mr Piet Clase, that the board resign.

This week the director of Transvaal Education, Dr P Bredekamp, also held a meeting with the board where he asked them to resign, according to a parent at the school.

Mr Clase admitted that he had no power to fire the board.

Japie's rugby future gloomy

Pretoria Correspondent

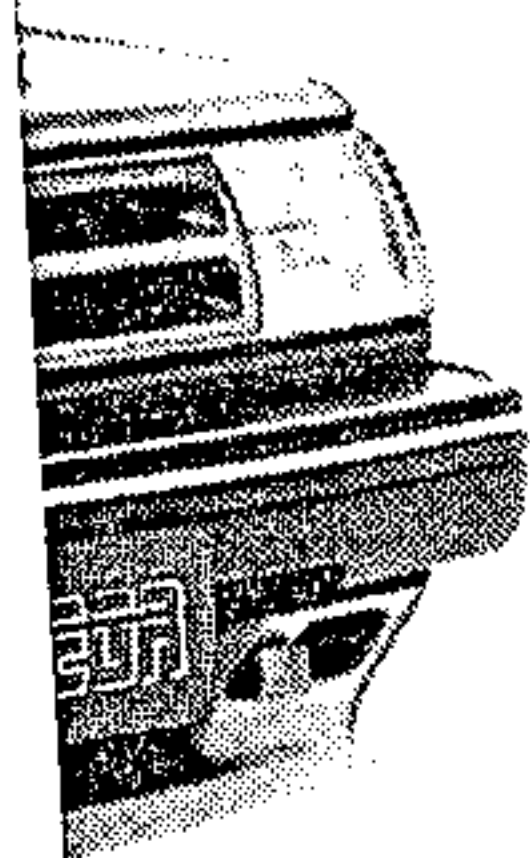
Oostelike hooker Japie Potgieter's rugby days may well be over following a kick in the groin he received in a friendly game against Alberton last weekend.

Potgieter could be crippled for life and has decided to lay a criminal charge against Alberton scrumhalf Andre Viljoen, who allegedly kicked him.

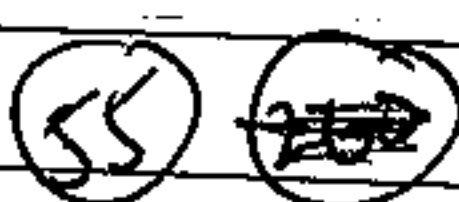
"I will see a urologist today to estimate the extent of the injury," Potgieter said today. He was taken to hospital on Saturday after being unconscious for two hours following the incident.

Oostelike rugby officials have confirmed the club will approach Mr Hentie Serfontein, deputy-president of the Northern Transvaal Rugby Union and a well-known legal expert, for advice.

Business



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Iscor makes its bid

Bidding for a substantial slice of the Mossel Bay action, Iscor has developed a highly specialised steel to meet the demanding off-shore conditions in the Cape waters.

The development puts Iscor well into the ranks of the world's top steel producers in technology.

In the past two years the corporation has spent more than R1m on the research and development of a steel capable of meeting the requirements of the R5,5 billion gas-to-fuel project.

The new product was submitted to Soekor last week. Iscor will be competing with international producers which have long track records in manufacturing specialist steels for off-shore platforms, but officials nevertheless believe they're in with a good chance.

The corporation will benefit from the stated policy decision to use local products and skills wherever possible. However, director of projects for the Central Energy Fund Bob St Leger stresses: "Iscor will have to match a reasonable price in the range as dictated by available overseas sources."

Iscor's John Riddell says the Mossel Bay project will need about 59 000 t of special steel for the off-shore works — 27 000 t for the platform and 22 000 t for the pipeline connecting it to the shore.

"The steel has to have exceptional mechanical and welding properties," he adds.

Ultra-sonic and sophisticated metallurgical testing was carried out to ensure that Iscor's new product could withstand high winds, extreme changes in temperature, heavy sea currents and the stress of pounding waves.

Tests also had to show that, in the manufacturing process, welds would be strong and flexible enough to last the expected life-span of the platform. 23 experimental casts have been completed with the new steel.

A decision on the tender is expected shortly.

F/M 13/3/87

is appreciably lower than that of Sasol many years ago.

"And who regrets the existence of Sasol today?"

tion."

Alberts says that the production of synfuels from local resources "should be regarded as a longer term measure to ensure a more secure supply of liquid fuels than that provided by the importation of crude oil."

While it is generally agreed that international oil markets are likely to remain slack for a while, "experience has taught us that it is well nigh impossible to accurately forecast oil availability and oil prices over any extended period."

He says there is, therefore, always an economic risk which must be taken when deciding on a major synfuels development. "This risk has been thoroughly assessed. Based on what is presently known, as well as on our assumptions regarding future developments in the oil market, it was decided to proceed with the synfuels programme. This decision ought not to be at issue any longer."

Alberts says oil imports continue to represent "one of the severest negative components" in the balance of payments.

The proposal to go ahead with the Mossel Bay project, he adds, was based on a detailed comparative economic study which indicated that the internal rate of return of the project for a 30-year plant life "does not differ significantly" from that of a coal-based project of the same size (in terms of volume of liquid fuels produced). He says "very valid" reasons exist for deciding to schedule the Mossel Bay project ahead of a large coal-based project.

Major questions

Among the major questions "carefully addressed" by government were the size of the gas reserves, the technical processes involved, capital requirements, private sector participation and socio-economic benefits.

Moreover, the production of liquid fuels from offshore gas in Mossel Bay, argues Alberts, is an efficient means of using a resource which would otherwise remain untapped. The development will also "timeously introduce into this country" the technology for dealing with offshore energy sources.

Alberts says it is fair to say that the overall risk associated with the Mossel Bay project

MOSSEL BAY

Taking issue

Director-General of Mineral and Energy Affairs Louw Alberts has taken issue with the FM's contention (FM March 6) that the Mossel Bay fuel-from-gas project appears to be a "substantial dissipation of scarce capital resources for a modest return."

He says the economics of the Mossel Bay gas project, especially in comparison with alternative coal-based synthetic fuels projects, have been thoroughly evaluated and that government has built up a carefully planned case for Mossel Bay.

For a start, he says that although the need to extend SA's self-sufficiency in liquid fuels is not acute now, it should be realised that a synfuels project has a lead time of some five years. The fact that Sasol is currently producing a significant portion of the country's fuel requirements "should not be identified with the situation five years hence."

Demand for liquid fuel is growing and without additional synfuels production, the country may be far more vulnerable to oil supply disruptions in the early Nineties than at present. It is true, he says, that a large stockpile of imported oil has been accumulated. But "this strategic stockpile is for use in a crisis situation of relatively short dura-

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13/3/07 FM

ATLANTIS

(SS) FIM 13/3/87

Under fire again

Ever controversial Atlantis Diesel Engines (ADE), under heavy fire from Public Carriers' Association CE Ian Moss, has won support from an unlikely quarter — the heavy vehicle manufacturers who have so often been in the opposite corner.

Moss says the ADE production range is "obsolete" — the 352V engine, which ADE produces, has already been superseded by the 366V in Europe. He contends that engine advances already available overseas could give local operators important benefits through increased power and fuel economy.

He is supported by Professor Roy Marcus, group technical director of Cargo Carriers, who says: "I've always been sceptical about ADE. The creation of the company limited choice and competition was a typical 'close the door' decision caused by panic over the possibility of sanctions.

"A new generation of diesel engines, incorporating ceramics, has been developed in Japan. We need to start tooling up for them in SA as soon as possible."

So far, ADE officials refuse to comment, saying nothing can be revealed about future plans until the Board of Trade and Industry releases its recommendations on local content for heavy vehicles.

But vehicle manufacturers tell the *FM* they have little enthusiasm for the hauliers' demands. Nissan GM, heavy vehicles, Dave Scott says that while he would like to offer the best engines available, gains from new technology could be marginal — and extremely costly. Toyota Heavy Vehicle GM Des Gush says any quick change of engine would hit Japanese manufacturers. ADE's access to Daimler-Benz technology gives Mercedes SA a head start over their competitors on the introduction of new models.

"It can take us two years to modify our models to take new ADE engines," he says.

The cost of re-tooling would be heavy. A recent study by Stannic and Econometrix shows heavy vehicle prices rose from a 1980 base of 100 to 282 in 1986. And the index is

likely to rise from today's 100 base to 226 by 1990.

"We have a duty to keep down costs," says Scott. "We would have to pass extra costs on to the consumer." Sales in 1986 fell by 34% — "and there are no volumes to help spread the cost."

Scott argues there could soon be a quantum leap in engine technology. "Another new generation may not be too far away. The improvement, say, of the new German engine is marginal and, anyway, many of the improvements have already been incorporated in ADE's current model."

Generally, the industry feels it is unrealistic for hauliers who have seen new technology in Europe and Japan to expect the improvements here immediately. Idealistic demands for the best of world technology can be as wasteful as development delayed too long. ■

Call to keep Ciskei, EL off MBay oil bandwagon

By KEITH ROSS

EAST LONDON — Benefits from the Mossel Bay oil project should be specifically directed towards Port Elizabeth and Uitenhage, Professor J M Davies, of the Department of Development Studies at Rhodes University, said in East London today.

Prof Davies was addressing the regional congress of Assocom on the development prospects for the Eastern and Southern Cape.

He said he had seen reports that East London and Ciskei interests wanted to join the Mossel Bay "bandwagon".

"It would seem to me that there has been enough

speculation on the division and sub-division of the anticipated Mossel Bay cake.

"PE and Uitenhage have been at a disadvantage with respect to the Ciskei and Border corridor for many years.

"Whatever benefits are available in the form of direct and indirect spin-offs from the Mossel Bay development should be specifically directed towards PE and Uitenhage, even if only to compensate for their previous exclusion and neglect.

"It would be unfair in the extreme if a single contract is awarded to a firm in the Ciskei or Border corridor areas as a re-

sult of the state-subsidised concessions which place competing tenderers in PE and Uitenhage at a disadvantage."

Prof Davies said PE and Uitenhage were expected to benefit substantially from the allocation of fabrication and construction contracts for the project.

"It is essential that maximum benefits accrue to firms and to people as quickly as possible so as to contribute towards the economic reconstruction of the area."

"To this end, specific incentives and concessions must be devised by the Government in consultation with the local industrial interests..."

13/3/87

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EPOR

Carburettor corrosion: Sasol 'has the answer'

SS
STAR
13/3/87

By Dan Side and Adele Baleta

Petrol pipelines have been blamed for carburettor corrosion in Transvaal and Free State cars over the past month.

After fuel firms and the AA began to investigate this week Sasol — which refines most high-octane fuel sold on the Highveld — said it had found the problem. Heptasol, a corrosion inhibitor developed by Sasol and added to most fuel sold at high altitudes, was being absorbed by the walls of delivery pipelines.

Sasol spokesman Mr Jan Krynauw said: "A number of cases of carburettor corrosion have come to Sasol's attention since November. As the inhibitor is highly effective, Sasol investigated and it was found that these cases mainly occurred at depots which received their fuel via pipeline.

"The fuel at the depots was analysed and it was found that certain components of the inhibitor were lost in the pipeline, as a result of absorption against the walls of the pipeline.

"An arrangement has been made with SA Transport Services to transport fuel containing the inhibitor via bulk rail tankers instead of pipeline.

"For the past few weeks a fuel with sufficient concentrations of inhibitor has been available at all distribution outlets and it is expected that only isolated cases might occur in future."

There will be no price change.

On Tuesday the AA launched an investigation into at least two cases of carburettor rusting in cars bought after the special inhibitors were introduced into fuels about the middle of last year.

The failures, said petroleum industry technical experts at the time, could have been due to a number, or combination, of factors.

Spokesmen for two major petrol companies said problems may have been encountered in quality control with particular batches of petrol. The inhibitor may have simply been left out of a consignment.

It appears, too, that certain types of cars — alloys used in carburettors can vary drastically from make to make — are more highly susceptible to corrosion.

Shell and Mobil said that a few consumer complaints had been received directly by them but most had been relayed through car manufacturers.

Mr Richard Green, technical manager of Shell, said: "I have personally examined cars with the problem in Bloemfontein. Corrosion has occurred in a number of makes of cars including some Opels, Toyotas and the Volkswagen Passat."

Mr Bernard Winter, Mobil's head of technical services, said the problem of corrosion had been accepted and addressed by Sasol, the refiner of most of the fuels sold on the Highveld.

"Some cars appear more prone to corrosion than others," he said, "and recently makes that have not given problems in the past have caused difficulties."

The AA, said its technical services general manager Mr Fred Bothma, was also examining the possibility of water contamination in tanks at petrol stations along with other likely causes of corrosion.

"At one stage there were problems with the fuel but this seemed to tail off when the additives were introduced around the middle of last year," Mr Bothma said. "We were somewhat surprised when he found corrosion in cars bought in the third quarter of 1986.

"Now we want to see if there are similarities in reported cases — the brands of fuel and when and where it was bought."

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SS STARC 14/3/87

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Some waste cash just on making a hole in the ground

WINNIE GRAHAM

South Africans are squandering R40 million a year on unusable boreholes, according to the President of the Borehole Water Association (BWA), Mr Mike Pichée.

Commenting on a statement by Rand Water Board chairman Mr Dale Hobbs, who described boreholes as "not cost-effective", Mr Pichée said it was true that many holes cost a fortune to run because of poor construction techniques and shoddy workmanship in drilling and pump installation.

He stressed, however, that the demand for boreholes was often created by the failure of water boards to meet consumer demand for protection of a "loved and often expensive investment of a well nurtured garden".

The BWA, he said, had embarked on an intensive training programme to improve professionalism of drillers, but to date only 15 of more than 200 in the PWV area had passed the examinations.

"The problem for the public will now being compounded by the increased demand for boreholes certain to result from the proposed RWB tariff structure," he said. "People who really want to get 'cheap'

water instead of expensive holes in the ground should seek the backing of the association, whose members provide a two-year guarantee."

Mr Pichée said the association was against the imposition of too much red-tape, which would frustrate both the public and drillers, but it realised the Government would step in if mismanagement — in the form of overpumping and pollution — persisted.

The ground water industry, he said, was worth between R200 million and R400 million a year.

"We know 20 percent of boreholes are useless and will collapse for reasons other than drought," he added. "With correct drilling techniques, however, 60 percent of dry holes could be used."

A properly constructed borehole would last at least 10 to 15 years. Though it was difficult to estimate the cost of a "typical" borehole because of the wide disparity in strata, a 60 m borehole constructed to BWA standards would cost R5 760. The cost of an ordinary hole, though initially cheaper to drill, would run at R13 790 over seven years.

200 left homeless after raging fire

SS
15/3/87

MORE THAN 200 people were left homeless after fire swept through buildings and shacks in Walmer township, Port Elizabeth, on Wednesday night.

The only person injured, Sylvia Gwebu, was taken to the Livingstone Hospital with burns to her head.

Major Eddie Everson, police liaison officer for the Eastern Cape, said the fire had been caused by an overturned paraffin lamp.

When reporters visited the scene all that remained was charred timber, broken pieces of crockery, bed frames and blackened corrugated iron.

Families stood around in a state of helplessness. One woman with six children said she felt "utterly hopeless" as all

their clothing had been burnt.

Residents said the fire had started at about 2am. Monica Gwebu was in the house where it started.

"I suddenly saw smoke pouring from the kitchen area and I screamed as loudly as I could, but the fire had already started spreading. It burnt the entire house down and spread to the other houses," she said.

Dro Dlova, upgrading co-ordinator from the Urban Foundation, said:

"We will try and find temporary accommodation for these people and will approach churches to see if they can help. Then we will get an expert from the Uf to build temporary wooden shacks. Operation Hunger has already agreed to supply the food," he said. - Sapa

By Ruth Golembo

CONSTRUCTION contracts for Escom's R4,5-billion Majuba power station are still up for grabs.

Majuba, near Volksrust, was put on ice in 1984 but given the go-ahead last year. Most of the contracts are out to tender, but the project should be under way by June.

Escom power stations have brought billions to the construction industry.

Mossel Bay

Each power station takes 14 years to build and costs about R7,5-billion.

The Mossel Bay project, on which many construction companies are pinning their hopes on for contracts, is estimated to cost R5,5-billion.

Concor, subcontracted by LC Steinmuller (SA), has won the contract for the Ma-

Work still on offer at Majuba power station

juba boilerhouse foundry and the cooling system platform. The civil works will be carried out by GEA.

The project should be completed by 1995.

Majuba is the last of Escom's latest five power stations to come on stream.

Kendall near Withbank, Matimba near Ellisras, Letabo near Vereeniging and the Palmiet pump storage scheme are in various stages of construction.

Palmiet Civil Construction Company, Philip Holtzman & Martin and Clifford

Harris have civil contracts for the Palmiet scheme which should be finished in 1988.

The Kendall scheme's civil contract, turbine house and turbine generator blocks are being done by Gillis Mason, and DB-Thermal holds the contract for the dry-cooling towers.

Karrena (Africa) is building the two concrete chimneys.

The civil work on Matimba is being done by LTA and GEA holds the contract for the auxiliary coolers.

Siepa is the sub contractor, and Scaf has the water-treatment plant contract.

Gillis Mason has the civil and building works contract for Letaba, DB-Thermal has the cooling-tower contract, Tilegrin the contract for the chimneys and LTA the contract for ash collection and disposal. The piling contract went to Frankipile.

18 ancillary projects to water scheme

The Star's Africa
News Service

MASERU — The Lesotho National Development Corporation has listed 18 ancillary projects, worth several million rands, which Lesotho-based companies can undertake in the construction of the R4 billion Lesotho Highlands water project.

Managing director of the LNDC, Mr Moletsane Monyake, said his organisation had carried out a survey to identify suitable projects.

The projects included the production of crushed stone and of cement and the manufacture of iron and steel products.

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STAR 19/3/87

Reprimand for causing blackout

By Shirley Woodgate,
Municipal Reporter

The Escom operator who pulled the wrong switch and plunged Johannesburg into darkness on Tuesday night "has been severely reprimanded, and that's it", said divisional manager, Mr Sydnie du Toit.

He said the man had been worried and had realised the impact of the mistake — but had been working on faulty equipment since Sunday. A team had been working there right up until yesterday, when the equipment failed for the fourth time.

The technician's mistake had set up a chain reac-

tion that triggered the power cut. "Normally that type of mistake should not have affected the power supply," said Mr du Toit.

Escom was investigating the cause.

The power failure had lasted more than two hours, but Escom reported its power supply went off at 7.37 m and the affected sub-station was back in operation 43 minutes later at 8.20 pm.

Mr D D Viljoen, acting city electrical engineer, said the time-lapse was caused by Johannesburg having to get Kelvin and Orlando power stations back on load. They had been tripped out on overload.

(S) STAK
19/3/87

PE injection of cash for gas project

By DENISE BOUTALL
MONEY will be spent in Port Elizabeth over the next few months on training and the establishment of support structures for the manufacture of part of the Agulhas Bank off-shore platform in the city.

This was said yesterday by a spokesman for the Central Energy Fund, Mr Carel van Zyl.

He had been asked for

details of the R40 to R50 million that would be spent in the city over the next few months prior to the start of major construction work on the platform.

Previously it had been stated that about R300 million was expected to be spent countrywide during 1987.

Mr Van Zyl said the part of the money would

be spent to train unskilled workers at the existing facilities available in PE, such as Emthonjeni Training Centre.

Further funds to flow through Port Elizabeth would be to obtain materials and set up the construction equipment and tooling and other related support structures required for the items to be made there.

The precise allocation of work to be done in Port Elizabeth had not been finalised "but we will ensure that a major share of the off-shore work will be placed in Port Elizabeth".

"The skilled labour available in Port Elizabeth cannot at present sustain our target for the city because they have presently only 10% of the welders required," he added.

However, it was the intention to use willing people in Port Elizabeth to perform all the tasks required to keep imports down to a minimum. This would develop a skills base in the city for similar future work.

The deputy director of the Emthonjeni Training Centre, Mr Leon de Villiers, said the centre had been training coded welders for work on the offshore project since July last year under the Government's work-seeker programme.

The centre had now also been allocated R100 000 by the Department of Manpower to train employees sent to it by industries in the city who wanted people trained for work on the offshore project.

"It is now up to industry in Port Elizabeth to make use of the training



Johannesburg's Rand Afrikaans University hopes the champagne will be flowing tomorrow after their match against Potchefstroom. Champagne Girl, Elma Hattingh (17), will be among the supporters.

**Peres denies
SMR 20/3/87
nuclear
co-operation
with Pretoria**

TEL AVIV — Foreign Minister Mr Shimon Peres, announcing a reduction in ties with South Africa, has denied allegations of Israeli nuclear co-operation with Pretoria.

The Labour Party leader told parliament Israel had decided not to sign any new defence contracts with South Africa in line with US policy against military relations with the minority government.

In a message to Mr Peres, Pretoria had condemned the Israeli move, calling it pointless and liable to lead to "negative developments", Israeli state radio said last night.

Mr Peres declined to say how long the existing contracts, which Press reports estimate are worth up to \$500 million (about R1 100 million) a year, will run.

He said officials would make further recommendations within two months on policy towards Pretoria.

Mr Meir Wilner of the Communist Party accused the government of co-operating with South Africa in the production of nuclear weapons.

"You are fabricating baseless slanders," Mr Peres shouted. "You are prepared to believe any lie about Israel."

Reports published abroad have said that Israel and South Africa may have tested a nuclear bomb in the Indian Ocean in 1979.

A US law empowers Congress to cut off aid to nations violating a long-standing international arms embargo on South Africa.

Foreign Ministry director-general Mr Yossi Beilin said Israel's ties with South Africa would be significantly reduced, especially in cultural and scientific fields. — Sapa-Reuter.

**Randburg to pay
SMR 20/3/87
more for water**

Randburg householders will pay between 12c and 15c a kilolitre more for water from May.

The Rand Water Board's 30 percent bulk water supply tariff increase, effective from April 1, has forced the town council to increase individual domestic water tariffs.

On the principle of the less water consumed the lower the tariff, consumers who use 40 kl or less a month will still get water at cost.

Charges 'to "cover capital costs and contributions to reserves for capital works" go up from R4,50 to R5,68 a month.

**Dutch bank stops SA deals
SMR 20/3/87**

AMSTERDAM — The prominent Dutch investment bank of Pierson, Heldring and Pierson has halted its dealings with South African concerns because it fears terrorist action against its offices in the Netherlands, according to a company spokesman.

Amsterdam-Rotterdam Bank, Pierson's parent company, stopped its South African operations last year, citing opposition to apartheid.

Pierson is the third major Dutch firm to pull out of South Africa in two months. The SHV trading multinational announced its withdrawal on January 19 because of a series of firebomb attacks against its Makro supermarkets in the Netherlands. On January 22 Forbo Krommenie announced it was cutting ties with a former subsidiary, Krommenie Limited.

In the Netherlands firebomb attacks have also been made against Shell petrol stations to protest against the Anglo-Dutch oil giant's operations in South Africa.

The Dutch Government refuses to reinsure companies that suffer terrorist attacks in the Netherlands because of their South African affiliations. — Sapa-AP.

Mossel Bay 'all SA'

The massive Mossel Bay synfuels project will be an all-South African project in terms of technology and know-how and 70 percent of its value of R5 billion will be generated locally in manpower and materials.

This was said by Dr AG Alant, Deputy Minister of Economic Affairs and Technology at a meeting of the Construction Writers Club of the Portland Cement Institute in Johannesburg yesterday.

Mossel Bay — the technology assembly of which will be 100 percent South African — along with other major projects in the pipeline, the Lesotho Highlands Water Scheme and on-going housing schemes will give a tremendous

FRANK JEANS

boost to the cement industry and related industries, Dr Alant said:

"The deregulation of minimum building standards and the self-help schemes will make the Government and private sector advance in low cost housing programmes a success story."

Dr Alant also dismissed the critics who see the South African economy as shrinking and said that on the contrary, it was now set for expansion.

"The fact that we are able to allocate vast amounts of capital to major development projects bears testimony to the enormous strength of the national economy and to its resilience."

STAR

2/3/8

(55) F/M. 27/3/87

ELECTRICITY

Escom cuts capacity

With current demand for electricity running below long-term projections, Escom is moving steadily into overcapacity. To cut costs, it is now planning to put some of its generating capacity into "reserve storage."

This novel approach of building new stations while simultaneously taking old ones temporarily out of commission seems to be the only available option beyond cancelling contracts on some of the new stations.

Francois Conradie, interconnected system manager, tells the *FM* that reserve storage — as opposed to mothballing plant — involves taking various power station units off line for a period of months. They can then be put back on line at a couple of weeks' notice, when other units will be closed.

"The aim is to operate this system on a rotational basis. At the moment, we have an internal commission investigating whether it will be more economic to shut down units for a period of months or for longer periods — perhaps as much as a year."

Escom is now committed to going ahead with the giant 4 000 MW Kendal and Majuba stations. But, says Conradie, in the case of Majuba there are certain deferment clauses, while Escom still has the option of cancelling the second half of the six-unit station. This does not apply to Kendal.

By December, Escom will have to decide whether to proceed with the fourth unit at Majuba, which is currently scheduled to come on stream in 1991. The first units at Kendal are due to come on line in mid-1988.

Of Escom's total 28 000 MW generating capacity, 1 463 MW has already been put into reserve storage, while a further 360 MW will come off this year. At the moment,

older stations that are not supplied directly by tied collieries are mainly affected — notably Salt River in Cape Town, one in Worcester, another at East London and one at Umgeni near Durban.

Escom is currently investigating whether it should go one step further and mothball some of these stations, says Conradie. Next year, the Worcester station is likely to be the first.

When a station is mothballed — compared with being put into reserve storage — recommissioning could involve as much as a year's lead time. "But it is obviously cheaper to demothball older plant, should the need arise, than to commission new plant," he adds.

Escom's big guns — the new generation "six-pack" stations of about 3 600 MW capacity each at Matla, Kriel, Duvha, Matimba, Lethabo and Tutuka, with Kendal and Majuba still on the way — have not yet fallen into the reserve storage situation. Each of these stations has six generating units of roughly 600 MW each. But the first 600 MW unit is likely to go into reserve storage at the end of 1988, says Conradie.

Nevertheless, Escom's "overbuilding programme" also has some positive aspects. One advantage is that the rand was much stronger against foreign currencies in the early Eighties when the commission entered into contracts for the new units now coming on stream or being erected.

Adds Conradie: "If you defer construction, you lose forward cover and expose yourself to ever higher prices and penalties, thanks to inflation. And sanctions are an ever present threat to the procurement of new generating equipment. US suppliers have already become a closed book to us — so existing contracts protect us against these pressures."

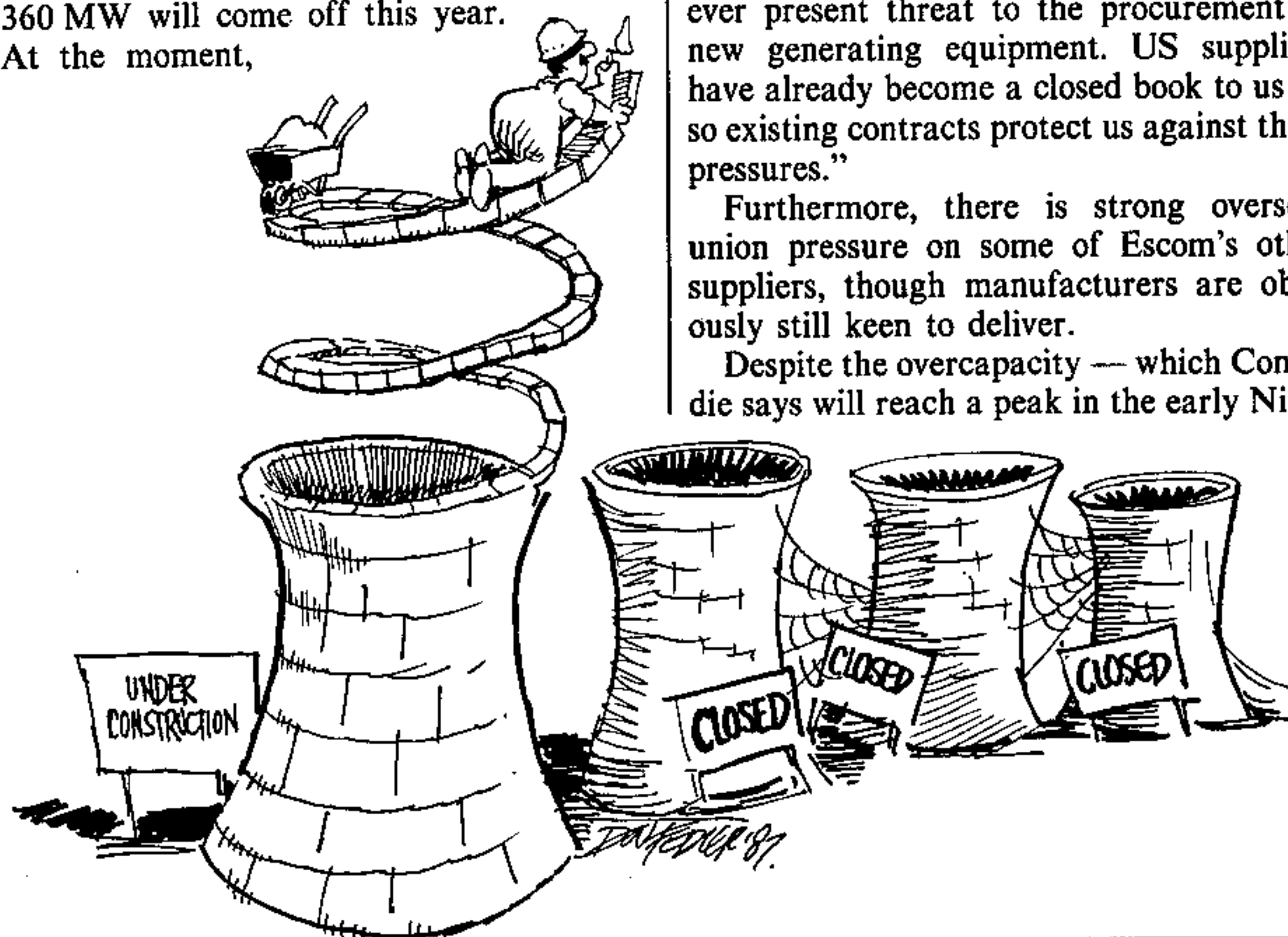
Furthermore, there is strong overseas union pressure on some of Escom's other suppliers, though manufacturers are obviously still keen to deliver.

Despite the overcapacity — which Conradie says will reach a peak in the early Nine-

ties — demand for electricity is still growing at 5% a year. And, he adds, demand is likely to continue at this level for the next 10-15 years. ■

by the S.A.R. & H. chs service, in the

S.A. Transport



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DERRYCK SPENCE

Oiling the wheels

After a brief foray into accountancy and a spell as the first South African purser on the Union Castle mailships, Derryck Spence found the niche that has led him, at 44, to the managing directorship of Castrol SA. That niche was a position as a sales representative with Castrol's industrial division in June 1967 — "there was definitely more to life than looking at figures." He soon developed the taste for marketing, which has been a feature of his Castrol career.

In 1971, Spence was responsible for the launch of Deusol CRF, SA's first all-purpose (engine, gearbox and differential) lubricating oil, and he went on to handle many other new product developments, including market leader GTX.

In a company which had traditionally concentrated on sales, Spence developed a specific marketing department which has been the spearhead of the company's progress in SA. Castrol currently holds a 30% share of its traditional motor market, as well as 10% of the industrial market.

Typical of the Castrol individual approach was its recent spectacular marketing coup in launching a special multigrade motor oil for the rapidly expanding Black Taxi Association (which has now changed its name to the SA Bus and Taxi Association — SABTA) in the association's own blue, gold, black and white colours.

From his position as marketing director, Spence took over the company in February after the sudden death of Gordon Bond. It proved to be a smooth transition and he expects no management shakeup.

"Gordon Bond encouraged the development of a Castrol team with a strong executive base — the result of Castrol's line of succession policy," says Spence. But what of the future?

Castrol, he says, has made it clear that it has no intention of pulling out of SA and that it is "also totally committed to the reform process." He feels strongly that there is a major role to be played by the multinationals in helping SA along the road of change. He also sees Castrol playing a role in the development of black management skills, as well as working to promote education and home ownership for staff.

Castrol is the country's biggest sponsor of motorsport, and Spence says it will continue to play its part. "Our flagship is the Castrol International Rally. Although we have obvious problems with attracting overseas entrants these days, we intend to keep plugging away for a breakthrough. When sportsmen visit the country and we go on tours, it widens contact and discussion. Besides, the sponsorship of motor sport is an important



Spence ... more to life than figures

part of our marketing mix."

On the current hardships in the motor industry, he says the fortunes of the lubricating oil industry have held up — "even though in the last 15 years the need for an oil change has been reduced from once a month to as little as twice a year." While SA's car pool has remained fairly static, people are tending to keep their cars longer — "and older cars use more oil than new cars."

Technological developments in the lubricating oil industry have been considerable; Castrol SA, which has always been R & D orientated, is expanding its research abilities in both the motor and industrial sectors — and it's the main centre for mining research in the Castrol Group.

Under Spence's guidance and with its obvious confidence in the future, Castrol can be expected to continue to make its mark on the South African scene. ■

GERALD HAUMANT

Life skills

When a company's share price plunges 30% on the news of the CE's resignation, his successor must be stepping into big shoes.

Albert Koopman, former MD of the cash-and-carry building materials company Cashbuild, was a flamboyant, high-profile man-

ager with a strong flair for people management. He started the chain in 1978, and was responsible for the development of Cashbuild's unique management structure. This provides for "Venturecoms" at each branch — committees through which four representatives, elected by employees, participate with the manager in running the business.

It was this adventurous approach, coupled with a strong profit growth record, that helped Cashbuild's share price roar up from 160c to over R4 in under a year, with the first real setback resulting from news of Koopman's resignation.

But new Cashbuild CE Gerald Haumant (40) seems more than capable of reviving confidence in the company. He describes himself as a "survivalist" with an abundance of self-confidence and stamina, derived from the days when he travelled Africa, plying his skills as a plastics technologist in such countries as Senegal, Zaire, French Somalia and Zimbabwe. He says he gained mental and physical strength from his experiences, surviving such tests as days without food and a week in a Congo jail.

"Although I have a technical background, I think my travels exposed me to certain life skills — I learnt that the strongest form of intelligence is the ability to adapt," he says.

Haumant's travels began in 1968, the year he qualified as a plastics technologist in Paris. He arrived in SA in 1973 and decided

Octane fiddle probed

28/3/87

SS
Mike Cohen

A major oil company is involved in a massive fraud investigation into the loss of possibly millions of rands over the past decade.

Apparently tanker drivers have been paid by garage owners to deposit regular petrol — 87 octane fuel — into the more expensive premium — 93 octane — pumps when making their deliveries.

The result has been complaints from motorists that their carburettors are corroding because of the petrol-alcohol mixture.

The Saturday Star is in possession of information which could lead to at least one prosecution. It has been told the fraud is widespread and involves many petrol stations. For legal reasons The Saturday Star is withholding the names of those involved.

The Automobile Association of South Africa (AA) has been asked to assist in the investigation and has sent staff members secretly to check the suspected garages. Should their investigations prove positive, the case will be handed over to the police.

According to a spokesman for the oil company, an internal inquiry has been launched. The company is also assembling information of its own with a view to possible prosecution.

Approached yesterday for reaction to claims made by a member of the public, company spokesmen confirmed the investigation but said they were not yet in possession of any concrete proof.

It was then The Saturday Star enlisted the assistance of the Automobile Association.

AA technical manager Mr Fred Bothma immediately sent out several of his employees to do random checks

● To Page 2

Oil fraud

28/3/87
● From Page 1

at various garages, including the one in the original complaint.

Results of his tests will only be known on Monday.

Mr Bothma said that the higher octane fuel contains a larger percentage of alcohol.

"If there is no alcohol found in the fuel after our tests then we will act accordingly. If this has been happening over a long period of time then it will be more apparent."

He said that if the AA tests prove positive, the South African Bureau of Standards (SABS) would be brought in for further investigation.

And, should further proof be obtained, a charge will be laid.

According to The Saturday Star's informant, the fraud may have been going on for as long as 30 years in which case petrol dealers would have made millions from unsuspecting members of the public.

Political comment in this issue by H W Tyson; posters by D Allen; headlines by D Legge, all of 47, Sauer Street, Johannesburg.

EDEN

DV fire leaves 44 families homeless

31/3/87 Dispatch Reporter (55)

EAST LONDON — Forty-four Duncan Village families were left homeless when their shacks were destroyed by fire on Sunday evening.

Nobody was killed or seriously injured in the fire, which is believed to have been started by an overturned candle or lamp in a shack in Basher Street.

A spokesman for the fire brigade, Mr Bob Drake, said the fire call was received at 8.50 pm and three units, were dispatched to the scene of the blaze. The glow from the flames was visible in Greenfields by that time.

The fire was brought under control 3 minutes after the brigade arrived and had been completely extinguished by 10.42 pm.

A provisional estimate of the damage was R4 000.

The mayor of Duncan Village, Mr Edison Makeba, who visited the scene of the fire, said the destitute stood little chance of receiving shelter soon. "There is nowhere to accommodate them."

The community centre, which had been used to house homeless people in the past, was destroyed during unrest in 1985.

Mr Makeba said he had asked the Duncan Village town clerk, Mr Peter Kietzman, to notify the Red Cross of the plight of the residents.

He urged those who had the material to rebuild their shacks to do so but added that his council could not assist them as it had no materials.

Mr Makeba also asked those affected by the fire to go to the administration buildings in Duncan Village for assistance.

"We will ask the Red Cross to go there," he said.

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Closed-shop agreement
Industrial Council

Registered for: White persons employed in the retail meat trade in Krugersdorp, Roodepoort, Johannesburg, Germiston, Boksburg, Benoni, Brakpan, Springs, Delmas and Kempton Park; White persons employed as blockmen, cashiers, apprentices, bookkeepers, ordermen and salesladies in the retail meat trade in Nigel.

| Membership: | Coloured | Asian | White | Total |
|-------------|----------|-------|-------|-------|
| 1981 | - | - | 980 | 980 |
| 1982 | - | - | 997 | 997 |
| 1983 | 12 | 4 | 1 203 | 1 219 |

President: J.V. Vermaak General Secretary: G.S. Kok

Phone: (011) 838-6155/6

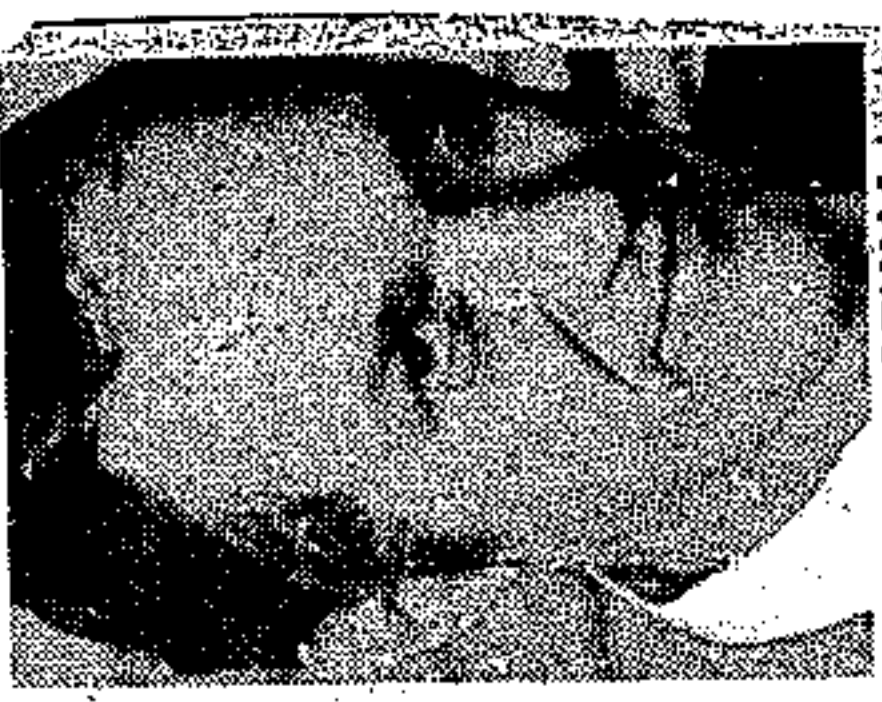
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Founded: 1928

TRANSVAAL RETAIL MEAT TRADE EMPLOYEES UNION *

Secret AA tests at 10 garages confirm suspicions



MR BOTHMA

It's true! Your petrol is diluted

SMX 8/11/4

SS

SS

MIKE COHEN

Six of 10 garages secretly tested by the Automobile Association in co-operation with The Saturday Star had regular fuel mixed with their premium grade petrol.

The 10 were selected at random from right across the Johannesburg area and the six suspect samples all had less than the stipulated alcohol content.

The tests were conducted after The Saturday Star passed information in its possession to Mr Fred Bothma, the AA's technical service general manager.

The samples included all brands of petrol and were tested according to Bureau of Standards requirements.

Mr Bothma said Highveld premium fuel normally contained eight to 12 per cent alcohol. Regular fuel had no alcohol.

Six samples had considerably below the required minimum of eight per cent.

The Saturday Star has the names of the garages and the brands of fuel tested but is withholding them while the AA investigates.

Engine Problems

The AA investigation followed a report to The Saturday Star that garages were putting the cheaper regular fuel in premium tanks and selling it at premium prices. The racket has apparently been going on for years and has cost motorists a fortune.

Complaints have been pouring in to The Saturday Star about engine problems apparently linked to the "bad" fuel.

Mr Bothma contacted Sasol before the results were handed to The Saturday Star. He was told that the base fuel — regular grade — supplied to the Johannesburg area from Secunda had an octane value of 90 and that, when 10 per cent alcohol was added, the octane value increased to between 95 and 96.

Mr Bothma pointed out that, while the results of the AA tests showed that samples of premium grade had been diluted with regular fuel, the octane rating remained within acceptable limits — 93 — but the alcohol level was lower than specified by the SABS.

Of the 10 garages tested, three samples were well within the eight to 12 per cent alcohol requirements, one was a borderline case and six were well below.

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Tests show fuel grades were mixed

Weekend Post
Correspondent

⑨

JOHANNESBURG — Six out of 10 service stations secretly tested by the Automobile Association had regular fuel mixed with their premium-grade petrol.

This was revealed today by The Star, which said the 10 garages had been selected at random in the Johannesburg area.

The six samples had considerably less than the required minimum alcohol content for the highveld of 8%.

The tests were conducted after the newspaper passed information in its possession to Mr Fred Bothma, the AA's technical service general manager.

The newspaper has the names of the garages and the brands of fuel tested but is withholding them while the AA investigates allegations that garages were putting the cheaper regular fuel in premium tanks and selling it at premium prices.

Electricity sales to SA's neighbouring states rise

B1 Day
9/4/87
SS

DAVID FURLONGER

ELECTRICITY sales to the homelands and neighbouring countries rose by 33% in February this year, compared with the same month last year.

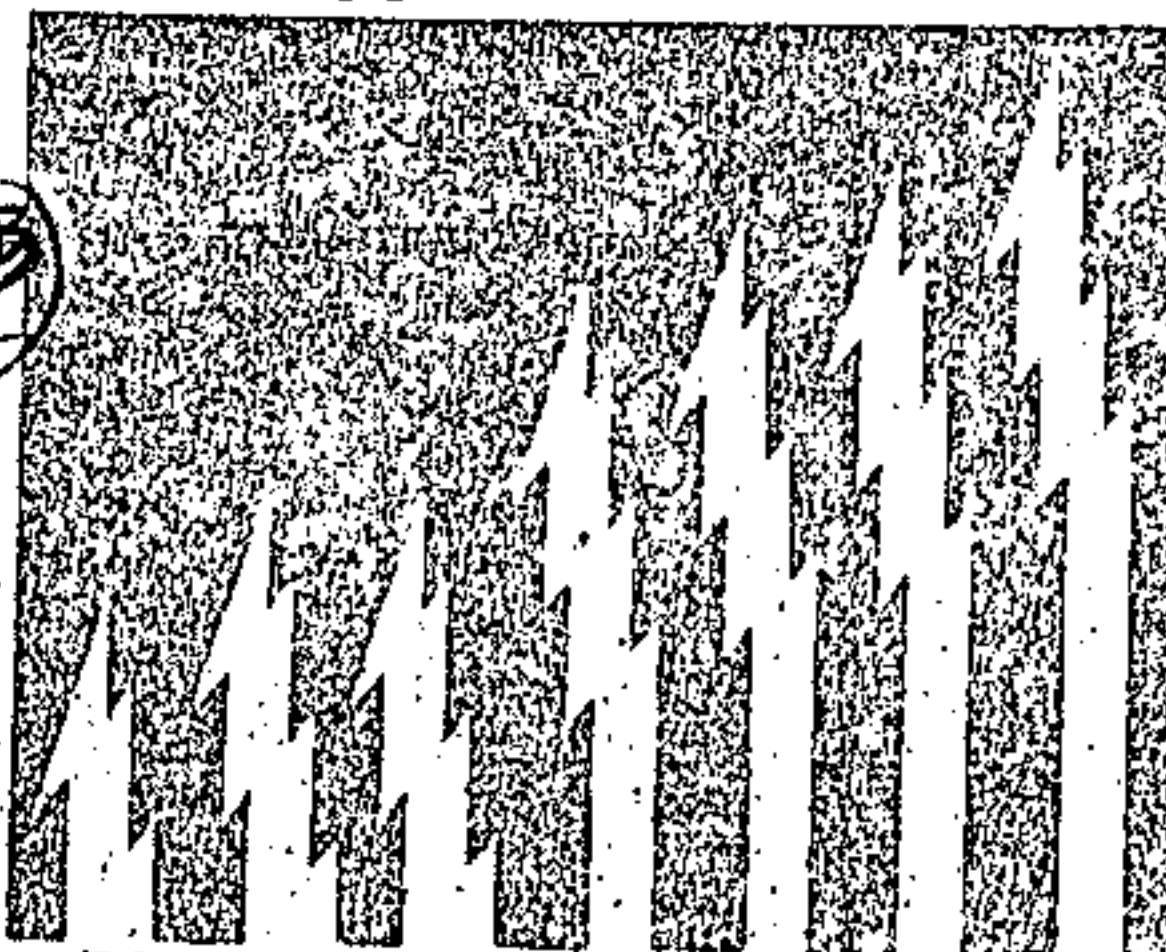
Escom, which supplied all the power to leave the country, said yesterday it sold 294 gigawatts (GWh) outside SA in February, compared with 221GWh in February last year.

One gigawatt is the equivalent of running a 100-watt bulb for 10-million hours.

Escom's external customers include Bophuthatswana, Transkei, Venda, Ciskei, Zimbabwe, Mozambique, Lesotho and Swaziland.

An Escom spokesman said these countries consumed only a small proportion of the electricity generated in SA. The 294GWh sold in February was from a total 10 600GWh generated.

ELECTRICITY FOR DISTRIBUTION Thousand gigawatt hours



7.7 8.2 8.2 9.1 9.4 9.7 10.1
1981 1982 1983 1984 1985 1986 1987
February figures

Source: CSS Graphic: JOHN McCANN

He said officials were unaware of a major shift in demand patterns but added "the overall figure is so small, it requires a relatively minor change from any one of these countries to push the sales figure either up or down".

Overall electricity generation, meanwhile, is remaining steady before the expected winter increase in demand. However, government figures show electricity available for distribution in February was up 4% on February 1986.

Exxon sells out to trust to aid public, staff

New oil firm's profits will go to charities

SS
9/4/87

By Chris Moerdyk

America's largest oil company, Exxon, has converted its local subsidiary Esso into a new company, Zenex, which could become one of the country's biggest charitable organisations.

Up to R20 million a year in profits is to be used to finance educational and social programmes for South Africa's underprivileged once the new company has paid Exxon an undisclosed purchase price.

Two Esso service stations have already been given the new Zenex name, and others will change over the next three months.

The moves follow the disinvestment decision by Exxon, which announced its withdrawal from South Africa in December last year.

The announcement was made today by Zenex Oil (Pty) Ltd chairman and managing director Mr John Truscott, who said his company had taken over the interests of Esso SA, including 160 retail service stations and bulk fuel distribution networks.

"Exxon sold the South African companies to a trust which provides for the continuation and expansion of local operations and employment," said Mr Truscott. "Once Exxon has been paid, all profits will be 'invested' in projects of an educational or social nature for the communal benefit of our country.

"Based on past performance, these are likely to amount to R10 million to R20 million each year. All our employees will immediately participate in a profit-sharing scheme as well," he said.

World sales

Last year Exxon achieved worldwide sales of \$69.9 billion (about R139 billion) and is currently the second-largest publicly traded US company, behind General Motors.

Announcing the decision to withdraw last year, Exxon chief executive Mr Lawrence Rawl said: "The deterioration of the South African economic and business climate caused by the continuing internal and external constraints has affected our business and our potential for growth."

The new company was not a signatory to the Sullivan Code but, Mr Truscott said, Zenex had no intention of abandoning Esso's current social responsibility programmes.

"Our programmes will be retained and some will be expanded. We will continue to pay and promote on merit, regardless of sex, race or religion."

Motorists over-paying for petrol

MOTORISTS are continuing to over-pay for petrol. Fuel industry sources say March was the fourth month in a row government over-recovered on petrol prices.

There will be no reduction in the price, however. The difference goes into the "slate" equalisation fund to keep prices stable once motorists start under-paying again.

Motorists last under-paid in November, when there was an under-

recovery on the Reef of 1,45c on the 83c price of a litre of 93 octane.

Since then, there has been an over-recovery of 4,3c in December, 4,9c in January, 2,2c in February and 2,7c in March.

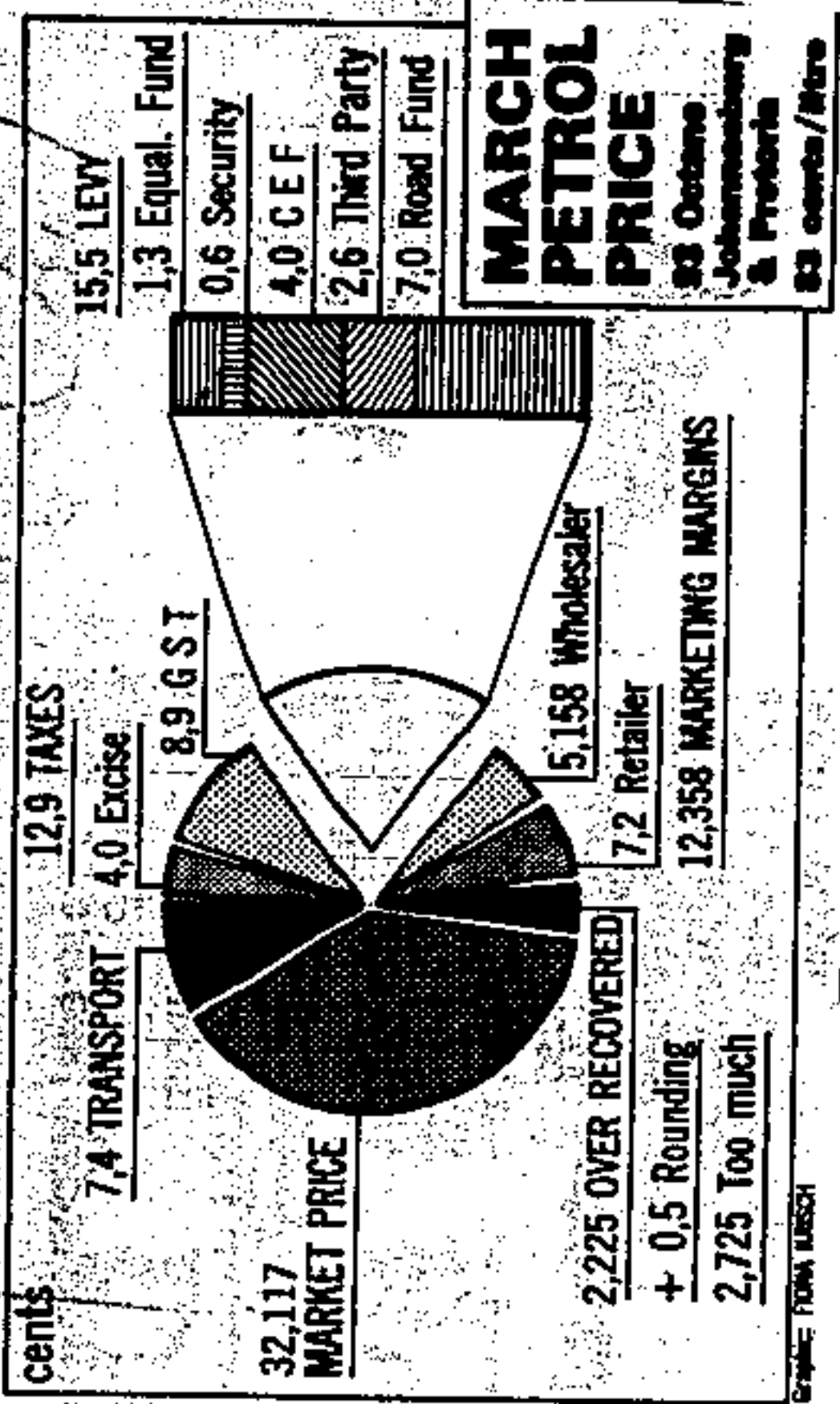
Under-recovery and over-recovery is governed by world oil prices. The world price in March, say industry sources, was the equivalent

of 32,1 SA cents a litre, or 0,5c lower than in February. The improvement was the result of a slightly stronger rand.

Sources say that despite a slight hiccup in March, the world price in US cents a gallon is increasing steadily in line with crude oil market trends. March's price was 52,5 US cents, after 52,9c in February, 51,7c in January, 49,4c in December and 49,5c in November.

SS

BUSINESS DAY, Wednesday, April 22 1987



MARCH PETROL PRICE

93 Octane Johannesburg & Pretoria 83 cents/litre

Petrol is ~~SS~~ ~~23/4/87~~ over priced

Dispatch Correspondent
JOHANNESBURG

March was the fourth month in a row that the government over-recovered on petrol prices, say fuel industry sources, but there will be no reduction in the price.

The difference goes into the "slate" equalisation fund to keep prices stable once motorists start under-paying again.

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Spot fines for cheats Who break water curbs

(5)

500/1487
23/1/87

By Shirley Woodgate,
Municipal Reporter

A total of 1 065 spot fines of R50 were issued to Johannesburg residents who cheated on the water restrictions last year, and from January to March this year 177 people were fined.

Mr Jan Pretorius, public relations officer for the city council, said many tickets were issued after culprits were reported by their neighbours.

During the first quarter 156 people were fined, 204 in the second quarter, 456 from July to September and 249 in the last three months of the year.

Stick to hours

It was clear that more people were caught during the dry winter months, said Mr Pretorius, who warned householders to stick to the watering hours laid down by the council.

Most of the tickets were issued by the Water Department but any council law enforcement officer was empowered to ticket people who broke the restrictions. These included officials from the traffic, health, cleaning and engineering departments.

Winter watering hours are now in force. The times for even numbered houses are Tuesdays from 4-5 pm and Saturdays from 2-3 pm. Times for uneven numbers are Wednesdays from 4-5 pm and Sundays from 2-3 pm.

As backlog in road expenditure is estimated at more than R70bn...

Asphalt vs concrete row rages

SOUTH AFRICA'S backlog in road expenditure is now estimated to be in excess of R70bn, SA Bitumen and Tar Association (Sabta) executive director Pieter Myburg says.

Reacting strongly to claims made by the Portland Cement Institute that market penetration by concrete for new roads is in the order of 50%, Myburg says SA's road network is predominantly asphalt — and will stay that way.

"Sabta believes recent trends towards concrete are unfortunate as this does not represent the best allocation of scarce resources to eradicate the backlog, estimated to be in excess of R70bn."

Myburgh says in a statement that privatised road-building schemes

MICK COLLINS

are proving the advantages of building in asphalt.

"For example, asphalt is being used on the 60km rehabilitation of the N3 section between the Umgeni River and Estcourt in Natal.

"The Department of Transport considered concrete for about 11km of the section, but the planned use of asphalt by a private consortium will result in a saving of several million rand.

"We believe more use of asphalt will be made in such schemes. Perhaps government should develop methods for analysis that come to the same conclusions as private financiers because it is the taxpayer's money that is being allocated for road construction."

Abecol MD John Dreyer says concrete is more expensive in the first place, so the only way for it to be competitive is to keep adding the cost of overlays to asphalt until it seems to cost more than concrete — over 30, 40 or 50 years.

"As far as SA is concerned, we do not have any examples of concrete roads of quality that have lasted anything like 40 years. In the US, a survey has shown that concrete joints are subject to routine repairs on average every eight years.

"Major structural repair costs are extremely high because the material has a low salvage level."

Dreyer says asphalt pavements, which have been designed to be relatively maintenance-free, have performed very well.

"Take for example the N1 outside

Cape Town, which has given maintenance-free service for 11 years and is likely to do so for many years to come."

The Durban freeways, he says, have lasted for 20 years and show no signs of deterioration.

"Sometimes it makes economic sense to design asphalt pavements so that strengthening can take place in stages. This positive aspect, although derided by some as disruptive, is a method that, above all, satisfies the financier.

"Can we afford road policies that purport to minimise costs in decades ahead? We must make the best use of available resources now, and asphalt is the best value-for-money solution for our immediate — and urgent — road needs," Dreyer says.

Mossel Bay refinery: no new housing

MOST of the 6 000 workers and their families expected during the height of the Mossel Bay refinery construction would be accommodated in existing housing rather than in new townships, Central Energy Fund director of projects Bob St Leger said yesterday.

He said certain recommendations would be incorporated into the projects housing policy.

Fast highways would make short duration bussing of construction workers already living in George and Albertinia a distinct possibility.

Spreading the accommodation impact through the region would also obviate the need to demolish redundant temporary accommodation at

Business Day Reporter

the end of construction and ensure the retention of property values.

He said the Central Energy Fund would also mount an intensive skills training programme to counter any possible skills shortages.

The programme included maximum use of South African staff, labour, and construction equipment, while still meeting quality and productivity targets.

Training would be aimed at the use of semi-skilled and unskilled labour in the coastal areas and while aimed at the synfuel project as a whole, the programme would also produce trained people who could be

absorbed elsewhere in the labour market.

But civil engineers are unhappy about the decision not to put a R96m water scheme for the proposed gas-to-petrol refinery out to tender.

Defending the decision to build interdepartmentally, deputy chief engineer of the Department of Water Affairs Frans Stoffberg said there was not enough time to go through the lengthy tender procedure.

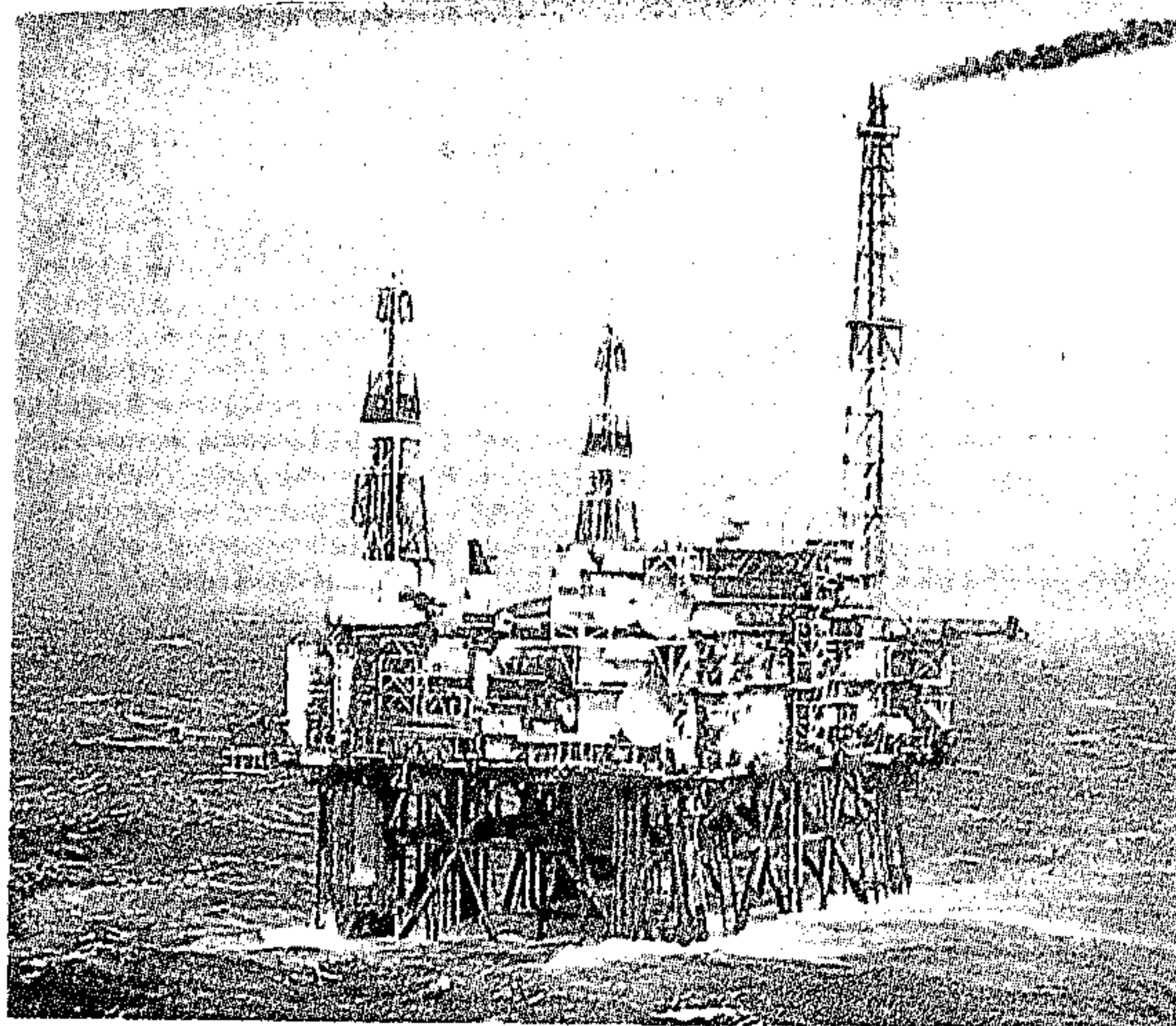
Although a final decision had not been taken, the scheme was expected to centre on a giant dam on the Great Brak River, 70m high with a volume of 23 million cubic metres. A 35km pipeline would stretch to the

refinery site.

He said, however, that other aspects of the scheme were still open and may be put out to tender.

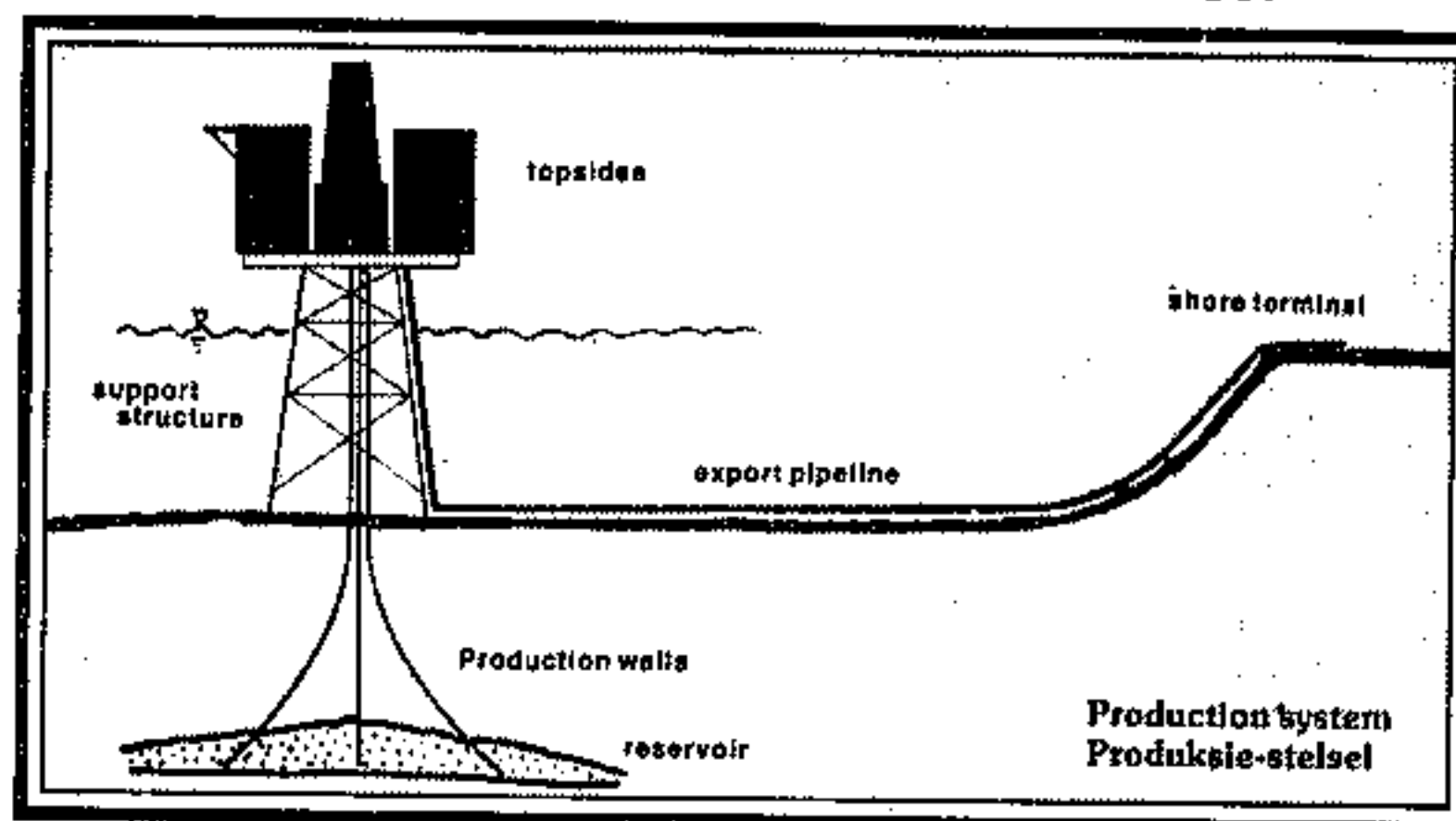
Meanwhile, one of the most detailed environmental studies ever conducted in SA is being undertaken on the impact which the gas project will have on Mossel Bay.

Environmental consultant Dave Beaumont said the study included socio-economic concerns and was aimed at determining the attitudes and expectations of residents as well as judging the nature and impact of the recession which could hit Mossel Bay after the first flurry of development.



LEFT: Due to become a landmark off Mossel Bay: the pivotal point of the oil search, the production platform which will serve 18 wells within a 4,2 km radius.

BELOW: The gas and condensate are distilled and chilled before being sent along separate pipelines to the onshore plant. This will be in operation for some two decades.



Urgency as Mossgas project starts to roll

55
CAPE TOWN 25/4/87

SUDDENLY the Mossgas project has started to roll.

As the enormity of getting from zero construction to the production of four million litres of petrol and diesel a day within five years sinks in, a new sense of urgency and purpose is clear.

The four-hour meeting — held by all the government departments keyed into the project — was more than a public relations exercise.

For the first time, the policies covering all aspects of the scheme were outlined and certainly, the government believed it was making a public commitment on its social responsibilities to the area.

Of the hundreds of studies and reports being compiled on everything from power to water and other services, the most interesting is the environmental impact study.

It is probably one of the most detailed ever undertaken in South Africa and apart from looking at ways to lessen the ecological and visual damage caused by the pipelines and refinery, it is aimed at socio-economic concerns.

This covers the attitudes,

The first major public information meeting on the R5,5 billion Mossel Bay gas-to-fuel project was held in the town this week. JANE ARBOUS comments on the new developments which emerged.

needs and expectations of local residents as well as judging the nature and impact of the recession which will hit Mossel Bay after the flurry of development.

The new catch-word is the "hump" — the peak of activity over the next four/five years when the population of the area is expected to grow by at least 6 000 workers plus their families plus sundry other people who will enter the area for various reasons.

Crucial questions for businessmen and planners are how big will the "hump" be (how much money will be generated during the peak period?) and what kind of slump will follow? How should the town prepare to cope with the inevitable recession and its social effects, or more bluntly, how

will it counter the "ghost town" syndrome?

This will affect not only Mossel Bay but also the region, particularly nearby George. The project authorities have made it clear that the emphasis will be on local labour and part of the intensive skills training programme will ensure that some can be re-absorbed into the labour market elsewhere once the project is complete.

But anyone who believes that all the people will simply disappear when construction is completed and later when the project has run its course and there is no more gas or jobs at all on the scheme, is unrealistic.

And so the authorities will have to look at the development of new industry, certain-

ly in the final stages of the 30-year scheme, to take up some of the slack.

No one can make full projections yet but intensive studies are on-going. As far as the project co-ordinator, the Central Energy Fund, is concerned, the town will grow in the long term by a minimum 25%.

And businessmen who must make their commercial decisions soon on whether to move into, or expand in the area, or not, are going to have to calculate on that basis.

However, some investors believe there is just not enough in the way of facts and security long-term, despite the very attractive "cream on the top" incentive during the most active next five to ten years.

Although the first steel is expected to be cut next month, there will be a lull of about two months in any more public developments while the experts make final decisions on the conceptual designs which were completed early in April.

After that, the details of and contracts for tender will come thick and fast.

New energy sources needed

6/19/87 55

HOUSTON — With the search for oil and gas deposits becoming tougher, the world will have to turn to new technology and synthetics to satisfy its energy needs, says the chairman of Exxon.

L.G. Rawl told the World Petroleum Congress recently that total world energy consumption would grow, but warned that oil discoveries were slowing and could not offset expected declines in annual production. He gave no timetable for his projections.

"What the current outlook suggests is that total world energy consumption will continue to grow steadily in an ever more energy-efficient world," Rawl said.

Exxon projected that "despite today's ample supplies, the world will also be facing up to inherent limitations on the availability of oil and gas, which currently supplies more than half of the world's energy needs."

Oil experts agreed that world oil reserves that were easy to find had already been discovered, making the future search difficult and costly.

Rawl said oil companies would increasingly be forced to turn to expensive methods to compensate for substantial declines in conventional oil production, such as enhanced recovery techniques, very heavy oil, and synthetics.

In its global search for new oil reserves, Exxon had recently

bought a stake in Australian oil fields.

The Exxon chairman told 1,500 oil executives from around the world that some costly synthetics projects would not become practical until oil prices reached \$30 to \$40 a barrel. US domestic oil was currently priced at \$18.80 a barrel.

Rawl said companies must find new and more effective ways of enhanced recovery from existing oil fields.

"It would be my view that new oil discoveries, even with advanced technology, are likely to slow down — not reverse — the decline in worldwide oil discoveries," he said. "So it is essential to find a better way to recover more of the discovered oil from producing fields using

chemicals, solvents, heat, and other techniques."

Rawl said that private oil companies needed some assistance from government in developing synthetic-fuel technology.

Last Friday, when Exxon reported a 37% decline in its first-quarter earnings, it said its capital spending budget, the money spent looking for oil and gas, was down from last year.

It said capital and exploration spending was \$986m in the first quarter, down from \$2,19bn in the first three months of 1986.

In 1985, before oil prices fell, Exxon had the world's largest capital spending budget: \$10.8bn. Sapa-Renter.

Mossel Bay gears up for period of change

By DENISE BOUTALL

MOSSEL BAY will start getting itself into shape for the gas from oil project early next year.

Work on the construction of a special section of quay to handle heavy loads, changes to the road system and the provision of services are all due to get underway early in 1988.

Speaking from Johannesburg, an engineer involved in the planning of the infrastructure, Mr V Diesel, said the work was being programmed not to disrupt the summer season and the Dias Festival in February next year.

In the harbour a small section of new quay would be built to handle extremely heavy loads.

"There are certain items for the refinery that are so heavy that transporting them overland would result in damage to the roads. Others have such awkward shapes that they can't be moved by road."

These items would be taken to Mossel Bay by ship.

The movement of traffic through the town would necessitate certain changes to the road system.

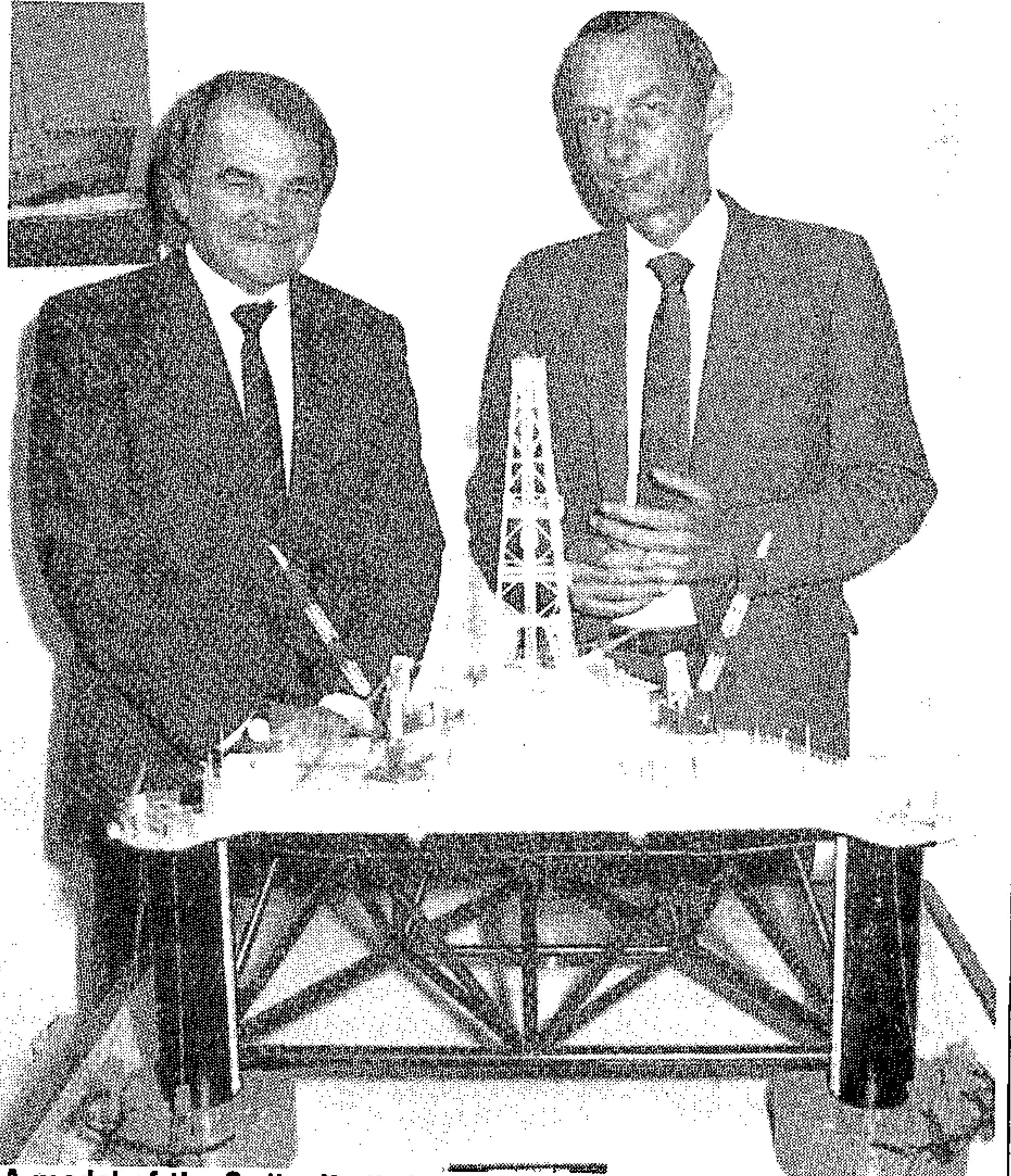
The biggest of these projects entailed changes to the interchange of Marsh and Louis Fourie roads. Details of the changes needed had not been finalised.

Other additions to the infrastructure included a new 400kv power supply and a new substation, a dam holding 23 million cubic metres of water, an automatic telephone exchange, a pipeline for synthetic fuels from the refinery to the industrial area at Voorbaai and a waste water pipeline from the refinery to the coast.

A new marshalling yard would be built near the refinery site west of the town.

The preparation of the refinery site would entail the provision of a full range of services.

It was possible that a light industrial area would be developed nearby and that some of the facilities needed during the construction phase would be built on this site so that these could be sold to industrialists.



A model of the Sedko K oil rig, which discovered the gas deposits off the coast at Mossel Bay, will be on show for the first time in the Cape at an exhibition in Port Elizabeth next month. The aluminium model, built in Japan, is being brought by Soekor to the city along with a display of oil-related items for the PE Municipality stand as part of the Index '87 industrial exhibition. With the model are Mr MIKE LEIBBRANDT (right), public relations officer of Soekor, and exhibition organiser, Mr PETER SORREL.

55

The rape of Planet Earth

LONDON — A 340-page report, prepared over three years by the World Commission on Environment and Development, calls for a new era of economic growth to help improve the world's environment problems.

The report is intended to jolt governments into co-operating before it is too late to save the environment.

The commission was formed in 1983 as an independent group linked to the United Nations but

Every year more people suffer from famine, vast areas of forests and fertile land are destroyed, the ozone layer gets thinner, the gap between rich and poor widens and more money is spent on arms outside its control.

The report *Our Common Future* will be presented to the UN General Assembly later this year.

It says the industries most reliant on environmental resources, which are also the most polluting, are growing most rapidly in the developing world where poverty is the main cause of world environment problems.

To break the cycle, the commission calls for the annual growth of developing countries to be boosted by 6% and more money to be made available to developing countries through the World Bank and the International Development Association.

World food supplies should be spread more evenly by reducing incen-

tives that cause surplus production in developed countries and improving incentives that encourage food production in developing countries, it says.

The commission calls for more political power to be given to local governments and money to prevent disease and air, noise and water pollution.

The report's authors say it is not a prediction of ever-increasing environmental decay, poverty and hardship.

"We see instead the possibility for a new era of economic growth, one that must be based on policies that sustain and expand the environmental resource base.

"And we believe such growth to be absolutely essential to relieve the great poverty that is deepening in much of the developing world."

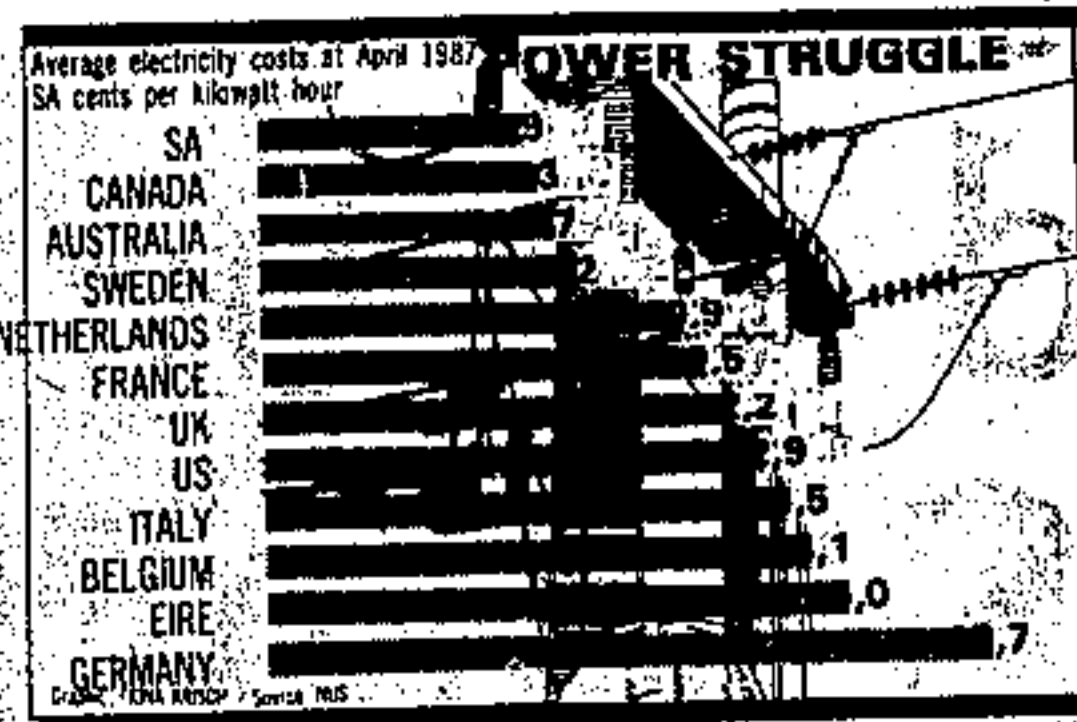
Environmentalists have criticised the recommendations as bland because they do not blame specific governments.

"Some commission members would not accept recommendations of family planning and nuclear energy which differed from their own countries' policies on those issues," a source said.

"If the commission had told governments what they should do, they would have been able to dismiss it as righteous. As it is not blaming anyone, they have no excuse not to seriously consider the report," the source said.

The commission noted that fertility rates fell as women's education and employment opportunities outside the home improved and their age at marriage rose.

14/5/87 (55) B/Day



Electricity cheapest in SA, but for how long?

DAVID FURLONGER

THERE'S good news and bad news for SA's electricity users.

An international survey of electricity prices has revealed that South Africans pay less for their electricity than consumers in other industrialised countries.

The bad news is that they are catching up — fast.

The survey, by National Utility Services, shows that in April, the average cost of South African electricity was 6,86c per kilowatt hour — the lowest of all 12 countries surveyed.

Next cheapest was Canada, at 7,27c, and Australia at 7,67c. Most expensive was West Germany, at 18,72c; then Eire at 15c and Belgium at 14,15c.

However, at a time when most oth-

er countries saw electricity prices go down, South Africans endured an unweighted average 19,7% increase between April 1986 and April this year — the period covered by the survey. This year's 6,86c was up from 5,73c last year.

Of the 12 countries surveyed, only two others — Australia and Germany — raised their prices, and then by less than 3%.

Of the others, the Netherlands lowered prices by 19%, Italy 16%, Eire and Belgium 10%, Canada 6%, US 4% and Britain 1%.

3/Day 19/5/87

Non-payers' electricity cut off

THE Soweto City Council carried out an electricity switch-off in Orlando East at the weekend.

In one part of the area, about 60 residents had their electricity disconnected by council workers accompanied by members of the security forces.

The workers who carried out the switch-off moved from street to street with lists of all houses where electricity was to be disconnected.

The switch-off is seen as part of the crackdown on Soweto residents who

[Signature] SOPHIE TEMA *[Signature]*

have not been paying their rent and service charges since the boycott which started in June last year.

Soweto mayor Nelson Botile and town clerk Nico Malan, were not available for comment.

Earlier Malan had warned that if people did not pay their rent the council could evict residents from their homes or suspend services such as water and electricity.

BLACKOUT

Civil service pay rise

CIVIL servants are to receive a 12.5 percent general salary increase from July 1 this year.

The Minister in the State President's Office entrusted with the administration and broadcasting services, Mr Alwyn Schibusch, made the announcement in a statement released yesterday.

He said the general salary adjustment applied to the public service, teachers, tertiary education institutions and parastatal institutions.

"Furthermore it may also be possible to consider limited occupational specific adjustments for certain occupational classes, on a priority basis, during the course of the year."

Statement

Mr Schibusch's statement was accompanied by two other Press statements from the Minister of Home Affairs, Mr Stoffel Botha, and the Minister of Transport Affairs, Mr Eli Louw, confirmed that the increment also applied to employees of the Post Office and SA Transport Services.

Mr Schibusch said that earlier this year the State President, Mr P W Botha, announced that he had noted the need and representations for a general salary adjustment in the public sector.

He had emphasised the Government was sympathetic and positive towards the merits of the representations but had to postpone the decision until the 1987/88 Budget had been compiled. — Sapa.



MR Phillip Moloi of Orlando East, Soweto reading his newspapers by candle-light after the blackout in his area.

Pjc: ROBERT MAGWAZA

SOWETAN Reporter

SCORES of Orlando East families have had their electricity switched off by the Soweto City Council.

Residents told the *Sowetan* yesterday that council policemen moved into the area on Sunday morning to disconnect their electricity. They also distributed pamphlets informing them of the council's action.

According to the council pamphlet, the disconnection is due to non-payment of accounts.

The pamphlet read: "Please note that your electricity has been disconnected due to your not paying your account. Since the council has to pay Escom for the electricity it supplies to your premises, it is not in a position to supply free electricity to your house."

"Arrangements to restore electricity to your house can be made with the local township manager upon payment of the arrear account."

In terms of the council by-laws and the Machinery and Occupational Safety Act it is illegal for consumers to re-connect electricity themselves, and it is assumed that if electricity is re-connected to a house that the owner or tenant was responsible and he will be prosecuted."

Rent

Mr Phillip Moloi, of Orlando East, said the council police who made the switch-off at the substations said nothing to the residents. But he said they were not surprised by the council's actions and had expected this to be done anytime. He is one of the people who have not been paying rent since May last year.

Meanwhile, a Soweto ombudsman is to plead with the Transvaal Provincial Administration to have a three-month moratorium on rent evictions.

Mr Bernard Moleke, of the Soweto Electricity Advice Centre, said it was disheartening for the Soweto City Council to continue evicting people when the SEAC was still awaiting a reply from the administrator of the Transvaal, Mr Willem Cruywagen.

Council cops switch off power supply in Soweto

5
Sowetan
19/5/87

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OPENING SOON IN WELKOM, BLOEMFONTEIN, KLERKSKDORP
— WATCH PRESS FOR DETAILS — S 16733

Maki accused 'wanted to be on TV' — Page 3

Gencor's torbanite

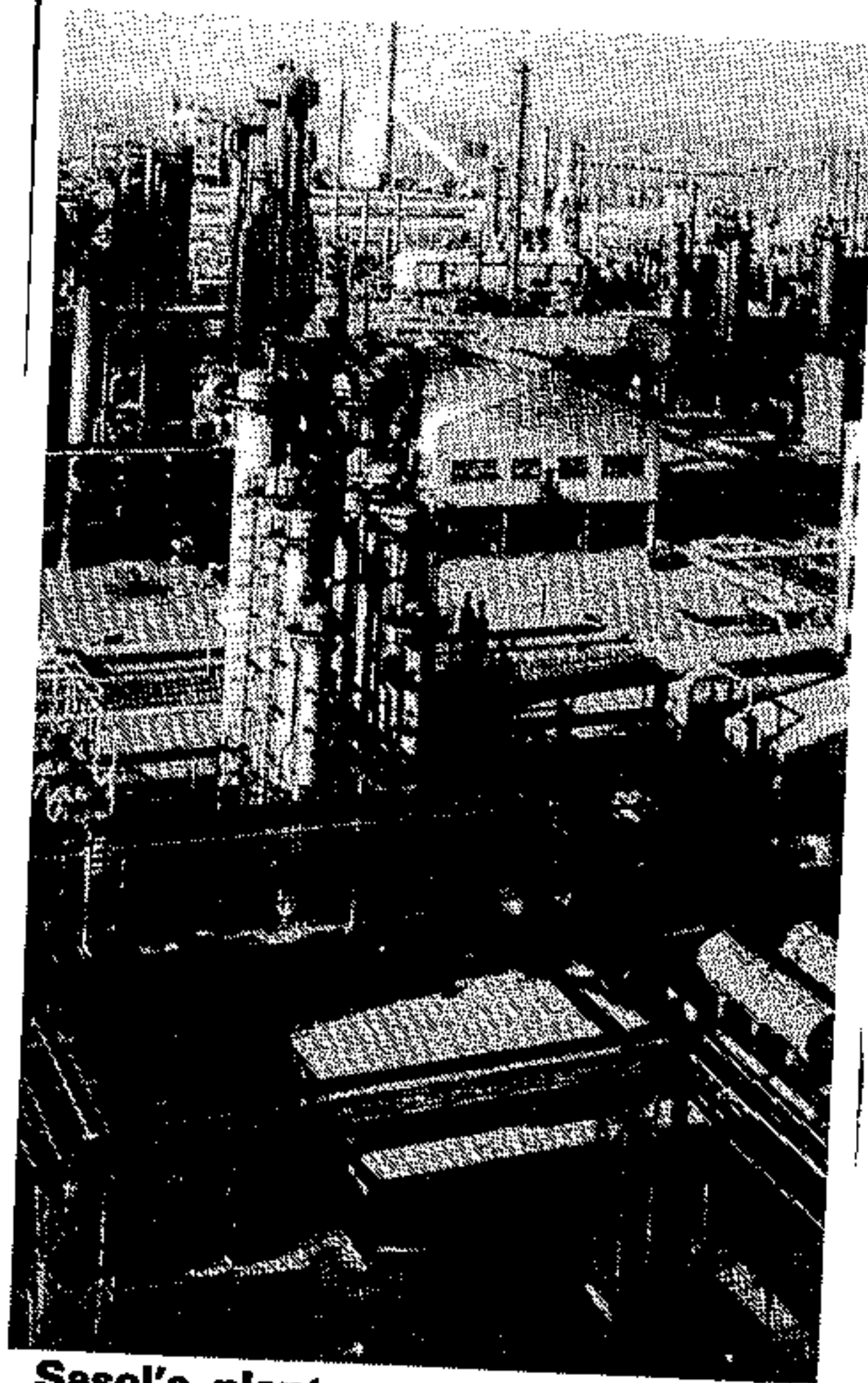
Gencor's Trans-Natal Coal, with assistance from the Central Energy Fund (CEF), is to initiate a pilot plant project to prove whether the process for extracting oil from deposits of torbanite in the eastern Transvaal is viable.

The test project — conducted in Germany — will cost R45m and could lay the foundations for a R1 billion (at current prices) commercial scale plant.

The decision of whether or not to proceed will be made in 1989. Thereafter, the design, procurement and construction phases could take a further three years.

It has been suggested that the plant could supply around 3% of SA's liquid fuel needs, while the life of the torbanite deposit is estimated at around 25 years.

Torbanite is a hydrocarbon-bearing rock from which a heavy crude oil can be distilled through the application of heat. Extrapolat-



Sasol's plant ... competition on the horizon?

ing from US oil shale experience, the initial product would be a heavy crude deficient in hydrogen, which could be improved by effective conventional refining techniques to yield diesel or petrol.

In the light of the local liquid fuels balance, as well as technical factors, one could speculate that the output of the Gencor plant

would be diesel rather than petrol.

Under that scenario, costs per litre of refined fuel would be somewhere between those of a fully fledged synthetic plant like Sasol and the refining of conventional crude oil.

Unfortunately for SA, torbanite reserves are somewhat limited, so the process, on current indications, will not be able to play more than a marginal role in supplying SA's liquid fuel needs.

The relatively modest scale of the project is also indicated by the projected cost of R1 billion in 1987 money. A new plant the size of Sasol 2, and using the same synthol process, could cost R7 billion or more.

Whatever the economics of the project, it is clear that Gencor and the CEF have decided that circumstances now permit a serious look at feasibilities. In that event, can AECI be far behind?

| | (3) (a) (i) | (3) (b) (i) | (3) (c) (i) | (ii) |
|------------------|-------------|-------------|-------------|----------------|
| Barberton | — | 27 | — | November 1987 |
| Wesselson | — | 53 | 43 | November 1987 |
| Piet Retief | — | 5 | 100 | November 1987 |
| Belfast | — | 20 | — | November 1987 |
| Bethal | — | 333 | 69 | November 1987 |
| Hendrina | — | 217 | — | November 1987 |
| Lydenburg | — | 29 | — | November 1987 |
| Machadodorp | 287 | 12 | 144 | November 1987 |
| Ogies | — | 47 | — | June 1987 |
| Volksrust | — | — | 200 | November 1987 |
| Witbank | — | 507 | — | November 1987 |
| Christiana | — | 7 | — | November 1987 |
| Fochville | — | 3 | 5 | June 1987 |
| Hartbeesfontein | 3 | — | — | March 1987 |
| Koster | 17 | — | — | April 1987 |
| Leuodingstad | 10 | 4 | — | December 1987 |
| Lichtenburg | 2 | 3 | — | December 1987 |
| Orkney | 2 | 3 | 230 | December 1987 |
| Orosdal | 200 | 250 | — | December 1987 |
| Potchefstroom | 35 | 19 | — | May 1987 |
| Sannieshof | 6 | 43 | 417 | December 1987 |
| Schweizer-Reneke | 75 | 3 | — | November 1987 |
| Silfontein | 32 | 20 | — | December 1987 |
| Ventersdorp | 2 | 3 | 98 | December 1987 |
| Wolmaransstad | — | 24 | — | December 1987 |
| Tembisa | 4 | — | — | May 1987 |
| Katlehong | — | 3 000 | — | Within 3 years |
| Vosloorus | 581 | 3 000 | 2 000 | July 1987 |
| Wattville | 200 | 4 028 | 200 | July/Dec 1987 |
| Tokoza | — | 59 | — | September 1987 |
| Daveyton | — | 700 | — | December 1987 |
| Kwa-Thema | — | 721 | 1 881 | December 1987 |
| Tsakane | — | 500 | — | December 1987 |
| Duduza | — | 602 | — | February 1987 |
| Ratanda | — | 550 | — | February 1988 |
| Reflwe | — | 351 | — | July 1988 |
| Impumelelo | 108 | — | — | August 1987 |
| Zithobeni | — | 11 | — | February 1988 |
| Ekangala | 160 | — | — | December 1987 |
| Soweto | 254 | 2 000 | — | February 1988 |
| Dobsonville | — | 964 | — | December 1987 |
| Diepmeadow | — | 30 | — | December 1987 |
| Bekersdal | — | 180 | — | December 1987 |
| Alexandra | — | 174 | — | June 1987 |
| Barkly-West | 286 | — | 30 | July 1987 |
| Philipsstown | 175 | — | — | June 1987 |
| Paballelo | 45 | — | — | April 1987 |
| George | 69 | — | — | April 1987 |
| Graaf-Reinet | 140 | — | — | April 1987 |
| Queenstown | 166 | — | — | April 1987 |
| Allanridge | 313 | — | — | June 1987 |
| Bultfontein | 10 | — | — | September 1987 |
| | — | — | 62 | May 1987 |
| | — | — | — | June 1987 |

HOA

| | (3) (a) (i) | (3) (b) (i) | (3) (c) (i) | (ii) |
|-----------|-------------|-------------|-------------|---------------|
| Hennenman | — | 25 | — | December 1987 |
| Ladybrand | — | — | — | June 1987 |
| Virginia | — | — | 154 | December 1987 |
| Welkom | — | — | 1 030 | December 1987 |
| Bethlehem | — | 45 | 217 | March 1988 |
| Evaton | — | 75 | 16 | June 1987 |
| Maokeng | 100 | 60 | 300 | June 1987 |
| | — | 100 | 400 | December 1987 |

Housing units: electricity

52. Mr P G SOAL asked the Minister of Constitutional Development and Planning:

Whether any housing units in Black townships have yet to be supplied with electricity; if so, (a) which townships are in-

volved and (b) what percentage of Black housing in each specified region had not yet been supplied with electricity as at the latest specified date for which information is available?

THE MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

| Township | Percentage | Date |
|-----------------|------------|-----------------|
| Belabela | 99 | 31 January 1987 |
| Khutsosane | 70 | 31 January 1987 |
| Kokosi | 60 | 31 January 1987 |
| Guaton | 85 | 31 January 1987 |
| Alexandra | 80 | 31 January 1987 |
| Kagiso | 70 | 31 January 1987 |
| Mohlakeng | 80 | 31 January 1987 |
| Bekersdal | 85 | 31 January 1987 |
| Munsievillie | 90 | 31 January 1987 |
| Emzinoni | 82.7 | 31 January 1987 |
| Siyathuthuka | 60.4 | 31 January 1987 |
| Siyahemba | 81.3 | 31 January 1987 |
| Sakelwe | 100 | 31 January 1987 |
| Kwazamokuhle | 41.2 | 31 January 1987 |
| Lebohang | 100 | 31 January 1987 |
| Masing | 44.1 | 31 January 1987 |
| Emthanjeni | 100 | 31 January 1987 |
| Sakhile | 68.5 | 31 January 1987 |
| Vukazakhe | 59.4 | 31 January 1987 |
| Mhluzi | 12.6 | 31 January 1987 |
| Kwa Thandeka | 100 | 31 January 1987 |
| Emjindini | 81 | 31 January 1987 |
| Kwa Zanela | 95 | 31 January 1987 |
| Silobela | 97 | 31 January 1987 |
| Wesselson | 90 | 31 January 1987 |
| Kwa Chibukuhlu | 100 | 31 January 1987 |
| Lothair | 100 | 31 January 1987 |
| Ethandakukhanya | 98 | 31 January 1987 |
| Simile | 100 | 31 January 1987 |
| Esizameleni | 100 | 31 January 1987 |
| Emgwenya | 100 | 31 January 1987 |

Handwritten signature

26/5/87

5

Handwritten scribble

HOA

| Township | Percentage | Date |
|------------------|------------|-----------------|
| Ezamakuhle | 100 | 31 January 1987 |
| Kwa Dela | 100 | 31 January 1987 |
| Nylstroom | 99,53 | 31 January 1987 |
| Naboomspruit | 99,72 | 31 January 1987 |
| Messina | 89,2 | 31 January 1987 |
| Duduza | 72 | 31 January 1987 |
| Botleng | 70 | 31 January 1987 |
| Zithobeni | 60 | 31 January 1987 |
| Refiwe | 65 | 31 January 1987 |
| Tsakane | 96 | 31 January 1987 |
| Impumelelo | 100 | 31 January 1987 |
| Ratanda | 49 | 31 January 1987 |
| Katlehong | 65 | 31 January 1987 |
| Vosloorus | 5 | 31 January 1987 |
| Tokoza | 70 | 31 January 1987 |
| Wartville | 40 | 31 January 1987 |
| Daveyton | 1 | 31 January 1987 |
| Kwa Thema | 30 | 31 January 1987 |
| Tembisa | 35 | 31 January 1987 |
| Biesiesvel | 100 | 31 January 1987 |
| Bloemhof | 96,8 | 31 January 1987 |
| Carletonville | 94,7 | 31 January 1987 |
| Christiana | 100 | 31 January 1987 |
| Coligny | 97 | 31 January 1987 |
| Fochville | 98,3 | 31 January 1987 |
| Hartebeesfontein | 97,3 | 31 January 1987 |
| Koster | 98,9 | 31 January 1987 |
| Leudoringstad | 99 | 31 January 1987 |
| Lichtenburg | 99 | 31 January 1987 |
| Makwasse | 97 | 31 January 1987 |
| Orkney | 87 | 31 January 1987 |
| Ottosdal | 98,9 | 31 January 1987 |
| Porcheitroom | 72,4 | 31 January 1987 |
| Sannieshof | 100 | 31 January 1987 |
| Sweizer-Reneke | 98,8 | 31 January 1987 |
| Suilfontein | 94,3 | 31 January 1987 |
| Swartruggens | 99,3 | 31 January 1987 |
| Ventersdorp | 90,4 | 31 January 1987 |
| Wolmaransstad | 99,03 | 31 January 1987 |
| Zeerust | 99,29 | 31 January 1987 |
| Phatakahle | 89 | 31 January 1987 |
| Tablehong | 89 | 31 January 1987 |
| Ikgomotseng | 89 | 31 January 1987 |
| Lephoi | 89 | 31 January 1987 |
| Tikwana | 89 | 31 January 1987 |
| Maphodi | 89 | 31 January 1987 |
| Mangaung | 89 | 31 January 1987 |
| Ratanang | 89 | 31 January 1987 |

HoA

| Township | Percentage | Date |
|-----------------|------------|-----------------|
| Masilo | 89 | 31 January 1987 |
| Seretse | 89 | 31 January 1987 |
| Itumeleng | 89 | 31 January 1987 |
| Madikgetla | 89 | 31 January 1987 |
| Majwemasweu | 89 | 31 January 1987 |
| Ditlhake | 89 | 31 January 1987 |
| Borwa | 89 | 31 January 1987 |
| Phahameng | 89 | 31 January 1987 |
| Manvatseeng | 89 | 31 January 1987 |
| Thapelang | 89 | 31 January 1987 |
| Hohlolwane | 89 | 31 January 1987 |
| Moemaneng | 89 | 31 January 1987 |
| Tswelangpele | 89 | 31 January 1987 |
| Tswaganang | 89 | 31 January 1987 |
| Kutwanong | 89 | 31 January 1987 |
| Tshepong | 89 | 31 January 1987 |
| Morojaneng | 89 | 31 January 1987 |
| Motlomo | 89 | 31 January 1987 |
| Meloding | 89 | 31 January 1987 |
| Ha-Rasebei | 89 | 31 January 1987 |
| Bolokanang | 89 | 31 January 1987 |
| Thabong | 89 | 31 January 1987 |
| Mahatsweta | 89 | 31 January 1987 |
| Poding Tse Rolo | 89 | 31 January 1987 |
| Oibing | 89 | 31 January 1987 |
| Ipopeng | 89 | 31 January 1987 |
| Ohoweng | 89 | 31 January 1987 |
| Monyakeng | 89 | 31 January 1987 |
| Megheleeng | 89 | 31 January 1987 |
| Mause | 89 | 31 January 1987 |
| Makelaketa | 89 | 31 January 1987 |
| Masjang | 89 | 31 January 1987 |
| Tweloyathunya | 89 | 31 January 1987 |
| Malakeng | 89 | 31 January 1987 |
| Phomolong | 89 | 31 January 1987 |
| Matwabeng | 89 | 31 January 1987 |
| Malebogo | 89 | 31 January 1987 |
| Tshepanong | 89 | 31 January 1987 |
| Leratswana | 89 | 31 January 1987 |
| Zamani | 85 | 31 January 1987 |
| Petsana | 85 | 31 January 1987 |
| Bohlokong | 85 | 31 January 1987 |
| Mamatubedu | 85 | 31 January 1987 |
| Rammulotsi | 85 | 31 January 1987 |
| Ntswanatsatsi | 85 | 31 January 1987 |
| Kgubetswana | 85 | 31 January 1987 |
| Mokwallo | 85 | 31 January 1987 |
| 42nd Hill | 85 | 31 January 1987 |
| Namahadi | 85 | 31 January 1987 |
| Qalabotjha | 85 | 31 January 1987 |
| Niha | 85 | 31 January 1987 |
| Kwakwatsi | 85 | 31 January 1987 |
| Ezenzeleni | 85 | 31 January 1987 |
| Tumahole | 85 | 31 January 1987 |

HoA

| Township | Percentage | Date |
|---------------------|------------|-----------------|
| Meisimaholo | 85 | 31 January 1987 |
| Phiritona | 85 | 31 January 1987 |
| Kgotsoeng | 85 | 31 January 1987 |
| Marlwantlwang | 85 | 31 January 1987 |
| Maokeng | 85 | 31 January 1987 |
| Ngwathe | 85 | 31 January 1987 |
| Mafahlaneng | 85 | 31 January 1987 |
| Evaton | 85 | 31 January 1987 |
| Tlholong | 85 | 31 January 1987 |
| Thembalihle | 85 | 31 January 1987 |
| Lekoa | 85 | 31 January 1987 |
| Aberdeen | 99,2 | 31 January 1987 |
| Dordrecht | 100 | 31 January 1987 |
| Addo | 100 | 31 January 1987 |
| Elliot | 99,8 | 31 January 1987 |
| Adelaide | 99,2 | 31 January 1987 |
| Fort Beaufort | 95,4 | 31 January 1987 |
| Alexandria | 98,1 | 31 January 1987 |
| George | 99,5 | 31 January 1987 |
| Alicedale | 100 | 31 January 1987 |
| Graaff-Reinet | 96,1 | 31 January 1987 |
| Alwal North | 82 | 31 January 1987 |
| Hankev | 100 | 31 January 1987 |
| Barkly East | 99,1 | 31 January 1987 |
| Hanover | 100 | 31 January 1987 |
| Bathurst | 100 | 31 January 1987 |
| Hofmeyr | 100 | 31 January 1987 |
| Beaufort West | 97,6 | 31 January 1987 |
| Indwe | 99,7 | 31 January 1987 |
| Bedford | 100 | 31 January 1987 |
| Jamesstown | 100 | 31 January 1987 |
| Burgersdorp | 93,9 | 31 January 1987 |
| Jansenville | 99,7 | 31 January 1987 |
| Cathcart | 100 | 31 January 1987 |
| Jeffreys Bay | 100 | 31 January 1987 |
| Colesberg | 99,5 | 31 January 1987 |
| Kareedouw | 100 | 31 January 1987 |
| Cookhouse | 100 | 31 January 1987 |
| Keimond | 100 | 31 January 1987 |
| Keiweg | 100 | 31 January 1987 |
| Humansdorp | 100 | 31 January 1987 |
| Kenton On Sea | 100 | 31 January 1987 |
| Patterson | 100 | 31 January 1987 |
| King William's Town | 94,4 | 31 January 1987 |
| Pearston | 99,3 | 31 January 1987 |
| Kirkwood | 100 | 31 January 1987 |
| Port Alfred | 100 | 31 January 1987 |
| Klipplaat | 100 | 31 January 1987 |
| Queenstown | 92 | 31 January 1987 |
| Knysna | 100 | 31 January 1987 |
| Rhodes | 100 | 31 January 1987 |

HOA

| Township | Percentage | Date |
|-----------------------|------------|-----------------|
| Komga | 100 | 31 January 1987 |
| Richmond | 100 | 31 January 1987 |
| Somerset East | 98,1 | 31 January 1987 |
| Lady Grey | 100 | 31 January 1987 |
| Sterksroom | 99,4 | 31 January 1987 |
| Maclear | 100 | 31 January 1987 |
| Steynsburg | 98,3 | 31 January 1987 |
| Middelburg | 100 | 31 January 1987 |
| Steylerville | 100 | 31 January 1987 |
| Molteno | 99,3 | 31 January 1987 |
| Sutterheim | 100 | 31 January 1987 |
| Mossel Bay | 95,1 | 31 January 1987 |
| Tarkastad | 97,8 | 31 January 1987 |
| Kwadwest | 90,1 | 31 January 1987 |
| Tylden | 100 | 31 January 1987 |
| Motherwell | 99,8 | 31 January 1987 |
| Ugie | 96,9 | 31 January 1987 |
| Noupoort | 99,7 | 31 January 1987 |
| Venterstad | 100 | 31 January 1987 |
| East London | 90,8 | 31 January 1987 |
| Victoria West | 100 | 31 January 1987 |
| Maraleng | 99,9 | 31 January 1987 |
| Mziwabantu | 100 | 31 January 1987 |
| Tlhakatlou | 23 | 31 January 1987 |
| Tidimalo | 100 | 31 January 1987 |
| Bongani | 100 | 31 January 1987 |
| Mathomola | 100 | 31 January 1987 |
| Ditlong | 100 | 31 January 1987 |
| Theminkosi | 100 | 31 January 1987 |
| Lukhanyisweni | 100 | 31 January 1987 |
| Boichoko | 99 | 31 January 1987 |
| E'ithembeni | 98 | 31 January 1987 |
| Boipelo | 95 | 31 January 1987 |
| Motswedimosa | 99,9 | 31 January 1987 |
| Valspan | 100 | 31 January 1987 |
| Huhudi | 99,9 | 31 January 1987 |
| Ikhutseng | 97 | 31 January 1987 |
| Kutlwano | 100 | 31 January 1987 |
| Langa | 36 | 31 January 1987 |
| Nyanga—Old Crossroads | 90 | 31 January 1987 |
| —New Crossroads | 93 | 31 January 1987 |
| Guguletu | 42 | 31 January 1987 |
| Khayelitsha | 98 | 31 January 1987 |
| Mfuleni | 95 | 31 January 1987 |
| Kaya Mandi | 20 | 31 January 1987 |
| Lwandle | 100 | 31 January 1987 |
| Mbekweni | 67 | 31 January 1987 |
| Zweletemba | 100 | 31 January 1987 |
| Nkqubela | 100 | 31 January 1987 |
| Zolani | 90 | 31 January 1987 |
| Zweifhle | 98 | 31 January 1987 |
| Lingelehle | 95 | 31 January 1987 |

HOA

| Township | Percentage | Date |
|--------------|------------|-----------------|
| Ibhayi | 66 | 31 January 1987 |
| Kwanobuhle | 98 | 31 January 1987 |
| Rini | 91 | 31 January 1987 |
| Galeshewe | 46 | 31 January 1987 |
| Paballelo | 99 | 31 January 1987 |
| Bhekuzulu | 95 | 31 January 1987 |
| Sibongile | 95 | 31 January 1987 |
| Sithembile | 95 | 31 January 1987 |
| Steadville | 95 | 31 January 1987 |
| Enkanyezi | 95 | 31 January 1987 |
| Brunville | 95 | 31 January 1987 |
| Enhlalakahle | 95 | 31 January 1987 |
| Shakaville | 95 | 31 January 1987 |
| Klaarwater | 95 | 31 January 1987 |
| Bhongweni | 95 | 31 January 1987 |
| Ishokolele | 95 | 31 January 1987 |

Greater Soweto

59. Mrs H SUZMAN asked the Minister of Constitutional Development and Planning: What was the population of Greater Soweto as at 31 December 1986?

THE MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

1 474 000

THE MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

- (a) Main Committee: 3 times
Executive Committee: 2 times
- (b) As soon as the Development Task Team has met it's aims or when in a position to delegate it's role to existing bodies it's future will be reconsidered.

Eastern Cape Strategic Task Force

60. Mr D J N MALCOMMESS asked the Minister of Constitutional Development and Planning:

- (1) (a) How many times did the Eastern Cape Strategic Task Force meet in 1986 and (b) when is it anticipated that it will complete its business;
- (2) whether this body has issued any publications in connection with its activities; if so, (a) what publications and (b) when;
- (3) whether this body has reported to his Department on the results of its activities; if not, why not; if so, what results have been reported?

QUESTIONS UNDER NAME OF MEMBER

- Burrows, Mr R M—**
General Affairs:
Constitutional Development and Planning, 11
Economic Affairs and Technology, 12
Justice, 10
Own Affairs:
Education and Culture, 15, 16
- Soal, Mr P G—**
General Affairs:
Administration and Broadcasting Services, 14
Constitutional Development and Planning, 19, 33
Defence, 6
Information, 7, 17

- Dalling, Mr D J—**
Justice, 1
Transport Affairs, 1
- Suzman, Mrs H—**
General Affairs:
Constitutional Development and Planning, 43
Law and Order, 2, 3

- Malcommess, Mr D J N—**
Constitutional Development and Planning, 43
- Van der Merwe, Mr S S—**
General Affairs:
Justice, 3
Law and Order, 5, 9
- Snyman, Dr W J—**
Constitutional Development and Planning, 14
- Walsh, Mr J J—**
Constitutional Development and Planning, 18

Exact spot for SA's proposed fuel plant 'secret'

SS

STAR

26/5/87

By Therese Anders, Own Correspondent

MIDDELBURG — The Delmas and Witbank areas are being tipped as likely sites for South Africa's proposed R1 billion "torbanite" synfuel plant.

Gencor's coal arm, Trans-Natal Coal Corporation, is keeping a tight lid on the exact location as it doesn't want the price of property "to escalate for at least another year".

Said Trans-Natal senior manager Mr Bobby Jurd: "The exact location is very sensitive and any employee leaking it will be fined."

Work has already started on a trial mine in the area but even that location is top secret.

Mr Jurd said the trial mine was not on the optimum site for the main mine.

He said a final decision had not yet been taken on the sites for the plant.

Trans-Natal, together with the Government's Central Energy Fund, are initially to spend R45 million on a project to prove the profitability of oil extracted from torbanite.

Torbanite is a coal formed from fossilised algae and is a comparatively rare material.

A decision will be made in two years on whether to go ahead with the major development.

The implications for the town, nearest the torbanite mine and plant, are staggering.

The mine and the plant would employ about 2 500 people.

Property prices would rocket, construction workers would flood in together with ancillary services personnel.

It has been estimated the torbanite synfuel project would provide up to three percent of the country's liquid fuel requirements.

Hard-hit motorists to pay more

2/15/87
DAVID FURLONGER *B/Day*

PETROL prices will rise on July 1 by up to 1c a litre, although motorists are already over-paying at the pumps.

Transport tariff increases in yesterday's transport budget must "inevitably be included" in the petrol price when the new tariffs take effect in July, said Economic Affairs and Technology Minister Danie Steyn.

He said increases would differ in regions depending on transport costs, "but it is not expected that the increases will amount to more than 1c/l in even the most outlying areas". Diesel prices will also rise.

The increase was announced despite recent figures showing that motorists had been over-paying for five months. Because of the stronger rand exchange rate and the lower cost of landing fuel in SA, motorists have been over-paying by as much as 4c/l. The difference is paid into an equalisation fund, the "slate", which prevents constant price fluctuations.

Deposits for electricity punish poor in Atlantis

485
200
55
RRS 29/5/87

Staff Reporter

ATLANTIS residents are being hit hard by the extra deposits they have to pay if their electricity is disconnected.

The Atlantis Residents Association (ARA) has appealed to the Divisional Council to change its policy and be more sympathetic to the plight of people already struggling under a series of financial difficulties.

"They pay a R50 deposit when they move in, but if they are disconnected they have to put down further deposits," said ARA secretary Mr William Cloete. "This is simply punishing people for being poor."

The council's policy, according to a spokesman, is that after a first disconnection residents must pay an extra R50 deposit, a R3 reconnection fee and their outstanding account before supply is reconnected.

"Money problems"

For a second disconnection, a further deposit is required. This is calculated by multiplying the amount due by three. The deposit required is the difference between this sum and the R100 already on deposit.

"This is not a new policy, it has been in effect since 1982," she said.

Mr Cloete said about 75 people had come to the ARA offices this week to complain about the extra deposits.

"We've asked for a meeting with a senior council official, but so far have heard nothing," he said. "People have difficulty paying their bills because they have money problems."

"But electricity is not a luxury, it's a necessity and if they're disconnected they have to scrape together the money to pay the bill."

"This is hard enough, but they're shocked when they are told they have to find enough for a further deposit."

"We deal with people who sometimes have R200 or R250 on deposit with the council," said Mr Cloete.

"These are huge sums for people who are often in financial difficulties because they're unemployed."

Escom poses dilemma for black Africa

5 29/9/83

White-ruled South Africa could paralyse the continent's only nuclear power plant, and neighbouring black-ruled Mozambique, simply by throwing a switch.

Maputo, centre of a Marxist nation that expropriates practically everything that South Africa stands for, is vulnerable because it gets virtually all its electricity from its neighbour.

Similarly Botswana and Zimbabwe — like Mozambique members of the anti-Pretoria "frontline" states — swallow their pride and their politics and buy electricity from the country they stridently condemn.

The company which provides the power that black Africans would prefer to do without, but cannot, is Escom, a huge firm by any standards and a giant in the context of Southern Africa. Escom, which is state-owned, says it generates 60 per cent of all the power produced

throughout Africa, it has the continent's only nuclear power plant, and could comfortably supply enough electricity for every country south of the Sahara.

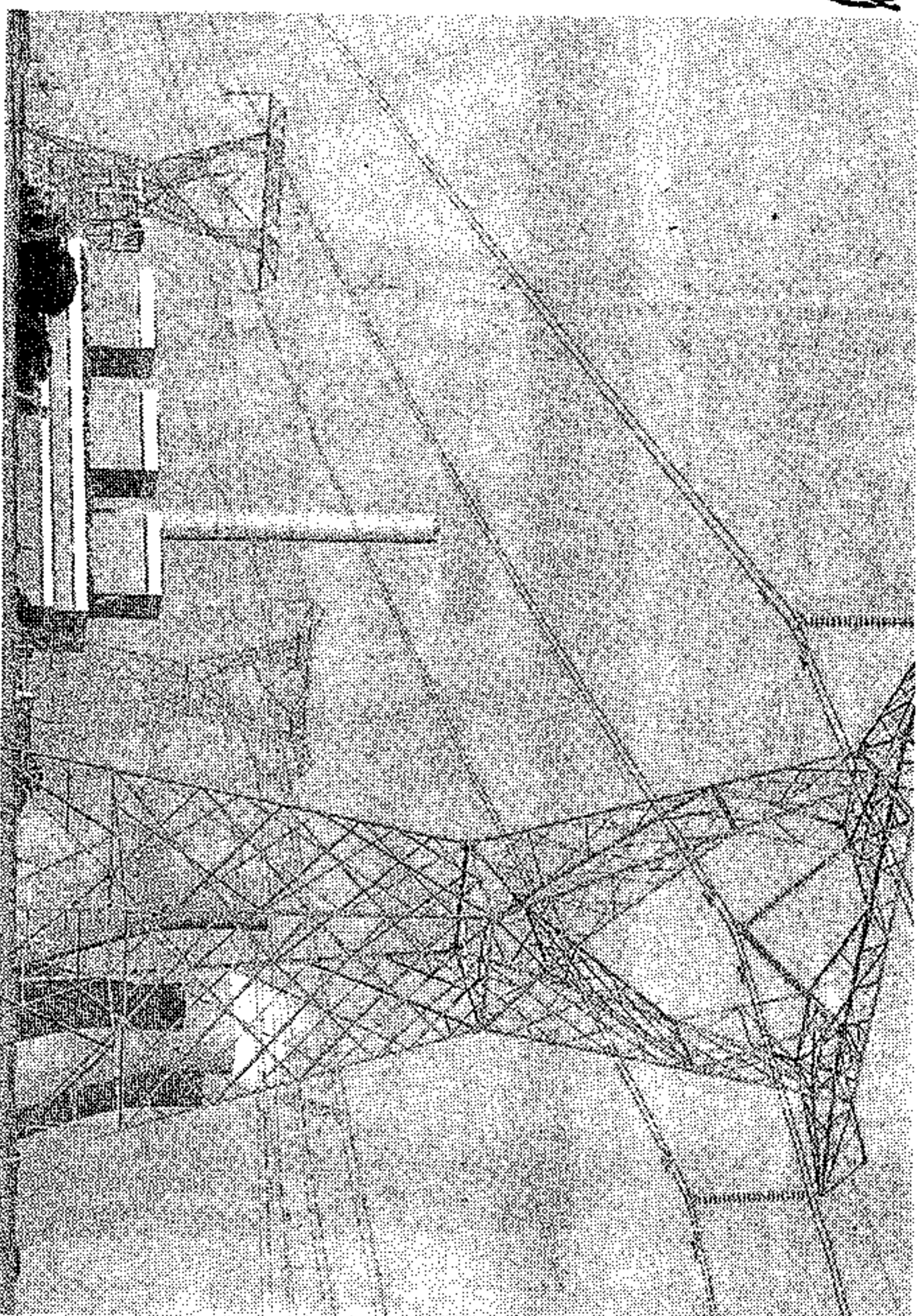
Escom is thus a symbol of the dilemma facing black Africa, which abhors white-controlled South Africa but at the same time relies heavily on it.

Escom, which boasts that its annual turnover is bigger than the gross domestic product of most black African countries, is also a reminder of the immense economic strength wielded by South Africa at a time when it is hunkering down beneath a welter of international opprobrium.

But Escom is a giant that threads its way carefully through the thickets of this region's politics. For example it would never dream of threatening to black out Maputo, even though that particular client is

Escom has a vision of an integrated electricity network in Southern Africa, but that vision may be no more than a mirage in the present political climate.

writes Reuters correspondent Jonathan Sharp in a report from Johannesburg



sometimes a little late paying its Escom bills, according to company officials.

As a gesture to its foreign customers, Escom

has invited power companies from half a dozen neighbouring countries, most of which have no diplomatic ties with Pretoria, to send senior representatives, plus their

wives, to visit South Africa next month.

"There is a lot of talk about co-operation (with other countries) below the political level," an

Escom official told reporters. "They can't live without us, so why don't we get together?"

He said it was ludicrous for countries like

Zambia and Zimbabwe to talk about imposing sanctions against South Africa.

"Our railway system already serves the whole of Southern Africa. Without that rail network the whole area would come to a standstill."

Embarrassed by this dependence, South Africa's black neighbours have recently revived talk of reopening the Benguela railway, which could ferry exports through Angola to the Atlantic coast from countries that now have to route them through South Africa.

But, like many South African white business and political figures, Escom officials are openly scornful of black Africa's ability to reduce its reliance on South Africa either for trade or basic necessities as electricity. Instead they tout the advantages of co-operation with South Africa, international pariah though it may be.

"We have a vision. We would very much like to see the establishment of an integrated Southern Africa electricity network," said an Escom spokesman, Mr Chuck Thal. "That network is already partially in place because of our sales to some countries, and it would make very good sense to complete it."

Good economic sense, maybe, but a political impossibility in the present climate, even the most optimistic Escom employee would agree.

Escom workers are reminded of the obstacles blocking the path to the company's vision of regional harmony every time they negotiate the tight security at the utility's 27 power stations. Some of those plants have been targets for insurgent groups who draw support and succour from some of those countries that Escom is so keen to do business with.

cases in respect of serious crime were reported. For the corresponding period during 1987, 1 327 cases in respect of serious crime were reported, which represents a decrease of 33,6%.

Langa High School: books

*15. Mr K M ANDREW asked the Minister of Education and Development Aid:

Whether any Standard 10 pupils at the Langa High School were not in possession of their own copies of the (a) mathematics text-book and (b) English setwork books at any stage during the current school year; if so, (i) at what stage, (ii) why, (iii) what percentage of these pupils was involved and (iv) what action has been taken in this regard?

The DEPUTY MINISTER OF EDUCATION:

- (a) Yes.
(b) Yes.

(i) From date of enrolment.

(ii) Unforeseen increase in the number of pupils.

(iii) Mathematics 13,7%,
English 13,7%.

(iv) This matter is being investigated by a departmental committee and relates also to the exposition given in the reply to Question No 13.

Mr K M ANDREW: Mr Speaker, arising out of the hon the Deputy Minister's reply, may I ask him just to confirm what he said, viz that he is suggesting that 87% of the matric pupils at Langa High School had mathematics and English setwork books—that 87% had them.

The DEPUTY MINISTER: Yes, Sir, that was what I said. That is the information at my disposal at the moment.

Seal Island

*16. Mr R R HULLEY asked the Minister of Environment Affairs:

(1) Whether his Department initiated the

experiment whereby Cape fur seals were shooed away from Seal Island during October-November 1986; if so, why; if not, on what authority was the experiment approved and conducted;

(2) whether his Department monitored the effects of this experiment; if not, why not; if so, what were the effects;

(3) whether his Department has carried out any research into the scientific merits of this experiment; if so, what was the nature of the scientific evidence in support of this experiment;

(4) whether his Department keeps statistics on the size of the Cape fur seal colony on Seal Island; if not, why not; if so, what was the size of this colony in 1971 and 1986, respectively?

The MINISTER OF ENVIRONMENT AFFAIRS:

(1) Yes. My predecessor initiated the experiment in consultation with members of the fishing industry. The experiment was done as part of the late Minister's stated policy to reduce seal numbers.

(2) Yes. The experiment was monitored by means of questionnaire forms completed by industry personnel on the island and by six aerial surveys conducted by the Sea Fisheries Research Institute from 17 December 1986 to 11 February 1987.

The effects were that the number of pups born on the island was about 5 000 compared to the usual 10 000-12 000. Also large sections of the island were cleared of seals. While some dead pups are washed ashore each year as a normal occurrence, some 4 500 dead pups were washed ashore during the experiment. There is no scientific evidence to determine how many pups were washed ashore as a direct result of the experiment.

(3) No. The monitoring programme was however designed to reveal the merits or otherwise of the experiment.

(4) Yes. Statistics on the size of the colony are kept. Total population in 1971 was about 58 000 seals, and in 1986 about 20 000 seals.

Crude oil

*17. Mr R R HULLEY asked the Minister of Economic Affairs and Technology:

(1) What was the average rand cost per barrel of crude oil imported into the Republic in 1986;

(2) what was the rand cost per barrel of such oil imported into the Republic as at the latest specified date for which figures are available?

The MINISTER OF ECONOMIC AFFAIRS AND TECHNOLOGY:

(1) R33,41 landed cost (weighted average).

(2) R35,85 landed cost for cargo in May 1987.

*18. Mr R M BURROWS—National Education. [Reply standing over.]

Winnie Mandela

*19. Dr F HARTZENBERG asked the Minister of Constitutional Development and Planning:†

(1) Whether a certain person, whose name has been furnished to the Minister's Department for the purposes of his reply, is in arrears with the house rent, service and other charges owing by her to institutions under his control; if so, (a) what total amount is so owing by her, (b) in respect of what date is this information furnished and (c) what is the name of the person concerned.

(2) whether any steps are being taken or are contemplated to collect the amounts in arrears; if not, why not; if so, what steps?

The MINISTER OF NATIONAL EDUCATION (for the Minister of Constitutional Development and Planning):

(1) Yes.

- (a) R773,09.
(b) 30 April 1987.
(c) Winnie Mandela.

(2) Yes. A notice to pay within 7 days has been issued on 12 May 1987. Electricity supply has been discontinued on 22 May 1987.

Klaas de Jonge

*20. Mr T LANGLEY asked the Minister of Foreign Affairs:†

(1) Whether, with reference to his reply to Question No 36 on 17 February 1987, the negotiations between his Department and the Dutch Government about Mr Klaas de Jonge has been concluded; if not, (a) why not and (b) what is the present position; if so, with what result;

(2) whether he will make a statement on the matter?

The MINISTER OF FOREIGN AFFAIRS:

(1) No.

(a) and (b) Discussions between the two Governments are continuing. This matter involves the scrutiny of complicated principles of international law and delicate political implications which inevitably take time.

(2) Not at this stage.

†Mr F J LEROUX: Mr Speaker, arising out of the hon the Minister's reply, I want to ask him the following question: I understand that according to Press reports, he said that the detention of Mr De Jonge does not cost the South African Government anything. Is it correct that he made such a statement, and if so, does he stand by what he said?

†The MINISTER: No, Mr Speaker, I did not make such a statement. What I did say, was that, practically speaking, the Dutch Government is paying for the building, the medical costs and for his food. That is what I said.

CAT Tints 4/6/87

~~SECRET~~ 55 ~~SECRET~~

Govt moves on diesel racketeers

Political Staff

TAX inspectors have uncovered a massive diesel racket which has been costing the State hundreds of millions of rands a year.

But the Minister of Finance, Mr Barend du Plessis, yesterday closed the loophole by consolidating certain levies built into the fuel price which he estimates will bring an extra R300 million into State coffers.

It is understood that certain diesel consumers, such as commercial fishing boats and farmers, who pay significantly less for their fuel than ordinary consumers, have been selling their supplies on the sly.

By charging only slightly more per litre than they paid for the diesel, they were making a handsome profit while the buyer was showing a handsome saving on normal prices.

Long-distance hauliers with heavy fuel bills to face, are understood to have been buying cut-price fuel under-the-lap from farmers only slightly off their normal routes.

Some fishing vessels are also believed to have been transfer-

ring diesel into road tankers and selling it ashore.

Mr Du Plessis moved in on the operation yesterday and announced that: "As a result of increasing evasion of duty, levies and sales tax on fuels, it has been decided to consolidate the levies for the Road Fund, the Central Energy Fund, the Motor Vehicle Assurance Fund (third party) and sales tax in a single fuel levy.

"The consolidated levy, which will be collected by Customs and Excise direct from the oil companies, will however have no impact on pump prices," he said in his budget speech.

"Consumers who at present enjoy a rebate on fuel will in future have to pay the full duty at the time of purchase. Provision will however be made for a refund of a portion of the duty and fuel levy to consumers who qualify.

"Additional revenue of some R300 million is estimated for the remainder of the financial year as a result of this change and of improved collection procedures."

□ The contemplated adjustments to the fuel price composi-

tion announced by the Minister of Finance would not impose additional costs on consumers, Sapa reports the Minister of Economic Affairs and Technology, Mr Danie Steyn, as saying yesterday.

In a statement elaborating on Mr Du Plessis' announcement, Mr Steyn said the pooling would, with the amendments to the price zones, eliminate confusion and additional administration costs.

Certain amendments to various acts were however necessary and these would be implemented as soon as possible.

Details on how the pump price and other selling prices would be influenced would be announced as soon as the complete figures had been worked out and the cabinet had decided on the most practical method.

Mr Steyn said the existing crude-oil supply situation and a favourable exchange rate ratio enabled the cabinet to give consideration to an overall simplification of fuel prices as they were now, to coincide with an amended price zone structure and the already announced new transport tariffs.

Fine for NGK to push its plug again



Star

NGK's Twin-Spark plug is back in the public eye following a period of involuntary self-effacement.

After a fanfare launch last August local manufacturer Lectrolite was forced by the Advertising Standards Authority to suspend its advertising after complaints by rival manufacturers about claims based on tests by NGK in Japan.

"Prove that it works in South Africa," said the opposition.

So they did. Lectrolite commissioned the CSIR to validate the claims made for the plug and has received permission to use the test reports' conclusions in its revived promotion.

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Comparing the Twin-Spark against NGK's own standard plugs the CSIR report — or those parts of it that have been released to the public — confirm that at idle the Twin-Spark was better able to ignite lean (for optimum fuel consumption) air/fuel mixtures; that the voltage needed to initiate a spark was lower, even over extended periods of use; and that for a given level of idling stability the Twin-Spark used between 2.7 and 3.5 percent less fuel.

Lectrolite says that even while there was no advertising, the demand for the Twin-Spark — about 20 percent more expensive than NGK's standard plug — has exceeded targets.

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Post Focus

Today is World Environment Day, but clouded by pollution

By RAYMOND HILL

LIKE every region in the world the environment of the Eastern Cape is constantly under threat from every quarter — from litter in the city streets to pollution of rivers by chemicals and pesticides.

"Without nature there is no future," warned Mr Ben Bezuidenhout, Principal Conservation Officer for the Dias Divisional Council, this week.

Today is World Environment Day and Weekend Post spoke to various people involved in conservation in the Eastern Cape on the issues facing the region.

The Divisional Council, says Mr Bezuidenhout, is experiencing problems with indiscriminate bush clearing by farmers.

It could cause soil erosion and also destroys the shelter of the wild animals.

"Where would the animals shelter if there were no bushes?" he asked.

EC is under threat — from litter bugs

Off-road vehicles, such as beach buggies, that abuse beaches in the Eastern Cape and possibly affect living organisms, were another conservation problem faced by the council.

But littering and the general pollution of the environment by people was still one of the most basic problems and all conservationists again pleaded for cooperation from the public.

The amount of litter found in the Swartkops River estuary is "shocking", according to the annual report of Zwartkops Trust chairman Mr Arthur Rump.

The worst problems, he says, are bottles and plastic bags.

"Any weekend one can see numerous beer bottles bobbing in the water on an outgoing tide.

"From personal observation I believe the culprits are generally anglers.

"While there are many anglers who are extremely litter- and conservation-conscious there are many who are not.

"The angling clubs are sensitive to this issue and their members are not a problem."

He fears that the only solution will be controls and policing.

"Of course, there is another solution — ban the sale of non-returnable bottles," said Mr Rump.

A spokesman for the Port Elizabeth Municipality's Cleansing Department said it was important to educate the public about the need to keep the environment clean.

"The education aspect is the most important of all. The man in the street will drop a cigarette or carton anywhere without thinking.

If you are found discarding something through the window of a car, and the illegal dumping of garden and builders' refuse could earn you a ticket for R50.

The dumping of dead animals and filth also carries a R50 fine and those guilty of more serious offences are fined R200.

If a spot fine is not given, then offenders can be summoned to appear in court to be sentenced at the discretion of the magistrate.

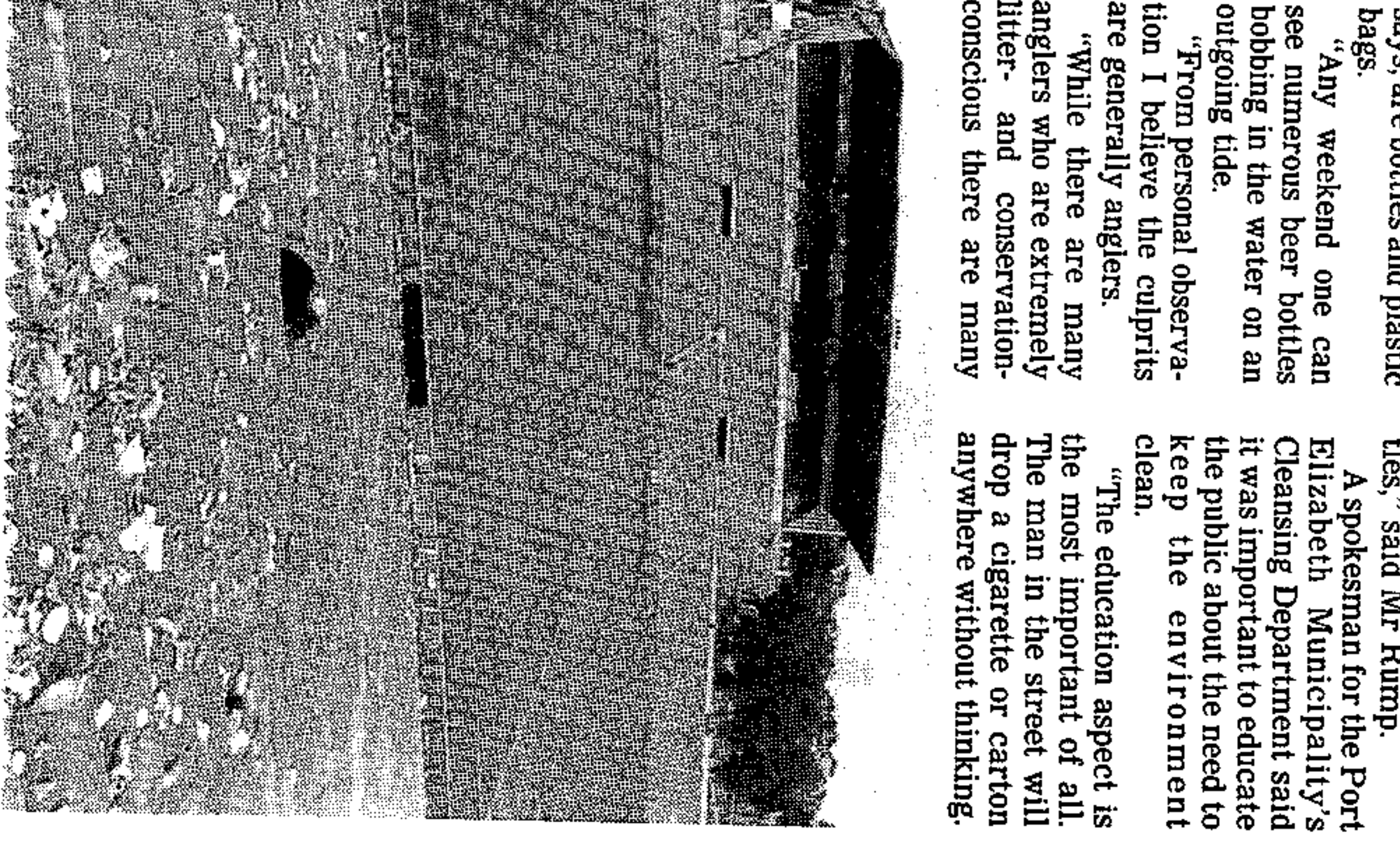
The cleansing department has 13 garden refuse sites throughout the city and it operates a special transport system at a fee for such rubbish to be removed from homes.

Wild Life Society education officer Mrs Twinks Rushmore said pollution was a serious problem in the city.

"We are trying to make people more aware of their environment in its entirety. We are succeeding slowly.

"Litter on our beaches and picnic spots is still a serious matter," she said.

Mr Peter Gibbs, Port



Right: Rocky banks on either side, the stream bed green and beautiful — this scene should be idyllic. Instead it's a "graveyard" for derelict vehicles.

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A typical picnic spot — there is a bin, but litter bugs chose to foul the area rather than take three or four steps to get there.



The game is over, but the litter lingers on... Fans are keen enough to support their team, but fade at leaving a place as they found it.

Parks, said the biggest local environmental problem from his department's point of view, was the invasion of exotic plant species. He described it as a major financial and manpower problem.

"I would like to see more progress being made in finding a solution. The problem is becoming costlier. Exotic vegetation is to be found everywhere in the city.

"We have been successful with the 'floor' of the Baakens Valley, and would now like to get into the surrounding hills on a larger scale," he said.

Mr Dan van Schoor, the Department of Nature and Environmental Conservation's senior regional officer in the Eastern Cape, says the department is concerned about the veld in the Jansenville vicinity.

Cattle, sheep and goats pick out the most palatable plants and the result is an unbalanced veld.

Mr Van Schoor said a reserve was needed to protect the veld type, allowing it to grow out to its full potential.

The poisoning of carcasses was another major problem.

This method is used to kill problem animals such as jackals, bush pigs or lynx.

Unfortunately it has tragic results when Cape vultures, a highly endangered species, are killed in the process.

The killing of fish in regional rivers happened occasionally and was a cause for concern, according to Mr Van Schoor, who said it was probably because pesticides were inadvertently introduced into the water.

Prof Theuns Erasmus, head of the University of Port Elizabeth's Zoology Department, said the over-utilisation of marine life was still a problem in the Eastern Cape, although the Sardinia Bay Marine Reserve — the first in South Africa — was doing a good job.

The over-grazing of vegetation was another problem in the province and excessive and indiscriminate bush-clearing plus the drought could give mean a high rate of top soil loss, he said.

Prof Erasmus believes that education in the field of conservation is more effective than legislation.

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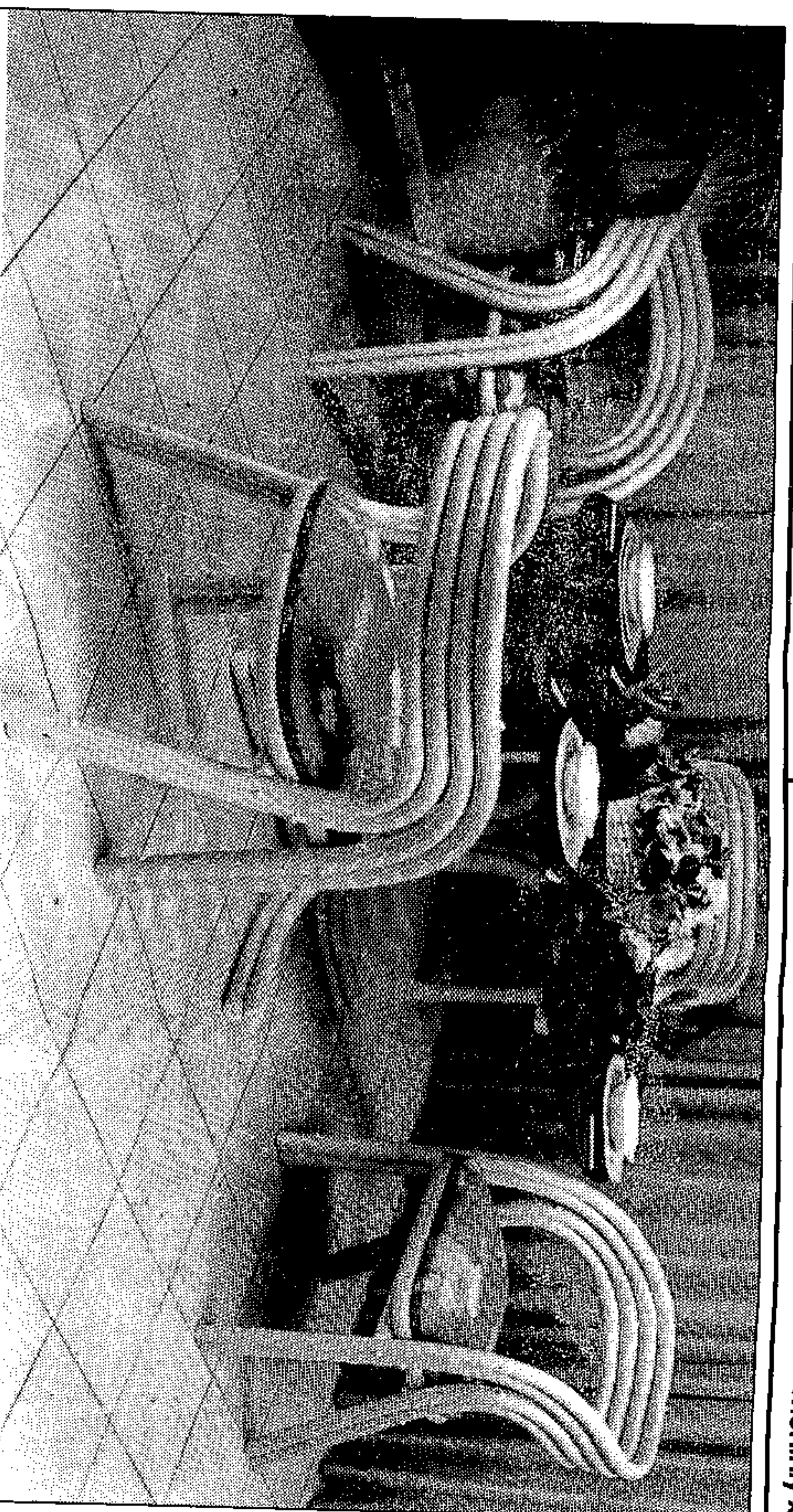
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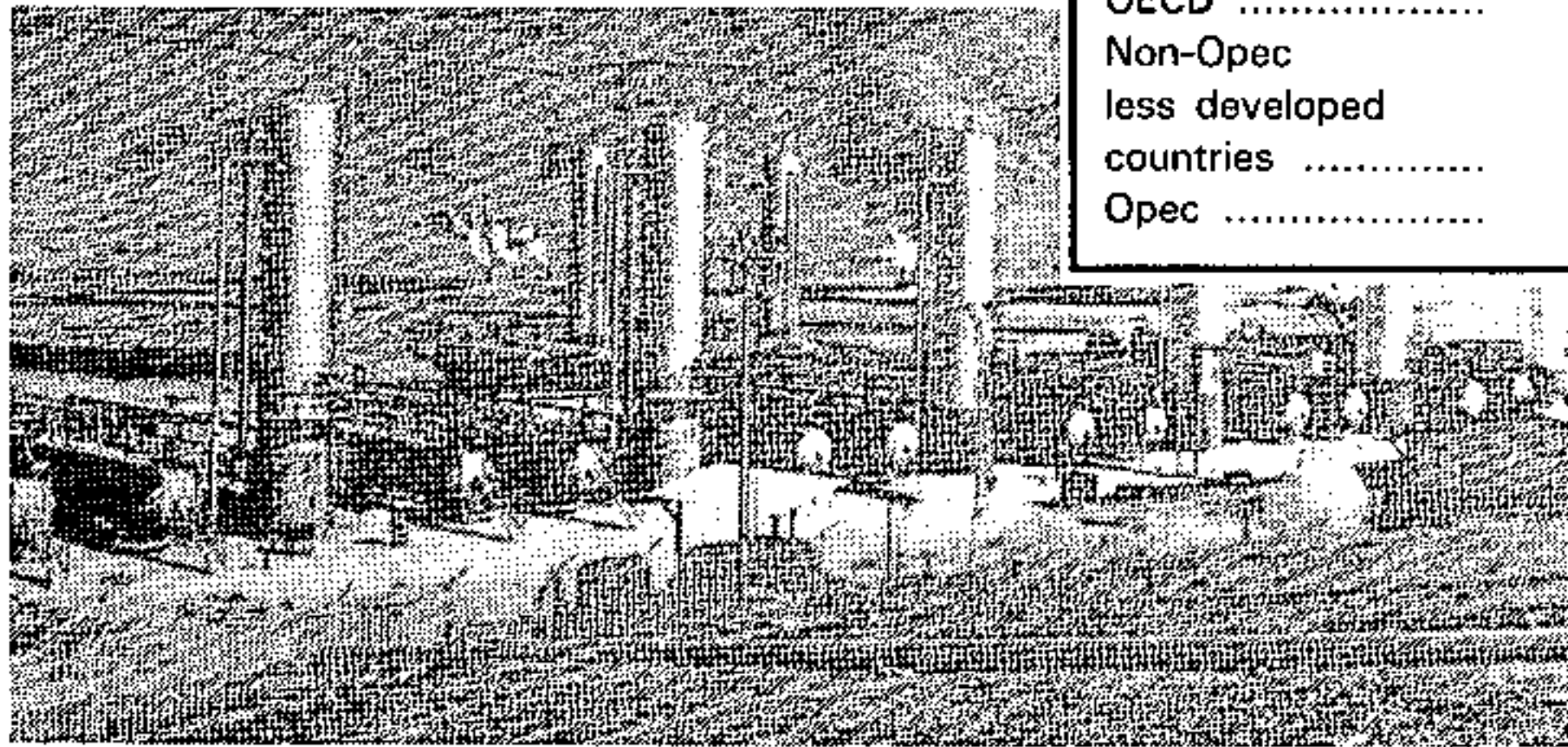


OIL PRICES

The warning bells sound

Last year's fall in oil prices gave a boost to the world economy — but also increased the dangers of a future oil crisis. This was the message given to the development world's Energy Ministers at the annual meeting of the International Energy Agency (IEA) in a confidential staff paper.

The report's careful, diplomatic language avoided mention of any support for oil producers' efforts to hold the price of crude up



Underlying conditions for a second oil shock

to its present level of around US\$18 per barrel. However, the analysis clearly showed that any slide below this level would create considerable dangers for the future supply of oil in the developed world.

And even if prices remain at around \$20, the position of the Organisation of Petroleum Exporting Countries (Opec) will strengthen fairly rapidly in the next 15 years.

The IEA's economists believe the oil price has about reached its peak for the time being: "Prices in excess of \$20, if they could be achieved, would be under constant downward pressure until the considerable excess of productive capacity was reduced in all but the Gulf producing countries."

Their paper suggests, however, that prices will tend to rise in the Nineties, as demand in the developed countries rises, and supplies of oil from outside the Gulf fall away.

For its analysis, the report assumed that crude prices would remain between \$15 and \$20 a barrel for the next four to six years (in 1986 prices), then rise to \$25 to \$35 a barrel by 2000.

Although it carefully avoids talking about another world oil crisis, the analysis clearly points this way, showing that demand for Opec crude might rise to 30m barrels per day (bpd) by the end of the next decade. This would obviously allow the Opec cartel to fix a much higher price.

"Prices would rise when all or almost all of the excess production capacity outside the Gulf-producing region would be eliminated and under foreseeable market conditions this

THE WORLD'S OIL Supply and demand

| (million barrels a day) | | | |
|---|------|-------|-------|
| Consumption | 1985 | 1990 | 2000 |
| OECD | 34 | 37-39 | 37-40 |
| Non-OECD | 12 | 13-14 | 16-18 |
| Total | 48 | 50-53 | 53-57 |
| Supply | | | |
| OECD | 17 | 16-17 | 14-15 |
| Non-Opec less developed countries | 8 | 10 | 12-13 |
| Opec | 17 | 23-24 | 26-30 |

would occur when the call on Opec oil, including natural gas liquids, reached about 22m bpd."

Even if crude prices had remained high (up to \$30 per barrel), all production in the developed

world was expected to fall. However, lower exploration expenditures, even for a few years, are likely to pull down production in the 24 richest countries by about 1m to 1.5m bpd in addition to the 1.5 to 2.5m bpd slide, which had already been expected when prices were high.

Lower prices will also increase demand for oil. If prices had remained high, demand for oil would have been expected to rise at only about a half to three-quarters of 1% a year over the next few years, rather than the 20% a year now expected.

The report says higher demand, coupled with reduced production, will lead to increased dependence on imports: "It is projected that additional imports of 4m to 6m bpd

will be required by the early Nineties, over 1985 levels rising to 6m to 8m bpd by the end of 2000."

The Organisation for Economic Co-operation and Development countries will depend on imports for about 63% of their oil, compared with only about 50% now. Even before the fall in oil prices, the OECD countries' efforts to find new oil fields had become progressively less successful. "New discoveries have declined, both in absolute terms and relative to production," says the report.

In addition, the cumulative discovery of new oil has been falling in relation to the number of exploration wells drilled. The report concludes: "Despite continuing technological improvements in exploration techniques, the current low prices will make it that much more difficult to reverse the decline in new discovery and reserve additions."

SRI LANKA

War on the Tamils

Defying international opinion and strong condemnation from India, the Sri Lankan government has launched a military offensive aimed at wiping out Tamil separatist guerrillas. Despite warnings of potentially horrific casualties among the 800 000 Tamil civilians who live on the Jaffna Peninsula, at the northern tip of the island, Sri Lankan President Junius Jayawardene declared: "This is a fight to the finish. We have no option."

Pressure on Jayawardene to stop trying to seek a political settlement with the Tamils has built up since a week of massacres at the end of April. Two terrorist groups — the Liberation Tigers of Tamil Eelam (Ete) and

THE GOLD WAR RESUMES

The Chicago Mercantile Exchange has jumped back into the battle against the Commodities Exchange over gold futures trading.

Leo Melamed, chairman of the Merc's executive committee, said the Chicago board would revive its gold futures contract — dormant for the last two years — and return it to its International Monetary Market floor.

The revival pits the Merc against the New York Commodities Exchange — known as the Comex — which has had

increasing problems in its back office handling the sharp movements in the price of silver as well as other precious metals.

The Merc began trading gold futures in 1974 just as Americans were allowed to buy and hold gold for the first time since the Thirties depression. It lost out to the Comex because the size of trade blocs at both the Merc and the Chicago Board of Trade were viewed as too much larger than the kilogram size amounts traded by the Comex.

SA IS confident sanctions will not affect the R5,5bn Mossel Bay petrol from gas project.

Central Energy Fund projects director Bob St Leger says SA has taken note of sanctions, but does not envisage they will hamper the project.

By 1992, Mossel Bay should yield 25 000 barrels of oil a day, or about 10% of SA's fuel requirements, he said.

"The first offshore platform will begin operating in 1991, with a second one due 18 years later. The scheme is expected to have a life of at least 30 years."

He said foreign engineering companies were being offered an important role in the project. The main components SA was looking for from abroad were drilling equipment and large compressors.

"We also want overseas concerns to

Mossel Bay

B Day (SS) 8/6/87
seems safe

MICK COLLINS

set up joint ventures with local firms to share technology."

SA was already in contact with overseas engineering firms, he said, mainly companies with previous experience in the North Sea oil fields.

"All major engineering contractors around the world have shown interest in getting into the project," St Leger said.

Director-General of Mineral and Energy Affairs Louw Alberts said SA was aiming at a 75% local content for the project.

Alberts said the scheme was just economically feasible at present, but could provide "quite a fair return" by 1992 if crude oil reached \$24-\$26 a barrel.

Mossgas projects director Ken Graham says the only difficulty that could be posed by sanctions would be obtaining offshore equipment and a pipe-laying barge.

More gas finds expected in SA

PORT ELIZABETH — The director-general of Mineral and Energy Affairs, Dr Louw Alberts, says the government anticipates further oil and gas finds in years to come.

He said it was hoped the stage could be reached where the technology was available in South Africa. — Sapa.

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SMA

9/9/87

PE an obvious participant in Mosgas project - Alberts

By JULIETTE
SAUNDERS

PORT ELIZABETH was an obvious participant in the Mossel Bay gas project, regardless of its present degree of industrial and commercial activity, as it had several factors in its favour, Dr Louw Alberts, Director-General of Mineral and Energy Affairs, said yesterday.

Certain facilities would have to be developed first, however.

In its favour, Dr Alberts said, was the fact that Port Elizabeth was a large harbour city and closest of all harbours to

Mossel Bay.

Also, it was the second largest municipal area in the country, had excellent infrastructural facilities and a relatively well-balanced strong labour force.

It was "very significant" that the profile of education in PE was essentially consistent, or slightly higher, with the national average, Dr Alberts said.

He said he believed Port Elizabethans should expect the Mossel Bay project (which is to be completed by 1991) to be "an initiation of a long period of wealth and gen-

eration" and should already be asking the question: "After Mossel Bay, what?"

The kind of involvement envisaged, Dr Alberts said, was about 52 000 tons of fabricated steel and 1½ million man-hours of labour as well as the administration of that labour. The estimated cost of this was approximately R177 million.

It should also be noted that Port Elizabeth appeared the ideal place for the application of the weight coating to be applied to the submarine pipeline in the harbour area.

He said it was considered that two modules could be built on the PE quay.

The planning of the on-shore refinery, which was to commence very soon, Dr Alberts said, would in all likelihood provide additional contracts for East Cape industries.

EP
9/16/82

CAPE Times 10/6/87

R3bn in CEF: Petrol price drop urged

Political Staff

HOUSE OF ASSEMBLY. — The MP for Port Elizabeth Central, Mr John Malcomess, yesterday questioned why there could not be an immediate drop in the price of petrol.

His question followed a reply given in the House of Assembly by the deputy minister of Economic Affairs and Technology, Mr George Bartlett, that more than R3 billion rand was currently being held by the Central Energy Fund.

A levy on each litre of petrol sold goes into the fund in addition to payments received for the transport of fuel through the pipeline after the cost of maintenance.

Responding to the disclosure, Mr Malcomess said that in view of the amount in the fund it should be possible to lower the price of fuel immediately.

Mr Bartlett said he could not comment on this. It is understood however that no drop in the price of fuel is likely.

The government is committed to massive expenditure on the Mossel Bay oil-from-gas project which has to be financed from this source in addition to which part of the money in the fund is to go to offset the R8 billion budget deficit announced by the Minister of Finance last week.

innocents, whereby procedure is done. values.

Blacks ask for calm

JOHANNESBURG — Black organisations have appealed for a calm and dignified commemoration of June 16 next week — the 11th anniversary of the Soweto riots.

They urged members to attend commemoration services in many parts of the country.

The organisations, however, branded as untrue rumours of a two-week stay-away by black workers, supposedly to mark the first anniversary of the state of emergency.

Police have meanwhile warned that anyone urging others to stay away from work on June 16 would face strong action.

The general secretary of the National Council of Trade Unions (Nactu), Mr Phiroshaw Camay, today appealed to workers to "honour this day with calm and dignity".

In Port Elizabeth, an inter-denominational church service to mark the events will be held in the Hill Presbyterian Church, Port Elizabeth, on Tuesday.

The service is from 1.15pm to 1.45pm and will be attended, among others, by the head of the Methodist Church in the Eastern Cape, the Rev George Irvine, and Canon Peter Bowen of the Anglican Church in Port Elizabeth.

SA can supply bulk of Mosgas skilled labour

By JENNY CULLUM

SOUTH AFRICA was perfectly capable of providing all the skilled labour needed to carry out the whole Mossel Bay oil-from-gas project, apart from a very small number of specialised tasks.

This was stated in Port Elizabeth yesterday by Mr Leon de Villiers, deputy director of Emthonjeni Group Training Centre who returned last weekend from a survey of Britain's North Sea oil fields, to analyse training allied to the hook-up and production phases for the R5 500-million Mosgas project.

This is in sharp contrast with major projects such as Sasol and Koeberg of the '70s when skilled staff had to be recruited overseas.

Apart from a few design, management and process engineering skills, SA's own manpower could supply all the skills needed for Mosgas, Mr De Villiers said.

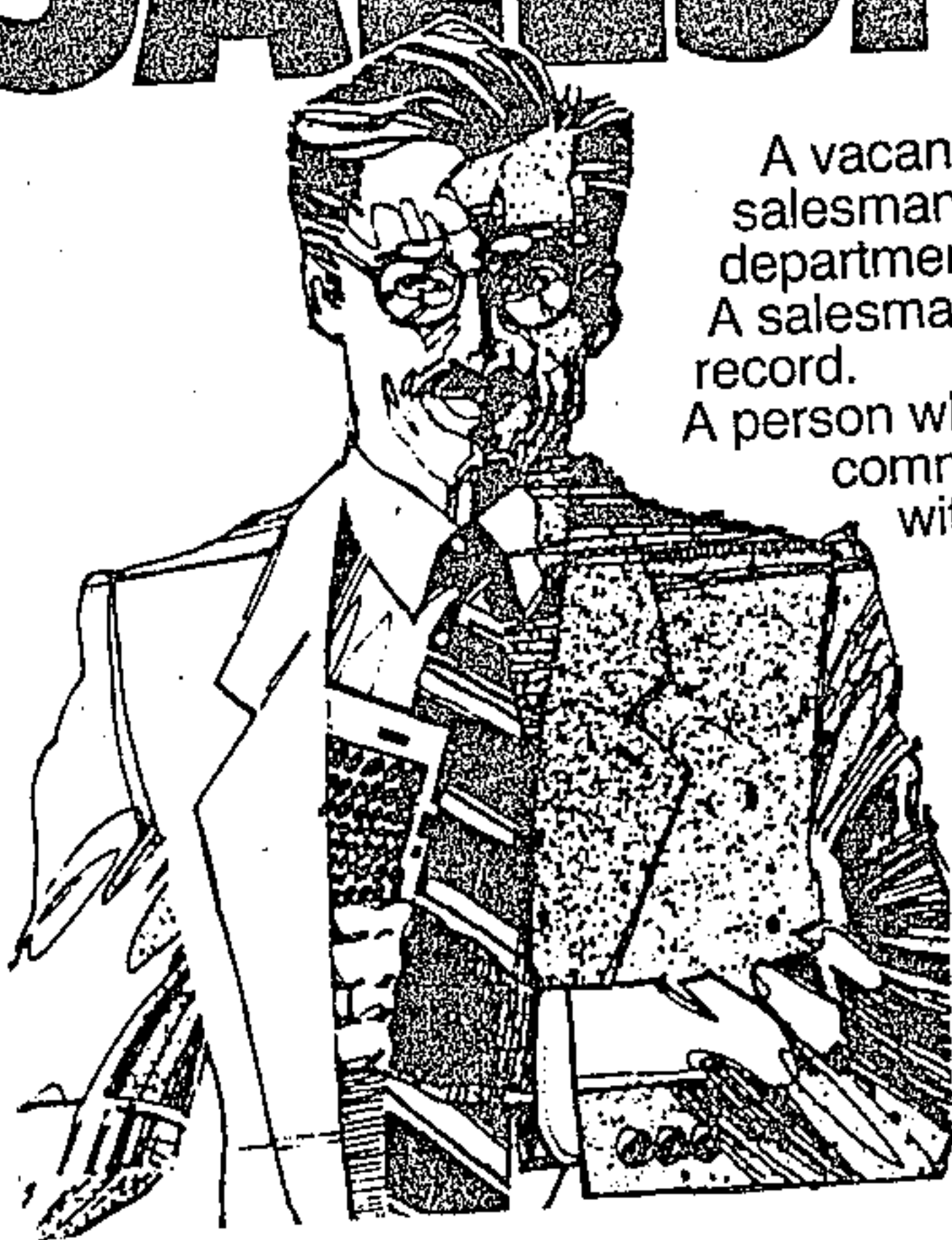
"The skills needed are nothing superhuman or sophisticated — they are normal basic skills which we already have here. Forget about the myth of 'high technology' skills."

Mr De Villiers studied training material, equipment and facilities for coded welders, platers/burners, mechanical fitters, pipe fitters, electricians, rigger/erectors and supervisors during his trip.

He said that he would be recommending that the "pick of the crop" of workers trained for the fabrication stage would be taken for the hook-up stage and trained in survival and safety, fire-fighting and working in confined areas.

Mr Dieter Kusel, director of Emthonjeni, said that South Africa had taken a unique step, breaking away from dependence on importing skilled people, by mobilising in advance to train its own manpower for Mosgas.

NEW CAR SALESMAN



A vacancy exists for a top flight salesman in our new car department.

A salesman with a proven track record.

A person whose motivation will command a fine earning with one of the best motor dealerships in Port Elizabeth.

The position carries a salary plus commission. A company car and petrol allowance.

Normal medical aid and pension benefits. Contact Miss Julie Jonck for appointment to interview on 544311 or in writing to P.O. Box 3529

41. Gang activities in reform schools and other institutions falling under the Children's Act.
42. Investigation into the structure, functions and organisations of Black and Coloured street gangs in the open community.
43. The processing and treatment of juvenile offenders: South African policy and practice.
44. A study of overseas models for the processing and treatment of juvenile violent offenders.
45. A psycho-sociological investigation of juveniles who have been sent to prison as a result of committing violent and other types of crime.
46. An evaluation of services provided by aftercare centres in the RSA.
47. Aftercare systems for ex-offenders: A literature survey with the purpose of developing a model for aftercare.
48. The perceptions of families receiving reconstruction services of the welfare service.
49. The provision of services by social and assistant workers to Black male board prisoners: An exploratory study.
50. An evaluation of aftercare services provided for ex-offenders and their families by state, private and church welfare organisations in the RSA.
51. The development of an integral system whereby official information regarding offenders (eg court reports, test results) can be stored and evaluated: A literature study.
52. The effect of environmental factors on inmate functioning and behaviour.
53. Juvenile delinquency: (a) The appearance and extent of juvenile delinquency in the RSA according to official crime statistics and (b) the etiology of juvenile delinquency and the processing and treatment of juvenile offenders.
54. The aim and value of reconstruction services for the family of the offender with special reference to some systems overseas.
55. Gauging the attitudes of the South African public toward ex-offenders and other possible methods of treatment of offenders.
56. The influence of imprisonment on family relations of a group of white male board prisoners.
57. The construction of a classification system for prisoners.
58. Pre-release preparation of prisoners: A literature survey.
59. The aim and value of halfway houses and other community based corrections: A literature survey.
60. An investigation into the provision of tuition for the offender.
61. The effect of imprisonment on prisoners and the care given to prisoners: Attitudes and perceptions of prisoners and Prisons Service staff.
62. Rumours among Black women concerning the side effects of various clinical contraceptives.
63. Determination of the need for guidance on the combat-

- ing of First World diseases among Blacks.
64. Identification of the need for communication skills in negotiations among the participants in the SATBVC multilateral dispensation.
65. Formative evaluation research concerning reading matter on nutritional guidance.
66. Evaluation of the Tuberculosis Guidance Programme of SANTA (South African National Tuberculosis Association) and the Department of National Health and Population Development in selected areas.
67. The training of black managers.
68. An investigation into the development concept and appropriate training.
69. An investigation into the impact of an agricultural project in northern Natal.
70. The development of a programme for the handling of female victims of sexual assaults.
71. Research in African languages: Standard and colloquial languages.
- (b) 31 May 1987.
- Strikes**
91. Mr F J LEROUX asked the Minister of Manpower:†
- (a) How many illegal strikes occurred in the public sector in the latest specified 12-month period for which figures are available, (b) in which State Departments were the persons who took part in these strikes employed, (c) what total number of such persons was involved in the strikes and (d) what total amount in salaries and/or bonuses was paid to these persons in
- respect of the periods during which they were on strike illegally?
- The MINISTER OF MANPOWER:
- (a) The Labour Relations Act, 1956, is not applicable to the State (vide section 2), and thus strikes in the public sector are not reported to the Department of Manpower in terms of section 65A.
- (b) Falls away.
- (c) Falls away.
- (d) Falls away.
- Crude oil**
96. Mr R R HULLEY asked the Minister of Economic Affairs and Technology:
- 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 ECONOMIC AFFAIRS AND TECHNOLOGY:
- (a) Landed price during May 1987: United States Dollar 17,92.
- (b) The above-mentioned cost is not directly taken into account in the South African price for 93 octane petrol. The average landed cost of 93 octane petrol for 4 refineries—three in Singapore and one in Bahrain—is being used as basis to determine the South African price. The landed cost presently being reflected in the price of 93 octane is 34,442 c/ℓ. The over-recovery presently experienced, is accommodated in the cumulative over and under-recovery account.
- (c) The marketing margins for the oil companies and the retailers consist of all those costs normally incurred to distribute and market petrol and both margins are subjected to price control.

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Krugersdorp/Springs: freeway

*32. Dr P J WELGEMOED asked the Minister of Transport Affairs:†

- (1) Whether it has been decided to build a new freeway between Krugersdorp and Springs; if not, why not; if so, (a) by whom (i) was this decision taken and (ii) is this freeway to be built, (b) when will construction work be commenced, (c) in what phases will the construction work be carried out and (d) what is the (i) expected date of completion and (ii) estimated cost of the project;

- (2) whether this freeway will be operated as a toll road; if not, why not?

The MINISTER OF TRANSPORT AFFAIRS:

(1) Yes.

- (a) (i) The National Transport Commission (NTC).

(ii) The NTC is presently negotiating with a private company Messrs Toll Highways Development Company (Pty) Ltd who will carry out the work on a concessionary basis as soon as an agreement has been concluded. If an agreement to the mutual satisfaction of both the State and Toll Highways Development Company (Pty) Ltd cannot be reached the NTC will in any event proceed with the construction on a tender basis by means of private construction companies.

(b) January 1988.

(c) Construction will commence on the Brakpan to Springs eastern section. Thereafter the western section between the N1 and Krugersdorp will be constructed followed by the central M4 section within the Johannesburg national ring road.

(d) (i) December 1994.

(ii) R680 million.

(2) Yes.

Petrol price reduced

*33. Mr C J DERBY-LEWIS asked the Minister of Economic Affairs and Technology:

Whether, in view of the recent recovery of the rand against the dollar, he intends reducing the price of petrol; if not, why not; if so, when?

†The DEPUTY MINISTER OF ECONOMIC AFFAIRS AND TECHNOLOGY (Mr G S Bartlett):

Yes, simultaneously with the implementation of the increased tariffs of the SA Transport Services and the consolidation of levies on 1 July 1987. The net result would be that decreases will occur which will vary from place to place but there may also be inland areas where increases can occur. These calculations are presently being made.

Universities: student fees

*34. Mr C J DERBY-LEWIS asked the Minister of Education and Development Aid:

(1) To what extent are student fees in respect of universities falling under the control of the Department of Education and Training subsidized;

(2) whether these subsidies are granted subject to certain conditions; if so, what are these conditions?

The DEPUTY MINISTER OF EDUCATION:

(1) The State does not subsidize student fees as such in respect of universities under its control, but subsidizes the universities according to the SAPSE financing formula which determines a state contribution to the total recognised expenditure calculated according to the formula. The rate of the State's contribution to the total income of the universities concerned (student fees, other income and the State contribution) was in 1985-86 on average 85,2% for the universities

(Medunsa excluded) and 94,6% in respect of Medunsa. The Universities fix their own student fees in the light of their expected income from other sources.

(2) The subsidies are subject to conditions determined according to the Universities Act of 1955, sections 25, 26 and 27.

Section 25 stipulates that subsidies are granted for the purposes, on the basis and subject to conditions determined by the Minister.

Section 26 stipulates that the Council of the university must submit a report on its proceedings and management as well as a properly audited statement of income and expenditure and a balance sheet in respect of the previous year to the Minister. This report, statement and balance sheet must be Tabled in Parliament.

Section 27 stipulates that the Minister may withhold the subsidy or a part thereof if the Council of the university does not comply with the stipulations or conditions set by the Minister.

Registration of teachers

*35. Mr R M BURROWS asked the Minister of National Education:

(1) Whether he or his Department has been involved in any discussions concerning the general registration of teachers; if not, why not; if so, (a) with whom have these discussions been held, (b) on what dates were they held and (c) what was the outcome in each case;

(2) whether he or his Department has taken any steps to promote the general registration of all teachers under a single registering authority; if not, why not; if so, (a) what steps, (b) what bodies or persons were involved and (c) what was the result;

(3) whether he will make a statement on the matter?

†The MINISTER OF NATIONAL EDUCATION:

(1) Yes.

(a) Teachers' Association of South Africa and the Federal Teachers' Council.

(b) With the Teachers' Association of South Africa at two occasions during the past five months and with the Federal Teachers' Council at four occasions during the past eight months.

(c) The bodies in (a) support the principle of a general registering body for teachers.

(2) Yes.

(a) Proposals for the establishment of a general registering body for teachers are being considered at present.

(b) The Committee of Education Ministers and the Committee of Heads of Education Departments.

(c) The matter is being investigated further.

(3) No.

Cabinet approval for appointments

*36. Mr R M BURROWS asked the Minister in the State President's Office entrusted with Administration and Broadcasting Services:

(1) Whether appointments to certain post levels in the Public Service are subject to final approval by the Cabinet; if so, (a) to which post levels and (b) what are the designations of each of these post levels;

(2) whether Cabinet approval is required for appointments to certain post levels in own affairs departments; if so, (a) to which post levels and (b) what are the designations of each of these post levels;

(3) whether he will furnish information on whether, during the latest specified period of 12 months for which information is available, the Cabinet declined to approve the appointment to a post in the Public Service of any

Petrol

bonus

looms

ARGUS
17/6/87

~~483~~ 55

By TOS WENTZEL, Political Correspondent

THE price of petrol is expected to drop by up to 3c a litre at the coast from the end of the month.

On the Witwatersrand the price is expected to drop by about 2c a litre, but in outlying areas of the Transvaal, especially the Northern Transvaal, the price is likely to rise by up to 2c a litre, because of distribution costs.

The cost is not likely to change in rural areas of the Cape.

The price of diesel fuel will probably also decrease.

The price of 98 grade petrol is expected to drop more than 93 grade.

The recent recovery in the value of the rand against the United States dollar, the consolidation of the present levy system and a change in the zoning system for petrol prices are the main reasons for the price changes.

An official announcement giving details is expected by June 29. The new prices will apply from July 1.

At one stage last month it seemed that the petrol price would rise by about 1c a litre as a result of transport cost increases announced in the Transport Services budget.

But the increased value of the rand and the consolidation of levies has outweighed this.

The Minister of Economic Affairs and Technology, Mr Danie Steyn, gave the first official indication that there would be a drop in the petrol price when he answered a question in the Assembly yesterday.

Crude oil

He said a reduction in the price was possible on July 1, with the implementation of the increased Sats tariffs and the consolidation of levies.

The result would be varying decreases in different areas, and the possibility that there might also be increases in certain inland areas.

Calculations were being made at present.

He said the landed price of crude oil in South Africa was \$17,92 (R35,84) a barrel in May.

In the Budget the Minister of Finance, Mr Barend du Plessis, closed loopholes on a huge diesel fuel racket which had been costing the State hundreds of millions of rands a year.

Some consumers bought diesel fuel at a cheaper, commercial rate and resold it illegally at a profit.

● The Argus Motoring Editor reports that if the premium fuel price drops 3c a litre at the coast, city motorists will save between R2,50 and R10 a month.

Modern cars use from 8,5 to 13 litres/100km in city driving, depending on engine capacity and driving habits.

If 3c is lopped off the price, a motorist driving 1 000km a month in a small car will pay R2,55 less for fuel. A motorist driving 2 000km a month in a big car will save R10 or more.

A trip to Johannesburg which now costs an average of R115 in fuel, will be about 2,5 percent cheaper or R110.

Solar battery assembled in space walk

LONDON — Soviet cosmonauts Yuri Romanenko and Alexander Laveikin walked in space for 3¼ hours yesterday to assemble a new solar battery on the surface of their orbiting station, Mir, Tass news agency reported.

After completing all planned operations in the third space walk of their current mission, the pair returned inside Mir, said Tass, monitored by the British Broadcasting Corporation.

The battery is designed

to increase the power supply aboard the space station, considerably raising the effectiveness of scientific research.

In Moscow earlier, State television news, reporting the start of their walk, said the cosmonauts had been putting in place the final components of the battery, the first tier of which they installed during a space walk four days ago.

The cosmonauts' next task was to unfurl the entire structure, which measures 22 square

metres and was built from instruments ferried to Mir from earth, the television said.

Cosmonauts on earlier missions undertook less ambitious tasks, limiting themselves to adding new cells to existing solar power systems.

The Mir complex has faced a sharp rise in demand for electricity since it was hooked up in April with the experimental research module, Kvant.

The cosmonauts, who boarded the space station on February 8, made a first space walk in April to remove a twisted cloth bag which had inexplicably appeared inside Kvant's docking unit and was preventing it from linking with Mir.

Western experts have said they expected Romanenko, the mission commander, and Laveikin, the flight engineer, to spend up to 290 days in space. This would far exceed the 237-day endurance record which three Soviet cosmonauts set in 1984.

Romanenko and Laveikin are due to be joined next month by a joint Soviet-Syrian crew, the first time a non-Soviet spaceman will have visited Mir since it was launched in February, 1986. — Sapa-Reuter

Petrol price expected to drop by 2c

SS
~~2c~~
17/6/8

By PATRICK CULL
Political Correspondent

CAPE TOWN — The price of petrol is expected to drop by about 2c a litre at the coast and in major towns on the Reef from July 1.

The price of diesel fuel is also expected to decrease.

However, a small increase can be expected in some of the more remote inland areas because of distribution costs.

The main reasons behind the changes which will be announced on June 29 are the recent recovery in the value of the rand against the United States dollar, the consolidation of the present levy system and changes in the zoning system for petrol prices.

The Minister of Economic Affairs and Technology, Mr Danie Steyn, gave the first indication in the House of Assembly yesterday that a price cut was in the offing.

He said a reduction was possible from July 1 with the implementation of the increased Sats tariffs and the consolidation of levies.

Sasol-type
process
gets green
light

DAVID FURLONGER
Industrial Editor

THE Central Energy Fund (CEF) has chosen the synthol process to produce liquid fuel from the Mossel Bay gas fields, say senior fuel industry officials.

The process is similar to the synthesis technology used by Sasol for its oil-from-coal operations and means the necessary technology and raw materials are available within SA.

The CEF refused yesterday to confirm a decision had been taken. However, industry officials said an announcement would be made soon. They said it would take about four years to build a plant.

The CEF had chosen the synthol process because of its proven success at Sasol, a consultant said. Alternative processes either did not meet demands or were unproven on a major scale.

Some, such as the Mobil process being used in New Zealand, produce only petrol, whereas the CEF wants diesel and other fuels as well. A modified Mobil process is able to produce a range of fuels but it has not been tested on a commercial scale.

The consultant said he expected Sasol Technology to be asked to design the Mossel Bay plant. Sasol officials would not comment yesterday.

Petrol companies ignore proposal for alternative fuel

CS
18/10/87

Post Correspondent

JOHANNESBURG — Petrol companies have been accused of hampering the introduction of an alternative fuel in SA.

The annual meeting of the SA Cane Growers Association (SACGA) was told in Durban yesterday that oil companies had been unenthusiastic in their response to proposals for the production of ethanol.

SACGA vice-chairman Tony Ardington said a feasibility study had satisfied the sugar industry that the production of ethanol was viable, plus the site, size, capital cost and mode of operation for the new industry.

This had led to an ap-

proach to oil companies at the end of last year.

"There has been no response. This was predictable unenthusiasm. In short, oil refiners want ethanol as badly as we want alternative sweeteners.

"However, the cardinal difference is that while alternative sweeteners have free access to the food market, access to the fuel market can only take place through existing fuel producers."

Mr Ardington said this monopolistic position behoved the oil companies to give adequate justification for the prices and terms offered to alternative producers and this they had failed to do.

(ii) failed their examinations in all subjects at the end of the year? The MINISTER OF EDUCATION AND DEVELOPMENT AID:

| | (i) | (ii) |
|---------------------------------------|------|-------|
| (a) University of Zululand | 244 | 78 |
| University of the North | 40 | 321 |
| Medical University of Southern Africa | 12 | 25 |
| Vista University | 830 | 925 |
| (b) University of Zululand | 19.8 | 6.3 |
| University of the North | 2.75 | 22.14 |
| Medical University of Southern Africa | 2.85 | 11.16 |
| Vista University | 12.5 | 13.9 |

Per capita expenditure

40. Mr R M BURROW'S asked the Minister of Education and Development Aid:

What was the per capita expenditure, (a) including and (b) excluding expenditure of a capital nature, on Black school pupils in the 1985-86 financial year?

The MINISTER OF EDUCATION AND DEVELOPMENT AID:

- (a) R387.02
- (b) R303.23

Own Affairs:

State housing sale

16. Mr P C CRONJÉ asked the Minister of Local Government, Housing and Works:

(a) How many houses had been sold by his Department in each province under the State housing sale announced by the then Minister of Community Development on 3 March 1983, as at the latest specified date for which figures are available and (b) how many houses remained to be sold in each province as at that date?

The MINISTER OF LOCAL GOVERNMENT, HOUSING AND WORKS:

HOA

18/6/87

55 Approved 18/6/87

FRIDAY, 19 JUNE 1987

of the emergency regulations in 1986; if so, (a) when, (b) where and (c) what is the name of this person;

- (2) whether he received a request from or on behalf of this person to furnish reasons for her detention; if so, when;
- (3) whether he has furnished this person with such reasons; if not, why not; if so, on what date?

+Indicates translated version.
For written reply:
General Affairs:

Group Areas Act

5. Mr S S VAN DER MERWE asked the Minister of Law and Order:

How many investigations had been held by the South African Police into alleged contraventions of the Group areas Act, No 36 of 1966, since 1 January 1987 as at the latest specified date for which information is available?

The MINISTER OF LAW AND ORDER:

394 cases until 30 April 1987.

Joint management centres

9. Mr P G SOAL asked the Minister of Law and Order:

With reference to his reply to Question No 114 on 20 February 1987, (a) what are the names of the members of each of the eleven joint management centres, (b) on what basis were they appointed and (c) what tasks do these members perform on these joint management centres?

The MINISTER OF LAW AND ORDER:

(a) and (b) I refer the honourable member to my reply to written questions numbers 114 and 565 which I regard as sufficient.

Sandra Steward

10. Mr S S VAN DER MERWE asked the Minister of Law and Order:

(1) Whether a certain person, whose name has been furnished to the South African Police for the purpose of the Minister's reply, was detained in terms

HOA

Approved 19/6/87

The MINISTER OF LAW AND ORDER:
(1) Yes.
(a) 14 June 1986.
(b) The Female Prison, North End, Port Elizabeth.
(c) Sandra Steward.

(2) No.
(3) Falls away.

Note: This person was already released from detention on 5 September 1986.

Gold/silver/platinum

107. Mr C J DERBY-LEWIS asked the Minister of Economic Affairs and Technology:

How many fine ounces of (a) gold, (b) silver and (c) platinum were (i) mined and (ii) marketed in 1984, 1985 and 1986, respectively?

The MINISTER OF ECONOMIC AFFAIRS AND TECHNOLOGY:

| | 1984 | 1985 | 1986 |
|---------------------------------|------------|------------|------------|
| (a) (i) | 21 861 000 | 21 524 000 | 20 514 000 |
| (ii) Classified information. | | | |
| (b) (i) | 6 978 907 | 6 699 708 | 7 172 113 |
| (ii) 7 625 159 | 7 077 593 | 7 629 781 | |
| (c) (i) Classified information. | | | |
| (ii) Classified information. | | | |

Uitenhage: crime

123. Mr D J N MALCOMESS asked the Minister of Law and Order:

Approved 19/6/87

By ANTHONY JOHNSON
Political Correspondent

OPPOSITION parties have demanded a parliamentary select committee to determine whether the Minister of Finance, Mr Barend du Plessis, offered the Labour Party a R1,5-billion housing "bribe" in return for the LP dropping its opposition to a finance bill.

Allegations that the minister diverted the sum from the Central Energy Fund (CEF) as part of a "quid pro quo" payment to the LP in favour of coloured housing, were made in Parliament yesterday by the chief whip of the PFP, Mr John Malcomess.

The Speaker, Mr Louis le Grange, ordered the PFP's transport spokesman out of Parliament when he refused to withdraw the "bribe" allegation.

Both the PFP's finance spokesman, Mr Harry Schwarz, and the Conservative Party's spokesman on economic affairs and technology, Mr Clive Derby-Lewis, last night called for a select committee investigation into the affair.

Mr Derby-Lewis said: "The alleged coercion is a further reflection of a ploy used by a desperate regime in an attempt to justify their colossal mistake... of the National Party's tricameral experiment.

"How do we know that the government is not digging into other funds to placate their co-governors into submission?"

Mr Schwarz said the CEF was created to contribute towards the stabilization of fuel prices for motorists and in order to help find new energy sources like Sasol and the Mossel Bay gas project.

Money obtained from motorists should not be used for purposes unconnected with South Africa's fuel situation, he said.

Speaking during the budget debate yesterday, Mr Malcomess

Bribe claim: Parliament probe call

CAA Times 20/6/87 55



Mr Du Plessis



Mr Malcomess

quoted from Hansard to show that the LP had withdrawn its opposition to the General Sales Tax Amendment Bill after Mr Du Plessis had given them R1500 million for black and coloured housing.

Mr Malcomess also alleged that this large sum of money could only have come from the CEF by "subterfuge" — a remark he was forced to withdraw.

When Mr Du Plessis was challenged by Mr Malcomess to confirm that he had "ended up in the

middle of a LP caucus", struck the deal and then swore the LP to secrecy, the minister replied across the floor: "All caucus meetings are secret."

Mr Malcomess asked Mr Du Plessis whether he would confirm the offer but the minister responded that he was "not prepared to break a confidence".

The PFP whip went on to say that he did not blame the LP for "accepting the bribe" because coloured people had been hounded out of many areas and there had been a totally inadequate provision of both land and housing for them. Mr Malcomess had to withdraw the word "bribe".

Mr Malcomess maintained the whole affair should never have happened. "If you require money for housing then vote for it, don't nick it out of another fund created for a different purpose.

"The taxpayer is entitled to know what his money is being spent on. This has been the largest sum of money ever paid as an incentive to persuade a party to change its mind," he said.

At the prompting of Mr Du Plessis, the Speaker ordered Mr Malcomess to withdraw any inference of bribery.

When Mr Malcomess replied, "I am afraid I cannot, sir," he was ordered to leave the House.

By ANTHONY JOHNSON
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Bribe claim: Parliament probe call

CAPE TIMES 20/6/87 (55) (23)



Mr Du Plessis



Mr Malcomess

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Missing CEF money still 'lost'

Political Staff

CONFUSION exists over just where or how the government has either spent, invested or lodged nearly R3 billion from the Central Energy Fund (CEF).

Two government departments have come up with separate explanations as to how R1,2 billion allocated for the stimulatory package last year can be accounted for.

The issue was raised on Friday by Mr John Malcomess, who alleged that the Minister of Finance, Mr Barend du Plessis, had offered the Labour Party R1,5 billion for coloured and black housing last year if they would withdraw their opposition to a finance bill.

The money was to come from the CEF, a fund created by a levy paid on each litre of fuel bought.

The allegation was denied by Mr Du Plessis yesterday when he replied to the second reading of the budget.

The confusion over the amount of money in the CEF and just where it is, follows a question by Mr Malcomess earlier this session to the Minister of Economic Affairs and Technology, Mr Danie Steyn.

Mr Steyn disclosed that currently there was R3,1 billion in the fund, R2,9 billion less than at March 31, 1986.

In addition, according to Mr Malcomess, a further R1 billion in levies from the sale of fuel and interest should have accumulated in the fund.

It is now accepted that the R1,2 billion for the stimulatory package announced by the government last year came from the CEF.

But while the Department of Finance states simply that the money came from the CEF for the stimulatory package, the Department of Economic Affairs and Technology maintains the CEF bought government stock.

No explanation has as yet been forthcoming as to where the rest of the money in the CEF has been allocated.

When he addressed Parliament yesterday, Mr Du Plessis gave his explanation of how he came to address the caucus of the Labour Party in June last year — the date on which Mr Mr

Malcomess alleged he made the offer to the Labour Party.

Mr Du Plessis stated he was making the disclosures with the permission of the leader of the Labour Party, the Rev Allan Hendrickse.

He said during the course of 1986 it had become obvious that there was a need to stimulate the economy and that two avenues were open — to drop GST to 10% or to produce a R1,2 billion stimulatory package which could be aimed at specific areas.

It had been decided to opt for the latter, he said.

Mr Du Plessis said that the MP for Schauderville, Mr Charles Redcliffe, had, however, subsequent to the package being finalized introduced an amendment to the GST Amendment Bill declining to pass it until GST was dropped to 10%.

This, he said, had been done in the absence of Mr Hendrickse.

Mr Du Plessis said he had approached Mr Hendrickse and had been given permission to address the LP caucus and explained that if he was forced to drop the stimulatory package R750 million earmarked for housing would be lost.

Questions

The LP caucus, he said, had consequently reversed its decision and its opposition had been dropped.

Mr Du Plessis referred problems as far as the CEF was concerned to Mr Steyn, expressing the hope that having given the facts the matter could now be put to rest.

Several questions remain unanswered, however, amongst which are:

- Just where has the other amount outstanding from the fund been placed?

- Is there any point in having a Central Energy Fund if it is simply to be used for any purpose which takes the Government's fancy?

- Is this not another example of off-balance sheet budgeting?

CP MPs operate on 'Goebbels concept'

HOUSE OF ASSEMBLY.

— It seemed that CP MPs operated on the Goebbels concept that the greater the lie and the more often it was repeated, the greater the chance that people would believe it, the Minister of Finance, Mr Barend du Plessis, said yesterday.

Replying to the Own Affairs budget debate, he said this could be the only reason they paid no heed to the facts that had been brought to their attention.

They had taken inspiration for the style of presentation of their speeches from Mr Eugene Terre'Blanche, the Afrikaner-Weerstandsbeweging leader, and had continued with the practice of spreading irresponsible untruths and incorrect facts.

"How does it feel to be sitting in the House on the basis of the absolute lies you spread in order to get the people to vote for you?" he said.

Mr Du Plessis said the PFP spokesman on Finance, Mr Harry Schwarz, who had called him a "Lone Ranger" earlier in the debate, was himself a political lone ranger.

Whenever he joined a political party a division became imminent.

At one point during Mr Du Plessis' speech, as he speaking about the CP, Mr Schwarz called across the floor: "Why are you so cross?"

"I'm not cross," replied Mr Du Plessis. "I'm serious. The economy is a serious business." — Sapa

TUESDAY, 23 JUNE 1987

Restructuring of Nuclear Activities:
committee

*13. Mr R R HULLEY asked the Minister of Economic Affairs and Technology:

- (1) Whether the Committee of Inquiry into the Restructuring of Nuclear Activities in the Republic of South Africa has submitted a report on its findings to him; if not, why not; if so, (a) on what date, (b) what were the findings and (c) who was the chairman of this committee;

- (2) whether this report will be laid upon the Table of the House; if not, (a) why not and (b) what action will be taken in regard to this report; if so, when;
- (3) whether he will make a statement on the matter?

The MINISTER OF ECONOMIC AFFAIRS AND TECHNOLOGY:

- (1) Yes, to the then Minister of Mineral and Energy Affairs, Mr F W de Klerk.
- (a) 31 March 1981.

(b) the main recommendation of the Committee was that all the nuclear activities in the RSA funded by the State, should be placed under the control of a single body, as a state corporation, in order to achieve greater efficiency by eliminating duplication of activities.

(c) the chairman was the late Dr A J A Roux, at that time chairman of the Uranium Enrichment Corporation (UCCOR).

- (2) No. (a) and (b) The recommendations were in the main accepted by Government and legislation to implement these recommendations was introduced in 1982 and fully debated and accepted by Parliament.

(3) The whole matter was dealt with in 1982 and no further statements are envisaged at this time.

Graskop: bus accident

*14. Dr M S BARNARD asked the Minister of Education and Development Aid:

- (1) Whether he has received representations for an inquiry to be instituted into a bus accident at Graskop on or about 23 May 1987 involving pupils of Alexandra High School; if so, (a) from whom, (b) when and (c) what was his response;

(2) whether he will make a statement on the matter?

The DEPUTY MINISTER OF EDUCATION:

- (1) Yes.

(a) Automobile Association requested a commission of enquiry to investigate certain aspects of the accident.

(b) 29 May 1987.

(c) In the light of the fact that—

(i) normal investigatory procedures are currently being conducted by the S.A. Police in view of the possibility of an offence having been committed (which investigation will include the mechanical aspects);

(ii) further light will also be shed on the Automobile Association's concern about the mechanical and structural safety aspect of the bus by the "Bus Safety Standards" team of the CSIR which is involved in this matter and on which the AA is represented;

(iii) it has already been announced in a press statement of 27 May 1987 that a departmental team, whose report I am expecting shortly, is engaged in an investigation;

(iv) on the initiative of the Automobile Association, a meeting with leaders in the field of tourism in the Lowveld to discuss improvements to emergency services has been

TUESDAY, 23 JUNE 1987

requested, and is acknowledged with appreciation;

the government has decided that it would be neither appropriate nor desirable to establish a commission of enquiry.

(2) Yes. Press statements have already been released on 23 May 1987, 27 May 1987 and 16 June 1987 by the Department.

Rhine Road, Sea Point: telephone exchange

*15. Mr C W EGLIN asked the Minister of Communications:

Whether any extensions are being made to the automatic telephone exchange at Rhine Road, Sea Point; if so, (a) when is it anticipated that these extensions will be completed, (b) what is the nature of these extensions and (c) what additional services will be provided as a result of these extensions?

The MINISTER OF COMMUNICATIONS:

Yes.

(a) it is expected that the first extension to the telephone exchange will be completed towards the end of this year. A second extension which has also been planned is anticipated to be completed during the second half of 1989;

(b) and (c) the first extension comprises an electronic concentrator with an allocatable capacity of 800 lines. The second project is a major extension of the exchange entailing the provision of 2 400 additional lines.

Legal aid: means test

*16. Mr D J DALLING asked the Minister of Justice:

Whether he intends to take action during the current session of Parliament to raise the limit set by the means test in respect of applications for legal aid; if so, what action; if not, why not?

TUESDAY, 23 JUNE 1987

The Legal Aid Board is an autonomous body which was established by section 2 of the Legal Aid Act, 1969 (Act 22 of 1969). Consequently the Board is the only body which has the power to raise the limit of the means test. In its latest report the Board indicates that it would give attention to the matter as soon as funds become available.

Foreign media representatives

*17. Mr D J DALLING asked the Minister of Home Affairs:

(a) How many foreign media representatives are there in the Republic at present and (b) in respect of what date is this information furnished?

The MINISTER OF HOME AFFAIRS:

The admission of representatives of foreign media to the Republic is being controlled by visas. Visas are granted to 3 categories of media representatives, namely:

- (1) those stationed and accredited in the Republic of South Africa;
- (2) those who are not stationed here, but who are accredited at the Bureau for Information; and
- (3) those who are not stationed or accredited here, but who intend to visit the Republic of South Africa for a specific period and purpose.

The Department's system of control of the entry, residence and departure of persons does not lend itself to determine how many foreign media representatives are in the country on a given date. The system is aimed at the individual who has entered into or departed from the country and is not directly linked to his or her occupation.

In the circumstances I am not in a position to indicate the number of foreign media representatives present in the Republic at a specified time.

Mr D J DALLING: Arising out of the hon the Minister's reply, I should like to ask him whether he is able to give us an estimate?

The MINISTER: Mr Chairman, the hon member is also a lawyer, and he will know that one does not make oneself guilty of

Hundreds of people left in the dark

By AYESHA ALLIE

HIGH unemployment and increased rents have left hundreds of Cape Flats residents literally in the dark.

Advice offices have confirmed that the electricity supply to an "abnormally high" number of houses in council estates have been cut after residents failed to pay arrear accounts.

Many residents are also in arrears with rents and water accounts.

Mrs Suleila Davids, of Tames Walk, Manenberg, said she received a summons two weeks ago from the council that she must pay her water bill which was in arrears with R85. Davids is divorced and the only stable income comes from her daughter who brings home R50 a week.

She is two months arrears with her rent.

Another resident, Mrs Katherine Horne, of Pecos Walk, said her electricity has been in arrears since February last year when her husband became unemployed.

Her electricity was disconnected in August and reconnected in October when the electricity of all other residents was connected. She has been served with an eviction notice.

Summons from City Council for 'stealing lights'

Now the council has summonsed her to appear in court for allegedly "stealing lights" from August last year to March this year.

Her husband, Mr Martin Horne, earns R221 a month. The arrears on their rent is R235; water R89 and electricity R428. They spend R11 a week on candles and paraffin.

The Hornes made arrangements with the council to pay off R45 every month or weekly when they have money.

"But there's usually nothing left over to buy enough food," Mrs Horne said.

They have two small children and Horne's sickly mother and retarded brother stay with them. The family have no other income.

Mrs Ragmat Stoffel, of Daphne Court in Heideveld, is four months in arrears with her rent of R167-35.

Her electricity is R175 and has been cut off for almost a year. She suffers from arthritis and chafes for R10 to R15 a week. She has a 18-year-old unemployed daughter and a son of 16 who needs medical treatment.

Mrs Stoffel said she sent R40 with her daughter to the rent office but they refused to take the money. She has received a letter from the council in which they demanded that she pay the rent by June 22.

Mrs Ursula Galant of Soetwater Court in Hanover Park, has been without electricity for three months. She is divorced and only receives R30 a week for her five young children. She chafes twice a week for R24 and pays a neighbour R8 every week for looking after her two small children. Mrs Galant's electricity bill is R186-19. Her rent, which is also in arrears, is R128.

Galant shares her one-bedroomed flat with Mr and Mrs Ganief Wolmarans and their three children from Atlantis.

Mrs Amina Wolmarans said they became in arrears with their rent in Atlantis when her husband was retrenched. Their arrears amounted to R506 rent and R50 in electricity.

Notices only sent to people with 'bad records'

They decided not to go back to Atlantis because there was no work available and they could not afford the high rentals.

Ms Priscilla Fischer of Waterberg Street, Heideveld, said she owes R500 in rent arrears. The City Council agreed she could pay her electricity account off at R30 every month.

"But there is never enough money over for good food," she said.

Mrs S A Mulder of the City Council Housing Branch, confirmed that notices were sent to housing tenants in most City Council areas.

"But these notices were only sent to those who have very bad records and have an income," she said.

A joint statement from the Town Clerk, Dr Stanley Adams, and the City Treasurer, Mr Donald Geyer, said electricity of the unemployed did not get disconnected unless the account was more than two months in arrears.

The statement said the council was aware of people's plight and was doing their best to make alternative arrangements for those with financial difficulties.

People should then pay a reasonable amount on their arrears as often as they could.

Ford plans to build experimental engine to run on ethanol

EP 25/6/87

SS

DURBAN — Ford engineers in South Africa have started work on an experimental car engine to run entirely on ethanol.

The engine, a modified three-litre V6 petrol engine, is to be developed in Pretoria and Port Elizabeth. It will then be run experimentally in a farmer's bakkie on the Natal South Coast as part of the efforts of a group of farmers to build their own ethanol distillery.

Mr Dick Crosbie, managing director of Crosbie Ford in Port Shepstone, said yesterday the company already had the necessary technology to produce the ethanol engine because of its development of similar engines in Brazil.

Modifications to the bakkie engine will include re-calibrated ignition and carburettion settings and raising the compression ratio.

The Umzimkulu Cane Growers Association, which plans to build an ethanol plant in Paddock to produce low-cost farm fuel, was given Government permission to build the plant in 1985.

But the chairman, Mr Ben de Boer, said yesterday that the association was still waiting for a permit from the Department of Customs and Excise before building could start.

R7bn in CEF kitty, says chairman

26/6/87

Cash crisis in Mossel Bay oil project denied

GOVERNMENT yesterday discounted fears that the R6bn Mossel Bay oil-from-gas project was in jeopardy through lack of funds.

The announcement came after last week's disclosure in Parliament that the Central Energy Fund (CEF) was down from R6bn to R3bn in cash reserves.

CEF chairman Danie Vorster said yesterday the figure of R3bn reported in Parliament was incorrectly interpreted as being the total funds of the CEF.

"It represents, however, only the Central Energy Fund cash reserves. Total CEF funds including outstanding loans and investments exceed R7bn at present."

Commenting on the viability of the project, Vorster said: "Lack of funds is not hampering the development of Mossel Bay or any other synfuel projects currently under consideration by the CEF."

The outstanding loans included an amount of R2,2bn owed by Sasol 3.

The massive R4,2bn project (in 1986 rand terms) is eventually expected to cost R6bn when infrastructural requirements and inflation are taken into account.

Industry sources said earlier there was growing concern that with next

MICK COLLINS and
PATRICK BULGER

year's deadline for Mossgas — the offshore production platform — fast approaching, the project could be hampered by lack of funds.

The initial and detailed design is scheduled to get under way by 1988. Manufacture, construction and commissioning are all scheduled for 1991.

The initial and detailed design for Mossref, the onshore oil-from-gas conversion plant, is scheduled for completion by 1990, but major developments are expected to be necessary long before then — workers' accommodation, road design and building.

A start on Mossref's construction is scheduled for 1991.

The mammoth scheme is widely regarded in civil engineering circles as the boost which could spur economic growth in construction and related fields which have been hit by the recession.

The CEF issue emerged in Parliament last Friday, when PFP chief whip John Malcomess questioned Finance Minister Barend du Plessis on the R3bn said to have been appropriated by government from the CEF for "other purposes" — coloured and black housing.

Huge concern sets up in PE

Post Reporter

A HUGE engineering company is poised to move plant to Port Elizabeth to build modules for the Mossel Bay gas exploitation project.

Babcock Africa, based on the Reef, has almost completed negotiations to occupy a large factory in the city.

Four other concerns — some even larger than Babcock — are poised to

move into the city.

Mr Andre Crouse, PE's development officer, said today: "I hope the sceptics will now finally realise that the project is on."

Mr Bill Arnell, manager of Babcock's gas and

oil projects, told the Evening Post today: "We are certainly coming to PE. We are hoping to make the city one of our big bases and if all goes well we hope to be indertaking there not just

Big engineering firm to set up base in PE

● From Page 1

requirements laid down. It was also possible a link might be forged with a Port Elizabeth company.

Babcock Africa is a member of the Babcock International group and its South Africa connection goes back a hundred years. In PE it has supplied turbines for Swartkops power station, boilers for General Motors and large extensions for General Tire.

"We are certainly very keen to undertake this work. Port Elizabeth is our particular geographic target right now and we are behind the whole PE effort completely."

About 400 jobs would be created locally when the move was made, he said.

"We will definitely be coming to PE. Although obtaining the factory is not finalised as yet it's only a question of whether we get that facility or another one. We have a very large facility at Lethabo, near Vereeniging, and we could transport and erect this in PE relatively easily.

"Our intention is to use local PE labour as much as possible. It all depends on how much work we pick up.

"Port Elizabeth will be one of our bases for the

life of the project.

"And if we are given the right encouragement — opportunities for work — we would extend our involvement in PE.

"I think you could say PE could hopefully — if everybody gets geared up there — possibly see us start by the end of the year.

"The PE engineering companies will be able to assist us in setting up the fabrication plant and later with ongoing ancillary contracts during the fabrication of modules.

"We see this as a long-term project and our presence in PE as permanent."

Mr Crouse said a number of other companies — larger than Babcock — were also waiting to move into PE.

"We are certainly going to get a lot of the work."

Babcock, he said, would be involved with the modules (which stand on the rig), but there would also be a call for the jacket (legs of the rig) and 100 kilometres of double pipeline — all of which could be built in PE.

● The Evening Post learned from another source that the factory Babcock intend to occupy is Delta Motor Corporation's former engine plant at Aloes.

work for the off-shore installation, but work for the onshore installations as well.

"We feel that PE may become the Aberdeen of South Africa and possibly Southern Africa."

He said myriad manufacturing and service industries had benefited from North Sea oil in Aberdeen, and he foresaw technology transfer to PE taking place continuously and "on a vast scale".

"This could be a major coup for the city. New skills, know-how and expertise will make PE a high-tech centre."

Within a month, the city should be witnessing the start of the boom expected to accompany the Mossel Bay development. Babcock, at least, is interested in establishing a permanent base in the city — even after the Mossel Bay project — if sufficient work is forthcoming.

Mr Arnell added: "We believe the city may form the nucleus for this kind of work. It has an established engineering industry, a harbour with a suitable quay and a work force orientated to engineering which we will be able to train in special skills to the standard required for Mossel Bay project."

He said Babcocks had already acquired an overseas "know-how" partner, this was one of the

● To Page 7

MOSSEL BAY — 2 2/16/87

The Sasol route

The decision to use Sasol's synthetic fuel process to turn Mossel Bay natural gas into petrol and diesel brings to an end a long period of uncertainty.

Bob St Legere, director of projects for Mossref (the onshore gas conversion company) says final negotiations are in progress with Sastech (Sasol Technology) for the core technology.

Negotiations are also in progress with a joint company comprising Edward L Bate-man and Davy McKee (SA) to serve as managing contractors for the onshore plant. Engineering design work will be handled by LTA Process Engineering, Fluor Engineers (SA) and Engineering Managing Services "once final negotiations have been concluded."

"We decided on the proven Sasol Synthol process which is at present the most feasible," says St Legere. It is "at this stage still the most economically viable" for converting natural gas to petrol and diesel fuel. Mossref is now negotiating the terms, price and conditions under which the Sasol technology will be procured.

But the core technology will have to be supported by many other processes for the manufacture of liquid fuel. These supporting processes will be decided "once the engineering of the plant has reached the appropriate stage."

There are three stages to the conversion. It starts with the purification of the natural gas, leaving its main component — methane — which will be converted to "synthesis gas" (a mixture of carbon monoxide and hydrogen in controlled proportions) through treatment with steam and oxygen.

The synthesis gas will then undergo the Fischer-Tropsch hydrocarbon synthesis — perfected by Sasol and used at its own three plants — to produce a mixture of hydrocarbon liquids plus various by-products.

The crude "oil" plus a proportion of the by-products will be worked up by fairly conventional refining processes to produce petrol plus diesel fuel.

The main competitor for the Sasol process at Mossel Bay was the "methanol to gasoline and diesel" (or MTGD) process, or one of its variants, which apparently has the advantage of producing a much higher proportion of diesel to petrol than Sasol's Synthol vari-

ant.

But recent improvements in Sasol's refining techniques — as installed at Mossref — will make it possible to produce a higher diesel ratio than Sasol 2 and 3. Meanwhile, the market is also shifting away from diesel to petrol — so the diesel/petrol ratio should not be too much of a problem.

On the other side of the ledger, Mossref will be able to count on the only mature synthetic fuel technology available worldwide, thus reducing the financial risk of taking on a relatively new process. And the risk of political obstacles to the license of technology will be eliminated altogether.

The decision to follow Sasol's Synthol route seems the correct one. ■

(55) f 17

Back-up bonanza

Positive spin-offs for the Mossel Bay region from the massive R5 billion gas project are becoming clearer by the day as expert back-up teams investigate the infrastructural requirements for getting it off the ground.

A team from government's Mossref refinery development company is handling the investigation — supported by representatives from 20 private and public sector organisations which will be directly or indirectly involved.

Carel van Zyl, infrastructure director at Mossref, says one possible development will be a huge new dam on the Great Brak River near George, 25 km from the site of the refinery.

The 79 m high dam, known as the Wolwedans scheme, will supply a guaranteed 12m m³ of water a year, with a maximum annual capacity of 25m m³. It will be built by the Department of Water Affairs.

The heat exchangers, which will be used in the refinery process, require a great deal of cooling — hence the demand for the dam, on which construction should start in September.

Van Zyl says the infrastructural co-ordinating committee will have to consider the fact that the lifetime of the oil-from-gas scheme will be only some 30 years — so it is important that the area as a whole should be able to support such a large dam thereafter. This points to long-term growth plans for the region.

The synfuel project will also increase the demand for electricity in the Mossel Bay area 10 times to 140 MW — and nearly 300 km of additional overhead cables will have to be added to the national grid. According to Van Zyl, no decision has yet been taken on whether the refinery will buy its power direct from Eskom or via the Mossel Bay municipality.

Other new infrastructural developments will include two new residential townships to provide more than 1 000 permanent houses, 5 km of roads and the widening of existing roads, a new light industrial township with rail facilities and a marshalling yard. The harbour facilities and hospital will also have to be improved and the capacity of local schools increased.

26/6/87

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A new sewage treatment plant and potable water reservoirs will have to be constructed and all other local services such as fire prevention, security, refuse and public transport will have to be expanded.

It is thus clear that boom times are just around the corner for the erstwhile sleepy southern Cape village, with substantial spin-offs for civils and building contractors also there for the taking as projects are put out to tender. ■

THE Soweto City Council will invite experts to join its city engineer in launching an intensive investigation into the incidence of high electricity bills in Soweto.

The decision was taken after an outcry from councillors who recommended that a 20 percent increase in water and electricity by the Rand Water Board and Escom should not be effected before they had met the Johannesburg City Council to explain their stand.

This was during the council's monthly meeting at Jabulani in Soweto.

Computer

A meter reading expert and a computer expert are to be invited to join the council's city engineer in the investigation. The experts will be from Anglo American Corporation.

The company had voluntarily offered to release its experts to the Soweto council for the investigation after its employees complained bitterly about high

By MOJALEFA MOSEKI

electricity bills to the employers.

Former deputy mayor Mr Isaac Buthelezi, said the council had requested professors from Wits University to investigate the matter and they found that Soweto residents were "paying more than residents of Johannesburg suburbs for services."

"When we asked for the causes of the high bills we were told of computer mistakes, so I

suggested we get a computer expert also," said Mr Buthelezi.

Former mayor, Mr Edward Kunene said: "We cannot continue charging the 'provisional tariffs' for too long. We must get the accurate figures. Our meters are never read or if they are read then they are faulty."

Mr Botile was also empowered to meet with officials of the Regional Services Council to request the regionalisation of their water and electricity departments as a matter of urgency.



NELSON Botile . . . mayor of Soweto.

POWER SHOCK - EXPERTS CALLED IN

Handwritten notes: (S), (S), Sowetan 29/6/87

Crouse cautious but optimistic over Moss gas

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22/6/87
E Post

By MICHEL DESMIDT

WITH tenders for the Moss gas project expected to be called only at the end of August, it was still too early to speak of Port Elizabeth becoming the "Aberdeen of South Africa".

This was the view of PE's development officer, Mr Andre Crouse, who said the city could nevertheless be expected to move into aspects of marine engineering never previously undertaken.

The availability of existing infrastructure such as the boosting of the electricity supply to accommodate heavy welding work and the training of skilled artisans, meant that PE would gain the potential to branch out into the export of components as a by-product of the R5,5-billion Moss gas project.

This would help maintain the initial spinoff from Moss gas. The lifespan of the project and the future of the city's involvement in the offshore oil/gas industry depended on, among other imponderables, whether further strikes were made.

PE could be compared to the Scottish oil industry capital in that it would be the base for similar activities, but on a far smaller scale.

Predictions that PE could become the "Aberdeen of South Africa" were made by Mr Bill Arnall, an executive of Babcock Engineering Contractors, which is one of nine pre-qualified contractors in the hunt for a slice of

the R5,5-billion project.

Tenders are expected to be put out towards the end of August and the build-up is being marked by much background negotiation, both on the possibility of locating in Port Elizabeth and on competing contractors forming a consortium to ensure participation in the lucrative scheme.

Mr Arnall indicated that Babcock was considering establishing a permanent base in Port Elizabeth.

Asked if other companies were considering following Babcock's example, Mr Crouse said all nine contractors had made "frequent approaches" with varying degrees of interest.

Govt branches in oil-for-cash swap

Cap Times 30/6/87
Political Staff

CRUDE OIL stocks bought years ago at bargain prices were transferred to the Central Energy Fund (CEF) by government in exchange for some of the cash held in the fund to finance the R1,2-billion stimulatory package announced by the Minister of Finance, Mr Barend du Plessis, last year.

This emerged at yesterday's press briefing by the Deputy Minister of Economic Affairs and Technology, Mr George Bartlett, on the fuel price adjustments due to come into effect from tomorrow.

Mr Bartlett said the transfer was effected at the current ruling crude oil price on the open market, indicating the the Department of Finance (Central Revenue Fund) made a substantial profit turn on the transaction.

It represents a paper profit only, as both the crude oil stocks and the CEF effectively remain under the umbrella of government control.

It does mean, however, a transfer from one department to another; more importantly from one budget vote to another.

And, it reinforces criticism over the extent of fund manipulation — or off-balance accounting — practised by the government.

Mr Bartlett and the bank of officials advising him yesterday were unable to throw a little more light on the principles of the transaction.

The issue would be dealt with more fully when the budget vote on his department is dealt with in Parliament during August, Mr Bartlett said.

Adjustments

The 23 new price zones (instead of the present 30) are based on geographically identified magisterial districts and are designed to eliminate the subsidization of prices in specific areas of the country by consumers in other areas, leading to inevitable increases in more remote parts of the country.

□ Adjustments in the levies which form part of the new consolidated single levy that will simplify the price composition. The National Road Fund Levy has been increased by 1c a litre on petrol and 2c a litre on diesel with a view to improving the country's road network.

The GST component of the fuel price has been fixed at a flat 8,9c a litre on petrol and 9,0c on diesel rather than 12% on the price. Another component of the fuel price, the equalization fund levy, is also being increased by 3,8c a litre on petrol and reduced by 8,2c on diesel.

□ SATS tariff increases from July 1. These would generally boost prices but are not expected to have an influence of more than 1c a litre on the fuel price.

□ In spite of the recent

□ Oil-for-cash swap

— Page 3

To page 2

From page 1

slight increase in crude oil prices, the improved rand/dollar exchange rate effectively decreases the price of fuel.

Mr Bartlett stressed that the new system would require that all customers — including those who at present enjoy concessions on the price of diesel such as farmers, fisheries, construction and mining — would have to pay the full fuel level, as well as customs and excise duty.

The new adjustments, he said, would not result in a change in the profit margins of the retailer and wholesaler. "However, an investigation into the profitability of service stations will now be expedited."

The Federated Chambers of Industries yesterday welcomed some of the reductions but questioned whether they could not have been greater because of lower landed costs.

Assocom welcomed "the selective reductions in the fuel price as well as the change from the grid system to a magisterial district system of determining fuel

Fuel price cuts in the city

Cape Town
30/6/82

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~~21/5~~

New petrol prices

NEW petrol and diesel pump prices for the Western Cape that will take effect from Wednesday are (in cents a litre):

| | 98 octane | | 93 octane | | diesel | |
|--------------|-----------|-----|-----------|-----|--------|-----|
| | Old | New | Old | New | Old | New |
| Cape Town | 83 | 79 | 74 | 74 | 78 | 75 |
| Bellville | 83 | 79 | 74 | 74 | 78 | 75 |
| Brackenfell | 83 | 80 | 75 | 75 | 79 | 76 |
| Stellenbosch | 84 | 80 | 75 | 75 | 79 | 76 |
| Paarl | 85 | 81 | 76 | 75 | 79 | 76 |
| Caledon | — | 81 | 77 | 76 | 80 | 77 |
| Touws River | — | 82 | 78 | 78 | 81 | 77 |
| Clanwilliam | — | 83 | 79 | 79 | 81 | 79 |
| Calvinia | — | 86 | 82 | 83 | 83 | 83 |
| Vredenburg | 86 | 82 | 77 | 77 | 80 | 77 |

By ANTHONY JOHNSON
Political Correspondent

NEW fuel prices will cut 98 octane petrol by 4c a litre at the coast and diesel prices will be cut by 3c a litre through much of the country from tomorrow.

However, 93 octane petrol will remain unchanged at the coast, drop by 1c a litre on the Witwatersrand and increase by up to 6c a litre in more remote areas like the north-eastern Transvaal.

A prominent feature of the new price system is a consolidated single fuel levy which is expected to produce a saving for the exchequer of R500m a year by curbing the growing incidence of evasion of duty, levies and GST on fuel.

The price adjustments also coincide with the introduction of a new price zone structure that reflects more accurately the real cost of transporting fuel from the import harbour to the point of sale.

Announcing the price changes in Cape Town yesterday, the Deputy Minister of Economic Affairs and Technology, Mr George Bartlett, said the adjustments were based on four main factors:

□ The elimination of cross-subsidization which exists in the present zone structure for a new system that will reflect the most economical method of transporting fuel to the consumer.

prices".

It was, however, "regrettable that those areas directly affected by the removal of Maputo as a distribution point have not been given more notice of adjustments to the price".

The Afrikaanse Handelsinstituut welcomed the announcement and said that any measure which increased the consumer's disposable income could only have a beneficial effect on the economy.

Organized agriculture welcomed the diesel cuts while the National Association of Automobile Manufacturers said it was a "step in the right direction", as it would help fight inflation.

Mr Jan Cronje, director of the Consumer Council, welcomed the fuel price reduction. He said it would have an effect on the transport cost of virtually all consumer commodities and urged that this benefit should be passed on to consumers.

□ Pick 'n Pay last night announced that two outlets would not wait till tomorrow to lower the fuel prices.

From today, 98 octane would go on sale at 94 cents a litre — and diesel at the "new" three-cent-less price — at the Brackenfell and Ottery hypermarkets.

"We have enough fuel in our tanks — we are going right ahead," a spokesman said.

SS ~~3/3/87~~
CAR-TIMES 30/6/87

Clampdown to net SA R500m a year

Political Staff

THE government's clampdown on a widespread fuel racket in which one unnamed operator evaded tax amounting to R2,3 million over two years, will net the exchequer an extra R500 million a year.

Figures were released yesterday by the Deputy Minister of Finance, Mr Kent Durr, at a press conference with the Deputy Minister of Economic Affairs and Technology, Mr George Bartlett, to announce new petrol prices and a new system of collecting levies and calculating prices.

Mr Durr said some of the tax evaders would be prosecuted but the government had been hampered by loopholes in the law. The government also had information on other evaders who were being closely watched.

Certain diesel consumers in the agricultural, fishing and other industries have been exempt from paying certain levies and have been buying low-cost stocks and selling them for more than they had paid but for less

than other consumers would normally pay.

In future, consumers who enjoy a rebate will have to pay the full levies and tax on what they buy and then claim a refund from the government.

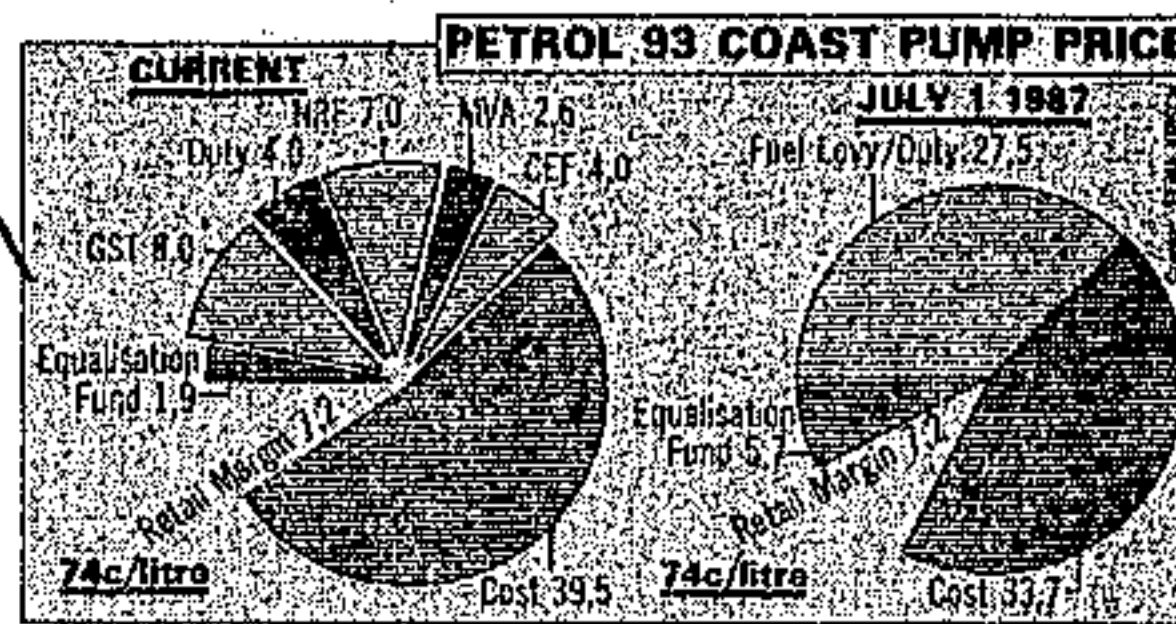
Asked what was to stop the illegal operators from continuing the racket simply by reclaiming their levies, Mr Durr said the government had statistics on all people who were entitled to a rebate and their consumption would be watched.

One of the operators had avoided paying R98 947 in excise duties alone which if other levies had been included would have cost the state in the region of about R500 000 a year.

Other large-scale evasions over two years were R288 223, R113 656 and R74 103.

Mr Durr said that as from July 1 the levies for the Road Fund, Central Energy Fund, MVA (Third Party) and GST would be consolidated into one fuel levy on petrol and diesel to avoid evasions.

Pump prices of petrol and diesel down



CHRIS CAIRNCROSS

FROM tomorrow, the pump price of 98-octane petrol on the coast is to be reduced by 4c a litre, and that of 87 and 93 octane by 1c a litre in the PWV.

The pump prices of diesel are to be reduced by 3c a litre in most parts of the country from tomorrow, Deputy Minister of Economic Affairs and Technology George Bartlett announced yesterday.

Explaining the variable price adjustments at a Press briefing in Cape Town, Bartlett confirmed the pump price of 93 octane was to remain unchanged at the coast.

In some areas, particularly the north-eastern Transvaal, pump prices will be increased.

The adjustments are due to both increasing and decreasing cost factors, Bartlett said. These included:

- Tariff increases by Sats, which become effective tomorrow;
- Elimination of the cross-subsidisation that exists in the present price-zone structure countrywide, which will result in either an increase or decrease in the fuel price;

Adjustments in the various fuel price components, such as the Equalisation Fund, transport, the National Revenue Fund, GST, and other levies, which could also result in either an increase or decrease in the pump price; and

The improved rand/dollar exchange rate, leading to effective decreases in the fuel price.

Bartlett said the existing price-zone structure, based on the seven import harbours — six harbours in SA as well as Maputo — had been redrawn to exclude Maputo and eliminate much of the cross-subsidisation that had occurred.

It would now be based on the geographically identified and statutorily recognised magisterial districts.

This meant the cost of fuel transportation, written into the fuel price in each zone, will reflect the most economical method of transporting the fuel from the

● To Page 2



SS 30/6/87

Pump prices of petrol, diesel fall

import harbour to the point of sale.

The zone structure was thus being simplified to provide only 23 price zones instead of the present 30.

As announced by Finance Minister Barend du Plessis in Parliament in his June 3 Budget, a single fuel levy was now also to be introduced to close a loophole in the structure that has led to a fuel scam that has lost Customs and Excise more than R300m in revenue.

This single levy on petrol would now comprise: CEF levy 4c a litre; MVA 2,6c a litre; National Road Fund 8c a litre; and GST 8,9c a litre — totalling 23,5c a litre.

◀ ● From Page 1

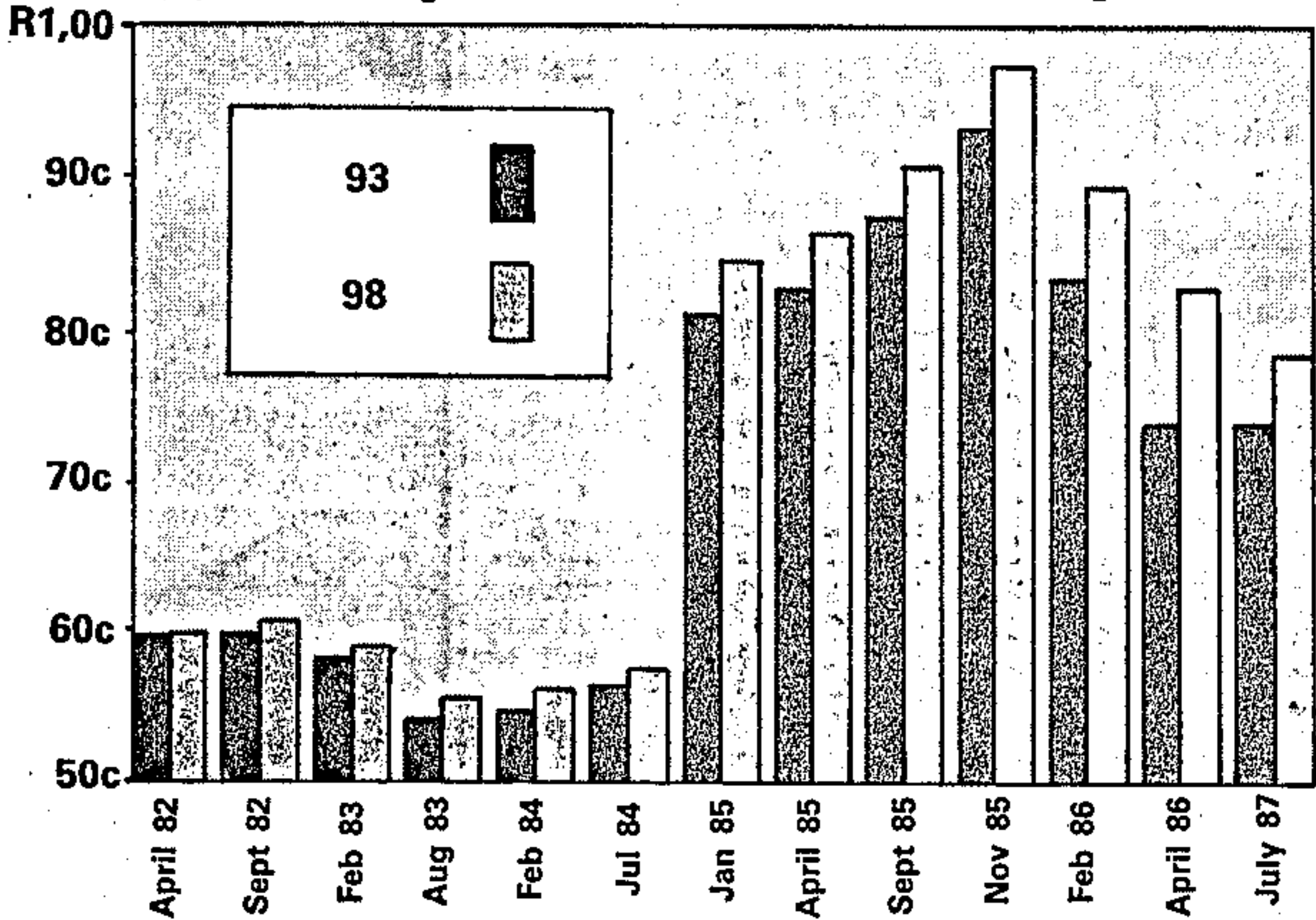
On diesel the breakdown was: CEF 4c a litre; MVA 1,7c a litre; National Road Fund 10c a litre; and GST 9c a litre — totalling 24,7c.

The single levy system meant all customers, including those at present enjoying concessions on the price of diesel, such as farmers, fisheries, construction and mining, would have to pay the full fuel levy, as well as Customs and Excise.

Customers qualifying for these concessions would have to re-register with the Department of Customs and Excise, and would be able to claim a refund.

Cape Town 30/6/87 55 200

Petrol prices for last 5 years



UP AND DOWN . . . This graph shows petrol prices for 93 and 98 octane in Cape Town over the last five years, including tomorrow's decrease.

From page 1

Petrol price to

THE petrol price is to be reduced by a cent to 82 cents a litre for 93 octane on the Reef as from July 1, the Minister of Economic Affairs and Technology, Mr Danie Steyn, announced yesterday.

At a Press conference in Cape Town he said the coastal price of 93 octane would stay at 74 cents a litre. However, 98 octane would drop by four cents from 83 to 79 cents.

However, certain areas, especially in the northern and north-eastern Transvaal, would

South
drop

30/6/87
feel price increases as a result of the elimination of cross-subsidisation in the new zoning system.

— Sapa.



Changes in fuel prices welcomed

SS
SD
30/6/87

CAPE TOWN — There has been mainly favourable reaction to the new fuel prices which will cut 98 octane petrol by 4c a litre at the coast and lower diesel prices by 3c a litre through much of the country from tomorrow.

However, 93 octane petrol will remain unchanged at the coast, drop by 1c a litre on the Witwatersrand and increase by up to 6c a litre in more remote areas like the North Eastern Transvaal.

A prominent feature of the new price system is a consolidated single fuel levy which is expected to produce a saving for the exchequer of R500 million a year by curbing the growing incidence of evasion of duty, levies and GST on fuel.

The price adjustments also coincide with the introduction of a new price zone structure that reflects more accurately the real cost of transporting fuel from the inland port harbour to the consumer.

Announcing the price changes in Cape Town yesterday, the Deputy Minister of Economic Affairs and Technology, Mr George Bartlett, said the adjustments were based on four main factors:

● The elimination of cross-subsidisation which exists in the present zone structure for a new system that will reflect the most economi-

cal method of transporting fuel to the consumer.

● The 23 new price zones (instead of the present 30) are based on geographical districts and are designed to eliminate the subsidisation of prices in specific areas of the country by consumers in other areas, leading to inevitable increases in more remote parts of the Transvaal.

● Adjustments in the levies which form part of the new consolidated single levy that will simplify the price composition. The National Road Fund Levy has been increased by 1c a litre on petrol and 2c a litre on diesel with a view to improving the country's road network.

● The GST component of the fuel price has been fixed at a flat 8,9c a litre on petrol and 9,0 cents on diesel rather than 12 per cent on the price. Another component of the fuel price, the equalisation fund levy, is also being increased by 3,8c a litre on petrol and reduced by 8,2c on diesel.

The director of the Consumer Council, Mr Jan Cronje, said the reduction was "welcome news in a year that had

"thus far generally brought bad news for consumers".

"If the fuel price can be adjusted in consequence of a more favourable exchange rate, why cannot other importers do likewise?" he asked.

Mr Cronje added that the reduction would affect the transport cost of virtually all consumer commodities and urged that this benefit be passed on to consumers.

He said he was gratified at the department's willingness to present a detailed fuel price analysis. Consumers would like to see similar price analyses of other commodities as well.

The Federated Chamber of Industries welcomed the announcement, but questioned whether bigger decreases could not have been made considering that the landed cost of fuel had gone down by 5,8 cents a litre.

The president of the South African Agricultural Union, Mr Kobus Jooste, said the union "has much appreciation for the fact that the government successfully averted a rise in the price of agricultural diesel at national level". See also Page 15

Fuel prices welcomed with some reservations

ES
SFR
30/6/87

Organised agriculture and business groups have welcomed the re-structured diesel and petrol prices announced yesterday by the Minister of Economic Affairs and Technology, Mr Danie Steyn.

The Afrikaanse Handelsinstituut (AHI) said any measure which increased the consumer's disposable income could only have a beneficial effect on the economy.

The Federated Chamber of Industries (FCI) welcomed the announcement of certain fuel price reductions, but questioned whether bigger decreases could not have been made when the landed cost of fuel had gone down by 5,8 cents a litre, Dr R A P Fockema, chairman of the FCI's energy committee, said in a statement.

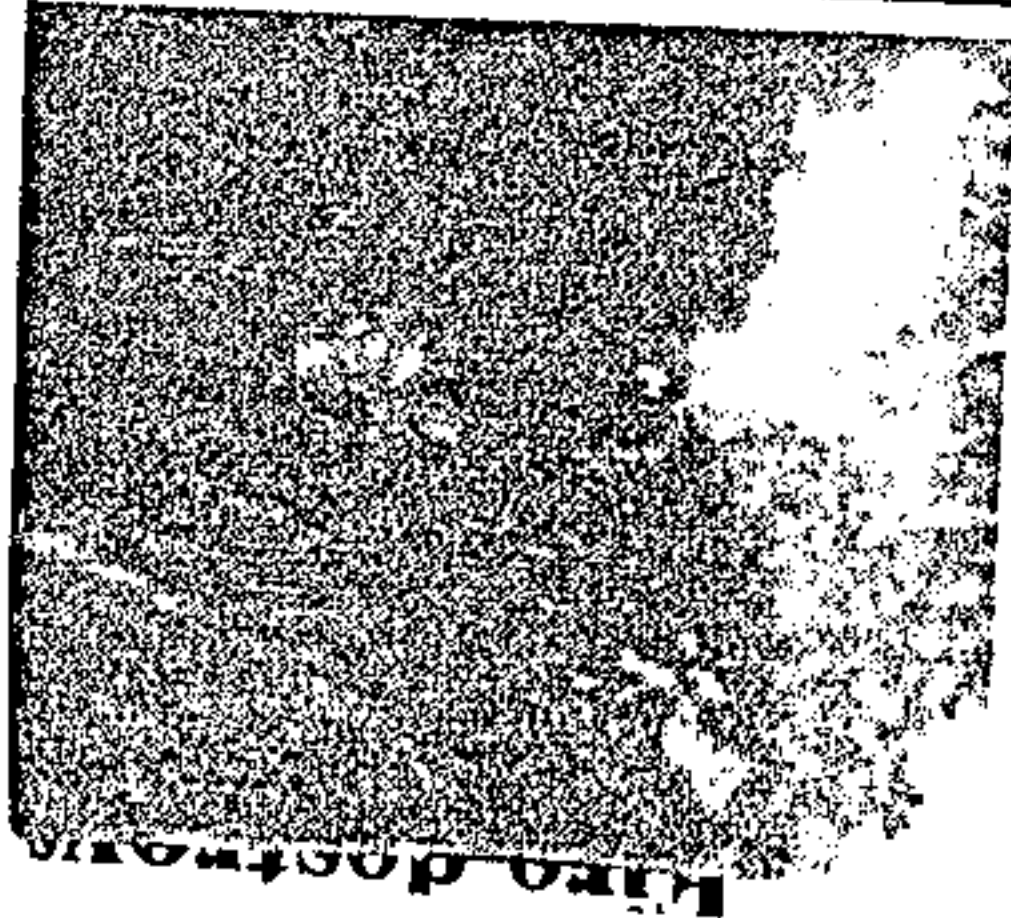
Assocom welcomed the selective reductions, but said it regretted that those areas where prices were to increase had not been given more notice.

The president of the SA Agricultural Union, Mr Kobus Jooste, said the union accepted the changes in the discount scheme for diesel as the present system "entailed big losses for the public exchequer".

● Various levies on fuel have been consolidated into one levy from which payments will be made to a number of funds.

The new consolidated levy amounts to 27,5c a litre in the case of petrol and 28,7c on diesel.

The levy is split this way: Central Energy Fund, petrol and diesel, 4c; Motor vehicle accident insurance, petrol 2,6c, diesel 1,7c; National Road Fund, petrol 8c, diesel 10c; GST element, petrol 8,9c, diesel 9c; Customs duty, petrol and diesel 4c.



Port Elizabeth, Wednesday, July 1, 1987

Black day for SA consumers

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78
31/12/87
X
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X

By MICHEL DESMIDT

THE lower fuel price is the only glimmer of hope for hard-pressed consumers who face a barrage of increases in the cost of living from today.

The price hikes — ranging from higher mortgage bond rates charged by building societies through to egg prices going up — will fuel a regional inflation rate already boosted by the highest annual escalation in food prices.

Food prices for the year ending April 30 rose 26% per in the Port Elizabeth-Uitenhage area compared with the weighted national average of 24,7%.

This led a city hypermarket manager to remark that he was "mystified" why the area should rate above the Transvaal.

July 1 increases that will push the inflationary spiral even higher include:

- A 17,62% increase in bus fares announced by PE Tramways in Port Elizabeth and Uitenhage, although some concessions have been granted to clipcard holders and pensioners.
- Municipal rates going up 15%, electricity 12% and water 13,6%.

The Grahamstown City Council is to implement a 20% increase in rates and 15% for other services.

- Substantial increases in SA Transport Services' tariffs, which come into effect today. These include a 10% increase in commuter fares and an average 15% hike in fares for inter-city services.
- Three building societies raising their mortgage rates to 14,5% on new loans to counter the possible drain on their reserves to the govern-

ment's "granny bonds", which offer senior citizens rates of up to 15%.

- The cost of entertainment rocketing after the recent 50c rise in cinema tickets to R5,50 for adults and R4 for students and pupils.
- Certain postal and telephone costs rising from today. Overseas postage on certain mail items go up from between 20% and 33%, while other tariff hikes include a doubling in pay phone costs from 10c to 20c a unit, telephone unit

costs from 12c to 13,5c a unit, telephone rentals from R11 to R15 a month, and installation costs from R90 to R125.

- The Medical Association of South Africa has announced a 20% increase in the private tariffs.

The lowering of petrol and diesel prices is the only reprieve for hard-hit consumers. In Port Elizabeth, the price of 93-octane petrol remains unchanged at 74c a litre, but 98 drops 4c to 79c a litre.

Fuel costs set to push up bus fares

By CHRIS ERASMUS

THE restructured fuel-price system, described by City Tramways as "shocking", may well cost Cape Town bus commuters more, rather than saving them money.

The reason, according to City Tramways, is that bus companies no longer qualify for the rebate on diesel fuel.

Meanwhile, PFP finance spokesman Mr Harry Schwarz, has said that the fuel price reductions announced this week were "too small" to bring down other consumer prices.

Mr Nic Cronje, managing director of City Tramways, said yesterday the announcement by government regarding the new fuel prices has had "a shocking impact on the bus industry".

According to City Tramways, the effect of the announcement is that the cost of diesel fuel for the bus industry has increased by almost six cents a litre — in spite of the announcement by the Deputy Minister of Economic Affairs and Technology, Mr George Bartlett, that the pump price of diesel would drop by three cents a litre in the greater part of the country, including Cape Town.

"This drastic increase results from an increase to the basic fuel price coupled with the fact that, according to the announcement by the Deputy Minister of Finance, the bus industry no longer qualifies for any rebate under the new rationalized levy structure," said Mr Cronje.

"This company, which operates bus services in Cape Town and adjacent areas, will simply not be able to absorb these additional costs.

"To avoid having to pass on the increase to its passengers, the company has directed an urgent appeal to the Department of Transport in an effort to obtain some form of relief for its passengers," Mr Cronje said.

To page 2

Once the outcome of the appeal was known City Tramways would issue a further statement, he said.

Mr Schwarz said the fuel price reduction was "so small that it's not going to have any major effect.

"Of course, any reduction has an effect but this one is simply too small to have any meaningful effect on other consumer items," he said.

Mr Michael Boyes, president of the Cape Town Chamber of Commerce, said that although general price reductions were unlikely to follow as a direct result of the fuel price cuts, they could be expected to put a brake on further price increases.

The reduction in certain fuel prices was "a most welcome move that can be expected to dampen inflationary trends that are deeply rooted in our economy," he said.

"At the same time, it has to be appreciated that fuel costs represent an extremely small component of the end-price of most goods and services.

"It is a fact that the rand-dollar exchange rate has been working in SA's favour and this has been the prime reason for the fuel price cuts. Against this, however, imports from countries such as Germany and Japan have been becoming increasingly expensive.

"The rand is now in a more stable position vis-a-vis the currencies of our main trading partners with lower inflation rates than ourselves and this can be expected to hold back future price increases," he said.

Mr Boyes said retailers were operating in a highly competitive market and consumers could expect that any benefits gained by reduced import costs would be passed on by traders.

Cost of diesel may push bus fares up

Swi Post
2/7/87

By MICHEL DESMIDT

THE scrapping of a diesel rebate to bus companies in terms of the restructured fuel price system will add R590 000 to PE Tramway's annual fuel bill.

The move, described by PE Tramway's parent company, City Tramways, as "shocking", may lead to a further hike in bus fares if an urgent appeal to the Government for relief falls on deaf ears.

Bus fares in PE and Uitenhage rose by 17,62% from yesterday, but the increase was not designed

to meet the higher fuel bill and will be inadequate to do so.

The managing director of PE Tramways, Mr Carl Coetzer, said the scrapping of the rebate from Monday translated into an increase of 5,9c a litre.

For the fleet of 400 buses using an estimated 10 million litres a year, this meant an annual increase in the fuel bill of R590 000, he said.

The previous effective price was 63,6c a litre compared with the current 69,5c.

Mr Coetzer said although the scrapping of the rebate was effective

from Monday, he had heard of the "surprise" decision only this morning.

The situation regarding a possible rise in bus fares would be examined closely and "taken into consideration in our thinking and planning", he said.

City Tramways and the Reef-based Putco bus company have made urgent representations to the Department of Transport calling for some form of relief, with a decision on fares pending the outcome of the appeal.

The managing director of City Tramways, Mr Nic Cronje, said the new fuel

price system, in terms of which bus companies no longer qualify for preferential rebate under the new rationalised levy structure, would have "a shocking impact on the bus industry".

The Cape Town-based company estimated the increased cost of diesel to the bus industry to be 6c a litre, a cost which it would not be able to absorb.

Putco puts the rise at 5,64c a litre on the Reef, costing an additional R4 million a year.

Putco recently applied for an average 14% fare

increase for later in the year, based on no further increase in the fuel price.

● The PFP finance spokesman, Mr Harry Schwarz, said after the fuel price reductions were announced this week they were "too small" to bring down other consumer prices.

5

FIM 3/7/87

PETROL PRICE

Making sense at the pump

While this week's petrol price changes have been generally welcomed as another booster for the economy, PWV consumers will receive only a 1c/litre benefit — while landed costs of imported fuel have dropped by 5,8c/litre.

The reason for the anomaly is the imposition of levies for various State funds used for synthetic fuel manufacture, the stabilisation of fuel prices and road building.

Nevertheless, retail fuel prices in SA are still significantly lower than in Europe — despite the current scale of the Central Energy Fund (CEF) and Equalisation Fund levies.

Outgoing director-general of Mineral and Energy Affairs Louw Alberts says total State imposts on petrol in the UK are roughly SA0,80c, 0,73c in West Germany and R1,20 in France — against only 42c in SA. South Africans actually pay less for their liquid fuels than most major countries, with the exception of the US, and, possibly, Australia.

And, adds Alberts, total imposts on fuel are much the same as they were in nominal terms three years ago. If the inflation rate of 15%-16% is taken into account, aggregate taxes on fuel dropped by as much as a third in real terms.

The Equalisation Fund compensates oil companies whose local refineries are currently running at about 60% of capacity, due to increased competition from local synthetic fuel production. The fund can also be used to subsidise synthetic fuel output, says Alberts. The funds of the CEF, on the other hand, are used to provide capital for the construction of synthetic fuel plants.

In terms of the new arrangements, the price of diesel fuel will come down by 3c/l in most parts of the country on July 1 and

changes to the structure of the petrol price will make it 1c/l-4c/l cheaper for most users.

In the PWV area the price of 93 octane petrol will fall by a cent, from 83c/l to 82c/l, while diesel will come down from 84c/l to 81c/l. In the main coastal areas 98 octane petrol will drop from 83c/l to 79c/l and diesel will come down from 78c/l to 75c/l. But some outlying areas will have to pay more.

Deputy Economic Affairs and Technology Minister George Bartlett says diesel users until now have been contributing 13,9c/l to the equalisation fund (which keeps fuel prices stable in the face of fluctuations in the world market) while petrol users have been contributing only 1,9c/l.

Government has therefore decided to "equalise" the equalisation fund contributions and make them 5,7c/l for both petrol and diesel. He says this will not mean petrol users will be subsidising diesel users.

Contributions to the National Road Fund will also increase by 1c/l from 7c to 8c for petrol users and from 8c/l to 10c/l for diesel users.

GST as a percentage of the fuel price is to be scrapped and replaced by a fixed levy of 8,9c/l for petrol and 9c/l for diesel. Treasury officials say it is likely, however, that the levy will be adjusted in future according to percentage changes in GST.

And all purchasers — including those currently enjoying rebates on the diesel price, like farmers, fisheries and the construction and mining sectors — will have to pay the full fuel levy as well as customs and excise duties, to put an end to "abuse of the current system."

Deputy Finance Minister Kent Durr says people qualifying for rebates are currently

being registered by the Department of Customs and Excise. Rebates can be claimed on a regular basis and it is envisaged that they will be paid within about two weeks of receipt of the application.

Durr says the consolidated levy will be cheaper and easier to administer and is expected to net around R500m in a full year in taxes and duties that were being evaded. In the current year the additional take should be about R300m.

Durr says no major snags are expected in implementing the new system and cash-flow implications — if any — will arise only at the switch-over. No more than "a few rand" should be involved for the average farmer and "a few hundred rand" for the larger operators.

The new system will mean that the initial cost of direct purchases of diesel by the agricultural sector will be 75,6c/l (in the PWV) compared to 52,35c/l at present, while consumers in the PWV area who purchase diesel direct for road use will pay 75,6c/l instead of 77,8c/l. ■

ZIMBABWE

362

Business blues

Zimbabwean industrialists are more pessimistic now than at any time in the past six years, according to the latest business opinion survey by the University of Zimbabwe.

More than 62% of the 122 industrialists who responded to the questionnaire described themselves as more pessimistic than six months ago — the highest such proportion ever recorded in the 13 surveys. This is more than double the 31% pessimism level of a year ago.

The main reason for concern is the 40% cutback in import allocations. A record 83% of the respondents say production is adversely affected by the foreign exchange scarcity. Almost three-quarters of the sample say they are short of raw materials — also the highest ratio to date.

And since the survey was undertaken, government has announced a price and wage freeze which has done nothing to improve the outlook.

The report says the survey underscores the supply side nature of Zimbabwe's problems with only one quarter of respondents expressing concern about the level of domestic demand.

A particularly worrying aspect for the Zimbabwean government is the finding that more than three-quarters of the respondents expect production to fall by at least 10% in



Pump attendant ... where does the money flow to?

FIM 3/7/87

85

Only cities and coastal areas see lower fuel prices

By Andrew Donaldson

THE further away, the more you pay.

While city and coastal areas enjoy lower fuel prices, the adjustments announced last week by the Department of Economic Affairs and Technology mean the opposite for industry, mining and farming in outlying areas.

In Uptington, for example, the adjustments mean an effective 17% to 18% increase in fuel bills for those who previously enjoyed significantly cheaper 98-octane petrol and diesel.

Rebates — at the centre of the racketeering which government now hopes will net the Exchequer an extra annual R500 million — still exist.

But while certain rebates — like the waiving of GST, National Road Funds and Third Party — remain, the government has introduced a "fuel levy", or "fuel tax", which accounts for the increased fuel prices.

These are determined according to magisterial districts — and the further fuel has to be transported from its point of entry into the country, the more expensive it becomes.

Besides this, those who previously enjoyed carte blanche re-

bates will now first pay the full price for fuel and, provided they can prove their eligibility for rebates, submit their bona fides to the Department of Customs and Excise in Pretoria.

While this is aimed at curbing the rebate racketeering, it has placed an extra initial financial burden on industrial, mining and agricultural sectors.

The Cape Times learnt from an Uptington industrialist yesterday that — thanks to the restructuring — his diesel fuel bill increased from 51,26c a litre to 75c a litre; the reduced price from 78c a litre enjoyed by the man in the street from this month.

'Abused system'

It was only after he submitted his bona fides to Pretoria would he be able to qualify for a 15,334c a litre rebate — thus an effective fuel price of around 60c or a 17% or 18% increase in his fuel bill.

"While GST has gone, I still pay more — thanks to this fuel tax," he said.

But the director of the Cape Chamber of Industries, Mr Colin McCarthy, has defended these aspects of the restructured system.

"The State was losing money through those special conditions," he said.

Mr McCarthy said people in outlying areas would pay more, because it was "naturally more difficult" to supply those areas. As a comparison, he said coal was more expensive in the Western Cape than elsewhere because of its distance from the Transvaal pitheads.

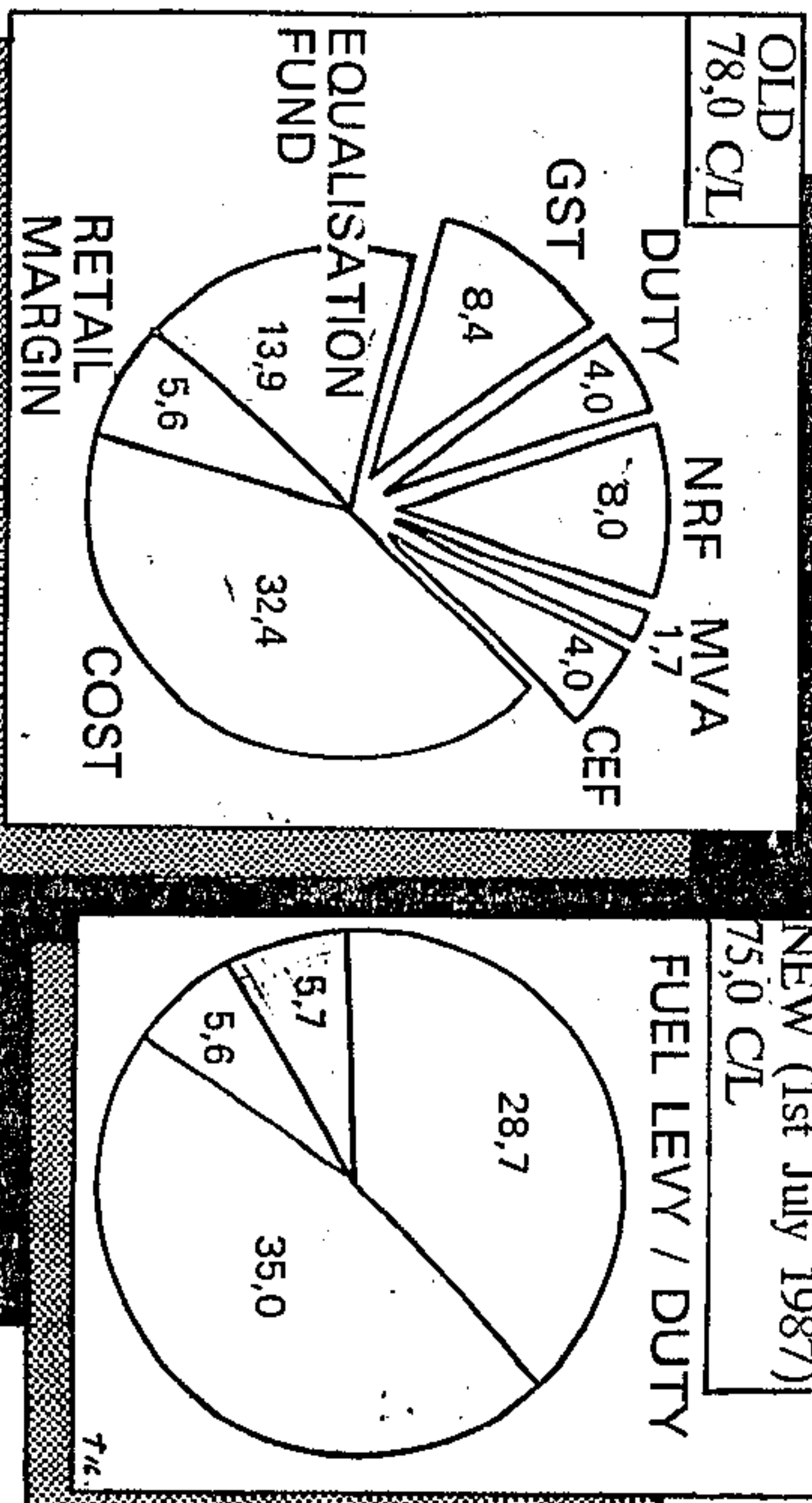
Industry was concerned, however, about the increased fuel costs faced by bus companies.

"The special prices to these companies have been withdrawn," Mr McCarthy said. "The Federated Chamber of Industries has pointed this out to government — and that this increased cost, which would result in increased ticket charges, could have a negative effect on industry."

In Cape Town, City Tramways Limited has not received an official response to its urgent appeal — launched nearly two weeks ago — to the Department of Transport for relief for its passengers.

"Nothing has transpired, but we expect a reply within a week," a spokesman said yesterday. The director-general of the Department of Economic Affairs and Technology, Mr L N "Loi" Engelbrecht, could not be contacted for comment yesterday.

DIESEL PUMP PRICE — COAST



Drilling for oil

CAPE TOWN 11/7/87

near PE starts soon

Own Correspondent

PORT ELIZABETH. — Drilling for oil at the first of three prospective sites at Kinkelbos near here is to begin in October.

The sinking of wells to a depth of three kilometres, at a cost of R9 million each, represents the climax of a three-year project undertaken by the Energy Resources and Mining Corporation (ERMC) of Johannesburg.

Drilling contracts have been out to tender and it will be another month before a contractor is appointed, according to Mr Jack Higgs, the group geologist for ERMC's parent company, the Johannesburg Mining and Finance Corporation.

There was a strong likelihood of the contract going to an overseas company since only one South African concern

was qualified to undertake the work, he said. Massive rigs, capable of drilling a well in about 50 days at the rate of about 60 metres a day, would have to be imported.

Mr Higgs said there was a 30% chance of striking oil and any company would undertake drilling on the basis of results of seismic tests completed in February.

For the project to be viable, each well would have to produce between 150 and 200 barrels of oil daily, all of it being sold within South Africa, said Mr Higgs, adding that the ruling crude oil price was \$20 (R41) a barrel.

The first well should be completed by the end of November and the second by the beginning of January.

The small quantities of oil discovered by Soekor in 1972 were the only tangible proof that the Kinkelbos veld could hold a rich reservoir of "liquid gold".

Turning to the potential spin-offs of the project, Mr Higgs said a "disappointing aspect" of the project was that it was not labour-intensive and would do little to boost regional industry.

"However, were we to hit a field — and just one strike would be good enough — we could put up a refinery. But at this stage, it's no big deal for local industry."

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13/7/87 (5)

Search for oil near PE begins soon

DRILLING for oil at the first of three prospective sites at Kinkelbos near Port Elizabeth is to begin in October.

The sinking of wells to a depth of 3km at a cost of R9m each is the climax of a three-year project undertaken by the Energy Resources and Mining Corporation of Johannesburg (ERMC).

Drilling contracts had been put out to tender and it would be another month before a contractor is appointed, said Johannesburg Mining and Finance Corporation (JMFC) group geologist

Own Correspondent

Jack Higgs. JMFC is ERMC's parent.

There was a 30% chance of striking oil and any company would undertake drilling on the basis of the results of seismic tests completed in February, he said.

For the project to be viable, each well would have to produce

between 150 and 200 barrels a day.

There was a strong likelihood the drilling contract would go to an overseas company since only one SA concern was qualified to undertake the work, he said.

Massive rigs, capable of drilling a well in about 50 days at the rate of about 60m a day, would have to be imported.

Higgs said about 40 specialist staff would be employed on site

under the supervision of an American drilling manager.

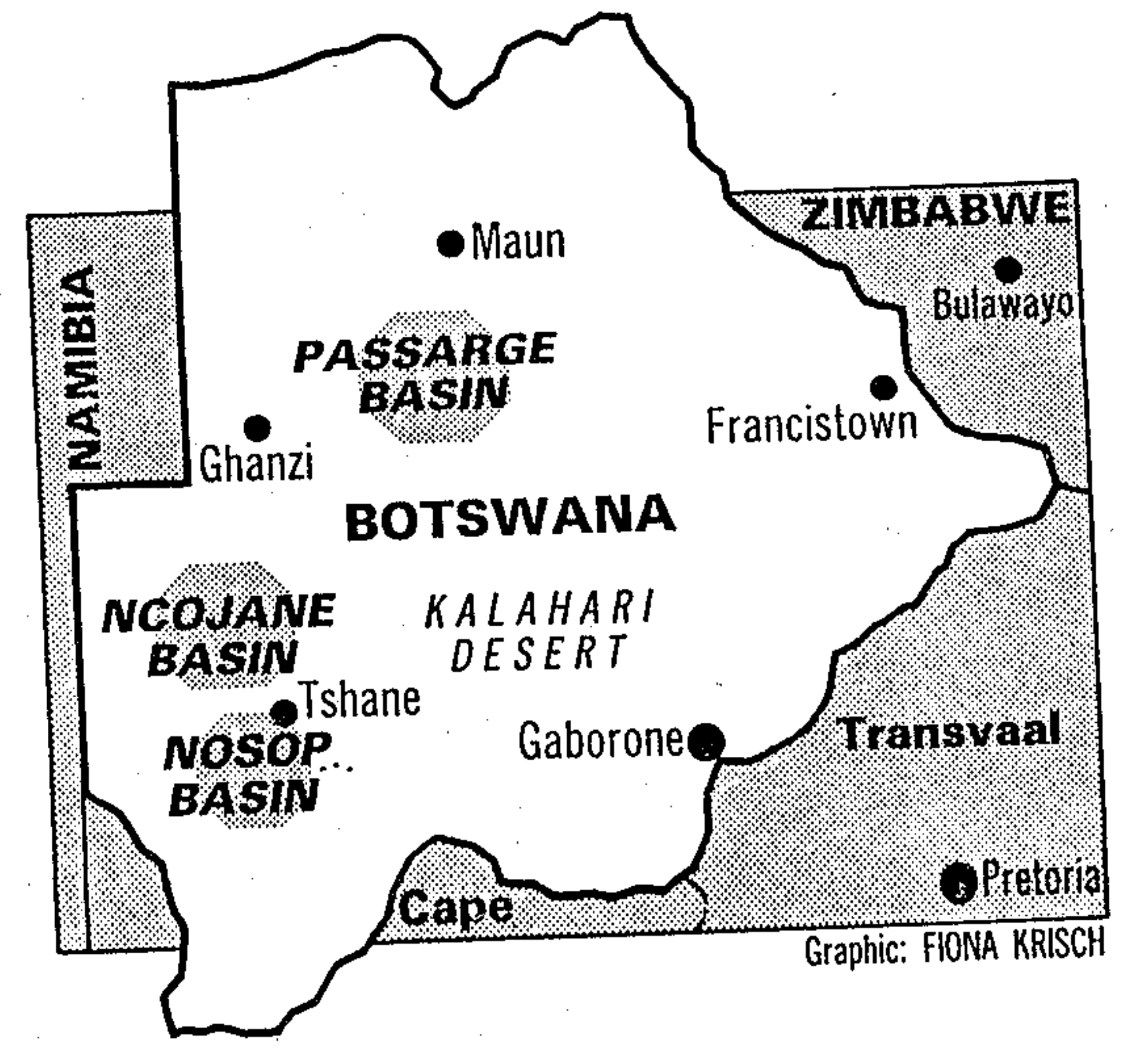
The first well should be completed by the end of November and the second by the beginning of January.

The small quantities of oil discovered by Soekor in 1972 were the only tangible proof that the Kinkelbos veld could hold a rich reservoir of "liquid gold".

If oil was struck further south would be sunk.

SS 16/7/87

Oil fever! Is there black gold under the Kalahari?



BARRY SERGEANT in Maun, Botswana

CONTINUED speculation in Botswana about finding the Lost City of the Kalahari has taken second place to something far more probable. Everywhere, it seems, gossip has it that the fabled desert sands will yield oil.

In Maun, big game hunters mumble about the black gold in bars on the fringes of the swamps before leaving for the Okavango or Kalahari. Across the desert in the capital Gaborone, talk about oil and gas is far more serious.

And never has the talk about oil had more truth to it. This week, 25 Canadians ended a mammoth Calgary-based expedition at Tshane, in the inhospitable depths of the western Kalahari. These employees of Sonics Exploration are about to begin seismic tests, the first really serious step in oil prospecting.

The tests will cost about C\$10m, money granted under an aid programme by Canada to Botswana. It's a situation the Botswana authorities have been looking for: prospectors who do not ask for a majority share in any oil they may find.

Traditionally, since oil prospecting is by far the most risky and costly, oil prospectors expect the world. The Botswana government is not partial to that kind of desire. Add that to the formidable physical conditions of the desert and it is easy to understand why serious prospectors have stayed away.

Encouraging factors have not been lacking. As early as 1961, Standard Vacuum Oil Company reached two main conclusions after a reconnaissance of the Kalahari. The prospects of finding commercial oil were "fair to good," the chances for gas "poor to fair".

Further tests, such as those conducted by Shell Coal Botswana in 1977, also gave positive suggestions that oil could be found. One of the companies attracted was Bunker Hunt's Placid Oil of Texas, which has just reached the drilling stages in Zambia, the final and most expensive tests in discovering oil.

Placid was turned away by the Botswana government, probably for asking for too big a stake in any findings. Botswana did not feel intimidated by the Texas oilmen; it reminds inquirers that the country is "slightly larger than France, and a little smaller than Texas".

And, one may add, much more hostile. Kalahari sands cover 80% of the country, averaging 100m in depth. The three areas which may hold oil and gas are deep sedimentary basins where rocks go down as far as 15km. The areas are the Ncojane and Nosop basins, located in the western Kalahari, and the Passarge basin, positioned central-

ly in the desert south of Maun.

Soon after Sonics begins tests in the Ncojane basin, a separate test for oil and gas will be launched over the two linked basins. This will be an aerial test of a highly sophisticated nature, financed and overseen by EEC delegates based in Gaborone.

The Sonics and EEC expeditions have the same thing in mind: compilation of a file full of data that will entice the multinationals to go into the desert and start drilling. And the chances of stumbling on the Lost City aside, it's not that evidence of the amazing wealth of the Kalahari is lacking.

The big jewels in the Kalahari mineral crown are three diamond pipes found well within its boundaries. The DK1 pipe near Lethakane is the world's biggest, after the Williamson pipe in Tanzania. Along with Jwaneng and Orapa, Botswana's diamond mines now produce more than SA.

These mines are owned by Debswana, controlled in equal half shares by De Beers and the Botswana government.

On July 3 Debswana secured one of the most valuable commercial deals in the history of black Africa. In a deal worth R770m of De Beers shares, and an undisclosed sum of cash, Debswana sold a portion of its stockpiled diamonds to De Beers.

In another recent deal, British Petroleum handed over technical

management of its soda ash pilot plant situated at Sua, in the Makgadikgadi salt pans, to SA's AECL. A completed feasibility study indicates that Sua could produce 300 000 tons of soda ash and 500 000 tons of salt a year for decades to come.

But the complete soda ash plant, which would include 25km² of evaporating sills, would cost an estimated R800m. The main hurdle to overcome in finding the finance for the project is political.

Although Botswana, SA, Lesotho and Swaziland are linked in a common customs union, it is believed that SA will not sign a contract committing itself to buy Botswana's soda ash. The situation is delicate: it's said that a confidential clause of the customs agreement guarantees contracts to a member if it can supply the region's needs. AECL, however, hopes to be in a position to seek formal approval for the project from its board in September.

In another significant development, a lease to permit gold mining at Map Nora, in the Tati belt near Francistown, is about to be granted. The P15m investment will be financed by the Botswana government, Falconbridge and Phelps-Dodge. It will provide 200 jobs and produce gold worth an estimated US\$10m a year at current gold prices. Gold was first mined in the Tati district in 1850, and government officials say a

strong gold price could make several other mines in the area feasible.

Meanwhile, Goldfields and Southern Prospecting are searching for platinum in the Molopo area stretching through south-west Botswana. Prospecting has reached the "geological" stage, based largely on the theory that the massive Rustenburg deposits may re-emerge there. Going north, the Bushman copper and silver family deposits west of Francistown have recently drawn the attention of several multinationals.

The intriguing London-based company Morex — which raises cash through private placements on the London Stock Exchange — has expressed interest in the Phoenix and Selkirk copper-nickel deposits east of Francistown.

Today's chronicle of what has been found in the Kalahari reads like a Who's Got What of The Planet Earth. Apart from the metals and minerals already mentioned, Botswana boasts uranium, manganese, zinc, iron, lead, chromite, antimony, talc, limestone, kaolin, graphite, asbestos, feldspar, potash, agates and glass sand. And 17 000-million tons of proven or indicated coal reserves.

If oil is discovered in the Kalahari, it would change — perhaps permanently — the balance of power in the Southern African Development Co-ordination Conference (SADCC). Botswana is one of

the nine member nations of the SADCC, formed in 1980 to reduce dependence of the conference on SA.

Diamonds have already transformed Botswana into the most textbook-like economy in Africa. Its international reserves stood at R2,3bn at end-March 1987, equal to more than two year's worth of imports.

Real GDP growth has averaged more than 10% for the past decade, broaching 20% in 1982-83. Today money supply growth is negative; government spending under control (growing an average 8,5% a year during the six years to 1985); inflation an acceptable 9,9% at end-March; and the pula a very stable currency in African terms.

The importance of diamonds cannot be over-stressed. In 1978, 25% of Botswana's exports by value were diamonds, compared with the 30% contributed by its traditional export, beef. In 1986 the respective figures were 78% and a miserable 8%.

The mere mention of oil in the Kalahari has pricked up ears across the country. Harold de Kock, one of Africa's most experienced professional hunters, has retired but refuses to leave the Kalahari. And he'll swear that the Lost City of the Kalahari can be found just north of where Sonics Exploration is about to start prospecting for oil.

Fuelling farm anger

Recent changes in the diesel fuel rebate system for agriculture will close a loophole that cost the State about R500m a year in lost revenue. But cash-strapped farmers describe the new measures, expected to add millions to their R700m/year fuel bill, as "bureaucracy gone wild."

Farmers now have to pay upfront when they order their fuel and then reclaim the rebates from the Department of Customs and Excise (DCE) as they use up the fuel. They must be registered with the DCE, can claim only once a month, and the *minimum* claim for fuel used has been set at 500l. All claims must be supported by invoices.

Their problems don't end there either — the rebate on fuel used for transporting farm produce has been reduced, adding to transport costs.

SA Agricultural Union (SAAU) director Piet Swart claims the DCE unilaterally changed the rebating system. Many transport operators who were not entitled to, registered as farmers and misuse of the scheme was rife. He says the SAAU understood that unless action was taken, fuel prices would have to be increased.

"We suggested the retention of the old system with the necessary, built-in safeguards," says Swart. "But the new system was imposed without our consent."

The SAAU estimates that farmers will have to find an additional R350m/year to pay their fuel bills. The rebates, now included in the cost of fuel, are 24,134c/l for farm

67

production and 12,634c/l for transporting farm produce by road.

"Apart from the cash flow problem, interest on the additional funding will increase costs that farmers cannot claim from anyone," says Swart. "Furthermore, during some periods little fuel is used. Small farmers, who can least afford it, will have to hold on to their claims till they have used 500l — and it may take weeks before they are paid."

Although restructured fuel prices mean that production fuel will in most areas be 1c/l-1,5c/l cheaper, transport fuel costs will increase by 11,5c/l as contributions to the National Road and Motor Vehicle Assurance Funds are now incorporated in the price.

But while farmers get bigger discounts because they don't use public roads, vegetable farmers making frequent trips to the market will be hard hit by the extra 11c/l cost for transport fuel. Grain farmers usually deliver only once a year to depots, while those using agricultural tractor and trailer combinations will escape unscathed as this is considered production fuel.

Sugar industry

Nevertheless, farmers using public carriers will have to pay the increased fuel cost. The sugar industry is one which will be hard hit.

Mike Norris MD of Durban-based Hultrans, which is big in transporting sugar cane, says fuel increases will have to be passed on to the farmer, exacerbating the inflationary spiral. "On short hauls we will probably have to increase our prices by about 2% and on long hauls by up to 5%."

He also doubts whether the DCE will be able to cope with the avalanche of claims and paperwork.

SA Timber Growers' Association director Bruce Ferguson says the new system is very confusing. Timber growers selling to pulp mills will have to absorb the increased transport costs and reclaim these as they use the fuel. They cannot build the costs into timber prices either.

But growers who sell to lumber mills (for conversion to sawn timber) are luckier — the mills pay for transport. A point still to be clarified is whether pulling timber out of a plantation is production or transport.

DCE deputy director Danie Zietsman does not foresee any problems with implementing the new system.

"There are 60 000-70 000 farmers in SA and the 60 extra staff we will employ will be able to cope adequately. Everything will be computerised and refund applications should be processed within 30 days." Running the operation will cost R3m-R4m a year, "but this will put about R500m a year extra into the State's coffers. That's a fair profit on the outlay."

An oil industry spokesman is "delighted" with the way the rebate system now works. "Of course farmers in the so-called Maputo hinterland complain about their diesel going

up by 6c/l, but they now pay a cost related price. Before, they were cross subsidised by other users. The new system will benefit everyone, including the farmer."

The new price of bulk fuel, including rebates that can be claimed, delivered to farms in Johannesburg is 75,6c/l; 69,c/l in Durban and Cape Town; 77,7c/l in Pietersburg and 76,1c/l in Nelspruit. ■

DD 29/7/87

SS

JOHANNESBURG

The managing director of Soekor, Dr Piet van Zyl, says the coastal areas of South Africa, and especially the Western Cape, should make more use of gas as a cheaper and cleaner energy source.

Opening the Inter-trade exhibition in Cape Town yesterday Dr van Zyl was reported stating that gas need only compete with coal as an alternative energy source in the Western Cape and it could be used in existing industries. This could also lead to the establish-

MD: gas a cheap source of energy

ment of new small and medium-sized industries. He also suggested gas be used for the development of an enriching plant for iron ore at Saldanha Bay.

He said gas could be used to power taxis and buses in the metropolitan area and this would counter the growing pollution problem.

"I firmly believe that gas, as a cheaper and simultaneously a clean

source of energy, will be an important stimulant for the economy of the Western Cape," he said.

Gas could be used as fuel for any sort of industry that wanted it.

The most obvious industry was a refining plant for iron ore at Saldanha Bay, but there should also be many small to medium-sized industries in the Western Cape which would

make use of gas energy.

There should also be place for smaller gas-driven electricity generators coupled to a coal gas production plant and possibly also a steam generator, which would convert excess heat to electricity.

Another field that could be gone into and which had not been addressed in South Africa at all, was gas-driven vehicles, particularly taxis and buses.

The reserves of the Mossel Bay project have increased threefold within two years. —Sapa

collectors. That ... in the form of interest free loans.

B Day
29/7/87 (SS)

Gas power even for buses, taxis

MICK COLLINS

THE Western Cape should make more use of gas as a cheaper and cleaner alternative energy source, Soekor MD Piet van Zyl said yesterday.

Speaking in Cape Town, Van Zyl said coal was the only real competition for gas as an alternative energy source in the area.

Gas could be used in existing industries and could be valuable in the establishment of new small and medium-sized industries.

Taxis and buses could be powered by gas in the metropolitan area, and this would counter the growing pollution problem, said Van Zyl.

"I firmly believe that gas, as a cheaper and, simultaneously, a clean source of energy, will be an important stimulant for the economy of the Western Cape," he said.

Gas could be used as fuel for any sort of industry.

The most obvious industry for gas power was a refining plant for iron ore at Saldanha Bay, but there should also be many small- to medium-size industries in the Western Cape making use of gas energy.

"There should also be a place for smaller gas-driven, electricity generators coupled to a coal gas production plant and possibly also a steam generator which would convert excess heat to electricity."

Another field that could be gone into and which had not been addressed in SA was gas-driven vehicles, particularly taxis and buses. The concept held a great deal of promise.

PRIVATE HOSPITAL CONTROLS

PRETORIA — The Medical Association of SA (Masa) wants a statutory council or an ombudsman to control the actions and tariffs of private hospitals.

Masa general secretary Marais Viljoen said that would protect not only the public but also private hospitals who, under current conditions, were "extremely" vulnerable

to criticism.

Although private hospitals were not singled out for high costs, there appeared to be a lack of control discipline by a statutory body to which the public could complain.

However, National Association of Private Hospitals vice-chairman Edwin Hertzog said private hospital costs were "very reasonable".

PRETORIA — Unrest, tension and violence in SA severely handicapped collecting research data from the different population groups last year, Human Sciences Research Council (HSRC) president J G Garbers says in his annual report.

The increasing politicisation of SA society led to the reading of ulterior motives into the HSRC's research on topical social issues.

Isolation and sanctions campaigns against SA now extended to the academic community, and overseas researchers were cancelling visits.

Garbers says there were also

Unrest hinders SA scientists

GERALD REILLY

moves to bar SA researchers from international scientific forums.

Fortunately, there were still leading scientists abroad who believed in unity of the scientific community.

It should be clear to all, Garbers says, that human science researchers could not expect to enjoy scientific credibility if they allowed racism or prejudice to play a role in their activities.

RSCs: undermining negotiation

DURBAN — White businesses and local authorities which co-operated in the introduction of RSCs would be undermining the politics of negotiation, KwaZulu's Chief Minister Mangosuthu Buthelezi said last night.

He told the Durban branch of the Young President's Association that Natal/KwaZulu was the region where, more than anywhere else in SA, black anger and resentment was being channelled into constructive behaviour.

That was because Inkatha, as the dominant black political organisa-

tion, was committed not only to eradicating apartheid but to the preservation of "everything which black, white, Indian and coloured are destined to share".

Buthelezi said Inkatha was committed to building up the industrial process and there was a vast reservoir of labour in that region motivated towards not only conquering politically, but also towards conquering poverty, ignorance and disease.

Inkatha was committed to the politics of negotiation as the only means of reconciling black and white. Sapa.

29/7/87 . . . 1 . . . 1 . . . 1

Escom liable in event of Koeberg disaster

Cape Times 36/7/87

THE conclusion of the Chernobyl trial poses the question: Who is legally responsible in the case of a nuclear disaster at Koeberg?

The Cape Times yesterday put this question to Escom and the Atomic Energy Corporation. Mr Andre van Heerden, public relations officer for Escom, and Mr Nic Lighthelm, head of communications for the AEC, compiled this reply:

● By law, Escom has to provide for insurance and is fully liable for claims of loss of life or property in the event of any nuclear disaster at Koeberg power station.

However, anyone suffering death or damage because they deliberately disregarded the company's recommendations and procedures in the event of an emergency would not get compensation.

● The matter of who gets compensation would not be decided by Escom, but by the Atomic Energy Corporation.

● In the event of a nuclear disaster, a formal inquiry would have to decide what caused it. If negligence by a group or individual was found, a criminal charge of negligence would be laid.

This differed from insurance and compensation issues which were civil matters.

"It is difficult to predispose the circumstances of an emergency, but I think it should be emphasized that what happened at Chernobyl could not possibly happen at Koeberg," said Mr Van Heerden.

"Koeberg would shut itself down in the same circumstances."

Gas project aims at 1991 lift-off

OUTDSHOORN — The Mossel Bay gas project promises to commence production in 1991 and works viability is guaranteed for a minimum of 30 years.

This was said by Mr Ryk Jacobs, liaison officer for Mossel Bay Refineries, at a meeting in Oudtshoorn where he spoke to members of the Chamber of Commerce on the Mossel Bay oil project.

Mr Jacobs said premium extraction in 1991 should produce 4 million litres of liquid fuel a day at 47 litres a second.

He added that neighbouring towns such as Oudtshoorn, George, Great Brak River, Albertinia and Voorbaai would be favourably affected by the gas project.

"One could, as in the case of previous oil sprung areas such as Richards Bay, Newcastle and the Sasol area, also expect a migration to this new 'black gold mecca' supported by local authorities, government departments and the private sector from immediate neighbouring areas," he said.

Mr Jacobs said there would only be employment at peak production periods for 6 000 to 7 000 people and stressed that unemployed workseekers should not flock to the area.

Courses for welders, part fitters and mechanical fitters under the Port Elizabeth Technical Training Centre have already started in Oudtshoorn and will extend to George and Mossel Bay.

Tenders for the construction of a training centre to be built in Mossel Bay have opened and close on August 12.

An influx of 1 300 people to Mossel Bay's 30 000 inhabitants and an expansion of the town's black, coloured and white urban areas were all being taken into serious consideration. — Sapa

(SS) POST
3/18/87

African oil states want more control

ALGIERS — Eight African oil states have taken the first modest steps towards wresting control of the continent's oil resources from foreign interests, but admit that the task will be long and hard.

The first ministerial session of the African Petroleum Producers Association (APPA) vowed to pool the know-how it has gleaned since oil was discovered in Africa to maximise its oil potential and minimise dependence on outside states.

"Why should we pay Western oil giants for what we can get from each other? Instead of each country looking to outsiders for expertise, we should turn to each other," said one delegate.

APPA states — Algeria, Angola, Benin, Cameroun, Congo, Gabon, Libya and Nigeria — vowed as a first step to set up a clearing house for information on every aspect of the oil business from geological structures to tax schemes for

oil companies.

Over the next 18 months, they will hold seminars and workshops to pool data on oil development and production, refining, petrochemicals, marketing and training to create an alternative to the expertise they now buy from foreign firms.

Ministers and delegates said that it was a far from grandiose plan, but realistic for an organisation which was only launched in January. They hope that one day the group will grow in size and power to be force to reckon with.

The emphasis will be on training manpower, "our greatest resource", Algerian Oil Minister Belkacem Nabi said.

"Our organisation is, of course, a modest one, but it has great ambitions and will work together to achieve them," he told fellow Ministers.

He gave no indication of what the "great ambitions" were, but delegates said that they hoped APPA would one day be a

commercial company, helping African states with oil deposits to develop them and those without oil to get it more cheaply.

One of the group's aims is to help non-oil states cut their fuel bills, which often eat away up to half of their returns from commodity sales.

Residents 'can decide on charges'

Soweto City Council has suggested that residents decide how much to pay for electricity, a statement released by the Soweto Electricity Advice Centre revealed yesterday.

The statement said a deputation from the centre, consisting of Professor Selma Browde, Mr Bernard Moleke, Mr Columbus Malebo and Mr T Mahlangu, met the council yesterday and the following information was made available to them.

"The Soweto council acknowledges that there are genuine grievances with regard to electricity accounts.

"To assist with the immediate situation the Soweto council has suggested that the people of Soweto themselves should decide how much they should

pay for electricity monthly on the following basis:

- A household with no major electrical appliances but only lights and one or two plugs should pay R20 to R30 per month.

- A household with appliances such as a stove or geyser should pay R50 per month.

"At this stage no one should pay more than R50 per month irrespective of what their statement says.

"They should only pay current amounts and not arrears at this stage," the statement said.

The council has also requested that an electrical engineer from Anglo American investigate the metering system as a matter of urgency.

It has asked Escom not to increase its charges and has appealed to the Government to repay the loan which was negotiated by the previous Soweto Council for the electrification of Soweto.

This would significantly reduce the amount residents would have to pay, the statement said.

Soweto victim

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TODAY

Cape Times 4/8/87

Price of power to go up in Cape Town

Staff Reporter

ELECTRICITY users in the Cape Town municipal area will face a tariff increase of about 10% from October 1.

This follows the announcement last week of a R12 increase for TV licences — also from October 1 — and a R3 increase for motor-car licences and an increase of up to R15 for heavy-vehicle licences, both effective from September 1.

According to Mr Fred Daniel, the city electrical engineer, the electricity increase would have been steeper if the Athlone power station had not been "effectively shut down" for the year.

He said in a report to the utilities and works committee yesterday that the previous increase had been a 6% rise in October last year.

Since then Eskom had raised its tariffs by 12% in January. This was one of the main reasons for the increase, along with salary and wage increases and "other inflationary influences".

Municipal electrical workers are at present engaged in a work-to-rule or go-slow in support of pay demands which have been negotiated over many weeks.

Mr Daniel said yesterday that one of the reasons for the increase being kept as low as it was, was that Eskom had offered to provide the first 214MW of power free of "demand charge" if council agreed not to use its thermal-powered generation to supplement its energy requirements.

This offer, effective from January this year, meant that it was economical to "effectively shut down the Athlone power station for 1987" and buy more energy from Eskom. The offer was renewable annually.

The good news for electricity users who live outside the Cape Town municipality but who are nevertheless supplied through the city council is that the old 12% surcharge is to be dropped to 9%, according to Mr Daniel's recommendation.

5/8/87 (55)

Conserving ^{BI Day} energy could save billions

Business Day Reporter

EFFECTIVE energy conservation could save SA billions of rands, Electricity Council chairman John Maree said yesterday.

Presenting awards to the winners of an energy-efficient building design competition in Sandton, he said: "In the area of building design alone, estimated savings in electricity consumption of up to 40% are possible."

The competition, supported by Escom, is part of a drive to encourage energy conservation and cost-effective use of electricity.

Maree said although Escom had a generating capacity surplus, it would eventually be absorbed by SA's high electricity-demand growth rate. Long-term planning based on the benefits of energy conservation would bring direct cost savings.

Two joint first prizes were awarded in the architectural and engineering categories of the competition.

Winners in the architectural category were Joubert, Owens, Van Niekerk, Transvaal Inc, of Pretoria, for its design of the Christian Community Centre, Pretoria; and MLH and Partners of Johannesburg for the Brick Development Association Building in Midrand, Transvaal.

In the engineering section, winners were Watson Edward, Van der Spuy and Laubscher for its design of the Wooltru headquarters in Cape Town; and CE Janeke and Cumming, as members of the HPK M and E Group, for the design of the air-conditioning system in the Department of Post and Telecommunication headquarters in Pretoria.

Despite rise in world crude prices . . .

Cost of petrol in SA 'need not increase' in 1987

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B. Day
18/8/87

DAVID FURLONGER

HIGHER world crude oil prices are no reason for South African petrol prices to rise this year, say fuel industry sources.

However, they say world prices have already had an impact on the nation's fuel equalisation fund. After six months of over-paying at the pumps on the basis of international prices and the rand-dollar exchange rate, motorists were subsidised at more than 4c a litre last month.

The price of Brent Crude has been more than \$20 a barrel recently, more than twice the level of July 1986. The so-called "posting", in US cents per gallon stood at 55c last month, the highest since February 1986.

Under- and over-recovery in the local fuel price is assessed on instant import-related costs. However, it will take some time for fuel brought at recent high prices to reach the pumps.

The sources say garages and oth-

er customers of the petrol companies have already ordered supplies for December, and they will receive fuel bought when world prices were lower.

After six months of motorists paying into the equalisation fund, estimates of its strength range from R150m to R250m. The sources says it is unlikely July's under-recovery will be a one-off occurrence, and there will be a drain on the fund.

They add that even if the fund goes into the red, it would not automatically mean a fuel price increase. Government has subsidised fuel prices in the past before acting, and it might also dip into its stockpiles first.

Conversely, they admit the prospect of a long-term drain on the fund might persuade officials to adjust the price more quickly than if it were a temporary problem.

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By Don Robertson

THE restructuring of petrol and diesel prices and the rising cost of crude oil could result in a rise in fuel prices in the next few months.

Although the authorities are reluctant to discuss the possibility of higher prices, industry sources are convinced that they will soon have to be increased.

Final reconciliation figures are not available, but the fuel industry says there will be an under-recovery in the price of fuel in July.

The shortfall will have to be financed by the stabilisation fund, or slate, which at the end of June stood at R195-million.

Stronger rand

The expected under-recovery follows six months of overpayment — from 4,29c a litre in December to 2,7c a litre in June. In the same time the world price of crude oil has risen from \$0,5168 a gallon to \$0,5434c, although in SA it has declined by 0,69c a litre because of the strengthening of the rand. In the past seven months, the rand has moved from \$0,4499 to \$0,4941c.

Higher fuel prices on way

The world price in US cents, on which SA prices are based, is increasing in line with crude oil trends.

However, with the rand fairly stable and oil prices continuing to rise, it is expected that the slate shortfall could be as high as 4,2c a litre in July and that under-recoveries will continue for some time. These calculations are based on an exchange rate of \$0,489c to the rand.

A change of 1c in the rand/dollar exchange rate means 0,7c a litre in the price of fuel if other factors remain.

Lourens Engelbrecht, the new Director-General of Mineral and Energy Affairs, says that if oil prices continue to rise the cost of SA petrol will be affected. Many factors, however, determine the price, he says.

AGUS 12/8/81

Major bid to boost SA's fuel resources

Political Staff

A MAJOR new thrust towards making South Africa self-sufficient in liquid energy is on the way.

There are three major projects under consideration:

- A Sasol-type coal-to-oil conversion project by the giant AECI chemical conglomerate is being planned;
- Mining giant Gencor is steaming ahead with an investigation into the extraction of oil from oil shale in the Eastern Transvaal; and
- Mr George Bartlett, Deputy Minister of Technology, is to make an announcement later today on an investigation into the economic viability of using ethanol produced from cane sugar as a fuel-extender.

These new multi-million rand "synfuel" projects would come in addition to the new Mossel Bay gas venture. Sasol already has three oil-from-coal refineries.

EXPANSION

Yesterday, the Minister of Energy, Mr Danie Steyn, announced that within the next few weeks "the liquid fuel industry in South Africa will be expanded extensively".

"This includes the Mossel Bay project as well as installations like those of AECI and Gencor."

It was Government policy to encourage maximum private sector participation in the "synfuel" industry, he said.

To encourage private participation, he committed economic support from the Industrial Development Corporation.

Mr Bartlett, who has long advocated the use of ethanol, said ethanol production would be of major benefit to the sugar industry and would also provide many low-cost jobs.

It has long been debated whether ethanol could be used economically and whether it was of a sufficiently high standard to be used as a fuel-extender.

The investigation is expected to resolve these issues.

A yellow goo spills from a crashed truck What is it? An atomic secret

By CARMEL RICKARD,
Durban

THE row over a spill of radioactive uranium at Natal's Majuba Pass has been dumped in the lap of nuclear officials who refuse to reveal crucial information, claiming it is "classified".

A truck carrying drums of uranium oxide was involved in an accident at the pass on July 26 and two of the containers burst, spilling the radioactive "yellowcake" on the road and verges.

The pass was closed for some time while workers washed the road and removed surrounding topsoil.

Emergency service personnel on the scene soon after the accident had no idea what it was or how to deal with the spill, and there were reports of a traffic officer standing ankle deep in the stuff, directing traffic.

The head of Pietermaritzburg's fire department, Johnny Sutton, has sharply criticised the "nuclear establishment" for its secrecy, saying he has tried unsuccessfully to get information from them about nuclear material.

Mark Gandar, an official of the Society Against Nuclear Energy (Sane) and an ecologist with the University of Natal's Institute for Natural Resources, says Sutton is "justifiably enraged" about the situation.

Sutton's fire department has a computer dealing with over 700 hazardous substances which could be identified from labels on tankers.

In the event of a spill it would take just minutes for a print-out on the properties of the substance, how dangerous it was, precautions to be taken by emergency services and others on the scene and the way to disperse the chemical.

He says there are no entries on any material used in the nuclear industry and that attempts to get information about the materials from sectors of the nuclear establishment — the Atomic Energy Corporation, the CSIR and the Nuclear Fuels Corporation — had failed.

Sutton says the AEC should realise that fire and emergency services would be able to protect classified information if it were given them, and should acknowledge that members of emergency services would be on the scene of any spill long before the nuclear experts.

Looking at Pietermaritzburg alone,



Mark Gandar, Sane official

Sutton says on a conservative estimate over one million litres of dangerous liquids passed through the city every day.

Commenting on the Majuba incident, Gandar said the biggest lesson was that the AEC was going ahead with transporting dangerous radioactive materials without any public knowledge.

"The public has never been successful in influencing the nuclear establishment in South Africa. Even a concerted public campaign about Koeberg had minimal effect."

"This is the second incident in a year involving vehicles carrying radioactive material. Some months ago a truck transporting low-level waste broke down because of problems with an axle and it had to be pulled off the road.

An official of Nufcor says international safety regulations, open to public scrutiny, are followed, but he acknowledged a traffic officer at Majuba would not have made much of the label: "Uranium Concentrate LSA".

W/mare

7-13/8/87

(55) 6/10/87 14/8/87

Inconvenience, but not disaster if oil flow is cut

DAVID FURLONGER

LATEST Iranian threats to attack Western naval vessels in the Persian Gulf have increased the threat of disruption to Middle East oil supplies.

SA, reduced by foreign embargoes to buying fuel under-the-counter — often at a premium — will not relish new complications. The oil crises of the 1970s are still fresh in many minds. Nations bid for supplies at international oil auctions and prices soared.

After-effects lingered on. It's not long since SA motorists were restricted to driving at 80km/h, and couldn't buy petrol at weekends. The Sasol 3 oil-from-coal, planned and built in record time, is a more permanent reminder.

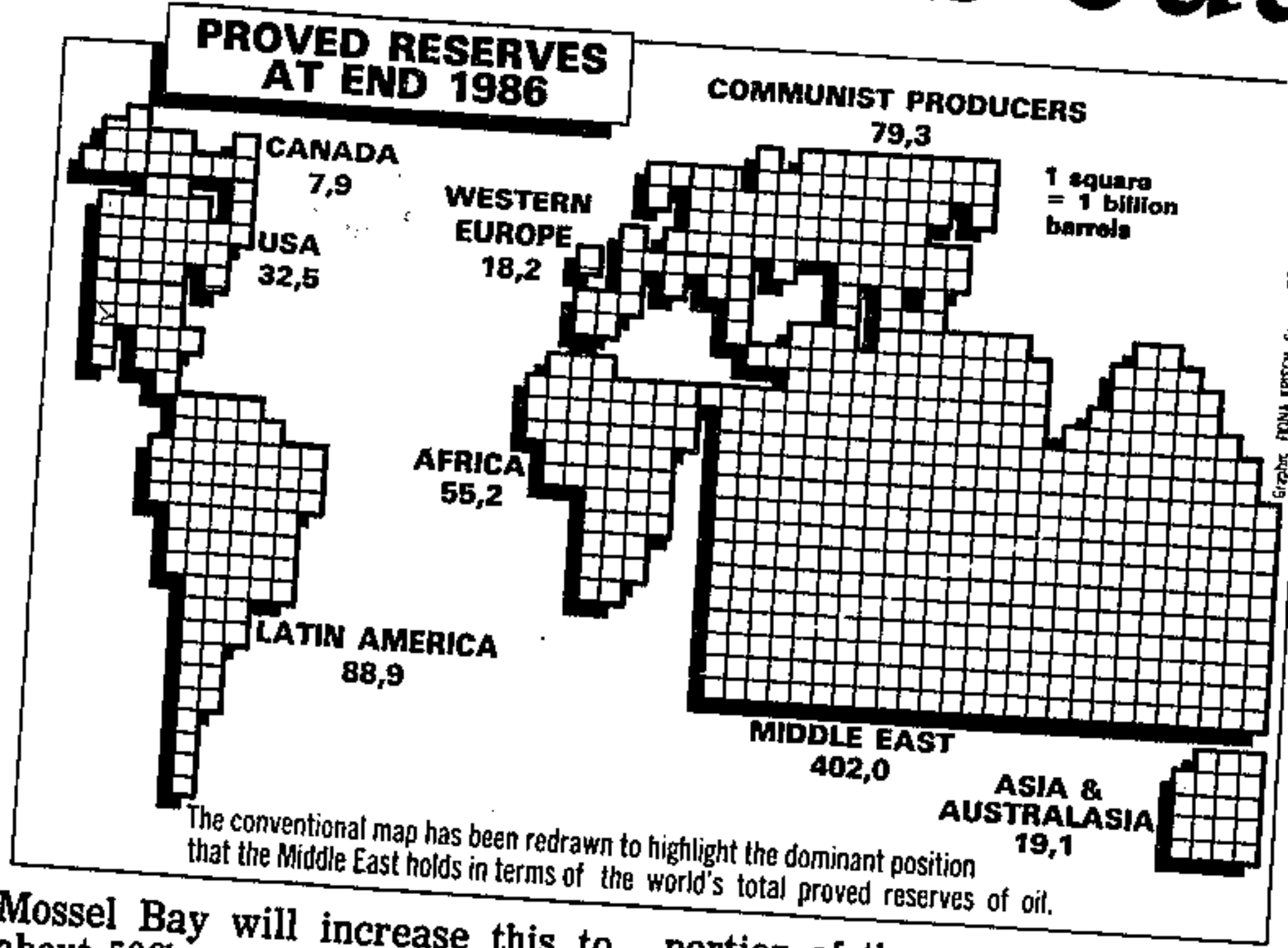
It is these memories that have many people fearing the worst if the Gulf explodes. According to analysts, however, history is unlikely to be repeated.

SA, like other nations, may suffer inconvenience if oil stops pumping from the Middle East. Fuel prices will probably go up and limited rationing be introduced, but the world is better buffered against catastrophe than it was 10 years ago.

In SA's case, the immediate insurance is local stockpiles and an international over-supply of oil.

The law forbids publication of national fuel consumption or stockpile levels, but analysts believe stockpiles are sufficient to keep SA on the move for up to three years — albeit in a rationed state.

The government is also hedging its bets by encouraging new synthetic fuel projects. Sasol, through its oil-from-coal process and refining of imported crude, is estimated to account for between 35% and 40% of SA's liquid fuel needs.



Mossel Bay will increase this to about 50%.

Economic Affairs and Technology Minister Danie Steyn says government wants further synfuel development to take place, and singles out AECI and Gencor.

Both companies are keen to go ahead. Gencor has ordered its Trans Natal coal division to "fast-track" its synfuel development. AECI MD Mike Sander says his company is merely awaiting government go-ahead.

However, all this is a measure of last-resort. Analysts believe SA will still get fuel from overseas, no matter what happens in the Gulf.

World oil consumption is estimated at about 59-million barrels per day (bpd). One barrel is equivalent to 158,9l. Despite attempts by Opec and other producers to impose limits, over-production is estimated at up to 4-million bpd.

The Middle East has proven reserves of 402-billion barrels, or 57,2% of world supplies. Iran and Iraq, the main Gulf protagonists, each account for only a small pro-

portion of the region's oil wealth. Kuwait has nearly as much as both combined, while Saudi Arabia dwarfs everybody, with 40% of the region's reserves.

Even if all that was cut off tomorrow, it would have to stay off for months to have a telling effect. European nations keep a stockpile of a minimum 90 days, which would see them through at least to next year on existing consumption.

The US has fewer stocks on hand, but domestic production and Mexican supplies would see it through. The Soviet Union, China and communist countries also have access to major oilfields.

Producers outside the Middle East, restricted at the moment by over-supply, would immediately step up production.

Only if "temporary" became "permanent" might real problems arise. But with the Middle East dependent on oil sales for its wealth, it would require immense stupidity or an atomic bomb to create such a scenario, say analysts.

State, private partnership on cards

R1bn injection will aid SA's syn-fuel industry

14/8/87
Bl. Day
55

SA IS TO forge ahead with alternative fuel development during the next five years bolstered by R1bn from the Industrial Development Corporation (IDC).

IDC chairman Marius de Waal said yesterday the IDC would supply R500m to the R5bn Mossel Bay oil-from-gas project, leaving R1bn available for syn-fuel projects.

He discounted earlier suggestions the IDC would have to supply R1,5bn to Mossel Bay.

De Waal said: "It's unlikely Mossel Bay will require more than R500m of our money. We see heavy private sector participation. If we look at cashflow during the next four to five years, when the synfuel projects come along we will have R1bn available. We think there could be two or three of these."

Money supplied by the IDC would not affect its normal functions.

The IDC was happy the private sector would be involved in Mossel Bay. Details would be worked out in the next three to four years on what proportion of equity and loans would be involved in the pri-

MICK COLLINS

vate sector participation.

On statements in Parliament by Economic Affairs Minister Danie Steyn that the IDC's shareholding in Mossel Bay would be one of the best privatisation operations of the state so far, De Waal said the IDC would act as catalyst for private sector money.

Steyn said the move amounted to a partnership between the private sector, through the IDC, and the state.

De Waal said: "The IDC and the Central Energy Fund (CEF) are state bodies. What I think the Minister meant to say was that the IDC/CEF participation would be along supportive lines, as a catalyst."

He declined to name private sector companies whose involvement could be counted on but said a consortium, including the IDC and the CEF, would be formed and be led by a private-sector leader.

De Waal said: "The possible candidate will, in time, also act as a financial partner."

5

The sugar men propose. . .

South Africa's fuel industry is agonising anew over a familiar and controversial issue — that petrol sold in Natal should be blended with ethanol distilled from sugar. This time round the stakes are higher than ever.

Sugar's lobbyists have several hurdles to negotiate — chiefly what is called a "fair price" for ethanol. However, given the following propositions, there seems good reason why they might win the day:

□ "Price" in the fuel market already clearly reflects socio-political demands (see graphic), rather more than economic fundamentals. This is an inescapable fact of SA's managed economy;

□ In this broader socio-political and strategic context the proposition makes good sense; and

□ Sasol has already established a working precedent by blending alcohol into its product. Furthermore, once Mossel Bay is on-stream, a similar petrol-alcohol blend will be sold in the southern Cape.

The ethanol issue has been revived in recent annual reports from cane growers, millers, and the SA Sugar Association. Oil refiners, while not opposing the principle, have adopted a somewhat aggressive position on price. For the moment, at least, government evidently wishes to leave the two to fight it out.

All parties agree that petrol-ethanol blends are technically acceptable and that ethanol supplies can be guaranteed.

Up to 10% of ethanol can be blended into petrol without requiring changes to existing engine technology or affecting performance characteristics. The sugar lobby goes further, however, promoting blends of up to 15% and emphasising the merits of ethanol as an alternative octane enhancer to lead.

In striking a "fair price," they say, oil companies have allowed insufficient value to this "positive" quality of ethanol.

Production volumes proposed by the sugar industry of around 150m litres a year would consume about 200 000 t of sugar, or 10% of the annual harvest. Given this modest off-take, and the fact that buffer stocks exist to supply entire domestic consumption for two years, there is no fear that ethanol supplies may be interrupted once refineries are committed to their delivery.

The argument, then, focuses on a fair price.

From the oil companies' perspective, depending upon refinery configurations and outputs, the fair price given to ethanol might vary considerably. In the worst case, one particular refinery could justify introducing ethanol only if it were paid 6c/l to do so. An oil industry spokesman, while declining to quote the average fair

Sanctions have closed foreign markets to SA's sugar producers. Accordingly they are pressing for acceptance by government of ethanol-petrol blend fuels — and this time are concentrating on its socio-economic benefits in formulating their arguments

price agreed by the industry as a whole, says it is a "positive amount."

At the heart of the dispute over price appears to be the erosion by indigenous fuel production of oil refineries' capital utilisation. Under the circumstances oil companies are adopting what the sugar lobby believes to be a hard bargaining position ahead of talks with government over compensation for further production losses now posed by Mossel Bay.

Current output of ethanol in the country amounts to 75m litres a year, equally divided between three distillers: Natal Cane By-products, a subsidiary of CG Smith, based at Merebank on the South Coast; and two distilleries operated by Sentrachem subsidiary National Chemical Products, one in the Umgeni Valley and the other in Germiston. Output is largely for industrial application and in this market sells at R1/l.

Having lost its US and Canadian export markets to sanctions, the sugar industry is anxious to develop another domestic outlet for its surplus production, and hence wants approval for an ethanol plant to supply the oil refining industry.

Statute forbids publication of SA's fuel consumption, but the output of ethanol envisaged would represent a small fraction of annual growth in fuel consumption, and a minuscule proportion of aggregate annual demand.

Foreign exchange savings derived from a

reduced oil import bill, and the allied issue of self-sufficiency, would not be greatly affected at the levels of production proposed by the sugar industry. What then, is the sugar industry's argument?

At the top of the list is a new R80m investment, which, according to the industry, will produce 20 000 jobs (at R4 000 a job). This compares with 2 000 permanent jobs which Mossel Bay's R5 500m investment will eventually create (at a notional R2,75m per job).

Thereafter comes the question of ethanol's octane-boosting effect in an industry which by law worldwide is obliged to reduce the amount of lead it currently uses to boost octane ratings. The introduction of catalytic exhaust systems — which become blocked by lead emissions — will accelerate a trend to zero lead levels, according to the sugar industry.

On the question of price, oil industry spokesmen respond by arguing that the value they have given ethanol was based on current lead levels of 0,6g/l. One comments: "Were more stringent specifications introduced, this value might increase, but then alternatives to ethanol as well as refining processes would be additional options."

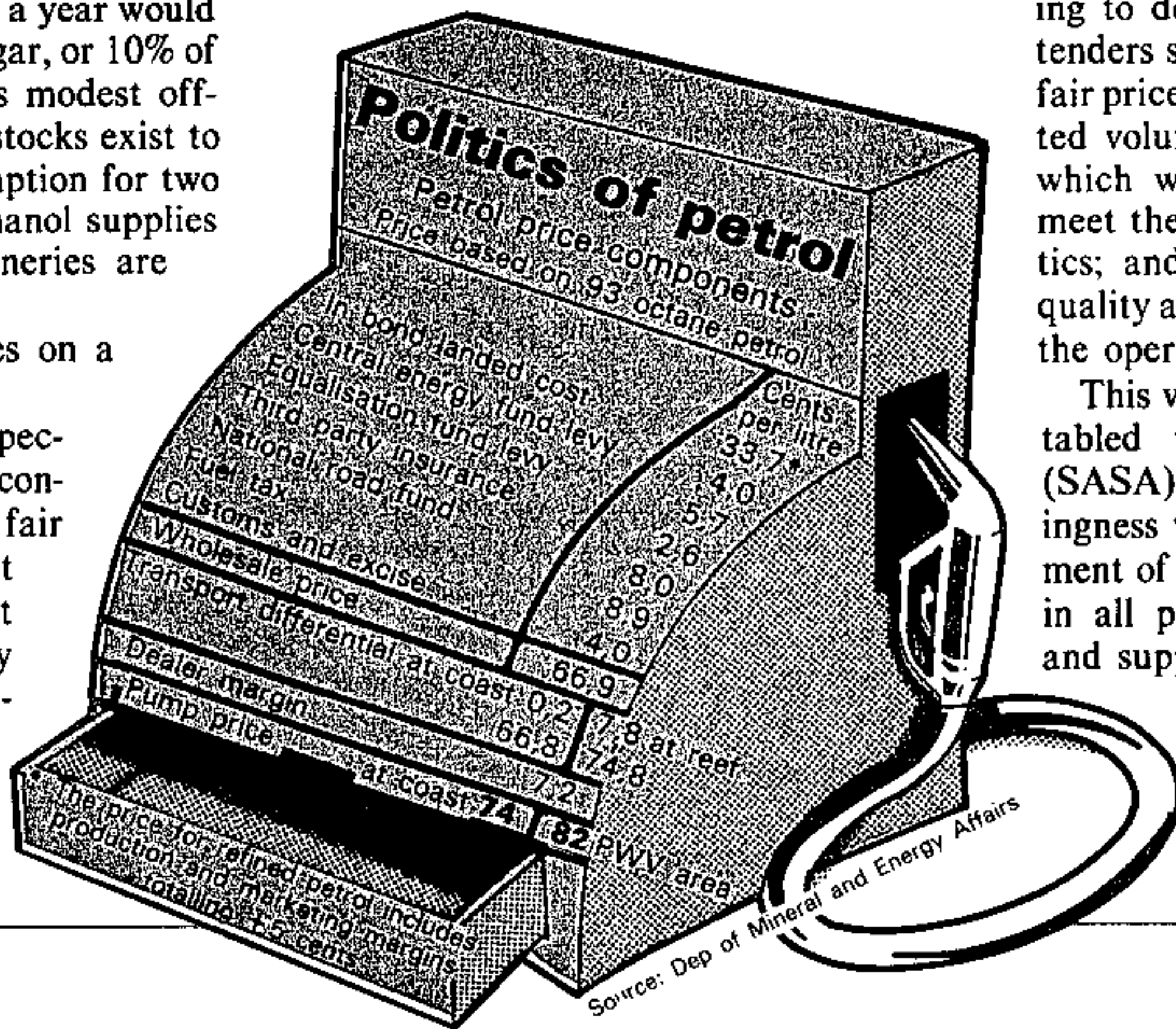
Government regards a fair price for ethanol as one coupled to the in-bond landed cost of petrol, taking into account the fact that ethanol fuel has to bear the cost of additional storage and distribution facilities needed in view of the special nature of the blend fuel.

This would put the price of a litre of ethanol at marginally above 33c/l. However, current practice is to allow all indigenous liquid fuel manufacturers an incentive in the form of a reduction of levies and duties. In the case of ethanol-petrol blends this incentive could be as high as 9c/l.

The oil industry takes the view that it has willingly co-operated "with all parties wishing to develop alternative fuels or fuel extenders such as ethanol." Determinants of a fair price, said a spokesman, included projected volumes of ethanol; quality guarantees which would allow the resultant blend to meet the required performance characteristics; and the impact that the "blendstock quality and loss of fuel volume would have on the operation of our crude oil refineries."

This value, said the spokesman, had been tabled with the SA Sugar Association (SASA) and "we have indicated our willingness to co-operate in the future development of SASA's ethanol project, which will in all probability require the involvement and support of the government."

No doubt it will, and the observation hints at the need for some form of subsidy at the current oil price-exchange rate configuration.



P.T.O. →

(55) FM 14/8/87

Of course this is regrettable. But against this principled opposition the sugar men argue the following: the tax-burdened petrol price contains ample room for such adjustments without affecting the pump price; the

oil price is more likely to rise than fall; an additional 20 000 sorely-needed jobs may be created at minimal cost; SA will attain a further degree (albeit small) of self-sufficiency in a strategic market; and less lead

will pollute the air.

Finally, sugar, mainstay of the Natal economy, will be given the fillip it sorely needs since losing its export market to sanctioneers. ■

Nuclear all clear

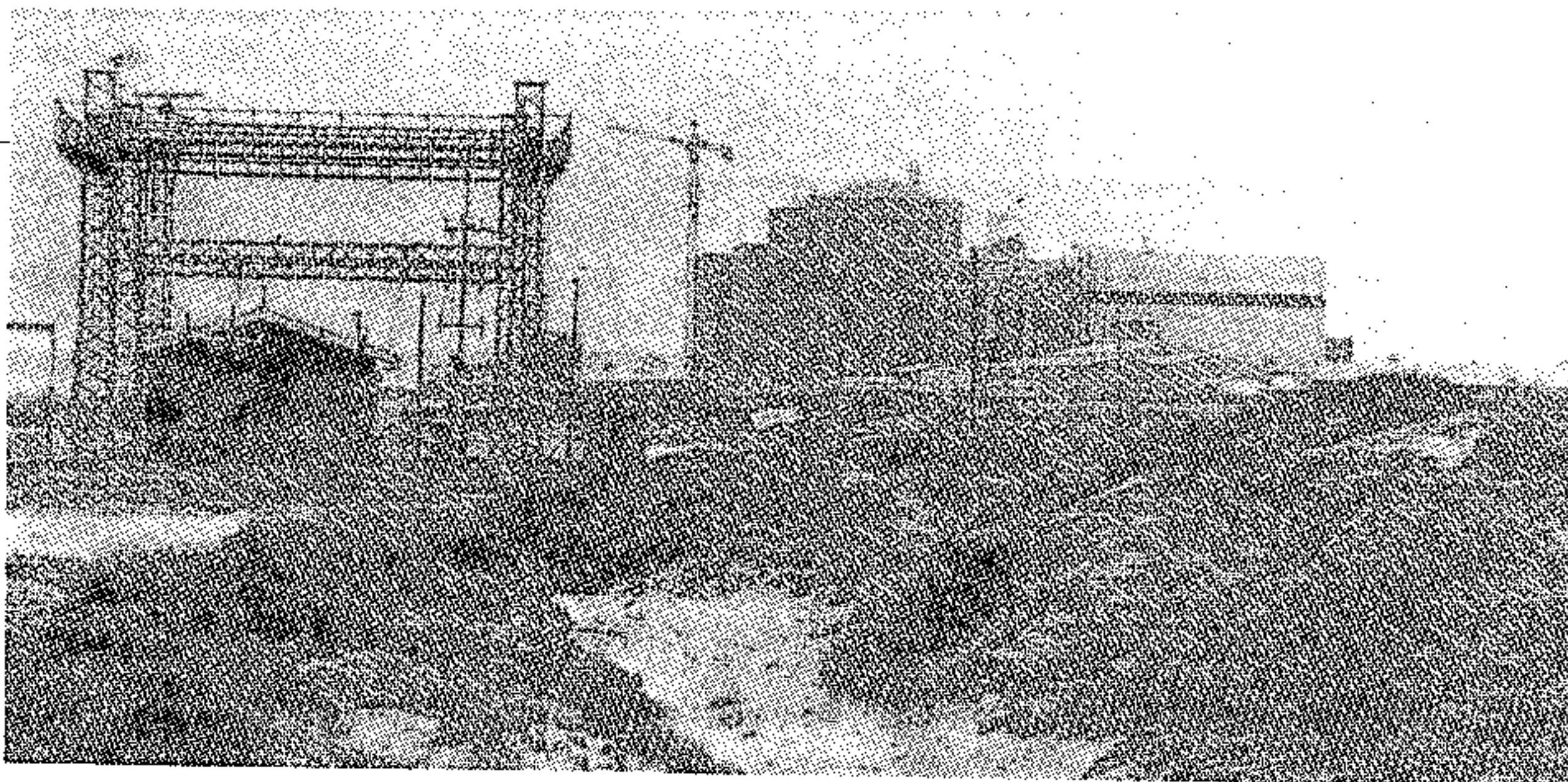
Despite withdrawal by one major US pool from the South African nuclear insurance market, the Koeberg risk continues to gain foreign support.

Indeed, capacity was increased this year to R945m (up from R900m in 1986) and is now 35% higher than in 1985. Cover provides material damage and third party insurance for the Koeberg nuclear power plant under the "home pool," administered by the SA Insurance Association (Saia).

Explains Saia CE Rodney Schneeberger: "The US has two nuclear pools. One came off the Koeberg risk for what we believe to be political reasons, in February 1987. Despite this, we managed to increase total capacity for the renewal because other foreign pools (British and Continental) increased their acceptance in April."

Because of the weaker rand, overseas reinsurers could give more capacity since the risk

FINANCIAL MAIL AUGUST 14 1987



Koeberg ... attracting foreign insurance support

was lower in their currencies, he adds. "We set rates, terms and conditions and then reinsure outwards on behalf of our 23 members, who include both insurers and reinsurers."

Saia also administers a "foreign pool." Again, despite the few but serious nuclear disasters overseas in recent years, underwriting remains profitable.

The foreign pool, which has 15 local members, was started in the late Seventies. The first US business was accepted in 1979.

"This was the year of the major nuclear incident at Three Mile Island," notes Schneeberger.

"Though our pool had been on risk only a few weeks, we had to pay in full. Since then, however, the pool has been consistently profitable." The Chernobyl incident had no effect — the Eastern bloc doesn't insure abroad.

Business in the foreign pool is underwritten from Brazil, Britain, Canada, France, West Germany, Japan, Korea, Spain, Swit-

zerland, and, of course, the US (where there are now 99 nuclear power stations).

"For our foreign participation," says Schneeberger, "new limits were set this year. Maximum acceptance is now R4m material damage and R2m third party per power station. In some cases, the indemnity limit is lower."

He says the foreign pool has about 150 stations on its books.

Given the hazardous nature of industries that handle radioactive materials, the pooling of insurable risk is essential in spreading potential liability as widely as possible. It brings together collective technical expertise, and can offer capacity that would either not be available elsewhere, or be difficult to obtain ad hoc.

Comments Bill Rutherford, MD of Commercial Union: "The important thing about pooling is the co-ordination of resources to give the best cover on an international exchange basis." He says the need to insure high hazard risks such as nuclear power stations illustrates the importance of maintaining international financial links. ■

SS (SS) FMM 14/8/87

Top Mosgas team visit PE next week for talks

By DENISE BOUTALL

THE impact of the Mossel Bay project on the Port Elizabeth economy will be outlined by a high-powered team from the Central Energy Fund at a special meeting in the city this week.

More details about which elements of the off-shore platform will be made or assembled in Port Elizabeth are also expected at the meeting which will be held in the City Hall auditorium at 3pm on August 20.

This is the first time since the R5 000 million project was given the go-ahead in February this year that such a meeting will be held in the city.

The speakers will be the director of project at the Central Energy Fund (CEF), Mr Bob St Leger, CEF's procurement manager, Mr Rudi Brand, the fund's training consultant, Mr Earl Causey, and the chairman of the infrastructure committee and senior official in the Department of Consti-

tutional Development and Planning, Mr P Rademan.

The meeting will be open to the general public and the 167-seat auditorium is expected to be filled to capacity.

The next day the group will address a meeting of the Regional Development Advisory Committee for Region D in Grahamstown on the impact of the project on Region D. That, however, will be a closed meeting.

Port Elizabeth's development officer, Mr André Crouse, said the meeting was vitally important to the city.

More information on the way in which the city's industrialists could benefit from the construction of the on-shore facilities and the oil-from-gas refinery should also become available over the next few weeks.

The construction of the platform is expected to start early in 1988 and the first gas is expected to be pumped from the undersea gas fields 85km south of the coast in 1991.

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UPAST

78/8/41
Sasol
3

Sasol worker killed, 2 hurt in 'bid to force a strike'

JOHANNESBURG — A Sasol worker was killed and two others injured yesterday in an incident at the Secunda plant, Sasol said today.

Sapa reports that the company said the incident occurred when some workers resisted attempts by the Chemical Workers Industrial Union to gain support for a planned strike.

The company's media manager, Mr Jan Krynauw, said the strike involving 15 000 workers at plants and collieries at Secunda had failed.

Discussions between the CWIU and Sasol deadlocked last week on the issue of paid holidays.

THE Chamber of Mines said today it would not reopen wage increase negotiations with the National Union of Mineworkers (Num), though it was prepared to negotiate on certain working conditions.

THE Num and Anglo American management were meeting today to discuss the violence surrounding the seven-day-old miners' strike, which, according to one estimate, has cost the gold mining industry R90 million.

The meeting follows days of strike-related violence which has resulted in the injury of about 240 strikers and the arrest of about 200 workers.

A total of 24 Num members were injured in weekend clashes with mine security at Anglo's Vaal Reefs Gold Mine and at Gencor's Matla colliery.

According to the independent Labour Monitoring Group (LMG), the strike is costing three of the worst affected mines about R17 million a day. The Chamber of Mines has declined to comment on the LMG estimate.

The Congress of SA Trade Unions (Cosatu)

also meets today to discuss solidarity action with striking mine workers. Cosatu's biggest region, the Witwatersrand, said in a statement, that it condemned the use of the security forces and mine security to "attempt to break the legitimate strike".

THE Post's news staff report that negotiations between Mercedes-Benz of South Africa and the union representing striking workers' at its East London plant — the National Union of Metal Workers (Numsa) Automobile and Allied Workers' Union (Naawu) — are scheduled to resume.

This follows an industrial court decision last week to overturn an earlier interdict granted to the company.

The Post last week put questions to the company concerning the extent of losses, but has not received a reply.

But in a telexed statement at the weekend, Mrs Delene MacFarlane, public relations manager for Mercedes, referred to the industrial court decision and confirmed that negotiations would resume.

THE Department of Posts and Telecommunications has promised to issue a statement soon in response to statements made at rallies held by striking Post Office workers at the weekend. One of the rallies was held in Port Elizabeth.

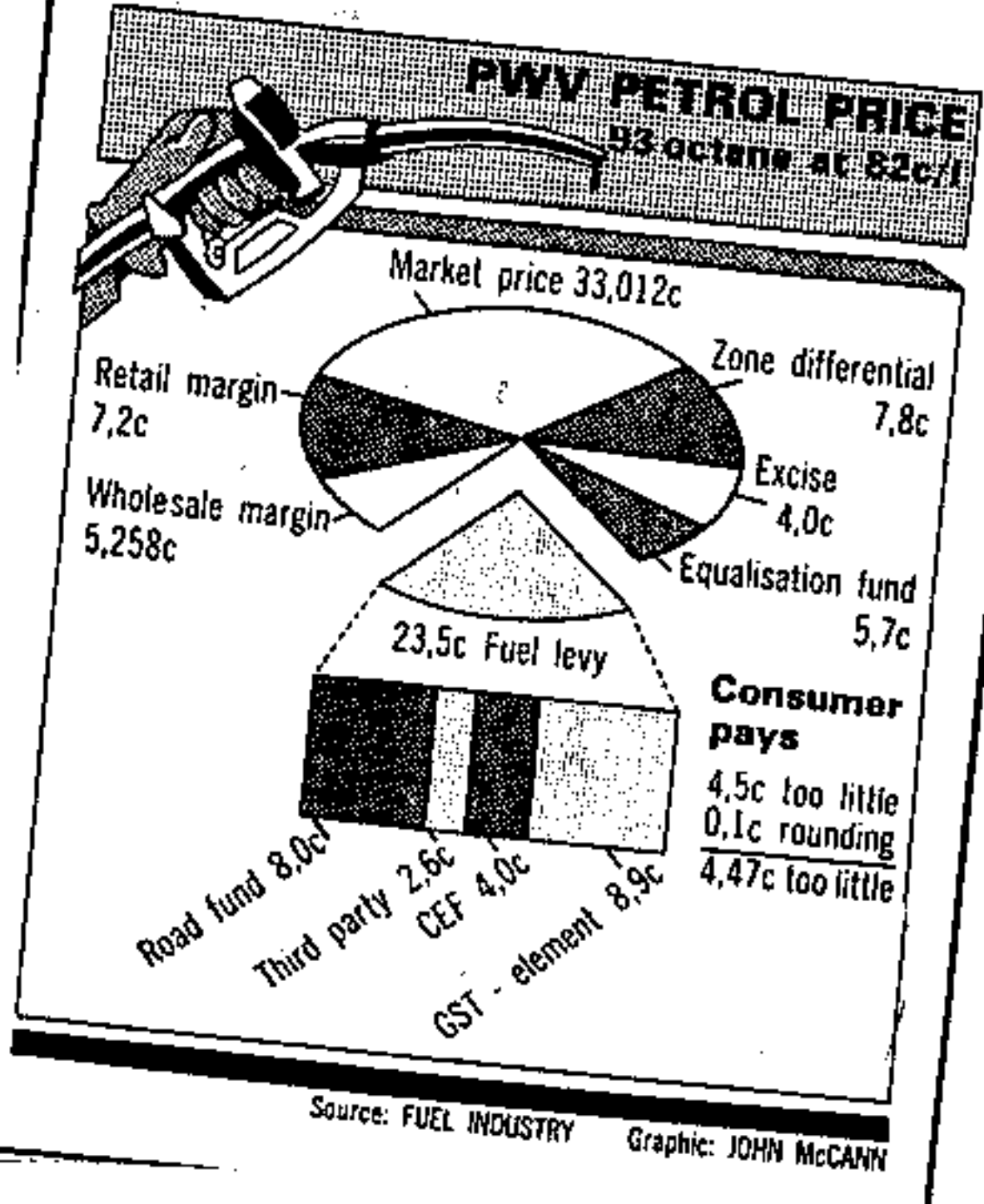
The rallies heard proposals about returning to work made by the Minister of Post and Telecommunications, Mr Stoffel Botha, to a (Post and Telecommunications Workers' Association (Potwa) delegation.

But resolutions were passed saying the workers could not return to work until "at least the main grievance of parity is met".

(55) B/Day 18/8/87

Petrol: motorists get even

DAVID FURLONGER



MOTORISTS are getting their own back after months of over-paying at the petrol pumps.

Oil industry sources yesterday confirmed a Business Day report last week that petrol prices are once again being subsidised by the equalisation fund, or "slate".

The equalisation fund grew to nearly R200m after motorists were over-charged for seven months between December 1986 and June this year. Over-recovery, based on pump prices and landed (market) cost of fuel in SA, ranged from 2c/l to 5c.

But now rising international oil prices and changes to the local price formula have helped turn the tables

and sources say motorists began under-paying last month.

In Pretoria and on the Reef, where the introduction of government's differential price zone formula resulted in 93 octane prices falling from 83c/l to 82c, there was an under-recovery of about 4,5c/l.

This is based on a July landed price of 33,012c/l. This price is estimated on an average international price of US\$5,041c a gallon for the month, and a rand-dollar exchange rate of 0,4853. It also takes into account the assessed SA\$3,195c/l for transport to SA.

(SS) 18/8/87

Mosgas jobs set to boost PE economy

By GAVAN O'CONNOR
ASSEMBLING components in Port Elizabeth for the off-shore rig for the Mossel Bay gas project will serve as a catalyst for economic recovery in the city, the Town Clerk, Mr Paul Botha, said today.

Mr Tony Gilson, director of the PE Chamber of Commerce, said: "This is going to have a significant benefit to employment creation."

They were reacting to news given yesterday to a group of about 140 industrialists that wrapping and coating of an 85-kilometre pipeline will probably take place in the PE harbour. Assembly of the jacket rig (the legs of the drilling platform), the piles (supports) and some of the modules may also take place in the city.

The information was provided at a meeting organised by the Regional Development Advisory Committee for Region D and addressed by experts from Central Energy Fund Projects (Sefpro) and the State.

Mr Bob St Leger, director of projects for Sefpro, said tenderers for construction of the jacket were being asked to work on assembly in the city.

There was also high praise by the experts for a joint city council-Midland Chamber of Industries report calling for major fabrication for the rig taking place in the city.

Mr Botha said: "We are delighted with the reaction of the CEF to the study and the way they made use of it. Every cent spent on it was worthwhile."

Extremely important would be the psychological effect the assembly work would have on the city, Mr Botha added.

The development would also have a spiral effect to generate other activities and act as a catalyst.

Mr Gilson said: "We've been concerned about some of the negative thinking about the Mosgas project."

He appreciated the manner in which the experts had laid their cards on the table.

"Mr St Leger and Mr Rudi Brand (procurement manager of Sefpro) gave an honest appraisal of what they expect."

Mr Gilson said he could not provide figures to interpret benefits, but said the project would have a significant effect on the creation of employment.

Port Elizabeth would now be on the map with a new economic activity which would serve as a catalyst.

Mr St Leger said: "We are about to go out for inquiries on the jacket and hope to have these resolved by the end of the year to get started early next year."

He confirmed later that he expected the jacket assembly to take place in the harbour. Three modules — structural steel

fabrications to hold living quarters, processing equipment, electricity generators, drilling and other equipment — may also be constructed in the city.

Asked the number of people to be involved in Port Elizabeth construction and assembly, Mr St Leger could not yet provide an answer.

But benefits to Port Elizabeth would be more employment and improved skills because of the training involved for construction.

Mr Brand said that a special plant as close to the harbour as possible would have to be built for coating and wrapping the pipeline.

"As far as the jacket is concerned, the harbour is a reasonable site. Inquiries are going out on the basis of Port Elizabeth being the base, with the requirement that the bidder, if he prefers another site, must motivate this," he said.

Looking at the ethanol option



Economic Affairs and Technology Minister Danie Steyn and Deputy Minister George Bartlett recently completed a whistle-stop tour of the Natal sugar industry. The visit coincided with a new surge of interest in ethanol.

FM: Is the government sympathetic to the concept of cane-based ethanol being blended into petrol sold in Natal?

Steyn: It is not a matter of being sympathetic to cane, but to the blending of ethanol in fuel. This is currently the practice in the Transvaal in proportions of up to 10%. As far as government is concerned, the sympathy is already evident. We've also allowed 100 farmers in the Umzinkulu area to produce 100% ethanol for their own use as an agricultural fuel.

So it's a matter of the sugar industry coming to an economically viable agreement with fuel companies. I have a feeling it's only a problem of economics which requires to be negotiated.

Have you any views on the maximum percent-

age of ethanol in such a blend?

I feel that 10% is a comfortable limit that can be allowed without causing corrosion. At levels of 15%, problems might occur with the carburation systems employed in certain cars.

Perhaps at some point in the talks between the sugar and oil industries in this regard, motor manufacturers might have to become involved, but I cannot visualise a situation in which, as in Brazil, we have a 100% ethanol fuel manufactured for cars specifically so designed.

Remember, once you do this you require a guaranteed consistency of supply at a large volume. A 10% blend, I understand, would consume some 200 000 t of sugar, which is only 10% of the annual sugar crop. There would be no concern about regularity of supply at these levels, since in the very worst drought circumstances the total annual production of sugar declined from something over 2 Mt to around 1,7 Mt and domestic consumption is 1,2 mt.

A "fair price" for ethanol appears to be widely disputed between the oil and sugar industries. What is government's view on the subject?

The in-bond landed cost of refined fuel (*Leaders* August 14) must be regarded as

the reference price for a litre of ethanol.

I don't know at what price the sugar industry can produce a litre of ethanol, but I imagine that when oil was at \$12 a barrel they could not compete economically. The current in-bond landed cost of fuel — one which fluctuates on a daily basis — is around 33c/l and that must provide the reference price for ethanol production.

But then you must bear in mind also the impact on lost throughput suffered by oil companies. This will also have to be reflected in the price.

Is it true to say that as a result of market shares lost to Sasol and further losses posed by Mossel Bay that the goodwill of the oil industry is under strain?

The oil companies are losing no profits to Sasol and there's no dispute between ourselves over lost production. We have agreed on a formula to compensate them for lost production, and remember there is also a natural growth in consumption which raises their capacity.

We are not even talking about Mossel Bay at the moment because according to the present programme, the first output from Mossel Bay is only visualised in 1992. We have also stated that oil companies are free to refine crude for export purposes.

PE's share of Mosgas work to be known soon

ES
WPOST
22/8/84

BY DENISE BOUTALL

EXACTLY how much work on the Mossel Bay off-shore project will be done in Port Elizabeth should be known early next year and possibly sooner.

Tenders for the jacket, the biggest single element of the rig, will be called on September 1 and tenderers will be told to base their costs on assembling it in Port Elizabeth.

Tenders for the other elements of the giant structure would follow soon afterwards, the director of the project at the Central Energy Fund (CEF), Mr Bob St Leger, told a group of about 140 Port Elizabeth industrialists and businessmen in the City Hall this week.

He was one of four people who spoke on the implications of the project for the city.

The award of the first major contracts should be known by November.

The indications are that the jacket, which is the supporting structure of the off-shore rig, the coating of the 85km pipeline from the gas field to the refinery and the assembly of the piles which will anchor the rig in the seabed will be done in the city.

In addition two, or possibly three, of the six modules — the various service elements on the top of the rig — could be built in Port Elizabeth.

Until the contracts are awarded the exact amount of money involved and the number of people to be employed will not be known.

Mr St Leger said it was "clear that a substantial amount of the work must come to Port Elizabeth because it has a number of advantages and there is very great need for work here."

The CEF was, however, opposed to the creation of special facilities for the manufacture of elements of the project unless it could be shown that these would be economically viable once the work on the Mosgas project was complete.

He pointed out that the amount of work on the on-shore facilities centring on the refinery would entail two to three times as much work as the off-shore rig and pipeline.

The on-shore facility would be built of pre-assembled units of up to 600 tons each which would be transported to Mossel Bay by road and sea.

Two other private synfuel projects were currently under consideration and would be tackled once the Mossel Bay project was on stream in the early 1990s.

The CEF's procurement manager, Mr Rudi Brand, said the fund would "do its best to get the economy of this region going again".

The only problem was that Port Elizabeth, with its emphasis on light engineering, did not have the appropriate manufacturing facilities. The assembly of the heavy engineering elements could, however, take place here.

The Charl Malan Quay in the harbour was a "reasonable" site for the assembly of the jacket and some of the modules. Port Elizabeth was also the most acceptable site for the assembly of the piles, which entailed 60% of the work on this element. With regard to the coating and wrapping of the pipeline, he said: "I can't see this being done anywhere but in Port Elizabeth."

Port Elizabeth also had a good chance of getting work on the prefabricated elements of the refinery.

Project to be explained to oilmen

Weekend Post Reporter

THE scope and implications of the Mossel Bay synfuels project will be explained to contractors and unions in Port Elizabeth next month.

This was disclosed this week by a construction consultant to the Central Energy Fund (CEF), Mr Earl Causey.

Mr Causey, who is concentrating on the training of people for the project, stressed that the training would entail more than just teaching people to weld. It would produce skills that would "last forever."

He was confident that it was possible to train South African workers to match American and West German levels of productivity which were currently 2½ times higher than in South Africa.

"With the right approach from the State, the contractors, unions and workers, South Africa's newly trained oilmen will be able to hold their own with anyone in the world," Mr Causey said.

He said he was not concerned about what would happen to workers once the construction of the Mossel Bay project was complete.

"People will be clamouring for them."

The MINISTER: Yes, the passengers as well.

†Mr J H VAN DER MERWE: Mr Speaker, further arising from the hon Minister's reply, I want to ask him whether we can therefore assume that he is satisfied that all South African aircraft landing in Lusaka, can do so safely at the moment.

†The MINISTER: Yes, under the circumstances and at the times that they land there, it is safe.

Group Areas Act

*15. Mr J J S PRINSLOO asked the Minister of Constitutional Development and Planning:†

- (1) Whether his Department has already taken action against persons occupying premises in the White residential areas of Mayfair and Hillbrow in violation of the provisions of the Group Areas Act, No 36 of 1966; if so, (a) what action, (b) when, (c) against how many persons and (d) with what result; if not,
- (2) whether his Department intends taking action against such persons; if not, why not; if so, (a) what action and (b) when;
- (3) whether he will make a statement on the matter?

†The DEPUTY MINISTER OF CONSTITUTIONAL PLANNING:

- (1) Yes.
 - (a) Complaints in respect of alleged contraventions are referred to the South African Police for investigation.
 - (b) On a continuous basis as and when complaints are received.
 - (c) The total number of persons involved in complaints and investigations are unknown and indeterminate.
 - (d) According to the South African Police vacations take place as a result of investigations.

- (2) Falls away.
- (3) No.

Mayfair/Hillbrow

*16. Mr J J S PRINSLOO asked the Minister of Constitutional Development and Planning:†

- (1) (a) How many persons are at present occupying premises in the White residential area of (i) Mayfair and (ii) Hillbrow in violation of the provisions of the Group Areas Act, No 36 of 1966, and (b) in respect of what date is this information furnished;
- (2) whether he will make a statement on the matter?

The DEPUTY MINISTER OF CONSTITUTIONAL PLANNING:

- (1) Unknown.
- (2) No.

†Mr J H VAN DER MERWE: Mr Speaker, arising from the hon the Deputy Minister's reply, may I ask him whether he is aware that, according to a report of the City Council of Johannesburg, 20 000 people of colour are occupying properties in the Hillbrow area, in contravention of the provisions of the Group Areas Act, and that in Mayfair more than half of the residents are people of colour, in contravention to the provisions of the Group Areas Act?

†The DEPUTY MINISTER: Mr Speaker, the question that was asked here, dealt with specific numbers, and not with estimates. Therefore the specific numbers are not available.

†Mr J J S PRINSLOO: Mr Speaker, further arising from the hon the Deputy Minister's reply, may I ask him what action his Department is taking to determine what number of people are living in those areas illegally?

†The DEPUTY MINISTER: Mr Speaker, this is a substantially different question to the one that was put here, and I would appreciate it if the hon member would have it placed on the Question Paper.

†Mr J H VAN DER MERWE: Mr Speaker, further arising from the hon the Deputy

Minister's reply, I want to repeat that the investigation by the Johannesburg City Council revealed the figures which I mentioned, namely about 20 000 in Hillbrow and, if I remember correctly, about 7 000 people in Mayfair. With reference to these approximately 30 000 people, is the hon the Deputy Minister aware of the fact that so many people occupy properties there, in contravention of the Group Areas Act?

†The DEPUTY MINISTER: Mr Speaker, it is clearly a facet of the Department's activities which does not fall exactly under my control. Therefore this question could be better answered by the hon the Deputy Minister who works with that aspect or by the hon the Minister himself. They are at the moment busy in one of the other Houses with the debate on a Budget Vote, and therefore they can unfortunately not be here this afternoon. I would therefore appreciate it if the hon member would have his questions placed on the Question Paper.

†Mr J H VAN DER MERWE: We are laughing at you! [Interjections.]

†Mr SPEAKER: Order!

Damage to wheat

*17. Mr D G H NOLTE asked the Minister of Agriculture:†

- (1) (a) What is the (i) extent and (ii) amount of the damage caused to wheat in the area adjoining the Rietlei Nature Reserve by the quelea finch plague during the period 1 October to 31 December 1986, (b) what is the (i) location and (ii) extent of the area in which this plague occurred and (c) where are the main breeding and sleeping places of these quelea finches found;
- (2) whether his Department has taken any measures to combat the quelea finch plague; if so, what measures?

†The DEPUTY MINISTER OF AGRICULTURE:

- (1) (a) (i) and (ii) Unknown and cannot be determined;
- (b) (i) Transvaal, Northern Free State, Northern Natal,

Northern Cape and the irrigation areas along the Orange and Fish Rivers where small grain is produced;

(ii) approximately one third of the area of the Republic;

(c) in plantations and natural woods and bushes along rivers, pans, marshes and swamps in the areas referred to in (b) (i).

(2) Yes, concentrations of quelea finches are when practically possible sprayed from aircraft only with the approval of the land users on whose land the finches sleep. The cost is borne by the State.

Farmers: fuel refund

*18. Mr D G H NOLTE asked the Minister of Finance:†

- (1) What is the prescribed procedure for claiming back the refund that farmers are allowed on fuel;
- (2) whether discussions are at present being held with the South African Agricultural Union on the simplification of this procedure; if so, what progress has been made so far?

The DEPUTY MINISTER OF FINANCE (Mr K D S Durr):

- (1) Briefly the procedure is that farmers must register with the Office of the Commissioner for Customs and Excise, Pretoria. For this purpose registration forms are available at all Customs and Excise and Magistrate's offices. On receipt of a farmer's application a registration number is allocated to him and a claim form to be filled together with an information pamphlet is posted to him for his first claim which should be based on use. Invoices in respect of distillate fuel purchased during a preceding month should be forwarded together with the completed claim form to the Commissioner. On receipt of the claim it is checked and if found in order, a cheque together with a claim

Howard 25/8/87

HOA Howard 25/8/87

form for his next claim is posted to the claimant. In case the hon member or other hon members are interested, a copy of the information pamphlet wherein the procedures are full outlined can be obtained from the Commissioner for Customs and Excise.

- (2) A task group under the chairmanship of the Commissioner for Customs and Excise has been appointed to consider suggestions on the simplification of the procedure. The South African Agricultural Union is represented on the task force which had its first meeting on 21 August 1987. The present system was purposely designed to be as simple as possible and to date no further simplifications could be introduced. Any person wishing to propose acceptable simplifications to the system must submit it to the Commissioner for Customs and Excise. P.O. Box 678, Cape Town, or Private Bag X47, Pretoria, for consideration by the Task group.

Social pensions

*19. Mr K M ANDREW asked the Minister of Constitutional Development and Planning:

- (1) Whether there is a pay-out point for social pensions to Black pensioners in each magisterial district of the Republic; if not, (a) in which magisterial districts are there no such pay-out points and (b) where do the pensioners concerned collect their pensions;
- (2) Whether any arrangements are being made for the payment of pensions to persons living far away from such pay-out points; if not, why not; if so, what arrangements?

THE DEPUTY MINISTER OF CONSTITUTIONAL PLANNING:

- (1) Yes, (a) and (b) Fall away.
- (2) Yes. Magistrate and regional offices of both the Departments of Home Affairs and Development Aid who pay out social pensions to Blacks on an agency basis, use vehicles to take pension monies to far away regions and to pay out at convenient places

HOA

such as shops, farms, etc where the necessary amenities exist.

Schools of industry/reform schools

*20. Mr K M ANDREW asked the Minister of Constitutional Development and Planning:

- (1) Whether any Black juvenile offenders were sent and/or transferred by the courts to (a) schools of industry and (b) reform schools during the latest specified period of three years for which information is available; if not, (i) where were such offenders sent and (ii) how many were sent there; if so,
- (2) how many were sent to (i) schools of industry and (ii) reform schools and (b) where are these schools located?

THE DEPUTY MINISTER OF CONSTITUTIONAL PLANNING:

- (1) (a) No. (i) and (ii) This Department is not the functional Department that refers Black juvenile offenders to schools of industry and the information is therefore not readily available.
- (b) Yes. (i) and (ii) Fall away.
- (2) (a) (i) Not applicable.
- (ii) 1984 353
1985 271
1986 314
Total 937

25/8/87
Handwritten notes and signatures

| | | |
|-----|------------------------|--|
| (b) | Vuma—Kwazulu | |
| | Ngwelezana—Kwazulu | |
| | Isiko Lolutha—Ciskei | |
| | Eureka—Bophuthatswana | |
| | Elandsdoorn—KwaNdebele | |

Detainee: maltreatment

*21. Mr J J WALSH asked the Minister of Law and Order:

- (1) Whether an investigation has been instituted into allegations by a certain person, whose name has been fur-

nished to the South African Police for the purpose of the Minister's reply, relating to the treatment he received while being held in detention in terms of the emergency regulations; if not, why not; if so, what is the (a) (i) purport of these allegations and (ii) name of this person and (b) (i) who was in charge of the investigation and (ii) when was it instituted;

- (2) whether this investigation has been completed; if not, (a) why not and (b) when is it anticipated that it will be completed; if so, (i) when, (ii) what were the findings and (iii) what action has been taken as a result of these findings;
- (3) whether he will make a statement on the matter?

THE MINISTER OF LAW AND ORDER:

- (1) Yes.
- (a) (i) that during interrogation, his dignitas was injured;
- (ii) the name which was supplied by the hon member;
- (b) (i) an officer of the South African Police;
- (ii) 21 August 1986.
- (2) Yes. (a) and (b) Fall away.
- (i) 24 June 1987.
- (ii) and (iii) on 24 June 1987 a case docket was referred to the Attorney-General for his decision. He decided that 6 accused had to stand trial on a charge of crimen injuria on 26 August 1987. He further decided that if one of the accused paid an amount of R200,00 admission of guilt, the other five accused would be absolved. One of the accused paid the admission of guilt fine on 11 August 1987.

weapons and undesirable publications and is thus awaiting trial.

Informers

*22. Mr J B DE R VAN GEND asked the Minister of Law and Order:

- (1) Whether the South African Police have informers in certain institutions and bodies;
- (2) whether he will furnish information in this regard; if not, why not; if so,
- (3) whether any branch of the South African Police has (a) members posing as students and (b) students who are paid to provide information to the Police on student activities at all South African universities; if not, (i) which universities do not have such persons and (ii) why have these universities been excluded;
- (4) whether any (a) registered political parties, (b) trade unions and (c) extra-parliamentary political community, student or single-issue organisations have Police members or informers amongst their membership; if so, (i) which organisations, (ii) why and (iii) what criteria are applied in determining which organisations will be infiltrated;
- (5) what total (a) number of persons are employed by the Police as informers at universities and the above organisations and (b) amount was budgeted in the latest specified financial year to pay these persons?

THE MINISTER OF LAW AND ORDER:

- (1) Yes, like all police forces across the world, the South African police also use informers to gather information of security interest. I wish to emphasise that such persons are expected to gather information and not to act as agent provocateurs. I furthermore wish to refer the hon member to my press statement of 12 August 1987 which I attach for reasons of clarity.
- (2) No, because it is standard procedure

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Sometan 26/8/87

Escom to speed up extension of electricity



ESCOM is to intensify its effort to significantly boost the quality of life to millions of people — mainly black — by speeding up electrification of South Africa's developing urban and rural areas, it was announced yesterday.

Escom's chief executive, Mr Ian McRae, said at a Press conference in Johannesburg that more than 20 million people in South Africa still did not enjoy the benefits of electricity in their homes.

He said: "As a result, vast areas of our country are being denuded of trees by burgeoning rural populations desperate for fuel. Where wood is not available, particularly in urban areas, coal and paraffin are the expensive alternative.

For these people, the convenience of an electric light, a hot plate, a heater or an electric kettle is still a remote dream.

Escom has the resources and the will to begin to confront this enormous challenge, but the two major obstacles centre on overall co-ordination of financing. We would be happy to facilitate a quest for solutions to overcoming these obstacles.

He said the initial thrust of the programme should be directed at urban areas adjacent to

By JOSHUA RABOROKO

the fully electrified towns and cities. The cost of electrifying about 60 townships with an estimated 3 million residents could be in excess of R700 million, if present standards and technologies were applied.

Mr McRae said: "Escom was recently asked to advise on the electrification of Alexandra Township near Sandton. Instead of simply laying down standard specifications, our engineers and architects took a completely fresh look at the problems and opportunities associated with the rapid upgrading of a disadvantaged urban area.

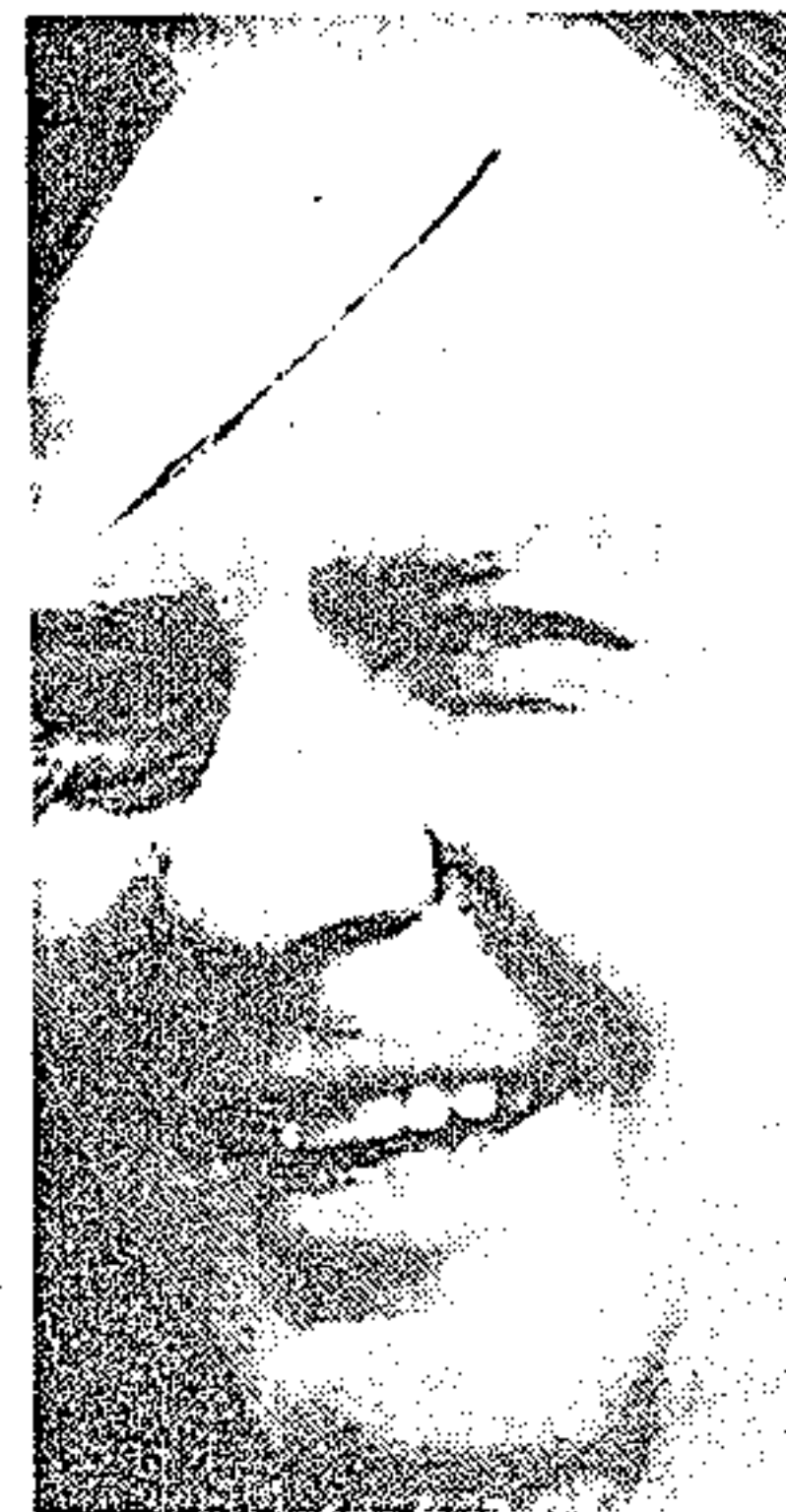
The gist of their finding was that a total strategy is needed to address the enormously complex problems of the community as a whole. Perhaps the most important point is that conventional technology, standards and systems cannot simply be imposed on such areas.

Appropriate and innovative alternatives have to be found and we believe our experience in Alexandra, and research done in other townships and rural areas, provides

models which can be applied anywhere in South Africa.

He said urban and rural areas could be rapidly and cheaply electrified by the use of appropriate technology such as aerial conductors, pole mounted transformers and pre-paid metering systems.

He said Escom's experience in Alexandra had shown that electrification could not take place in a vacuum. Upgrading of community standards must be tackled at the same time — the stress should be on simple, workable and cost effect solutions.



MR IAN McRae.

Cheap electricity plan for developing areas

By Rob Nuttall

26/2/87

Escom is engaging in intricate plans to launch a cheap electricity supply to South Africa's developing urban and rural areas.

At a Press conference in Johannesburg yesterday, Escom chief executive Mr Ian McRae announced a plan which could bring simple electricity to thousands of black homes at a household cost of about R1 160 and at an estimated total of R348 million for 60 non-electrified townships.

The plan is to provide electricity on pole-borne cables and conductors and on pole-mounted transformers. Each house would be fitted with a single connection box al-

lowing installation of a single light fitting and plug outlet.

Mr McRae said conventional electricity reticulation would cost more than R700 million.

The revolutionary plan does away with underground cabling, miniature substations, individual house metering and billing and an electricity load base of 60 to 80 amps a house.

The scheme would involve flat-rate billing or pre-paid metering systems. It eradicates the need for complete wiring of a house, at a cost of several thousand rand,

replacing it with simplified wiring at a cost of between R150 and R300.

"South African regulations and designs are generally appropriate to a highly sophisticated First World society.

"Their application to Third World areas unnecessarily increases costs and the time needed for implementation."

He said the prime fuels used in non-electrified areas were wood, coal, paraffin and candles.

Collecting wood was time-consuming and was denuding the countryside. Paraffin was nine times as expensive as electricity, candles four times and coal twice as expensive.

60 000 tons of steel needed for pipeline, platform

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Iscor beats competition to win Mosgas contract

ISCOR has beaten off fierce foreign competition and won a contract to supply 60 000 tons of steel for the R5bn oil-from-gas Mossel Bay (Mosgas) project.

The contract involves the supply of special steel to be used in the offshore production platform and an 84km-long dual pipeline, which will use 22 500 tons.

Iscor spokesman Piet du Plessis yesterday declined to comment on contract value, but confirmed the corporation had won the contract.

"When it became evident during 1985 that an offshore installation would be built, Iscor immediately started negotiating with the appointed offshore project management company Emso and Soekor, the State-financed oil exploration company.

MICK COLLINS

"We had to convince Emso that Iscor could supply the speciality steels for the project, otherwise the steel would have had to be imported."

There were only a few accredited suppliers in the world of the special steels needed, he said, and Iscor's bid to join this select group was initially hamstrung because its blast furnace-basic oxygen furnace route was not suitable.

"The steels were specified for manufacture by way of the electric arc furnace route, which is coupled to the special processes required for such steels."

During development spread over two years, structural plate designed for customers was manufactured

and tested according to offshore specifications.

"These tests, involving thousands of tons of plate, were followed by a full dress rehearsal in November and December last year, during which over 3 000 tons of steel was cast and rolled to determine process capacity and quality limitations."

About half the steel used in the project will be for the rig's tower structure, situated 70km from the coast in 130m of water.

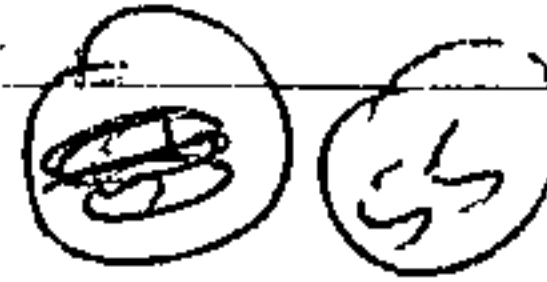
Iscor's Vanderbijlpark works will produce the steel for the Mossel Bay venture — expected to be operational by the end of the 1990s.

Most of the steel used will be a special version of BS 4360 Grade 50E, but about 1 800 tons of lower strength grades and a small tonnage of seamless tubes will also be used.

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Water becoming scarcer in SA, says official report

Pretoria Correspondent

The Department of Water Affairs (DWA) has warned that water is becoming an increasingly scarce resource, while the quantity available for exploitation and use in South Africa at affordable cost is limited by a number of unfavourable climatic conditions.

This warning is contained in a DWA re-

port on the management of water resources in South Africa.

The report is said to be the most significant policy statement by the department since the report of the commission of inquiry into water affairs was published in 1970.

The report states that the scarcity of water is further compounded by declining quality, an obligation to share it with other

countries and an uneven geographic distribution in relation to demand.

Relative to increasing demand, water is already scarce in certain regions of the country — and within the foreseeable future, the situation will adversely affect even more regions.

The department, however, says water may — from time to time — also be scarce in regions where waterworks require extensions, but where in order to be viable, the scale of the works requires large capital investment or even international co-operation.

Management strategy aims at ensuring the indefinite equitable provision of adequate quantities and qualities of water for all competing groups of users at acceptable costs and assurances of supply under changing conditions.

The report says effective planning and control on a national scale by the State in an ongoing consultative partnership with users is fundamental to the strategy.

Experts fight salination problem

Salination, pollution and excessive plant growth have caused the quality of water resources in South Africa to decline, according to the Department of Water Affairs.

Progressive salination of storage facilities is a world-wide phenomenon, often associated with the intensive use and re-use of limited water supplies. Salination of rivers and reservoirs by natural causes has long been recognised as a problem in arid and semi-arid regions of the country.

There is also concern about the gradual rise in the salinity of water in urban and industrial areas. This renders water less suitable for urban and industrial supply, to the extent that additional costs could be incurred by the user.

However, research is under way to find eco-

nomically viable solutions to this problem.

Eutrophication (excessive plant growth), is the enrichment of water with plant nutrients. It is a natural process that may be accelerated by urbanisation and other practices.

The discharge of effluent rich in soluble nutrients, such as phosphates and nitrogen, promotes the excessive growth of algae and other aquatic plants.

This, in turn, leads to a progressive deterioration in use as well as the treatment and conveyance of water.

But experts, hard at work to eradicate water pollution in South Africa say, should they prove unsuccessful, a host of problems could beset us.

There is, however, every indication that solutions will be found.

Breaching the ceiling

Iraqi impatience at Iran's profitable stalling over the UN Security Council call for a ceasefire in the seven-year war erupted in new air attacks on sea targets in the Gulf at the weekend. It claimed to have hit installations on Iranian islands, in particular a large tanker loading at Sirii near the Strait of Hormuz.

As the FM went to press nobody knew whether this was a token gesture or the start of a full-scale resumption of the tanker war which has been suspended since mid-July. Iranian reaction was also awaited. But until Saturday the simmering down of the situation in the Gulf had seen the attention of world markets and Opec turn to the oversupply of oil which is depressing prices.

Iran, finding itself the major beneficiary of the US reflagging policy, and under pressure from the Arab League, had stopped uttering war cries and started a diplomatic offensive. It was negotiating with UN Secretary General, Javier Perez de Cuellar (inviting him to Teheran), over the Security Council ceasefire resolution and mounted a public relations exercise in the US and around the Gulf. Iranian President Ali Khomeini underscored the new restraint by saying: "We are maintaining our self control. We are trying our best not to allow a confrontation." And in New York a smiling Deputy Foreign Minister, Mohammad Javad Larijani, told US television audiences that Iran was "willing to try again with no conditions" to help obtain the freedom of American hostages in Lebanon.

The change in tone and intercession by Iran's ally Syria helped ward off possible sanctions by the Arab League where Saudi Arabia, still angered by the Mecca riots and the death of one of its diplomats after mobs sacked the embassy in Teheran, sought diplomatic sanctions. Foreign ministers of the league who met in Tunis deferred a decision on what measures to take if Iran refused to comply with the UN ceasefire solution.

Against this background the flow of oil out of the Gulf has been increasing. Iraq resumed air attacks on Iranian oil installations, but at the behest of the US limited these to land-based targets. No ships had been directly attacked by Iraq since July 15 and hence apart from the mine incidents) no retaliatory action by Iran. Since the first panic, which drove free market crude prices to US 22 a barrel (for West Texas Intermediate) the oil market had lurched downwards.

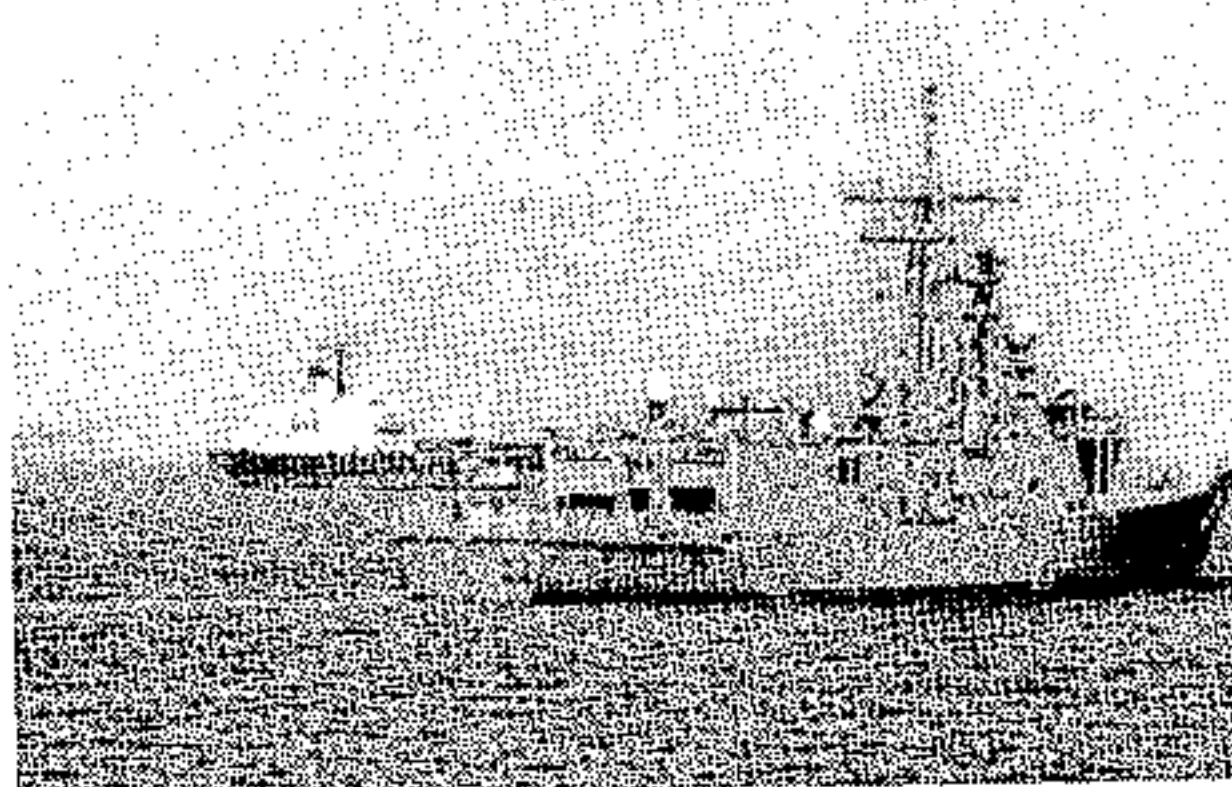
Seasonal restocking by refiners for the Northern Hemisphere winter initially ab-

sorbed Opec excess, over the 16,6m barrels per day (bpd) "ceiling" set in June, to the tune of 2,2m barrels. And worries about the Gulf supplies saw prices bid up above the Opec \$18 target area. But estimates that Opec production has been running at up to 19,7m barrels this month produced a 15% droop in prices. Last week Opec president, Rilwanu Lukman of Nigeria, sent a flurry of telexes to Saudi Arabia and other Opec members to try to ascertain output levels.

Iraq, which ignores its notional 1,5m bpd quota because it wants parity with Iran, has increased production to 2,6m as the new 500 000 bpd capacity pipeline through Turkey became operational. And suspension of the tanker war substantially boosted Iran and Kuwait's shipments.

From a low point of 1,5m bpd and its Opec quota of just under 2,4m, Iran is estimated to be lifting 2,8m bpd. Export capacity will be increased by the economic co-operation agreement with the Soviet Union. A gas pipeline to Baku on the Caspian Sea is to be re-activated and converted to carrying 700 000 bpd of crude which will be transhipped to Black Sea ports.

Kuwaiti production is up sharply. Having stuck to its 1m bpd quota through the second quarter, it is now pumping 1,7m — although



US's Gulf presence ... an end to the respite?

claiming to be limiting output to within 10% of the Opec ceiling. And it is joined in the ranks of the cheaters by the United Arab Emirates, at around 1,5m bpd (quota 948 000) and Qatar on 400 000 (quota 300 000).

In the member nations of the Organisation for Economic Co-operation and Development, stocks are up to par for this time of the year at 2,4 billion barrels or 75 days' forward consumption.

Whether Opec can rein in production to underpin the price depends in large part on Iran. The respite in the tanker attacks gave it a chance to rebuild revenues at the rate of \$25m a day at a time when the economic strains of the war with Iraq had led to shortages, rising prices and rumblings of discontent in the bazaars of Teheran. Against that, if Iran continues to produce at a high level, it could invite problems. The Saudis are already suspected of discreetly flooding the market to drive the price down and administer a rap over Iranian knuckles. And the next full ministerial meeting of Opec is not due until December 7. ■

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4/9/87 R/104

NUCLEAR WEAPONS AGREEMENT

Cashing in the Pershing card

At a stroke, Chancellor Helmut Kohl of West Germany appears to have knocked out the final check preventing a superpowers' deal on eliminating intermediate-range (INF) nuclear missiles. His conditional decision to scrap the 72 near-obsolete Pershing 1-A missiles under German control once an INF agreement is ratified was greeted with relief in Washington and Moscow.

The way now seems clear for a grandstand summit in Washington between Russia's Mikhail Gorbachev and President Ronald Reagan — ensuring Reagan a place among history's peacemakers in the final troubled months of his eight years in the White House. A date, in October or November, is expected to be set when Soviet Foreign Minister Eduard Shevardnadze and Secretary of State George Shultz meet in Washington next month.

Reagan gave Kohl's decision an upbeat welcome in a comprehensive speech on East-West relations in Los Angeles which was seen as setting the agenda for the summit. "We can wrap up an agreement on intermediate-range weapons promptly if the Soviet Union shows substance behind the rhetoric," he said. And in Moscow, after initial hedging at Kohl's insistence that the Pershing 1-As be an appendix to any INF pact rather than part of it, the Kremlin also reacted positively. "Of

course, after the statement by Chancellor Kohl, the situation has changed for the better," said foreign ministry spokesman Gennady Gerasimov.

Kohl's *volte face* was his own decision, taken, he claimed, without consulting Cabinet although he did talk to US National Security Adviser Frank Carlucci. Up to last week, Kohl, prodded by his right wing (especially the Bavarian Christian Social Union), and legalistically supported by the US, had stood firm on the status of the German Pershings as third-party forces outside the scope of the bilateral superpower negotiations. It was always an anomalous position because the nuclear warheads for the 750-km range missiles are under US control.

Pressure from Kohl's Free Democrat partner in the coalition government, Foreign Minister Hans-Dietrich Genscher, and implied hints from the US to be more flexible produced much semantic agonising but no shift. Two factors seem to have played a part in Kohl's decision. The first was the Ameri-

can push to accelerate the INF negotiations by modifying some of the more intrusive of their proposals for verification procedures — such as the right to inspect *all* missile factories on demand. Mutual on-site verification of the dismantling of each side's INF weapons (US Cruise and Pershing 2s and Soviet SS-20s) and launch facilities remains in place.

And in the context of this concession, the other was the impending arrival of East German leader Erich Honecker (see next article). Kohl's continued intransigence would have been at odds with both.

But predictably his solo contribution to the INF talks (US persuasion was hotly denied in Bonn and Washington) has delighted Genscher and infuriated Franz-Josef Strauss, the CSU leader, and those among



Helmut Kohl

Kohl's own Christian Democrats who played up the risk of Germany being left as nothing but a potential cockpit in any East-West conflict. This week the CSU leader summoned his executive to an emergency meeting in Munich. Strauss, who wanted the German Pershings to be used as a bargaining chip for reducing Warsaw Pact superiority over Nato in shorter range nuclear and conventional arms, made his anger known in measured tones. "It is good if the Chancellor shows leadership ability, but this must be done at the right

moment, on the right subject and in consultation with his friends, said Strauss.

Kohl, however, may be spared an outright split with the right wing. Strauss is due to welcome Honecker to Munich next week and public outrage about any diminution of the nuclear arms race would be unseemly. In addition, there are indications that Germany may be rewarded with the general secretaryship of Nato when Britain's Lord Carrington steps down next year. Defence Minister Manfred Woerner (52), a fierce opponent of dropping the Pershing 1-As, has been nominated as the first German in the post. ■

GERMANY

Through the wall

Six years after being invited, Erich Honecker, the East German leader, begins the most nervously awaited State visit in the history of West Germany on Monday. Hav-

ing just celebrated the 750th anniversary of the founding of Berlin, with all the emphasis on the tragedy of its dividing Wall, the arrival of Honecker in Bonn will be a moment of high emotion.

Honecker was on the point of taking up ex-Chancellor Helmut Schmidt's 1981 invitation in 1984. But that was the year of the Soviet boycott of the Los Angeles Olympics — disobeyed only by Rumania. The Kremlin frowned. Honecker called it off. In other years incidents have marred the atmosphere — such as the death of an elderly West German after tough interrogation by Eastern border guards or the deployment of US Cruise and Pershing missiles.

And then the ever-present shadow of what the Soviet Union saw as its interests in East-West relations, and West Germany's position as Nato's frontline state, virtually dictated the temperature of relations between the two nations with one people. Loose political rhetoric in the West about re-unification was also a source of sourness. Recently West German President Richard von Weizsacker, who as Mayor of Berlin untiringly sought better relations with the other side of the Wall, warned politicians to use their words with care. "Over there they are listening very carefully to what we say; sometimes more carefully than we ourselves," he said.

Signals have started to flow since Chancellor Helmut Kohl met Honecker at the funeral of Konstantin Chernenko in Moscow and the dawn of the age of Mikhail Gorbachev in March 1985. Then they talked about opening up opportunities for young East Germans to visit the West to complement the access given to pensioners visiting relatives. Last year the number of younger East Germans who crossed the border jumped more than tenfold to 573 000. And with 500 000 so far, this year's total is expected to reach 1m.

Equally, Kohl has just removed a possible point of abrasion by neatly clearing the way for progress in the US-Soviet arms talks. West Germany is willing to dismantle the 72 Pershing 1-A missiles under Luftwaffe control as part of denuclearising Europe.

Kid gloves and velvet tongues will be the order of the day next week. Some concrete events are planned, all of which point up the theme of "we are all Germans still": an agreement on cross-border environment protection to be signed, and possibly others on economic and technical co-operation and nuclear technology (if discussions can be concluded during the five days). Speaking of his hopes for the visit, Foreign Minister Hans-Dietrich Genscher, the most ardent advocate of "ostpolitik" in the Kohl coal-

(b) what action has been taken to remedy the matter?

The MINISTER OF TRANSPORT AFFAIRS:

- (1) (a) and (b) No. An economic evaluation of the Railways and Harbours Pension Fund for Non-White Employees is being undertaken at present. A similar evaluation of the New Railways and Harbours Superannuation Fund was completed during February 1987. Section 10 (1) of the Railways and Harbours Pensions for Non-Whites Act, 1974 (Act 43 of 1974), and section 11 (1) of the Railways and Harbours Pensions Act, 1971 (Act 35 of 1971), stipulate that these funds shall be valued if and when deemed necessary at the discretion of the Minister by an actuary appointed by the Minister, and an economic evaluation of the funds shall be undertaken at least once every five years.

- (2) (a) and (b) The economic evaluation of the New Railways and Harbours Superannuation Fund indicated that the Fund is economically solvent. Particulars of the economic evaluation of the Railways and Harbours Pension Fund for Non-White Employees are not yet available.

Mr D J N MALCOMMESS: Mr Chairman, arising out of the hon the Minister's reply, may I ask him, firstly, when a Minister of Transport Affairs last ordered an actuarial valuation of the fund—which apparently is his right to do; and secondly, can he inform me whether it is correct that this economic evaluation is, in fact, only done by employees of the SATS.

The MINISTER: Mr Chairman, I do not have any particulars as to when last an actuary did an investigation of this kind. I can inform the hon member, however, that I have ordered an investigation by an actuary to be done as soon as possible.

Mr D J N MALCOMMESS: Mr Chairman, arising further out of the hon the Minister's reply, I congratulate the hon the Minister on the fact that he has called for an actuarial evaluation but may I ask him whether he will

make the findings of that evaluation public when they become available because, naturally, we are extremely concerned about the enormous shortage in the State Pension Fund which was disclosed by his hon benchmate recently.

The MINISTER: Mr Chairman, I shall give consideration to that matter when the time comes.

Mossel Bay: water scheme for gas-to-fuel project

*12. Mr R J LORIMER asked the Minister of Water Affairs:

- (1) Whether a new water scheme is to be constructed for the gas-to-fuel project at Mossel Bay; if so,

(2) whether his Department has called for tenders for the construction of this water scheme; if not, (a) why not and (b) who will undertake the construction of this scheme; if so, when;

- (3) whether the contract has been awarded; if not, when will a decision on the matter be taken; if so, (a) who was the successful tenderer and (b) what was the amount of the tender;
- (4) whether he will make a statement on the matter?

The MINISTER OF WATER AFFAIRS:

- (1) Yes.

- (2) No.

(a) It is the declared policy of the Department of Water Affairs to maintain its internal construction activities on the level of capital expenditure (in real value) as it was in 1980 and that the balance of the work be undertaken by the private sector. On account of the essentiality of timeous water supply on the one hand and the lack of detail specifications at present on the other hand and taking into consideration the aforementioned policy of the Department whereby a minimum of internal construction capability is to be maintained, it

Industrial Development Corporation of South Africa Limited

*13. Mr H H SCHWARZ asked the Minister of Economic Affairs and Technology:

- (1) Whether any consideration is being given at present to the selling off of any of the subsidiaries of the Industrial Development Corporation of South Africa Limited, if so, (a) which subsidiaries are involved and (b) in what manner will they be sold off;

(2) whether any consideration is being given to the privatisation of the Phosphate Development Corporation Limited; if so, what steps are being considered in this regard?

The MINISTER OF ECONOMIC AFFAIRS AND TECHNOLOGY:

- (1) As a matter of policy the IDC does not retain controlling shareholdings in companies which could reasonably be sold-off to the private sector and this position is reviewed regularly. In this connection financial considerations, including the need for further development capital and the establishment of reasonable and sustainable levels of profitability, as well as economic factors such as the impact of potential changes in pricing mechanisms on vulnerable sectors of the economy, are major considerations.

(a) and (b) Due to the far-reaching impact on employees, customers, suppliers and other interested parties, including the IDC's own negotiating position as vendor, no advance indication of specifically envisaged sell-offs can be given.

(2) The position with regard to Foskor is being looked at in the light of the guidelines and criteria set forth in the White Paper on Privatisation and De-regulation and taking into consideration factors such as those mentioned in the reply to question (1) and in particular also the impact of price inputs in the agricultural sector and the state of both local and international phosphate rock and derivative markets.

- (3) No. Tenders for that part of the work that is to be put out on contract, will in all probability not be awarded before June 1989.
- (a) and (b) Fall away.
- (4) No.

8/9/87 Howard

THE MINISTER OF EDUCATION AND CULTURE:

(a) when and (b) what were the findings?

(1) (a) and (b) No, since education is an own affair in terms of section 14 of the Constitution of the Republic of South Africa, 1983 (Act No 110 of 1983), read in conjunction with item 2 of Adendum I.

(2) Yes.

(a) HSRC Education Research Programme No 7: "African Language in White primary schools".

(b) The report was released by me on 28 April 1987 and is currently being studied by the Department.

(3) No.

(a) and (b) Fall away.

(4) No, a formal survey is not deemed necessary, as channels exist by means of which any school wishing to offer the subject, may apply to do so.

(a) and (b) Fall away.

Mr K M ANDREW: Mr Chairman, arising from the hon the Minister's reply, may I ask him in respect of his reply to the first part of this question whether in view of the fact that White teachers are involved in Coloured and Black education, he would not think it wise to allow Black teachers to teach in White schools in respect of this subject despite the general and own affairs concept?

†The MINISTER: Mr Chairman, I have already replied that in terms of the provisions of the constitution it is not possible. In addition, registration with the Teachers' Council also has to take place in respect of teachers who teach in White schools. Naturally, a person who teaches his mother tongue, can usually do it better than a non-mother tongue speaker. I therefore have sympathy with that. At present, however, it is not possible for a person of colour to teach

in a Government school. That is the difference between private and Government schools, especially in terms of the specific education legislation in this regard.

Mr K M ANDREW: Mr Chairman, further arising from the hon the Minister's reply, may I ask him the following: If it is not possible in terms of the Constitution, how is it then possible for White teachers to teach in State Coloured schools and State Black schools?

†The MINISTER: Mr Chairman, apart from the Constitution, there is also specific education legislation and the education legislation for Whites, in terms of the own affairs concept: in the Constitution, only applies to White education as such. Therefore, if there are specific procedures for White education, it does not mean that the same procedures apply to the education of the Administration: House of Representatives, Administration House of Delegates or the Department of Education and Training.

Mr K M ANDREW: Mr Chairman, further arising from the hon the Minister's reply, may I ask him whether he does not think it would be wise to amend that White education legislation if that is the obstacle?

The MINISTER: No.

Computers

*5. Mr R M BURROWS asked the Minister of Education and Culture:

(1) Whether his Department has reached any decision on the supply of computers to and maintenance of computers in all high and primary schools falling under his control: if not, why not; if so, (a) what decision has been reached and (b) what time-table regarding supply has been set;

(2) whether he will make a statement on the matter?

The MINISTER OF EDUCATION AND CULTURE:

(1) (a) No, this matter is currently being studied by the Network for Educational Technology and recommendations will be formulated in due course.

(b) Falls away.

(2) No.

Regional cultural councils

*6. Mr R M BURROWS asked the Minister of Education and Culture:

(1) Whether he (a) obtained the views of and (b) received nominations from any cultural organisations prior to the appointment of persons to the regional cultural councils; if not, why not; if so, (i) (aa) which organisations were contacted for this purpose and (bb) when were they so contacted, (ii) how many persons were nominated by these organisations and (iii) what procedure did he follow in selecting his nominees;

(2) whether he will make a statement on the matter?

†The MINISTER OF EDUCATION AND CULTURE:

(1) Names of possible appointees are received from the regional councils for cultural affairs themselves, which in turn are in contact with cultural organisations on an ongoing basis, hence

(a) no. *8/9/87*

(b) no. (i) (aa) and (bb) (ii) and (iii) Fall away.

(2) No.

For written reply: *8/9/87*

General Affairs: *Handwritten*

Crossroads/KTC: offences

138. Mr S S VANDER MERWE asked the Minister of Law and Order:

Whether any persons have been arrested in connection with (a) arson, (b) theft, (c) malicious damage to property, (d) assault with intent to do grievous bodily harm, (e) common assault, (f) murder and (g) attempted murder during unrest in (i) Crossroads in May 1986 and (ii) the KTC area in June 1986; if not, what progress has been made by the South African

Police in this regard; if so, how many in each case?

The MINISTER OF LAW AND ORDER:

(a) to (g) I refer the hon member to my reply to written question number 27 dated 2 February 1987, which is also applicable to this question.

Police sub-station, Regent Road, Sea Point

197. Mr C W EGLIN asked the Minister of Law and Order:

(a) On what date was the police sub-station in Regent Road, Sea Point, opened, (b) what specified services do the police at this sub-station provide to (i) the public in general and (ii) residents in this area in particular and (c) (i) how many offences of each specified type were reported at this sub-station and (ii) in respect of what specified period is this information furnished?

The MINISTER OF LAW AND ORDER:

(a) 24 November 1986.

(b) (i) With the exception of the reporting of deaths, the issuing of funeral orders and the handling of applications for fire-arm licences, the Regent Road charge office provides the same services as any other charge office.

| | | |
|---------|--|----|
| (c) (i) | Theft | 16 |
| | Theft from motor vehicles | 10 |
| | Assault | 9 |
| | Housebreaking with the intent to steal and theft | 6 |
| | Pickpocketing | 4 |
| | Theft of motor vehicle | 3 |
| | Trespassing | 2 |
| | Malicious damage to property | 1 |
| | Reckless or negligent driving | 1 |
| | Public indecency | 1 |
| | Crimen injuria | 1 |
| | Disturbance of the peace | 1 |
| | Shoplifting | 1 |
| | Total | 56 |
| (ii) | 24 November 1986 until 11 June 1987. | |

Note: These duties also include patrolling

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and (ii) gem diamonds exported in each of these years?

The MINISTER OF ECONOMIC AFFAIRS AND TECHNOLOGY:

- (a) (i) and (ii) Classified information.
- (b) (i) and (ii):

| Year | Million rand |
|------|--------------|
| 1982 | 276,3 |
| 1983 | 429,2 |
| 1984 | 440,3 |
| 1985 | 512,9 |
| 1986 | 578,1 |

The SA Diamond Board does not keep separate statistics in respect of industrial and gem diamonds.

Greater Soweto: electrification project

396. Mr W J D VAN WYK asked the Minister of Constitutional Development and Planning:†

- (1) What is the estimated cost of the electrification project for Greater Soweto;
- (2) whether this project is financed by means of loans; if not, (a) in what way is the project financed and (b) what are the relevant particulars; if so, (i) (aa) with whom, (bb) by whom, (cc) when, (dd) at what rates of interest and (ee) against what securities were these loans negotiated, (ii) what is the purport of the loan agreements, (iii) what amounts are to be paid annually in (aa) interest and (bb) capital redemption and (iv) (aa) what is the repayment period of each loan and (bb) with effect from what date must the repayment commence;
- (3) whether the Black city councils concerned must repay these loans; if so, (a) from what sources and (b) what total amount was owing in this connection by the city councils of (i) Soweto, (ii) Dobsonville and (iii) Diepmeadow as at 30 June 1985, 30 June 1986 and 30 June 1987, respectively; if not,
- (4) whether the State intends repaying

the loans concerned; if so, (a) in what manner and (b) from what sources?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

- (1) R224 500 000.
- (2) Yes.

- (a) Falls away.
- (b) (i) (aa) Postmaster-General: R80 000 000; Bank Consortium: R126 000 000; Loans Fund for Local Authorities: R18 500 000.

(bb) City Councils of Soweto, Diepmeadow and Dobsonville (Greater Soweto).

(cc) Loans were taken up during the period from 1979 to 1987.

- (dd) R80 000 000: 8,0% per annum; R20 000 000: 10,0% per annum; R40 000 000: 12,9% per annum; R10 000 000: 12,9% per annum; R56 000 000: 13,44% per annum; R18 500 000: 10,02% per annum.
- (ee) Against State guarantee.

(ii) For electrification and upgrading of electricity network.

(iii) (aa) The annual interest payable on all loans collectively with the exception of the loan for R18 500 000 amounts to R22 106 600. Interest and redemption on the loan for R18 500 000 amounts to R703 422 per annum.

(bb) With the exception of

Standard
10/9/87

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the annually loan for R18 500 000 only interest is being paid on the loans.

- (iv) (aa) R80 000 000: 10 years; R20 000 000: 15 years; R40 000 000: 10 years; R10 000 000: 10 years; R56 000 000: 10 years; R18 500 000: 25 years.
- (bb) R80 000 000: 15-9-1997; R20 000 000: 1-10-1999; R40 000 000: 30-6-1996; R10 000 000: 30-6-1996; R56 000 000: 30-6-1996; R18 500 000: 30-6-1988.

(a) From own revenue and other sources still being investigated.

(b) (i) Soweto:

- 30 June 1985: R144 200 000;
- 30 June 1986: R144 200 000;
- 30 June 1987: R144 200 000;

(ii) Dobsonville:

- 30 June 1985: R12 360 000;
- 30 June 1986: R12 360 000;
- 30 June 1987: R12 360 000.

(iii) Diepmeadow:

- 30 June 1985: R49 440 000;
- 30 June 1986: R49 440 000;
- 30 June 1987: R49 440 000.

(4) Not applicable.

Greater Soweto: upgrading project

397. Mr W J D VAN WYK asked the Minister of Constitutional Development and Planning:†

- (1) What is the estimated cost of the upgrading project for Greater Soweto;
- (2) whether this project is financed by means of loans; if not, (a) in what way is the project financed and (b) what are the relevant particulars; if so, (i) (aa) with whom, (bb) by whom, (cc) when, (dd) at what rates of interest and (ee) against what securities were these loans negotiated,

(ii) what is the purport of the loan agreements, (iii) what amounts are to be paid annually in (aa) interest and (bb) capital redemption and (iv) (aa) what is the repayment period of each loan and (bb) with effect from what date must the repayment commence;

(3) whether the Black city councils concerned must repay these loans; if so, (a) from what sources and (b) what total amount was owing in this connection by the city councils of (i) Soweto, (ii) Dobsonville and (iii) Diepmeadow as at 30 June 1985, 30 June 1986 and 30 June 1987, respectively; if not,

(4) whether the State intends repaying the loans concerned; if so, (a) in what manner and (b) from what sources?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

- (1) R172 972 972.
- (2) Yes.

(a) Falls away.

(b) (i) (aa) Loan from overseas Bank Consortium.

(bb) The City Councils of Soweto, Diepmeadow and Dobsonville via Volkskas Merchant Bank.

(cc) May 1982.

(dd) Interest free for the first 4 years (1982-1986) 2,5% for the next 5 years (1986-1990) 5,0% for the next 5 years (1990-1995) 7,5% for the next 5 years (1995-2000) Thereafter at the standard rate of interest applicable to State Loans and Advances.

(ee) Against State guarantee.

(ii) For the upgrading of infrastructure—i.e. roads, storm-water drainage, sewer network and water reticulation.

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**New oil will
save millions**

⑤
20ST 10/9/87
JOHANNESBURG — A multigrade oil for diesel locomotives, which will save SA Transport Services more than R10 000 in fuel costs a day, has been developed locally.

The new oil — a world first — has been developed by the local oil company, Zenex Oil, formerly Esso South Africa, in conjunction with Sats.

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East 4/9/87
Mosgas

chance for jobless artisans

Post Reporter

THE Eastcape Training Centre (ETC) is to train unemployed, qualified artisans as possible supervisors for the Mossel Bay Oil from Gas Project.

Mrs Corinne Briggs, a spokesman for ETC, which includes the Emthonjeni Group Training Centre, said today that the training course would run for 12 weeks.

Successful applicants would receive training as supervisors in pipe fitting, coded welding, rigging and erecting, boilermaking and plating, mechanical fitting and electrical installation, she said.

Further information can be obtained from Mrs Briggs at (041) 42 2066.

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THE MINISTER OF PUBLIC WORKS AND LAND AFFAIRS:

No, but the lessee of a rent-controlled sectional title unit may be affected under the following circumstances:

The Rent Control Act, No 80 of 1976, makes provision for the circumstances under which a lessor may give notice to a lessee of a rent-controlled dwelling to vacate such dwelling. One of the circumstances under which such notice may be given is where the lessor requires the dwelling for his personal occupation or that of his parent or child. The Sectional Titles Act, No 66 of 1971, however provides that such notice may not be given in respect of rent-controlled sectional title units. This provision has not been embodied in the Sectional Titles Act, No 95 of 1986, and the owner of a rent-controlled sectional title unit will now be in the same position as the owner of a rent-controlled dwelling.

Mr K M ANDREW: Mr Speaker, arising from the hon the Minister's reply, may I ask him whether a decision has been taken as to when the Sectional Titles Act, 1986, is to come into operation?

The MINISTER: Mr Speaker, I shall enquire about the date and forward the information to the hon member.

Munsieville: relocation of residents

*6. Mr C J DERBY-LEWIS asked the Minister of Constitutional Development and Planning:

(1) Whether his Department provided any funds for the relocation of residents of the Black township of Munsieville, near Krugersdorp, during the latest specified period of 12 months for which information is available; if so, (a) what amount and (b) for what purposes were these funds used;

(2) whether any residents of this township were relocated during the above period; if not, why not; if so, how many;

(3) whether these residents were re-

located on a voluntary basis; if not, on what basis were they relocated?

†The DEPUTY MINISTER OF DEVELOPMENT PLANNING:

(1) No.

(a) and (b) Fall away.

(2) No. Because it was decided in 1985 that Munsieville will be retained as a Black township.

(3) Falls away.

Oukasee: relocation of residents

*7. Mr C J DERBY-LEWIS asked the Minister of Constitutional Development and Planning:

Whether it is the intention to relocate the residents of the Black area known as Oukasee and situated in the Brits district; if so, (a) what funds will be required for this purpose and (b) when is it anticipated that the relocation of these residents will be finalised?

The DEPUTY MINISTER OF DEVELOPMENT PLANNING:

(a) and (b) It is not possible at this stage to give definite answers to these questions because the resettlement is a continuous process for which a definite time scale has not been set.

Middelburg: electrical power station

*8. Mr H J COETZEE asked the Minister of Economic Affairs and Technology:†

Whether it is the intention to erect an electrical power station in the vicinity of Middelburg, Transvaal; if so, (a) where, (b) when, (c) at what estimated cost and (d) who is the present owner of the land that will be used for this purpose?

†The MINISTER OF ECONOMIC AFFAIRS AND TECHNOLOGY:

No, not at this stage.

(a), (b), (c) and (d) Fall away.

Expenditure cut

*9. Mr A GERBER asked the Minister of Education and Development Aid:†

Whether schools under the control of his Department were recently requested to cut their expenditure; if not, why not; if so, (a) in respect of what items, (b) by what total percentage and (c) when?

The DEPUTY MINISTER OF EDUCATION:

Departmental educational institutions do not handle their own budgets. The financial provision in respect of such institutions is determined centrally by the Department's head office in the year preceding the particular financial year according to approved basis. If expenditure has to be curtailed, the initiative is taken by Head Office. Continuous attempts are made to keep the running costs of schools as cost effective and low as possible. Management training by private consultants, for example, is one method employed to ensure that the management of schools, and therefore the resultant costs, is done as cost-effectively as possible.

Tuition fees

*10. Mr A GERBER asked the Minister of Education and Development Aid:†

(1) Whether it is the intention to charge tuition fees at schools falling under his Department; if so, (a) why, (b) with effect from what date and (c) what tuition fees will be charged;

(2) whether these fees will be compulsory?

†The DEPUTY MINISTER OF EDUCATION:

(1) No.

(a), (b), (c) Fall away.

(2) Falls away.

Detention of two persons

*11. Mr S S VAN DER MERWE asked the Minister of Law and Order:

(1) Whether he has been requested to furnish reasons for the continued detention of two persons, whose names have been furnished to the South African Police for the purpose of the Minister's reply; if so, (a) when, (b) by whom and (c) what are the names of these persons;

(2) whether he has furnished these reasons; if not, why not; if so, what are the reasons?

The DEPUTY MINISTER OF LAW AND ORDER:

(1) No.

(a) and (b) Fall away.

(c) The names which were furnished by the hon member.

(2) No, because a request to furnish reasons, was not received.

Knowledge Tiyo

*12. Mr S S VAN DER MERWE asked the Minister of Law and Order:

(1) Whether the disappearance of a certain person, whose name has been furnished to the South African Police for the purpose of the Minister's reply, from Valkenberg Hospital on or about 19 August 1986, has been reported to the South African Police; if so, (a) when and (b) what is the name of this person;

(2) whether the matter has been investigated; if so, with what result; if not, why not;

(3) whether he will make a statement on the matter?

†The DEPUTY MINISTER OF LAW AND ORDER:

(1) Yes.

(a) 10 September 1986.

(b) Knowledge Tiyo.

(2) Yes. The missing person has thus far not been located and the investigation is continuing.

(3) No.

Atomic Energy Agency ties on line

SA faces expulsion from nuclear body

WASHINGTON — The Reagan administration is losing hope that it will be able to prevent SA being expelled from the International Atomic Energy Agency (IAEA) at its 30th anniversary meeting in Vienna on September 25.

The expulsion move, if successful, will be a bitter defeat for the administration's seven-year effort to persuade Pretoria to sign the Nuclear Non-proliferation Treaty (NPT) and accept international safeguards at all its nuclear facilities.

Ironically, the motion to remove SA is to be offered by Pakistan, whose own refusal to sign the NPT and apparent efforts to build an atomic bomb have spurred sanctions calls in Congress.

In previous years, the US and its Western allies have succeeded in blocking SA's expulsion, but officials now believe the move's supporters — chiefly the developing countries — will have well over the necessary two-thirds of the UN agency's 113 members on their side.

The OAU has urged its members to show up specifically to vote against SA.

SIMON BARBER

In June, Nigeria persuaded the IAEA's board of governors to recommend SA's expulsion, paving the way for the expected ousting next week.

The one wild card might be the Soviet Union, an early proponent of SA's dismissal which now appears to be wavering, according to diplomats.

Since the Chernobyl disaster last year, the Soviets have taken a markedly less ideological line within the agency and have shown a new interest in strengthening its operations.

The US and its allies' main concerns are that:

- SA's departure will encourage further politicisation of the agency and set a precedent that will make it easier to oust Israel, which has been under constant attack since it bombed an Iraqi reactor in 1981;
- Without IAEA monitoring and safety assistance, standards at SA's Koeberg reactors will slip; and
- Any hope will be dashed of persuading Pretoria to sign the NPT and renounce the production of nuclear weapons.

MOSSEL BAY PROJECT

All systems go?

The proposed R5 billion-plus Mossel Bay gas-oil project gained new momentum this week when "pre-qualifying" tenderers for the construction of an off-shore metal jacket met with project managers Emso to discuss tender details.

The final value of the contract could be around R150m, says a Soekor spokesman. The jacket will absorb around 14 500 t of

MM/18/9/87

purpose-made, corrosion-resistant steel manufactured by Iscor. Tubular steel will be rolled into diameters of up to four metres and the final assembly could be close to eight storeys high.

The jacket will rest on the sea bed over the drill site and will support production and accommodation modules on a platform 30 m above the sea. Initial estimates were that construction would involve 1m manhours and take about 24 months. Likely construction and assembly sites are Port Elizabeth or Saldanha.

The significance of the tender talks is that it indicates government's intention to stay on target for production by 1990/1991.

It appears that only three groups were invited to tender: Genrec, Dorbyl and a third potential bidder. A fourth pre-qualifier which passed Emso's stringent tests, Sandoek-Austral, has since been bought out by Dorbyl.

Dorbyl is controlled (52,6%) by International Pipe and Steel Investment SA, in which Anglo American has a 40% interest and Metkor (in which Rembrandt holds a 50% interest and Iscor 26,5%) the balance. Know-how agreements required for the gas project are held with Chicago Bridge Incorporated of the US and Press International.

Genrec, recently bought by Murray & Roberts (M & R) was previously an independent in the construction/engineering industry. In terms of the takeover, designed to create a vehicle for Mossel Bay tenders, Ian Colepeper, divisional director of M & R Construction & Engineering, became chief executive of Genrec.

M & R's Elgin Engineering ship repair facility in Durban harbour came under the newly structured Genrec wing, as did M & R's mechanical/electrical instrumentation division, MEI. International partner is Trafalgar House.

Neither Dorbyl executive director Brendan O'Connor, nor M & R's Colepeper would comment on the tenders. It is understood that a condition of tender was that no information would be divulged to the media.

Govt urged to put brakes on diluted fuel scam

12/9/87 (SS)
p/dam
GERALD REILLY

PRETORIA — Government has been asked to intervene to end a diluted-diesel fuel racket that is netting some operators thousands in illegal profits.

The result of a meeting in Pretoria this week between senior officials of the Department of Mineral and Energy Affairs, the Automobile Association, the Motor Industries' Federation (MIF) and the Bureau of Standards on the malpractice has been reported to Mineral and Energy Affairs Minister Danie Steyn.

It is expected that urgent action will be taken to tighten up the selling system to eliminate the racket, which involves diluting diesel with illuminating paraffin.

The MIF is concerned at the extent of the malpractice and the fact that it impinges on the legitimate business of filling stations.

MIF director Jannie van Huyssteen says: "The situation cannot be allowed to continue. These, people, and we know where they are — among them some garage owners — must be stopped."

He says those involved have their own tankers; one has as many as 12 in operation.

Van Huyssteen points out that illuminating paraffin costs 6c a litre less than diesel and that "fat illegal profits" can be made by mixing the two

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Mossel Bay guide plan in gear

PRETORIA — A statutory committee will compile a draft guide plan for the Mossel Bay-Riversdale region, which has been earmarked for industrial development.

The Minister of Constitutional Development and Planning, Mr Chris Heunis, said in a news

release here that he approved the establishment of such a committee to lay down guidelines for the future spatial development of the area.

He said development of a nuclear research institute and a gas processing installation neces-

sitated a planning framework within which the expected development in the area could take place in an orderly manner.

Mr Heunis invited persons with an interest in the draft guide plan to submit written proposals to the Chairman,

Guide Plan Committee for the Mossel Bay-Riversdale Subregion, Private Bag X644, Pretoria, 0001, within 60 days from today.

Local authorities should submit proposals through the Cape Provincial Administration. — Sapa



MR HEUNIS

Searle, Swart; van Arentshals, C. Kurton, Duggan, B. Morgan; 13.06 R. Gudger, C. A. N. Other, A. N. Other; 13.30 Starters

4/6 1987
Mexico prepares compromise resolution for IAEA

New bid to prevent expulsion of SA

(55) 24/9/87
b/day

VIENNA — The Mexican delegation, with Algeria's help, is working on a compromise resolution that would stop short of calling for SA's expulsion from the International Atomic Energy Agency (IAEA), a Western source said yesterday.

The source, who refused to be further identified, said the document was likely to come up for a roll-call vote tomorrow, the last day of the IAEA's annual conference.

Before the meeting started, Third World countries were reported to be seeking the exclusion of SA from the 113-nation UN agency.

But US Energy Secretary John Herrington said on Tuesday SA will remain in the organisation following US-Soviet talks on SA's willingness to sign the 1968 Nuclear Non-Proliferation Treaty (NPT).

Herrington said the Americans and the Soviets had

reached "common ground on the South African issue" and added, "it really means that SA will not be excluded this week".

President P W Botha suggested on Monday in Cape Town that his government would negotiate nuclear safeguards and sign the NPT.

Initial reaction from some Third World delegates was skeptical or negative.

So far, SA's refusal to submit all its nuclear safeguards to international inspection and sign the accord has increasingly prompted calls from developing countries for SA's ouster.

Western and neutral countries oppose the move, and Herrington said he and Soviet delegation head at the conference Andronik Petrosyants, had agreed that "it is better to have SA in the organisation than out".

This was understood to mean that communist nations would abstain if Third World countries in fact submitted a resolution

calling for SA's suspension, which requires a two-thirds majority.

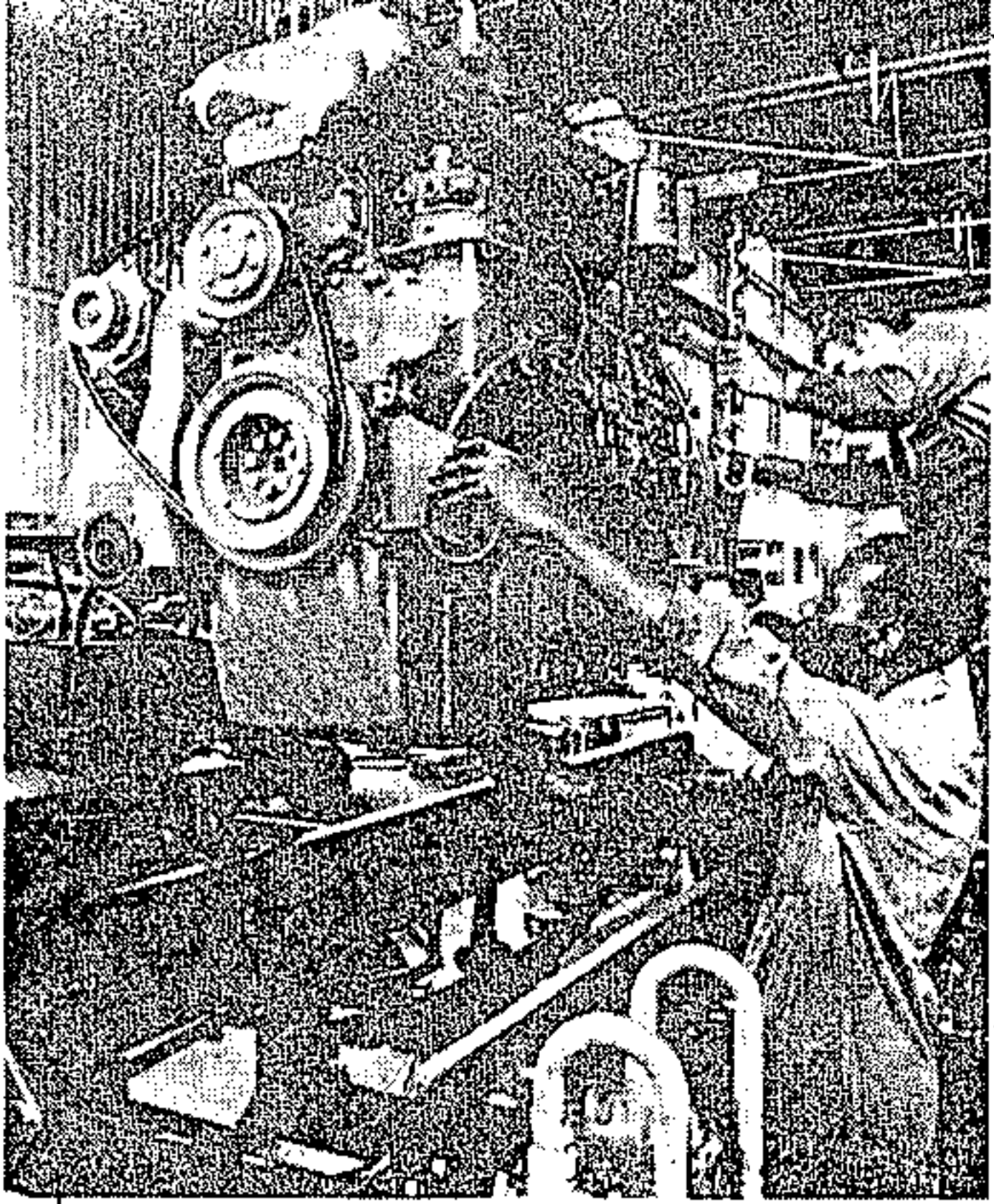
IAEA officials said that of the 99 member countries attending the conference, several were not entitled to vote because they were in arrears with their membership contributions.

They refused to speculate on the voting pattern regarding SA.

Meanwhile, a draft resolution revealed that Arab countries will not seek a vote limiting Israel's "rights and privileges" in the IAEA.

According to the draft text that may be subject to minor changes, the resolution demands that Israel comply with UN Security Council resolutions and accept IAEA safeguards on its nuclear facilities.

It also requests the director-general to prepare a report on the Israeli nuclear capabilities for the board of governors and the next session of the general conference. — Sapa-AP.



ADE components ... not to blame?

before additional components Toyota ordered from Japan in order to up production levels, finally found their way into new vehicles. So there is no quick fix. "Some models we will not be able to supply until February. So it's both good news and bad news. We're grateful for the upturn but sorry we can't meet it."

Dave Scott of Nissan's heavy vehicle division makes the same point. He says it can take six to nine months to get engines through the ADE pipeline. Says Scott: "Next year should be terrific for us, but right now we simply can't meet demand. I would say that the heavies market this year should pan out at around 7 200 unit sales, but this certainly won't represent the potential market."

ADE deputy MD Wally Rautenbach admits there have been some hiccups in the supply of production engines to manufacturers but adds "manufacturers deliberately ran down their inventories during the years of slack demand and we can't supply their demands for more engines immediately. But we hope to adjust to the new situation by the end of the year."

Rautenbach also makes a distinction between production engines and what he calls prototype engines. "Where we have to make specification changes to an existing engine to suit a particular manufacturer's requirements, it can take six months to do the necessary homework before we can commit ourselves to the production of a particular motor."

Rautenbach says a number of manufacturers are demanding the new ADE 360 and ADE 440 engines now, but that the company is reluctant to commit itself right away to these motors until it has assessed market demand right across the industry. "At the moment we are planning on introducing the ADE 360 from January 1, 1989 and the ADE 440 from January 1, 1990." Both types of motor are currently being manufactured in Germany. ■

AM 25/9/87
 (55)
MOSSEL BAY PROJECT

Doing it with cranes

The level of infighting — and acrimony — in the crane hire industry for lucrative Mossel Bay gas-oil contracts could provide a useful yardstick for measuring progress on the project.

Gathering dust, if not rust, on Sandock-Austral (S-A) property in Durban harbour, are two multi-million rand 400 t crawler cranes shipped on long lease to the company by Chicago Bridge Incorporated (CBI). Recently, they have become the subject of a heated dispute over import permits for capital equipment for the Mosgas project.

CBI is tied up in a know-how agreement with major Mossel Bay tenderer Dorbyl, which recently took over S-A (*Business* September 18).

The presence of the cranes — earmarked for use by Dorbyl on Mossel Bay contracts — outraged the principal operator in the local crane hire industry Harold Johnson (HJ). HJ, which lays claim to around 60% of the R60m a year local hire industry, objected to the import of cranes "already available in SA".

The complaint was potentially embarrassing for Murray & Roberts (M & R), which has an interest, albeit reputedly small, in HJ. The embarrassment would have arisen from the fact that via its Engineering Management Services (EMS), M & R is a partner — together with Crawford & Russell of the UK — in Emso, project managers for the Mossel Bay scheme. As owner of Genrec, M & R is also in direct competition with Dorbyl on tenders for the Mossel Bay "jack-et."

Under the circumstances it is crucial for M & R that Emso maintains an image of strict impartiality in awarding Mossel Bay contracts.

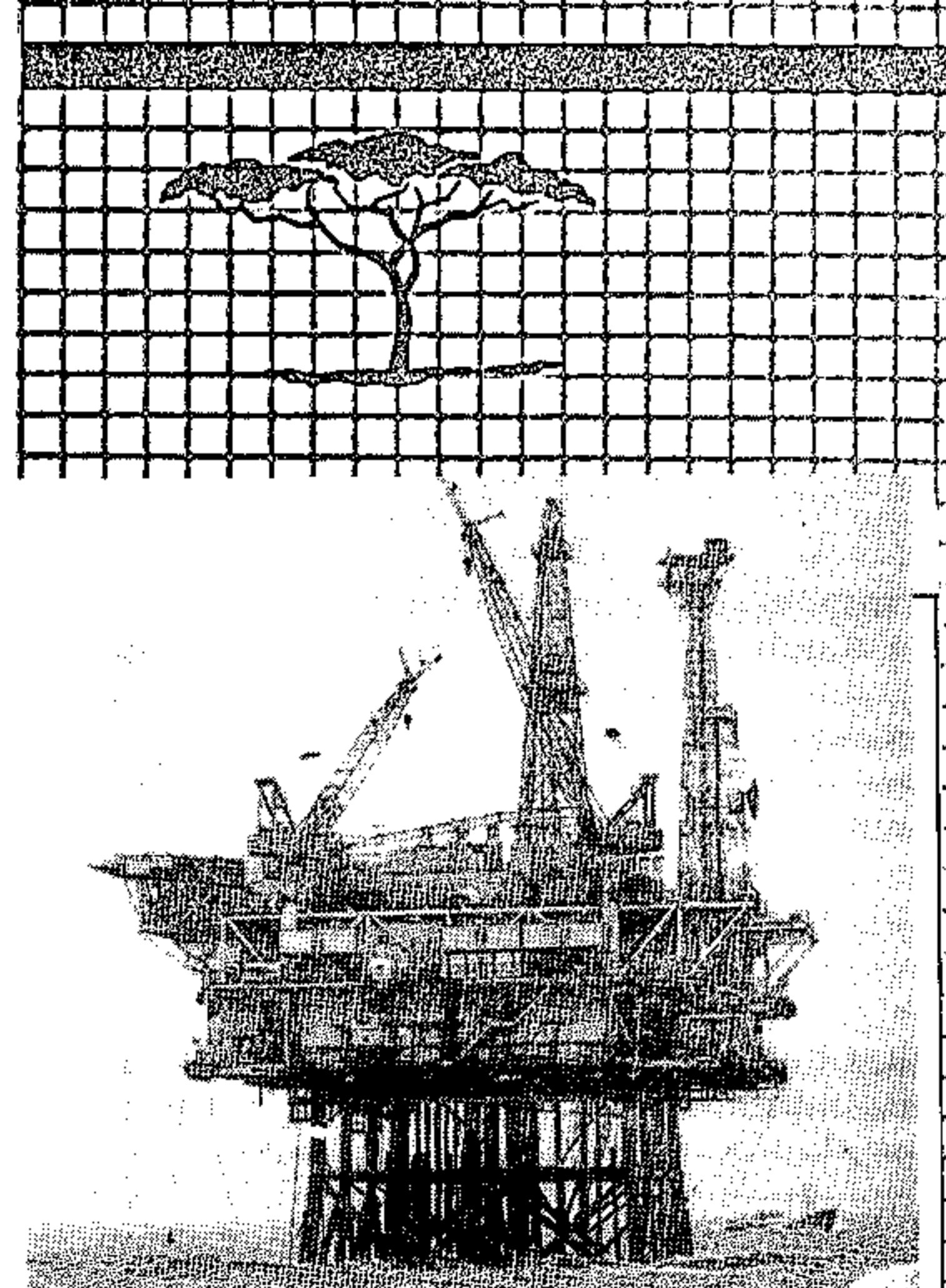
Mosgas project manager Ken Graham admitted as much to the *FM* in June: "Emso has to declare its interest on any project where an M & R company might wish to compete for work. I am quite sure that there is no chance of this system not working properly."

Graham added that EMS had an objective, and proud record as independent project managers which could be vouched for by many industrialists.

In defence of this impartiality, M & R is believed to have opposed HJ's complaints and advised government to release the cranes for hire to Dorbyl on Mosgas projects. But the outcome of the controversy is still unclear.

As far as HJ is concerned, its objection has been upheld. Says MD Harold Johnson: "This went right to the top. Trade and Industries Minister Danie Steyn said only equipment vetted by the authorities may be imported for Mosgas."

The criteria is whether equipment is available locally. "And since cranes are available locally, the import permit will not be grant-



Deep sea rig ... a platform for profits?

ed," adds Johnson.

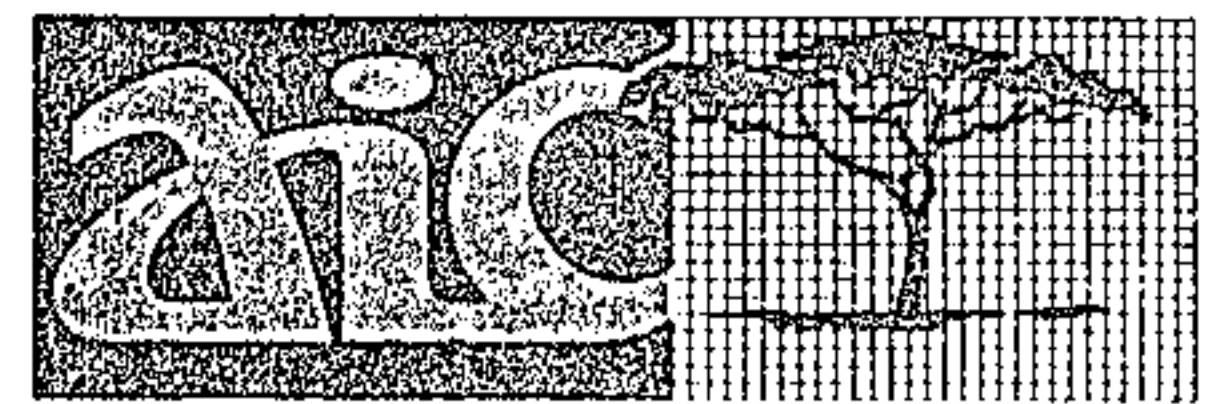
Johnson says government undertook to "buy South African" on the Mosgas project and he accordingly invested "about R300 000" in training staff. The crane industry, he adds, is highly capital intensive and replacement value of his 200 cranes would be approximately R150m.

Confirmation of Johnson's views could not be obtained from Dorbyl, while Trade and Industries sources were not available for comment. However, there can be little doubt that the matter will not rest there. ■

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| 2 | General public and booksellers | 0,80 | 0,90 |
| 4 | General public and booksellers | 1,15 | 1,35 |
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| 1986 R134 651,08 | 31 491 | None | GP wove | None | |
| 1985 R137 472,89 | 30 716 | None | GP wove | None | |
| 1984 R136 465,64 | 30 891 | None | GP wove | None | |
| 1983 R168 082,69 | 30 876 | None | GP wove | None | |
| 1982 R164 770,11 | 29 332 | None | GP wove | None | |

Dobsonville/Diepmeadow/Soweto: electricity meters

403. Mr W J D VAN WYK asked the Minister of Constitutional Development and Planning:†

- (a) How many dwelling units in (i) Dobsonville, (ii) Diepmeadow and (iii) Soweto have been provided with

electricity meters, (b) how often are these meters read and (c) in respect of what date is this information furnished?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

- (a) (i) 5 133 meters

- (ii) 30 000 meters
- (iii) 75 000 meters
- (b) (i) (Dobsonville) Every month.
- (ii) (Diepmeadow) Meter reading in this area almost came to a halt in August 1987. A private company has now been appointed to read all meters as from 1 September 1987 on a monthly basis.
- (iii) (Soweto) Due to intimidation the meter readings in this particular area almost came to a halt in January 1987. A new strategy is now applied and all meters have been read for the past six months. The goal is to read all meters every second month with provisional consumer figures for the alternative months.

(c) 27 August 1987.

Bridging finance

408. Mr A GERBER asked the Minister of Constitutional Development and Planning:†

What total amount was paid in respect of bridging finance to (a) the community councils in Natal and (b) each such council up to 30 June 1985?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

| | | |
|--------------------|-----------------------------------|--------------|
| (a) R10 815 979,32 | Colenso Community Council | 182 140,90 |
| (b) | Dundee Community Council | 424 147,00 |
| | Mooi River Community Council | 295 403,00 |
| | Ladysmith Community Council | 749 298,00 |
| | Glencoe Community Council | 385 308,00 |
| | Vryheid Community Council | 563 107,00 |
| | Paulpietersburg Community Council | 107 844,00 |
| | Sabantu Community Council | 1 452 086,42 |
| | Matatiele Community Council | 67 842,00 |

| | |
|-----------------------------|----------------------|
| Kokstad Community Council | 418 003,00 |
| Greytown Community Council | 651 126,00 |
| Ningizimu Community Council | 4 688 808,00 |
| Hambanati Community Council | 830 866,00 |
| | <u>10 815 979,32</u> |

Westdene: exemptions from Group Areas Act
426. Dr M S BARNARD asked the Minister of Constitutional Development and Planning:

Whether, since 1 January 1986, his Department has received any applications for exemptions from the provisions of the Group Areas Act, No 36 of 1966, in respect of residential premises in the Westdene constituency; if so, (a) how many such applications had been (i) granted and (ii) refused as at the latest specified date for which information is available and (b) what were the reasons for (i) granting and (ii) refusing each application?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

Statistics regarding applications for permits in terms of the Group Areas Act, 1966, is not maintained according to parliamentary constituencies. The question, therefore, cannot be answered in its present form.

Johannesburg West: exemptions from Group Areas Act

427. Dr M S BARNARD asked the Minister of Constitutional Development and Planning:

Whether, since 1 January 1986, his Department has received any applications for exemptions from the provisions of the Group Areas Act, No 36 of 1966, in respect of residential premises in the Johannesburg West constituency; if so, (a) how many such applications had been (i) granted and (ii) refused as at the latest specified date for which information is available and (b) what were the reasons for (i)

SS (circled) WPJT 26/7/87

Mosgas people face housing shortage in PE

Weekend Post Reporters

CONTRACTORS of the Mosgas project have come up against a shortage of accommodation for their staff in Port Elizabeth.

Four of the potential contractors have started scouting around for rented accommodation in the city for their staff, who are expected to move here between January and March, 1987.

No indication has been given of how many houses, flats and townhouses are needed, but they have already come up against the shortage.

Property administrators in the city confirmed there was a dire shortage of accommodation and the city's Development Officer, Mr André Crouse, has appealed to property owners in the city to make accommodation available.

"What they're looking for is houses, flats or townhouses with two or three bedrooms. They are particularly looking for furnished accommodation, but it seems there is very little available."

He said the initial period of rental would be for one year, with leases renewable on a monthly basis after that.

A number of contracts on the Mosgas projects are expected to be awarded by December 15.

In interviews, spokesman for letting agents confirmed the shortage.

Mrs Fae Brewin, leasing manager for one of the big agencies, said the shortage was due to more people selling their properties.

There was an upswing in the property market.

The position was particularly bad in places like Mill Park and the beachfront, area where most of the best facilities were.

"The shortage of rented flats and houses started during the past four to six months and is steadily getting worse," she said.

A spokesman for a firm of property administrators also agreed that rented accommodation — flats and houses — was at a premium, although he could not pinpoint the reason.

Mr B Trehaeven, general manager, property, of a bank that administers a large number of properties, confirmed that there was a shortage of rented accommodation in the city.

"There are very few houses available for renting because of an improvement in the property market," he said.

SS ~~SECRET~~ M. 1/10/87

Soviet's nuclear vote aimed at keeping pressure on SA

UNITED NATIONS —
The Soviet Union blocked a move to expel South Africa from the International Atomic Energy Agency (IAEA) to keep pressure on Pretoria against developing nuclear weapons, a Soviet diplomat said.

The deputy Foreign Minister, Mr Vladimir Petrovsky, said the Soviet manoeuvre at last week's IAEA annual

meeting in Vienna did not represent any easing of his country's opposition to South Africa's apartheid policy of racial segregation.

The delegates to the IAEA meeting voted to postpone an attempt to oust Pretoria after the Soviet Union and the East bloc refused to back the move.

Western nations op-

posed the proposal, saying it was political and had no place on the agenda of an agency focused on technical standards.

Mr Petrovsky called on South Africa to sign the 1970 Non-Proliferation Treaty and he urged the United States to pressure Pretoria to sign the accord. — Sapa-RNS

(45)

Secret plans to avert fuel crisis

BRUCE CAMERON

CAPE TOWN.— South Africa has come close to another fuel crisis following the Natal floods, with the Government having to implement top secret contingency plans.

With two refineries in Durban out of action and checks still being carried out on the off-shore discharge terminal and on the pipeline, the major supply line for the country is out of order.

A spokesman for the Ministry of Economic Affairs and Energy declined to reveal what contingency plans were being used.

Although there were shortages in certain areas in some fuels there was no need for restrictions.

The position could alter if there was further flooding.

There is a shortage of petroleum gas in Natal.

Flooding of underground tanks at petrol stations was also causing problems.

A critical diesel shortage has developed in northern Natal with special deliveries being rushed into the area tonight.

DAMAGED

Rail fuel containers have been attached to a passenger train heading to Richards Bay from Secunda.

The diesel is needed for heavy plant being used to repair damaged roads and rail links and to clear flood rubble and silt.

While the off-shore terminal is being checked tankers have been kept waiting.

Government spokesman have indicated that the Mobil refinery should be back on stream next week with longer delays before Natref gets going.

FRACITION

35 TIME

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AS FURTHER areas in Durban had their water supplies cut yesterday, industry spokesmen warned that the hundreds of closed businesses and factories could only open, at the earliest, on Monday, October 12.

Natal Chamber of Industries executive director John Pohl, who last week said damage would run to "hundreds of millions", now says the prolonged closures will probably mean that earlier estimates were conservative.

"I said damage ran into hundreds of millions of rands. We now know the projected start-up date is later — Monday, October 12. My estimates will have to be reviewed. They could double. Who knows? Nobody can quantify the losses precisely," said Pohl.

And flood damage to plant and machinery has been more devastating than originally diagnosed, he added.

Water cut in more areas

5/10/87 b/day (55)

Business Day Reporters and Own Correspondent

The city's hotel, leisure, catering, liquor and tourism industries have lost at least R500 000 due to cancellations, according to initial Fedhasa estimates.

Fedhasa Natal chairman Alan Gooderson said Durban's beaches should be cleaned up by the weekend and only about 25% of hotel bookings had been cancelled so far.

Water authorities admit that the October 12 start-up is only a target date — they are working around the clock to restore water supplies, but there is no guarantee that broken supply pipes will have been fixed by then.

About 60% of Durban was still without piped water yesterday — and there is no firm indication when the supply will be restored.

Official sources said it would take at

● To Page 2 →

RAND OVER FOUR WEEKS



The comme against the American cur. The US Augt October 14, dollar moven

Floods' cost 'much higher'

least another three to four days before taps will start running again.

Durban City Engineer Don Macleod said virtually every single industry which depended on water in some way had stopped production.

He said there was no guarantee that supplies to those areas with water would not be affected.

"It all depends on the level of the reservoirs feeding these areas.

"When the level of water in the reservoirs drops below 800mm, we turn off the water to the whole area, except for certain selected roads."

SA Eagle MD Fred Haslett said some companies would probably carry out repairs and maintenance now where possible and make up lost production later by working overtime.

Clover Dairies is producing on a limited scale and Creamline Dairies is using borehole water to keep operating.

A Mobil oil refinery spokesman in Merwent said operations had been gradually shut down from the beginning of last week.

"Although there may be delivery prob-

lems, I don't see any fuel shortages," he said.

An SA Transport Services spokesman said it was not known when repair work would be completed on the damaged Natal oil pipelines.

Four more residential areas, including parts of Durban's Berea and the Bluff, were added to the growing list of areas without water.

Neil Macleod, assistant city engineer (water supply) said supplies to parts of Berea, the Bluff, Woodlands, Sydenham and 10 units in Phoenix were cut yesterday.

He said Durban Corporation teams were distributing water from fire hydrants and tankers in the affected areas, and there was no hope of industries getting water for another week at least.

□ Scuffles broke out on Durban beaches when lifeguards prevented surfers from defying the bathing ban, which is still in force along the length of the Natal coast.

← ● From Page 1

Durban water: switch-on to be announced

5
Blaauw
2/10/87

DURBAN — Industries here will be told tomorrow whether their water supplies will be restored on Monday, in time for employees to be told to return to work.

The area's water situation looked promising last night with the Clermont pump station on stream.

Water was also restored to some residential areas yesterday but people have been warned still to use water sparingly, even after supplies have been restored, to enable reservoirs to recover.

Durban City Engineer Don Macleod has said water restrictions will remain in force until all four of the area's main supply pipelines are operating properly.

This is expected to take at least another eight weeks as pipelines 1 and 2 are badly damaged.

Umgeni Water Board CE Graham Atkinson said last night that a clamp had been put on pipeline 3 yesterday to contain a leak from the pipe which, for days, has been the only supply line.

Atkinson said this pipeline would

Own Correspondent

be kept going until the other pipelines were repaired and would then be shut down for repairs. Pipeline 4 was expected to start operating today.

An emergency meeting held yesterday morning between insurance industry representative Ernst Kahle, Durban mayor Henry Klotz and town clerk Gordon Haygarth, proved successful.

Insurers are losing between R10m-R12m every day that Durban industry cannot operate due to water cuts. Kahle has asked that industries be informed as soon as possible when work can resume.

Last night he said he had been told an answer would be forthcoming by midday tomorrow.

Klotz confirmed the meeting had been 'most successful' and that Kahle had been "most understanding".

Durban's reservoirs are expected to fill at the weekend and Macleod has indicated that the earliest industry can expect to have its water restored is Monday.

(5) DD 8/10/87

Rhodes prof to study alternative fuel

Dispatch Reporter

GRAHAMSTOWN — The head of the department of chemistry and biochemistry at Rhodes University, Professor Trevor Letcher, has received a grant from the Council for Scientific and Industrial Research (CSIR) to investigate the feasibility of producing methane (a combustible gas) for municipal waste.

Together with a Grahamstown city councillor, Dr Brian La Trobe, and a lecturer in the department of microbiology at Rhodes University, Mr Peter Rose, he is experimenting on the new refuse dump here.

The technique being used at the dump is known as landfill anaerobic digestion.

"It is used in a few dumps in Europe, the United Kingdom and the United States. The refuse is sealed in clay-covered cells and, after

six months to a year, the methane gas can be tapped by a sinking perforated pipe into the cells," Professor Letcher explained.

"We aim to investigate the possible commercial use of the methane here. This will be the first landfill reactor in South Africa, and we hope that our work will lead to the use of the process by other municipalities," he said.

Dr La Trobe has been investigating the potential of landfill gas for six years.

"A new dump site was required with special geological requirements. It also had to be sited near a potential end user of the gas generated. This is why the new dump was sited near to the industrial area," Prof Letcher said.

Landfill gas and effluent gas from anaerobic digestors at sewage plants and abattoirs are beginning to make big-

ger and bigger contributions to energy savings in both Europe and the United States.

The London Brick Company, at Bedford, burns millions of bricks each month with landfill gas — no coal or fuel oil is used.

At Livermore, California, Dr La Trobe studied the use of effluent gas from an anaerobic sewage digester for the propulsion of municipal refuse trucks and other staff cars.

Little adaption is needed to normal petrol car or truck engines to enable them to run on methane or petrol at the flick of a switch.

In the United States, the cost of running a car on methane is about a third of the cost of running it on petrol. "There is no reason why a similar plant can't be installed at the sewage treatment plant here for research purposes," Prof Letcher said.

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The MINISTER OF FINANCE:

No: (a), (b), (c) and (d) fall away.

Aircraft registered in USA

462. Mr C B SCHOENMAN asked the Minister of Transport Affairs:†

- (a) What is the monthly average number of aircraft registered in the United States of America that make use of facilities at airports falling under his Department, (b) for what purposes are the flights concerned undertaken and (c) in respect of what period is this information furnished?

The MINISTER OF TRANSPORT AFFAIRS:

- (a), (b) and (c). It is not in the interest of the Republic of South Africa to divulge information of this nature.

SABC: meetings of Board

514. Mr S C JACOBS asked the Minister in the State President's Office entrusted with Administration and Broadcasting Services:†

- (1) Whether he is notified of meetings of the Board of the SABC; if not, why not; if so, whether he was notified of a meeting of this Board about the continued employment of the present incumbent of the post of director-general of the SABC; if so, (a) by whom, (b) (i) when and (ii) where did the meeting take place or will it take place and (c) (i) who called the meeting and (ii) why was it called;
- (2) whether he will make a statement on the matter?
- (3) whether he will make a statement on the matter?

The MINISTER IN THE STATE PRESIDENT'S OFFICE ENTRUSTED WITH ADMINISTRATION AND BROADCASTING SERVICES:

- (1) No. Because I don't require to be notified.
- (2) During the discussion of my budget vote, the Chairman of the SABC informed me in passing that an ordinary meeting of the Board was to take place on 2 September 1987 in

HoA

Johannesburg. This was a routine meeting and was not specially convened for a specific matter.

(a), (b) and (c) fall away.

(3) No.

Economic summit conference

531. Mr C J DERBY-LEWIS asked the State President:

- (1) Whether he intends holding an economic summit conference; if so, (a) when and (b) where;
- (2) whether he intends inviting representatives of small and medium businesses to this conference; if not, who will be representing the interests of such businesses; if so,
- (3) whether these representatives have been requested to obtain a specific mandate from the businesses concerned; if so, what are the relevant particulars;
- (4) whether it is the intention to invite representatives of the agricultural sector to this conference; if not, why not?

The STATE PRESIDENT:

- (1) Yes. I refer the honourable member to my address in the House of Assembly on 13 August 1987 and my press release of 10 September 1987.

- (2) Yes.
- (3) No.
- (4) Yes.

Contact with ANC

586. Mr C J DERBY-LEWIS asked the State President:

- (1) Whether any members of the Cabinet have been authorized or instructed to make any direct or indirect contact with officials or members of the ANC

and/or their intermediaries; if so, (a) when and (b) for what purpose; if not,

- (2) whether any members of the Cabinet have made such contact without their having been authorized or instructed to do so; if so,

- (3) whether he supports the action taken by the Cabinet members concerned in this regard;

- (4) whether he will make a statement on the matter?

The STATE PRESIDENT:

- (1), (2) and (4) No.

- (3) Falls away.

Own Affairs.

Funds to certain company

106. Mr M J ELLIS asked the Minister of Education and Culture:

- (1) Whether his Department has made any funds available to a certain company, the name of which has been furnished to the Minister's Department for the purpose of his reply; if so, (a) what total amount, (b) when, (c) for what purpose and (d) what is the name of this company;
- (2) whether this company is still operating; if not, (a) when and (b) why did it cease operations;
- (3) whether he will make a statement on the matter?

The MINISTER OF EDUCATION AND CULTURE:

- (1) No, not according to available records.
- (2) (a), (b), (c) and (d) Fall away.
- (2) Has no knowledge about the firm's present position.
- (a) and (b) Fall away;
- (3) No.

HoA

† Indicates translated version.

For oral reply:

Written reply to question set down for oral reply on Tuesday, 13 October 1987.

General Affairs:

U 308: transportation by road

*1. Mr P C CRONJÉ asked the Minister of Economic Affairs and Technology:

- (1) Whether the Nuclear Fuels Corporation (Nufcor) has a licence to transport U 308 by road; if not, why not; if so, (a) when was the licence granted, (b) what is the licence number and (c) what are the conditions of this licence;
- (2) whether the vehicle transporting the U 308 which was involved in an accident at the Majuba Pass displayed this licence information as required by sections 30 (1) and 37 (2) of the Nuclear Energy Act, No 92 of 1982, as amended; if not, why not;
- (3) whether any approaches were made to the Atomic Energy Corporation, Nufcor or the Council for Scientific and Industrial Research by any fire or traffic departments regarding the properties and hazards of U 308 and the action to be taken in the event of spillage thereof; if so, (a) when and (b) what was the response to these approaches;
- (4) whether he will make a statement on the matter?

The MINISTER OF ECONOMIC AFFAIRS AND TECHNOLOGY:

- (1) Bearing in mind the relatively low hazard potential of this material, the AEC did not issue a licence in terms of section 30 of the Act. NUFCOR was granted an authority to export uranium oxide in terms of section 49 of the Nuclear Energy Act (No 92 of 1982).

55

- (a) The authority was granted on 23 July 1987.
- (b) The number of the authority was 19/1987 (N).
- (c) The relevant conditions attached to the authority were:

(a) The regulations for the Safe Transport of Radioactive Materials (1985 Edition) of the International Atomic Energy Agency (IAEA) must be complied with.

(b) This authority must be returned to the Atomic Energy Corporation of South Africa Limited, P.O. Box 582, Pretoria, 0001, promptly after shipment of the total quantity authorised herein has been completed, or when no longer required for further use.

(2) Since neither NUFCOR nor the carrier were licensed in terms of section 30 of the Act, no licence information was required to be displayed on the vehicle. However, the IAEA regulations referred to earlier call for appropriate labelling of vehicles indicating that the material being transported is radioactive. The vehicle in question did carry placards indicating that the load was radioactive material.

(3) No formal inquiry was received by the AEC from any Fire Department. NUFCOR also confirmed, on inquiry by the AEC, that they have also not received such inquiries.

However, the AEC maintains a National Emergency Team which was activated and which established monitoring stations at Charlestown and at the Fire Station in Newcastle. They were in continuous contact with the Town Clerk and the Chief Protection Services of Volksrust and the Traffic Department of Newcastle. Decontamination facilities were also established by the AEC at Volksrust and at the Fire Station in Newcastle.

By the nature of these acts, personnel of the Fire Department in Newcastle were kept fully informed.

However, a reporter of the Natal Witness did ask a member of the Emergency team what the ultimate destination of the uranium oxide was, and he correctly answered that such information was classified.

(4) No. not at this stage.

For written reply:

General Affairs:

Reply substituting reply to oral question 26 on Tuesday 8 September 1987 put by Mr S S van der Merwe (col 806):

Boschfontein 458-JQ

*26 Mr S S VAN DER MERWE asked the Minister of Constitutional Development and Planning:

(1) Whether, with reference to his reply to Question No 229 on 21 August 1987, the six White owners of Portion 4 of Boschfontein 458-JQ have been bought out by the South African Development Trust Corporation; if not, when is it anticipated that the matter will be finalised; if so, when was the sale concluded;

(2) whether this land will be made available for sale to the 92 Black persons living on the land to be incorporated into Bophuthatswana; if not, (a) why not and (b) to whom will this land be sold;

(3) whether, prior to this land being incorporated into Bophuthatswana, these Black persons will be consulted regarding their views on incorporation; if not, (a) why not and (b) who took the decision not to consult them; if so, (i) when, (ii) who will consult with these persons and (iii) what options will be offered to them in regard to the proposed incorporation?

†The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

(1) No. Negotiations with some of the owners have not been completed as yet.

(2) (a) and (b) No decision has so far been taken about the future disposal of the undivided shares that will be acquired by the South African Development Trust.

(3) (a) and (b) The hon member is referred to paragraph 4 of the reply by the hon Minister of Constitutional Development and Planning to Question No 229 on 21 August 1987. A decision on the incorporation of the area concerned was taken by Parliament of the Republic of South Africa by passing Act 112 of 1986.

Tourism Board: employees

174. Mr R M BURROWS asked the Minister of Economic Affairs and Technology:

(1) What was the total number of persons employed in a full-time capacity by the South African Tourism Board

(3) (a) Applicable salary scales on 1 July 1987:

| | |
|---|--|
| Executive Director | R70 017 (Fixed) |
| Chief Director | R62 199 (Fixed) |
| Director | R54 954 (Fixed) |
| Deputy Director | R43 389 × 1 830 - R47 049 |
| Assistant Director | R33 624 - 34 803 × 1 431 - R37 665 |
| Senior Accountant | R25 371 × 1 179 - 30 087/33 624 - R34 803 × 1 431 - R37 665 |
| Senior Tourism Promotion Officer and equivalent | R25 371 × 1 179 - R30 087 |
| Hotel Inspector | R15 912 × 789 - 22 224/22 224 - 23 013 × 1 179 - 25 371/25 371 × 1 179 - R30 087 |

(b) Benefits: Housing subsidy

Pension fund
Group life insurance
Annual service bonus
Motor-car financing scheme (from rank of Director)
Entertainment allowance (from rank of Deputy Director).

249. Mr S S VAN DER MERWE asked the Minister of Law and Order:

(1) Whether, with reference to his reply to Question No 30 on 16 June 1987, any possible charges are being investigated?

as at the latest specified date for which information is available;

(2) (a) how many such persons were employed in each of the eight most senior post levels of this Board, (b) how many of these persons were (i) male and (ii) female and (c) to which population group did each of these persons belong;

(3) (a) what will be the applicable salaries and or salary scales of each of the eight most senior post levels of this Board with effect from 1 July 1987 and (b) what financial and other specified benefits will be applicable to each of these post levels as at 1 July 1987?

The MINISTER OF ECONOMIC AFFAIRS AND TECHNOLOGY:

(1) 285 persons on 1 October 1987.

(2) (a) 82 persons.

(b) (i) 71 male persons.

(ii) 11 female persons.

(c) 69 White males, 1 Black male, 1 Coloured male and 11 White females.

End Conscription Campaign

249. Mr S S VAN DER MERWE asked the Minister of Law and Order:

(1) Whether, with reference to his reply to Question No 30 on 16 June 1987, any possible charges are being investigated?

Handwritten:

| | MM (50) | L.I.R. (600) | LHM (300) | LDM (100) |
|----------------------------------|------------|-----------------|--------------|--------------|
| Lethabo (Vereeniging) | 13.9 | 466 | 153 | 29.6 |
| Makulo (Sasolburg) | 8.08 | 106 | 66.9 | 13.4 |
| Three Rivers (Vereeniging) | 4.82 | 110 | 50.8 | 11.3 |
| Caldale (Sasolburg) | 3.87 | 106 | 59.7 | 11.3 |

MM — monthly mean
LI — Largest Instantaneous Reading
LHM — Largest hourly mean
LDM — Largest Daily mean

(ii) During combustion processes and certain chemical processes such as the manufacture of nitric acid, nitrogen oxides, known collectively as NOX, are released. The following concentrations, expressed as parts per billion, were measured at Vaalpark-Sasolburg during the month of May 1987.

Vaalpark NOX Concentrations

| | |
|-------------------------------|------------|
| Monthly mean | 27,5 (300) |
| Largest instantaneous reading | 190 (1400) |
| Largest hourly mean | 92,8 (800) |
| Largest daily mean | 39,4 (400) |

The acceptance levels are indicated in brackets.

(iii) *Ozone*
Ozone is formed as a secondary pollutant under the influence of sunlight in the presence of hydrocarbons and nitrogen oxides.

The following concentrations expressed, as part per billion, were measured at Vaalpark-Sasolburg, during the month of May 1987. The acceptable levels are indicated in brackets.

Vaalpark—ozone Concentrations

| | |
|-------------------------------|------------|
| Monthly mean | 27,8 (30) |
| Largest instantaneous reading | 166 (250) |
| Largest hourly mean | 70,3 (120) |
| Largest daily mean | 38,2 (50) |

(iv) *Organic Pollutants*

A survey of organic pollutants was undertaken in and around Sasolburg during February and March 1985. Measurements were done at 24 different sites and 14 different organic compounds were quantified.

The following table presents some of the major compounds, with the highest concentrations found for each. The results are given in micrograms per cubic metre and the acceptable levels indicated in brackets.

Compound Concentration

| | |
|---------|--------------|
| Benzene | 150.4 (600) |
| Heptane | 30.7 (32000) |
| Octane | 24.6 (29000) |
| Nonane | 8850 (21000) |

A further monitoring programme was conducted inside the Sasol I factory during August 1985. The levels measured were found to be within acceptable limits, for example, the highest benzene concentration found was 2,4 parts per million and the acceptable level is 5 parts per million.

(b) (i) The main sources of air pollution in the area are firstly smoke emitted from Black residential townships and secondly emissions from major metallurgical and chemical industries. Many minor sources, associated with a densely populated and highly industrialised area such as the Vaal Tri-

angle, are also contributing to the pollution budget.

(b) (ii) In practice it is very difficult to uniquely identify the source of a specific pollutant. Hydrocarbons for example, can be emitted from petrochemical industries as well as from motor vehicle exhausts. It is therefore not practically possible to ascribe a certain percentage to each potential source.

From observations it is however clear that smoke emitted from coal stoves in Black townships in the area, is a main contributor to the visible pollution. A number of industries which have not been equipped with approved air cleaning installations, are also contributing to the smoke burden. These industries are however committed to ongoing programmes for improving emissions to acceptable levels.

Although the measured pollution concentrations confirm that conditions are still acceptable as far as health considerations are concerned, the fact remains that severe smog episodes do occur in Winter and every effort will have to be made to reduce levels of air pollution in the area.

(2) As was previously explained, it is not practically possible to categorize the total pollution levels and to ascribe a percentage to each source. If it were feasible to establish monitoring networks inside the Black townships, it would be possible to have an indication of the total pollution emitted from these areas, and draw some conclusion from the results.

Previous attempts to establish such monitoring sites have however proved unsuccessful, because of factors such as security of personnel and equipment. Visual observations do however confirm that the amount of pollution emitted from the Black townships is extremely high, and ways to reduce it, are currently under consideration.

Dobsonville/Diepmeadow: electric power-units

402. Mr W J D VAN WYK asked the Minister of Constitutional Development and Planning:

Whether electric power-units in (a) Dobsonville and (b) Diepmeadow are sold at lower prices than those at which they are purchased; if so, (i) why, (ii) at which prices were such power-units (aa) purchased and (bb) sold in each of these Black townships as at 30 June 1985 and 30 June 1987, respectively, and (iii) how are these price differences financed?

THE MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

- (a) Yes.
- (b) Yes.

(i) Councils are afraid to increase tariffs due to the possibility of renewed unrest.

| | Dobsonville | Diepmeadow |
|----------------|-----------------|-----------------|
| (aa) purchased | 8,319c per unit | 5,28c per unit |
| (bb) sold | 5,5c per unit | 4,7c per unit |
| 30 June 1987 | | |
| (aa) purchased | 9,103c per unit | 8,995c per unit |
| (bb) sold | 5,5c per unit | 5,2c per unit |



SAAU welcomes diesel-for-farms relief

PRETORIA — The SA Agricultural Union has welcomed government's announcement that diesel fuel will be sold at net prices for agricultural production and transport from November 1.

SAAU president Kobus Jooste said in

Pretoria yesterday the union wished to thank the authorities, agricultural co-operatives and petrol companies, who had worked "with great commitment and speed to replace a system, which had become costly and troublesome, with a more acceptable one". — Sapa.

SS (S) B/day 13/10/87

SS B/day 15/10/87

SA gas the most expensive in the world — survey

SOUTH African gas-users pay more for their energy than consumers in other industrialised countries — and the gap is widening.

A survey of 10 countries shows SA gas is up to three times as costly as gas elsewhere and that prices are rising faster here.

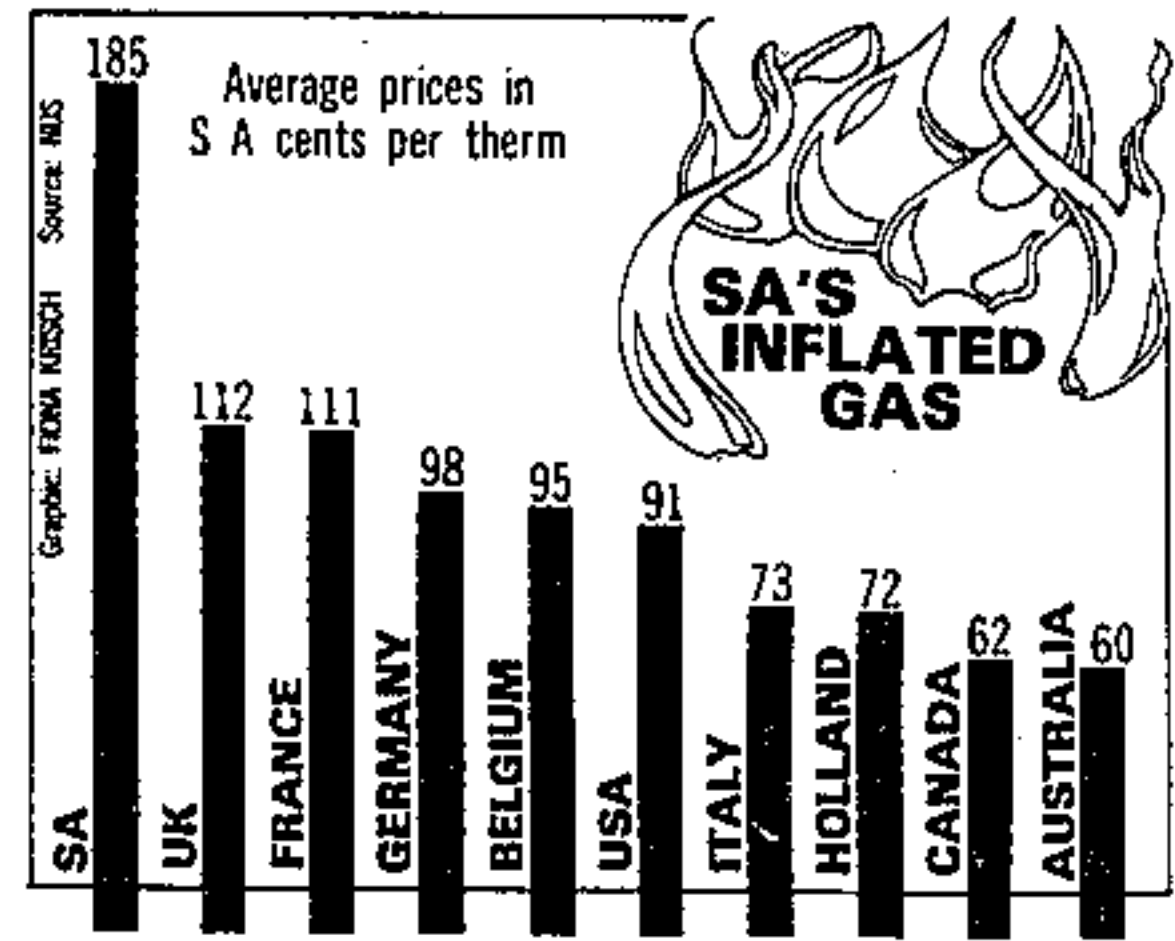
The annual survey, by international cost consultancy National Utility Services (NUS), shows SA's four main gas suppliers charge an average 185,4c a therm, up 14% from last year and 66% higher than the next most expensive country, Britain. Cheapest gas in the

DAVID FURLONGER

survey was found in Australia, at 58c a therm.

Peter Cornelius, director of NUS in SA, says Sasol-based Gascor, at 88c, is the cheapest local gas supplier. Despite avoiding price increases since last year, Cape Gas is the most expensive, at 265c. Port Elizabeth raised prices 39% to 227c, and Johannesburg by 13% to 162c.

He says the latest round of price increases make municipal gas an expensive energy source, "and suppliers must be under pressure to look carefully at



costs to avoid losing consumers to more attractively priced alternatives".

The NUS survey is based on comparative prices in September 1986 and September this year. Exchange rate conversions are based on rates at August 26 this year.

Only one country, Italy, has raised its gas prices more sharply than SA in the last year. Compared with SA's 14% increase, Italian prices have jumped 48% since last September. Australia's price rose 12% but most countries actually reduced gas prices.

The biggest falls were seen in West Germany and Belgium, at 34% and 26% respectively.

FM 16/10/87

ELECTRICITY EXPORTS

Sales going up

The November tripartite talks between SA, Mozambique and Portugal on the better utilisation of Mozambique's massive Cahora Bassa hydro-power project has highlighted regional power relationships in the sub-continent.

Cahora Bassa, 80% owned by Portugal, has for years been a proverbial "white elephant" in the bush. The pylons linking the Zambezi dam with the Transvaal were regularly sabotaged by Renamo rebels fighting their civil war.

But this week's Lisbon meeting of Foreign Minister Pik Botha and his Portuguese counterpart Joao Pinheiro could have set the

stage for an easing of political and economic relationships between SA and Mozambique — and a more free flow of Cahora Bassa power to SA.

It also highlights the well-known vision Eskom CE Ian McRae and other senior Eskom officials have of creating a southern African power network, linking SA with its neighbouring states. Until now, political considerations have always thwarted this ideal.

Nevertheless, Eskom electricity sales to neighbouring states rose by 18,9% in the year ending August 1987. Eskom public affairs manager Ewald Thal says SA supplied 100% of Maputo's electricity — which accounts for 60% of Mozambique's entire requirements, or 57 MW — in the past financial year.

Eskom also supplies 100% of Lesotho's electricity requirements (27 MW last year). Other states using Eskom power include Botswana (37 MW or 30%-40% of the country's demand), Swaziland (66 MW or around 60% of the country's power needs), Zimbabwe (3 MW or 3%) and Namibia (66 MW).

In addition, Eskom provides power for the local national states — 37 MW for Bophuthatswana last year and 16 MW for Transkei.

There can be no doubt that countries like Zimbabwe and Zambia could profit from the export of their power resources to SA. "The political problems are as great as ever, but there is an interdependence in the region which cannot be gainsaid," says McRae.

Thal is at pains to emphasise that electricity exports to neighbouring countries have to be seen in perspective. "The Carlton Centre in Johannesburg alone consumes around 60 MW a year, while a major gold mine would use far more electricity annually than any of our neighbouring states," he says.

He also makes the point that any two of Eskom's six new "six-pack" power stations (so-called because each comprises six 600 MW-650 MW power generating units) could supply the electricity needs of the whole of Africa north of the Limpopo. ■

NATIONAL fuel contingency plans are in operation following Natal's devastating floods which halted operations at SA's vital oil refineries.

Initial fears that petrol rationing was on the cards were discounted yesterday but industry sources said any change in the situation would mean that the threat of shortages was very real.

A spokesman for the office of Economic Affairs Minister Danie Steyn confirmed that "Contingency Plan D" was in operation.

Under the Petroleum Products Act of 1973, Business Day is precluded from publishing details of damage to certain

16/10/87 Bldaw

Fuel plans in use after floods

MICK COLLINS

installations, refined storage stockpiles or details of contingency plans.

"We have always had contingency plans. The threat of terrorist attacks and the blowing up of oil installations is with us so we have to be prepared. The flood-

● To Page 2



Fuel contingency plans enacted

ing was just such an emergency."

However, the spokesman said immediate rationing was not envisaged despite concern during the first week of the flooding when Durban's refineries shut down.

He said the Shell/BP (Natref) refinery was still out of commission and the other water-ravaged refinery, Mobil, was back in operation but would shut down for repairs once Natref came back on stream.

Shell and BP fuel oil requirements

were being handled by Mobil, he said.

Shell CE John Wilson said rationing was not on despite water damage at Natref estimated at between R10m and R20m.

He could not give an assessment of what had been lost in production.

The situation was compounded, he said, by the crash shutdown which took place when water supplies to the refinery were cut off.

● From Page 1



Oil thefts from tankers cost billions

(55) B/day 16/10/87

THE PILFERING of crude and refined oil products from tankers as they transport their cargo from port to port has become an important but rarely discussed problem in the oil industry.

Some cargo thieves sell their loot on the black market. Others use the fuel themselves to reduce costs, a practice that may have led to some of the tanker explosions that have killed dozens of crew members.

Because of the huge quantity of oil a tanker carries, the theft of a small fraction can be both difficult to detect and enormously lucrative.

Aghelos Boulalas, a maritime arbitrator and oil-industry consultant, calls the stealing "a monumental fraud and a cancer on the entire shipping industry".

In a paper to be delivered this week at the International Congress of Maritime Arbitrators in Madrid, he asserts that annual losses from cargo fraud have averaged US\$7.2bn over the past 10 years.

This year, tankers around the world will carry about \$170bn of crude and refined petroleum products. If fraud consumed only 1% of this cargo — a conservative figure — the loss would come to \$1.7bn.

Widespread acceptance of a margin of error in the size of cargo loads makes pilfering easier. Maritime insurance policies generally cover just 99.5% of a cargo's value. Insurers assume that the rest will be lost, some legitimately.

Beginning in 1979, when oil prices soared to a record \$34 a barrel, stealing cargo became a matter of survival for some tanker owners. That price triggered a record tanker-shipping slump.

Meanwhile, Boulalas says, as a huge surplus of tankers competed for cargoes, the high oil prices pushed the cost of bunkers — the industry name for the refined fuel oil that tankers burn — to as much as 55% of a ship's operating expenses.

Even before the spurt in oil prices, using crude cargo for bunkers had stirred widespread safety concerns in the shipping industry. Crude has a low flash point, which increases the danger of fire or explosion. Between 1970 and this year, Boulalas says, 65 tankers exploded, resulting in many deaths and injuries.

Oil concerns have stepped up efforts to curb theft. "More losses are being identified because the oil companies have be-

come more vigilant," says John Lindsell, a vice-president of Caleb Brett, a major provider of petroleum inspectors.

Chevron Corp hires its own inspectors to survey cargo and bunker tanks and says that it scrutinises its charter fleet.

Another major oil company uses special instruments to "sniff" fumes in the bunker tanks of chartered vessels after the tanker has docked. "We don't have statistics on how often this goes on," a company official says, "but we have caught people using our crude to run their tankers."

The chairman of Ashland Oil, John Hall, says that "if Ashland charters a tanker coming from certain countries, we are very careful to measure the cargo".

However, the new vigilance hasn't done much to curb fraud. Within the past two years, Petroleos de Venezuela, Venezuela's national oil company, sent crude to West Germany via two chartered tankers.

The two ships arrived at the refinery 20 000 barrels short, a \$300 000 loss. It turned out that the tankers had double bottoms that allowed part of the cargo to be hidden when unloaded. — AP-DJ.

have two weeks in which to

Plans for Kwanobuhle electricity



WOST 10/10/8 (S)
Weekend Post Reporter

PLANS are afoot for private sector financing of the R23 million electrification of Kwanobuhle at Uitenhage.

This was disclosed this week by the chairman of the East Cape Strategic Development Team (ECSDT) and chief executive director of the Department of Development Planning, Dr C F Scheepers.

Dr Scheepers was attending a meeting of the ECSDT executive committee in Port Elizabeth.

He also disclosed that the National Housing Commission had decided that it would fund low tension electricity provision, a departure from past policy.

"Unfortunately there was only R1,5 million available for the work. Initiatives have now come from the private sector who are negotiating with the authorities."

Dr Scheepers said that throughout the

country the private sector was showing greater interest in the funding of such projects.

"The problem though is that the private sector will impose their own norms on such funding. They will probably charge an interest rate above the prime bank rate and want the money repaid within a short period of time. This will obviously affect the cost of the project and the ultimate affordability of the service."

Dr Scheepers said he felt that ECSDT had achieved most of its goal of coordinating the work of Government department. "The departments are far more region orientated now, not only the Eastern Cape but elsewhere as well."

Proposals for the creation of exporting processing zones and other specialised trading and manufacturing areas had been submitted to the Cabinet and further investigations were underway.

AKS 27/10/87

Oil, gas exploration encouraging — Soekor

55

Political Correspondent

SOUTH Africa's oil exploration programme, along with the first stage of the massive oil-from-gas project at Mossel Bay, is on schedule but Soekor officials are cagey about the prospects.

"Encouraging" is the only evaluation they will give of the results of the exploration for oil and gas.

In the case of the Mossel Bay project, a spokesman said it was not behind schedule as had been suggested.

The cutting of steel for the project's accommodation module was the first visible sign of the launching of one of the biggest projects ever tackled in South Africa.

3-star hotel

The steel will be used for a three-star, four-storey hotel with accommodation for 104 people.

Hospitals, recreational and dining facilities will also be provided.

The construction of the accommodation module will take two years.

It will be the first of seven modules.

A pipeline to connect the country's first economically viable gas field to the refinery on land will be one of the other major constructions.

According to the Minister of Economic Affairs and Technology, Mr Danie Steyn, the early construction of the accommodation module confirms the Government's attempt to continually provide job opportunities.

Meanwhile, the search for other viable offshore oil or gas deposits is continuing in the Mossel Bay-Port Elizabeth area and off the West Coast.

Soekor recently concluded a contract for the use of the Omega, a semi-submersible drilling rig.

Replaces Sedko K

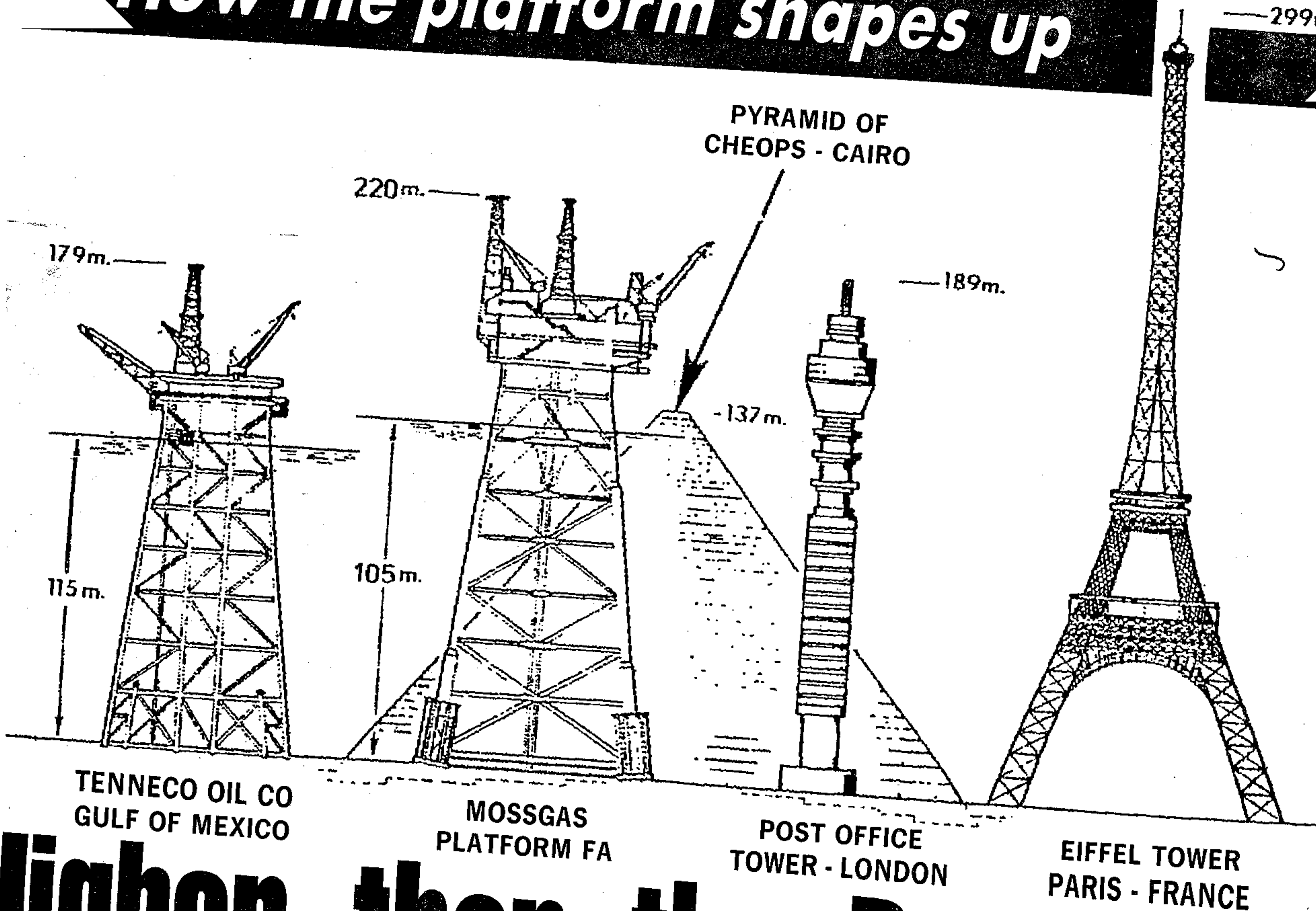
It will replace the Sedko K which has been in operation in South African waters since 1976. The Omega is being serviced in Cape Town harbour before being towed to a site off the Cape south coast.

The Omega, constructed in 1983, can drill to a depth of 7 600m in water depths of up to 460 metres. According to a Soekor spokesman, it is a sophisticated drilling platform which conforms to the most stringent international standards.

The Omega's first drilling location will be at a borehole located about 38km south-southwest of Cape St Francis in a water depth of 112m.

How the platform shapes up

55



Higher than the Pyramids

By KIN BENTLEY

GRAPHICS showing the extent of the R2,1 billion Mossel Bay off-shore gas

development project have been made available to Evening Post and reveal just how vast it is.

From the sea bed to its highest point, the entire construction will be 220 metres high — taller than the Great Pyramid at Cheops, Egypt, and almost as high as the Eiffel Tower

in Paris.

Construction is due to be completed in October, 1990 — just over three years from now — and the first gas should flow on June 1, 1991.

Thus far, only the accommodation module is under construction — at a Durban shipyard by Sandock-Austral. A special grade of steel, developed after a research break-through, is being used, ensuring the local content on the project is over 80%.

The accommodation module is one of eight modules constituting the "topside", which is erected about 200 metres above the substructural jacket. The topside alone will become a three-star, four-storey hotel — completely self-contained and air-conditioned, providing sleeping accom-

modation for 104 people.

The topside will weigh about 12 000 tons and, including the drilling derrick, will be equivalent to a 25 storey building, situated on a 2 500-square-metre plot.

Planned to service 15 wells within a 4,2-kilometre radius, the facilities have a design life of 30 years, and are geared to produce for 340 days per year at a constant flow rate, with variations of up to 20%.

While studies are still being made of all SA's harbours to determine where the various components will be assembled, Mossgas revealed that the following

major contracts were currently "on inquiry": the jacket construction, marine installation and piles.

To be awarded are five parts of the module construction from December this year until May next year; as well as the load-out and weighing in February 1988, the pipelines and pipeline installation in June next year and the hookup and commissioning in July next year.

In addition, numerous other minor contracts are to be awarded such as certification, warranty surveyor, freight, and inspection services.

Chances are good for an oil strike in Kinkelbos area

(SS)

12/11/87 Eve Post

By KIN BENTLEY

THE signs are good that oil will be struck at Kinkelbos, outside Port Elizabeth, towards the middle of next month.

Mr Don Grant-Hodge, deputy chairman of Consolidated Resources and Exploration, said from Johannesburg today that he was "optimistic" that the first hole was going to yield oil.

Mr Grant-Hodge said the hole was now down to a level of 900 metres — about a third of the way to the "target area", which is at a depth of between 2 500 and 3 000 metres.

He said they should reach this depth shortly after the middle of December.

Asked if he was optimistic they would strike oil, Mr Grant-Hodge said: "Yes. We would not have gone into it in the first place unless we had the all the technical data and surveys to make us optimistic."

And, he added, geological data gleaned from the drillings thus far corresponds with what they hoped to find in their earlier predictions — based on Soekor drillings "done years ago"

and recent, modern seismic tests.

"We have just got to find out if the oil that was there from previous drillings is still there."

Over millions of years, he said, there were upheavals under the earth which could cause the oil to "migrate elsewhere".

But, he added: "We know there are hydro-carbons in the area."

They would only learn when they reached the target area whether they were there in "commercial quantities".

Drilling was halted for a few days last week, to enable the hole to be lined with a steel collar. Mr Grant-Hodge said depending on the sort of earth structure encountered, it might be necessary to line the hole deeper down as well.

Asked what he expected to encounter in the target area, Mr Grant-Hodge said within various sandstone structures the oil could come in the form of gas, liquid oil — "it would be very nice if it did" — or a very thick, viscous type of substance.

FUEL PRICES

A cut in the offing?



If current trends both in currency movements and oil prices continue, the road will be opened for a meaningful cut in retail fuel prices, perhaps as soon as December.

Should this be the case, the beneficial effects are bound to ripple through the economy, creating downward pressures on the inflation rate and boosting prospects for stronger economic growth.

Retail prices of petrol and diesel are determined by the application of a complex formula, designed to tie the price of Sasol's synthetic fuel output to international petroleum product prices.

Government maintains a ledger (the so-called "slate") designed to record fluctuations in Sasol's entitlements from month to month, measured against international product prices. If a chronic state of under- or over-recovery becomes established over a period of months, the need will arise for an adjustment in prices at the pump.

Current policy is an attempt to avoid price adjustments more often than once a year — because of the administrative costs and technical inconvenience involved. The retail price was last adjusted on July 1, when the price of the key grade of 93 octane petrol was set at 82c/l in the PWV area and 74c/l at the coast.

These adjustments incorporated major official reforms in the pricing structure and were designed to simplify the tax structure applicable to petroleum products and iron out regional price imbalances which amounted to cross-subsidies between different areas of SA.

At that stage the slate stood in credit to the extent of some R180m, which gave government some scope for an overall reduction in prices.

The immediate effect was to generate a state of significant under-recovery, which prevailed in the approximate range of 4,5c/l-5,0c/l from July to September and dropping to 3,28c/l (or 4%) in October — based on 93 octane petrol.

This eroded the surplus on the slate to perhaps half or less of the positive balance as at the beginning of July. And in the absence of positive movements in oil or currencies, an upward movement in retail prices would have been in prospect for early 1988.

But the last few weeks of financial turmoil have established some encouraging trends.

During September the average value for the rand was US48,90c. But on Tuesday the rand stood at 51,38c, reflecting an appreciation of 5% against average September levels. The reciprocal fall in the November rand cost of landed crude oil should therefore be more than enough to wipe out the state of



Filling up ... good news at the pump?

under-recovery for October. And expectations for November and December are even more favourable.

The good news on the crude oil front is that international crude prices have come off by around 5% over the past few weeks. Brent crude is currently quoted at US\$17,90/barrel, against the posted price of \$18,75.

Product prices — on which the slate calculations are based — should soon begin to reflect weaker crude prices.

Should a 5% fall in international product prices be confirmed and superimposed on the positive currency position of the rand, the door would be open for a commensurate fall in retail South African petrol and diesel prices. This could well be as soon as next month, or possibly January.

The following factors could still undermine this hopeful scenario:

- The US dollar could reverse its fall — but this is not likely in the current bearish international climate;
- The rand could be held down against the dollar to assist exporters — but while this is possible, it is more likely if the rand climbs above its present trading range, which should constitute a floor; and
- Dollar weakness could give Opec an opening to hike the dollar oil price — but this is implausible in the light of over-supply of oil and the weakening of commodity markets generally as the world anticipates a global slump.

If our luck holds, prices at the pump could well be down by 5% — or even more. This

could certainly be the case if the rand appreciates further against the dollar or oil prices fall further. ■

B/day
55
13/11/87

New energy body meets

THE establishment of the National Energy Council (NEC) initiated a new era in the energy history of SA, Economic Affairs and Technology Minister Danie Steyn said at the first meeting of the council in Pretoria yesterday.

The council represented the privatisation of the Department of Mineral and Energy Affairs energy branch and the energy function of the CSIR in partnership with the private sector, he said.

This meant a close co-operation between government and the private sector with the council as the national forum for advice on energy policy.

"Basically the Act made provision for a greater participation of the private sector in the formation

GERALD REILLY

of the energy policy," Steyn said.

The 17-member council will be chaired by former Sasol chairman D P de Villiers. Dr Dirk Neethling of the Department of Mineral and Energy Affairs has been appointed the council's chief executive. The vice-chairman is Atomic Energy Corporation president J W L de Villiers.

Steyn said the state was serious in advancing a market-related and sound energy industry with a minimum of state control.

The council's objective, according to the Energy Act, was to ensure energy resources were exploited and developed in the best interests of the country.

Terms for privatisation sale: new plant will be closed down

PE OWES R13m ON GAS DEAL

SS
WPT
14/1/87

Here's your chance to win an M-Net decoder

Weekend Post Reporter
FORTY M-Net decoders will be given away in the Evening Post and Weekend Post next week.

But to stand a chance of winning one, you must make sure you have a copy of the Post next week and tune in to M-Net open time on the TV4 channel (6pm to 7pm) from Tuesday to Saturday.

Because of the tie-in with M-Net at this time, readers who wish to take part in the competition next Saturday will have to have a copy of Weekend Post's Early Edition, which is now on sale from lunch time.

Every day from Tuesday to Saturday next week a question will be asked during M-Net's 6pm to 7pm open time based on that day's Post.

The first eight people each day to dial a special number and give the correct answer will win a decoder.

That's 40 decoders in all. And they are certainly worth having because of the wide range of entertainment offered on M-Net.

By joining in the fun contest not only will you stand a chance of being switched on to the best channel for all-round entertainment, but it will give you the opportunity, if you have not already done so, to examine our bright and exciting new-look Evening Post, which every day carries news of what is happening on the TV scene — on all channels.

So, get with it and get the Post next week if you want to stand a chance of winning one of our 40 decoders.

● Prize-winners will be required to pay installation costs and for an aerial if that is necessary.

Their first month's M-Net subscription will be free.



CANDICE JACK-KEE, 17, of Sunridge Park, shows off some of the M-Net decoders which will be given away to readers of the Evening Post and Weekend Post next week. Picture: Evert Smith

By DENISE BOUTALL

THE closure of the Port Elizabeth municipal gas works next year will cost the city's ratepayers R1,85 million and still leave them saddled with a debt of R11,1 million.

And the new plant, which was built between 1979 and 1983, will be closed down.

It was announced this week that the city's gas undertaking was to be privatised.

The city's ratepayers will not only have to continue repaying the cost of the new plant for another 20 years, but will have to subsidise the new owners to the tune of R1,85 million over the next three years.

Details of the deal with Easigas, a subsidiary of Shell South Africa, were disclosed this week almost exactly nine years after the City Council decided to go ahead with the modernisation and extension of the plant.

Negotiations for the sale of the gas works started in mid-1986 when it was realised that the undertaking was not viable.

Since 1977 the annual operating deficit has increased from R214 000 to R3,65 million in 1986-87 financial year.

According to the deal, approved by the City Council on September 22, the council will pay Easigas:

- A subsidy of R450 000 a year for the first two years.
- Up to R200 000 for the conversion of consumers' appliances to use LP gas instead of the municipal coalgas.
- Up to R750 000 over three years for the remuneration for any council employees who work for the company.

Easigas will spend R750 000 on building an LP gas plant. It will lease a portion of the gas works site for R30 000 a year, escalating at 8% a year.

The company will pump LP gas to consumers through the municipal distribution system.

In addition to this cash commitment of R1,85 million, the council will continue to repay the capital, interest and leasing cost of the gas works over the next 20 years.

In mid-1986 the amount outstanding was R11,1 million and over the next five years the annual capital charges would amount to R2,75 million, the Deputy City Treasurer, Mr Eddie Landsberg, said yesterday.

The annual repayments would be steadily reduced. Mr Landsberg said the council would have had to repay the capital whether the gas works were operating or not. But at least it would not now have to face the additional costs of the losses on the operation of the undertaking.

The capital charges would be funded by the electricity department.

In November, 1978, the council decided to rebuild and extend the gas works. The first extensions costing R3,5 million went into operation in May, 1981.

In October, 1980, the council decided to embark on further extensions, which cost R6,5 million at the time of their completion in July, 1983. At the time it was the first such plant to be built anywhere in the world in 20 years.

Subsequent work has added to the debt.

In an interview the City Electrical Engineer, Mr Charles Adams, said the council's main aim had always been to ensure a continuity of supply to its customers.

On the decision in 1978 to rebuild and extend the gas works, he said that at the time changes in the price of alternative fuels could not be foreseen.

"It was the right decision at the time," he said.

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B/BOA
13/11/77

Transport furore takes fresh twist

THE furore surrounding the awarding of a massive 30-year transport contract for the Highlands Water Project took a fresh twist yesterday when the chairman of the Johannesburg company involved claimed the Lesotho Highlands Development Authority (LHDA) had no jurisdiction over the matter.

Lyntex Transport Exchange chairman Eugene Marais was reacting to a statement from LHDA CE Matsupo Sole who denied the existence of the contract.

Confirmation

Marais said the LHDA had nothing to do with the procurement which was being carried out on behalf of overseas companies, and said confirmation of the contract was expected to be received on November 26.

"The co-ordination and management will involve the control of all freight from SA to Lesotho. It has

MICK COLLINS

absolutely nothing to do with the LHDA."

Marais agreed with a statement from Sole which said the contract would never go to one company.

"Of course not. The main business of our group is that of a transport exchange — bringing together the freight customer and carrier on terms which are advantageous to both," Marais said.

Lyntex, which is expected to be listed on the DCM on December 4, announced on Monday it had secured the huge contract for the movement of 1,6-billion tons of goods, said to be worth in the region of R460m.

"Due to the detail involved, it is expected to take some time to work out. We didn't take this deal into account in our prospectus as we had to wait until we had confirmation. It will dramatically increase earnings a share."

Lyntex is issuing 4-million

shares at 75c each, of which 1,5-million is subject to a public offer. Earnings a share of 9,2c have been forecast, which represents an earnings yield of 12,3% on the issue price of 75c.

He said the issue of whether local or imported cement was used on the hydro scheme would have a bearing on the use of the company's facilities at Cape Town and Durban.

Blended

"Either way, the cement will still have to be blended at Fouriesburg, from which point we will take it on site."

Marais said the deal would include control of a bulk terminal for cement and flyash, a transshipment depot, a truck stop/refueling point and bonded warehouses.

Informed sources confirmed that inquiries from overseas cement producers had already been received with prices on offer below those of local producers.

Oil embargo 'has failed'

NEW YORK — A 10-year-old voluntary United Nations oil embargo against South Africa has not succeeded and has led to the expansion of an "illegal oil business" with that country, a UN report said yesterday.

"While small companies and middlemen are reported as being the main violators of the oil embargo, the role of major transnational oil companies, such as British Petroleum, Caltex, Mobil, Shell and Total, which own subsidiaries in South Africa, cannot be underestimated," said the report drafted by the UN monitoring group. — Sapa-Reuter

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SOWETO TOWNSHIPS ASKS QUESTIONS POWER PRICES RISE

By REVELATION NTOLU

THE Soweto Electricity Advice Centre has criticised proposed Soweto City Council electricity tariff increases.

The centre, a voluntary body monitoring the use and costs of electricity in

Soweto townships, has also urged the council to first resolve the rent boycott issue. The two matters, the centre maintains, are inseparable and should be tackled together.

The call to halt the proposed increases follows no-

tices in newspapers in which the council announced the envisaged new tariffs. The proposed increases are 12,4 percent or 1,3 cents per unit.

This, the council said, was to offset recent increases in Escom charges.

A spokesman for the centre, Bernard Moleke, pointed out, however, that although Escom had increased its tariffs only once this year, the council had done so twice.

Moleke said the centre was highly critical of the fact that the council proposed to charge consumers for losses suffered as a result of vandalism, presumably on damaged meter boxes. He said it was wrong to pass the costs of the damage to the "innocent" consumer.

"In our meeting with the council on August 3, we asked the council to request the government for help to dismantle meter boxes in the streets and

place them in individual yards. This exercise will help both the council and the people in many ways," said Moleke.

"As far as the consumer is concerned, it will help him know exactly how much electricity he has consumed so that he can curtail consumption." Such a system, said Moleke, would free the council from being accused of overcharging the consumer.

The centre has, however, emphasised the need for the council not to look at the electricity problem in isolation but to tie it to the current rent impasse which has cost the council millions of rands since it started about 17 months ago.

Officer's report wrongs - accused

CP Correspondent

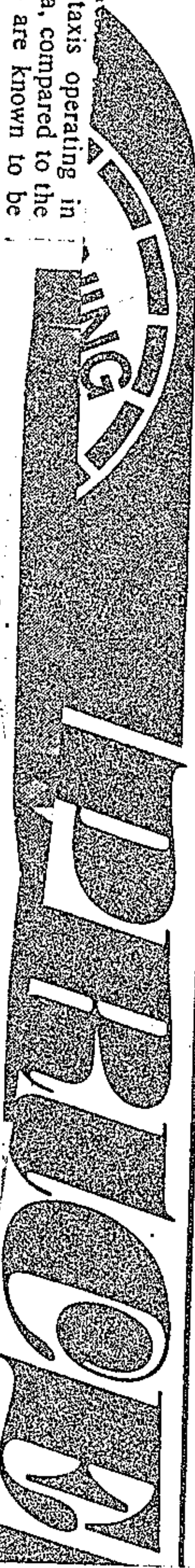
CONSTABLE David Goosen, on trial in Graaff Reinet's Supreme Court on two counts of murder, two of assault and one of attempting to defeat the ends of justice, contested the admissibility of a report made by him to a senior police officer.

He has contested the admissibility of the report in which he was alleged to have

"pointed out" to Captain JF van Heerden various scenes where the alleged murders and assaults had taken place. He claimed he was forced to make a statement by threats of detention.

Goosen is on trial with Warrant Officer Leon de Villiers who is alleged to have shot Wheanout Stuurman and stabbed Andile Plaatties in July last year. - Ecna.

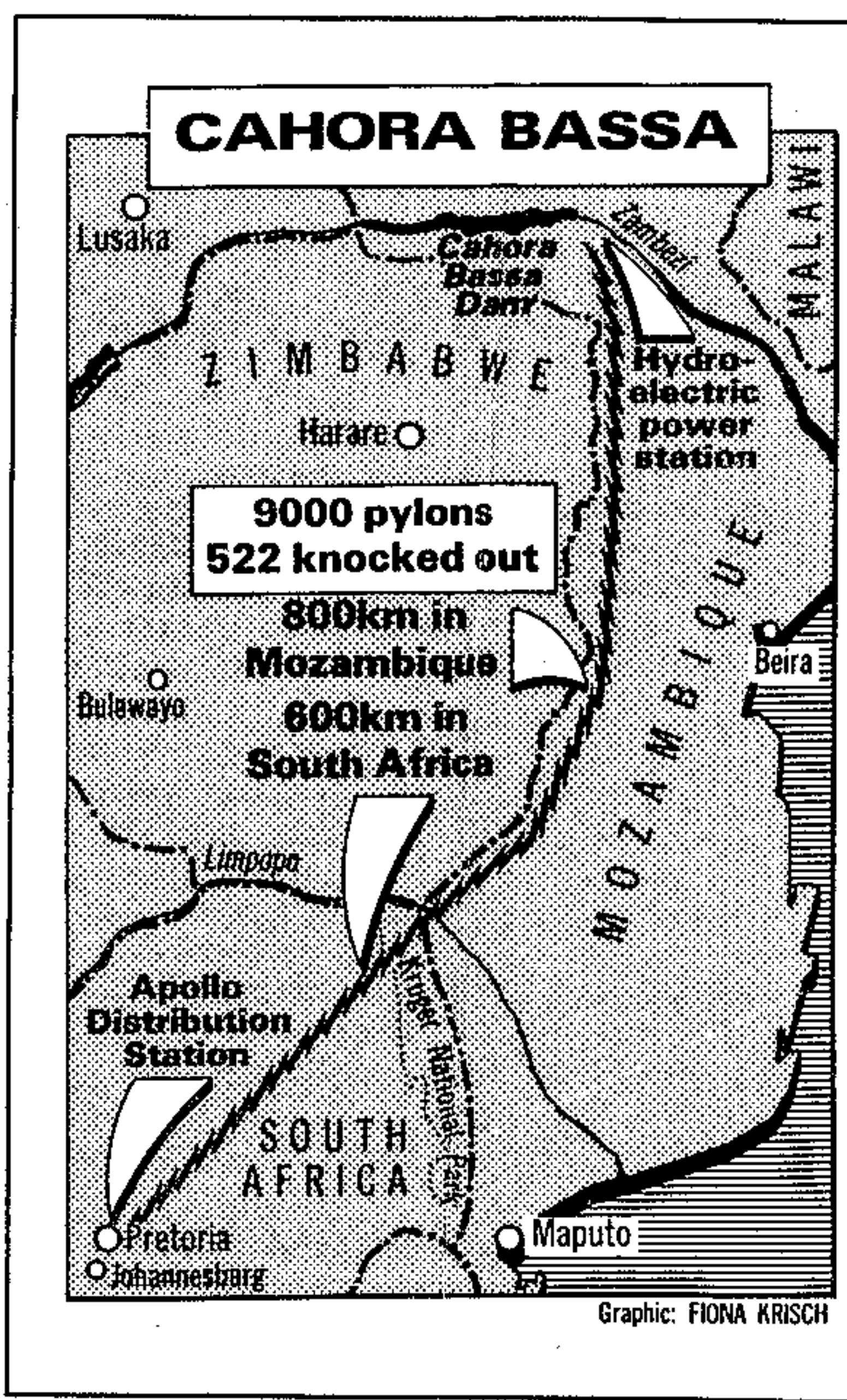
At present, illegal taxis operating in Thokoza, compared to the 20 who are known to be



320 (55) 6/day 26/1/87

Cahora Bassa's hydro power sparks hope for political compatibility

MICK COLLINS



ITS MIGHTY turbines stilled by civil war, Cahora Bassa stands as mute testimony to the radically different ideologies which have all but crippled economic advancement over the majority of the African sub-Continent.

Huge capital costs — at last count about US\$1,4bn, with an annual servicing charge of US\$150m — are trapped in a white elephant that sits in the bush at 15° 35' South and 32° 42' East in Mozambique.

But, say strategists, the giant hydroelectric scheme could yet prove to be the common ground on which SA and Mozambique find real accord.

Urgent industrial and domestic electricity needs may now bring about a solution to a political problem which has manifested itself as a security problem.

That Pretoria is earnest in its quest to get the scheme back on track is evident in its new stance and its acceptance of the recent trilateral agreement between itself, Portugal and Mozambique.

Diplomatic sources say that what is predominantly evident is the political will to get back on track. "SA's promise to assist with cash and skills in the repair of sabotaged powerlines is proof positive," says one commentator.

"But now the moment of truth is at hand — the Mozambican National Resistance (Renamo) must be disowned or brought to the table."

Renamo was set up in 1977 by covert white Rhodesian operators to bring down Mozambique's Marxist-orientated Frelimo government, with help for the rebels later shifting to SA after the emergence in 1980 of black majority-ruled Zimbabwe.

SA has repeatedly denied Mozambican charges that it has continued support for the rebels after the 1984 Nkomati Accord, a bilateral non-aggression pact with Mozambique.

The rebels, who still wage a bloody hit-and-run bush war against Mozambican President Joaquim Chissano's government, have also denied they still receive backing from SA.

The task of protecting the power lines which provide the slender link between the two countries could be the key to the new accord.

More than 1400km of power lines — 800km in Mozambique and 600km in SA running to Irene, near Pretoria — and 9 000 pylons need to be protected against sabotage.

"It's doubtful whether any single or combined force is equal to the job — the logistics are just too vast," says head of Pretoria University's Institute for Strategic Studies Professor Mike Hough.

"Who will defend the pylons? If a

static defence force is envisaged, then 10 to 15 men would be needed for each pylon. Mobile patrols could also be brought in — air surveillance, helicopters or mounted men — but what happens after nightfall?"

Referring to the 1984 agreement on Cahora Bassa between SA, Mozambique and Portugal, Hough says the wording of article eight — which specifically deals with protection of the transmission lines — whether deliberate or not, is vague.

Quoting directly from the agreement, Hough says: "The governments of the Republic of SA and the People's Republic of Mozambique shall jointly take immediate steps to ensure protection of the transmission lines against attack ... and to safeguard ... the personnel ... and all costs in connection therewith shall be borne by the governments as agreed between them."

If the steps taken to protect the transmission lines do not result in adequate protection within a period of 90 days from the date of signature of this agreement, any party may request a meeting of the parties in order to review the situation ..."

That 90-day time span has come and gone, Hough says, and Renamo has blasted more than 500 pylons out of the ground.

"What hasn't been made clear is whether each side will look after

its own pylons (5 400 in Mozambique and 3 600 in SA) or if a joint defence is envisaged, with SA troops being deployed in Mozambique."

The manpower cost factor could also prove expensive for SA, Hough says.

"But the real problem could be public opinion. The whole thing is too broadly framed. The other option, of course, would be the deployment of a private guard force."

An ex-Rhodesian colonel, who doesn't wish to be identified, says mounting a guard force on the lines — whether static or mobile — would not be feasible.

"In these conditions any force would have to go on the offensive against Renamo. Enemy forces would have to be cleared from the area and a buffer zone (*cordon sanitaire*), populated by people one could trust, established. These people would then become the eyes and ears for the security forces."

His sentiments are echoed by a Foreign Affairs spokesman in Pretoria, who says this option has already been discussed, in that government opinion has been voiced as to keeping the area running parallel to the lines "clean".

"But there are deep political sensitivities on both sides. The recently-organised trilateral security commission will address these problems and come up with proposals shortly."

"Yes, government is intent on getting Cahora Bassa off the ground. What is different from the 1984 agreement is the obvious existence of political will," the spokesman says.

"I doubt whether the recent serious talks would have taken place without feeling that the security problems could be resolved."

But Renamo is still a force to be reckoned with, and diplomatic sources urge that it be given a say in the outcome.

Monday's threat by the right-wing rebels to blow up any new lines from the project must be viewed seriously, they say.

In statements emanating from Lisbon, the rebels say any attempt to restore delivery of electricity from Cahora Bassa to SA must take Renamo into account if any solution is to be found.

"The operation of Cahora Bassa under present circumstances ... will never be permitted by Renamo," it says.

According to the statement, signed by Renamo's Lisbon spokesman Manuel Frank, the Mozambican government is "betraying its old Marxism nature" in order to attract Western investment and economic aid.

Denouncing a visit last week to Mozambique by West German Chancellor Helmut Kohl — and the expected establishment of diplomatic ties between Mozambique and Israel as "hypocrisy of a totalitarian regime identified with Hit-

ler and Stalin" — the note criticises Spanish aid offers to the Mozambique government.

In an apparent reference to terrorist troubles in Spain, Frank says: "This country has apparently forgotten it lives in a glass house."

The Cahora Bassa dam was started in the Sixties and completed in 1974, when Mozambique was still a Portuguese colony. Power supply to SA has been paralysed now for more than four years, having been finally cut off in October 1983.

While Mozambique assumed part ownership of the vast hydroelectric complex at its independence in 1975, running costs for Portugal's share since Renamo knocked out its power lines have exceeded US\$600m.

At its inception, the scheme was to have generated 18-million kilowatts a year, making it one of the largest in Africa. Today, owing to Renamo activity, it is operating at a mere 5% of capacity.

The scheme, which in theory could produce more than 2 000-megawatts, is producing an irregular 10-megawatts — enough to supply the town of Tete and its suburbs.

Will the lights come on again in Mozambique? What the future holds for Cahora Bassa only time will tell, but what is vital for the region is the regeneration of power and the subsequent wealth that will flow from the might of the Zambezi.

Matimba saves water



In this, the second of our three-part series on Eskom's new hi-tech power stations, we look at the direct dry-cooling technology now being implemented at Matimba in the north western Transvaal. The first unit of the world's largest dry-cooled power station was recently commissioned at Eskom's Matimba plant near Ellis-ras.

While Eskom has experimented with dry cooling before, this is the first time that it has applied the method of using giant fans instead of cooling towers. In fact, in this respect, Matimba doesn't even look like a power station as most of us know them.

The first unit at Matimba is now generating 665 MW. By the time the station is finally completed in 1991, with all six of the planned units in operation, total capacity will be 4 000 MW — enough to supply six cities the size of Durban. To give a further basis for comparison, the largest thermal power station in Western Europe has a capacity of 2 700 MW.

At the moment, the world's largest power station using this technology is in the United States and generates a total of 365 MW. This means Matimba will ultimately be 11 times as big, so Eskom is pioneering new ground in the sheer scale of direct dry cool-

ing. The system uses only a third of the water used by a traditional wet-cooled station. The saving is equal to 1,5m l/hour or 700 average-size swimming pools a day. In a wet-cooled station, 80% of the water is lost via evaporation.

Despite the additional cost involved — around R200m — the choice of dry-cooling technology for Matimba was heavily influenced by the severe shortage of water in the north western Transvaal. Moreover, Eskom considers the development of the technology to be in SA's long-term interests because of the general lack of water resources in most of the country — particularly where coal deposits are sited.

Water management at Matimba is such that no effluent water escapes into any natural water courses. Dirty water is used in the dry ashing process to control dust.

In the direct dry-cooling system, steam from the low pressure turbine is channelled directly into the radiator-type heat exchanger. The heat is conducted from the steam to the metal of the exchanger. The forced draught passing through the exchanger removes the heat, thus condensing the steam into water to be pumped back to the boiler.

Matimba is burning low-grade coal, which is essentially a by-product of Iscor's coking

coal mine at Grootegeeluk nearby. The coal has a heat content of only 22 MJ/kg and an ash content of up to 33%. While this is nowhere near as high as at Lethabo power station (featured last week, where the ash content is as high as 42%), it compares with power plants in Europe which burn coal with a heat content of up to 30 MJ/kg and an ash content of 12%.

The power station is being built at a cost of roughly R5 billion and nearly 5 000 people will be on site during the construction peak. When all six units of the plant are up and running, nearly 2 000 Eskom personnel will be employed at the plant.

The first set feeds electricity into the high-voltage yard at Matimba from where a 400 KV line runs to Spitskop just north of Pretoria. Here the electricity is fed into Eskom's national grid.

The boilers at Matimba are being supplied by SIEVA and the turbine generators by a consortium of MAN of West Germany and Alstom of France. The actual cooling system is by GEA air-cooled systems.

Direct dry-cooling technology has never before been attempted on such a massive scale and the world's leading utilities will be closely monitoring the station's overall performance. ■

55 B/day 27/11/87

Study finds cheapest township electricity

THE most cost-effective means of delivering electricity to townships was by insulated overhead wires, a study has found.

The comprehensive study was done to determine why the cost of providing electrical services for townships was excessively high in comparison to other services.

It also found that an underground system would prove safer and more economical in the long term, especially if vandalism was considered.

SOPHIE TEMA

The study was commissioned by the Family Housing Association (FHA), a utility company of the Urban Foundation. It cost less than R10 000 and was completed in three months.

"The cost of providing electrical services for townships was inordinately high in comparison to the cost of providing other services such as water supplies, sewerage and road construction," said Gerrit Jordaan of C A du Toit and Partners, the company which carried out the study

and investigations.

Jordaan said despite the implementation of guidelines for engineering services published by the Department of Community Development during 1983, the cost of supplying electrical infrastructure had not decreased to the same extent as that of other services.

The study included a detailed cost-comparison of various reticulation systems, an investigation into cost reductions measures and load-shedding methods to economise on electrical demands.

Disinvestment polls 'wrong', says Information Bureau

ARGUS 3/12/82
The Argus Correspondent

PRETORIA. — Disinvestment and sanctions will cause long-term economic disruption, resulting in unacceptably high personal sacrifice, says the Bureau for Information.

The bureau was reacting this week to "deceptive and contradictory" information on the attitude of black South Africans on sanctions and disinvestment.

During April and May this year the bureau launched a survey on the two issues and respondents comprised a representative countrywide sample of 4 500 urban and rural blacks, 500 coloured people from the urban areas of the Eastern Cape and 500 Indians from the Durban/Pinetown area.

They were asked about groups of people in South Africa and overseas who tried to encourage banks and companies not to invest in the country or to close down companies in South Africa. "Do you think this is a good thing; neither good nor bad; a bad thing — or you don't know?", they were asked.

The bureau said those who said "it was a good thing" were 12,9 percent of blacks; 13,8 percent coloured and 7,2 percent Indians.

Those who said it was "neither good nor bad" were 5,2 blacks; 16,4 percent coloured and 3 percent Indians.

Those who said it was "a bad thing" were 78,8 percent blacks; 69 percent coloured and 89,2 percent Indians.

The main reasons for the negative response were that unemployment would rise, companies would leave South Africa and the economy would collapse and crime would increase, the bureau said.

The bureau said, in a survey conducted by the HSRC, 29,6 percent of respondents agreed to sanctions, 59,4 percent said "no" and 11 percent did not know.

The bureau said in the Case Survey of August and September this year, 21 percent of a survey of 800 blacks supported the view that "sanctions should be enforced unconditionally until the government surrendered power".

The bureau said given that the questions involved a mixture of both sanctions and support for leaders, it was surprising that 26 percent of the respondents were willing to reject the sanctions option and by so doing position themselves in opposition to the views of prominent revolutionary leaders and organisations.

"It is highly likely that these compound questions resulted in many respondents supporting sanctions as they were not willing to reject the leaders and organisations linked to the sanctions issue."

point, the Protea sub-station, is to five major interlinked sub-stations.

These major sub-stations, in turn, feed power to 20 minor sub-stations from where power is distributed to 891 miniature sub-stations. Low voltage underground cables then carry the power via 10 859 low voltage distribution cubicles to the houses.

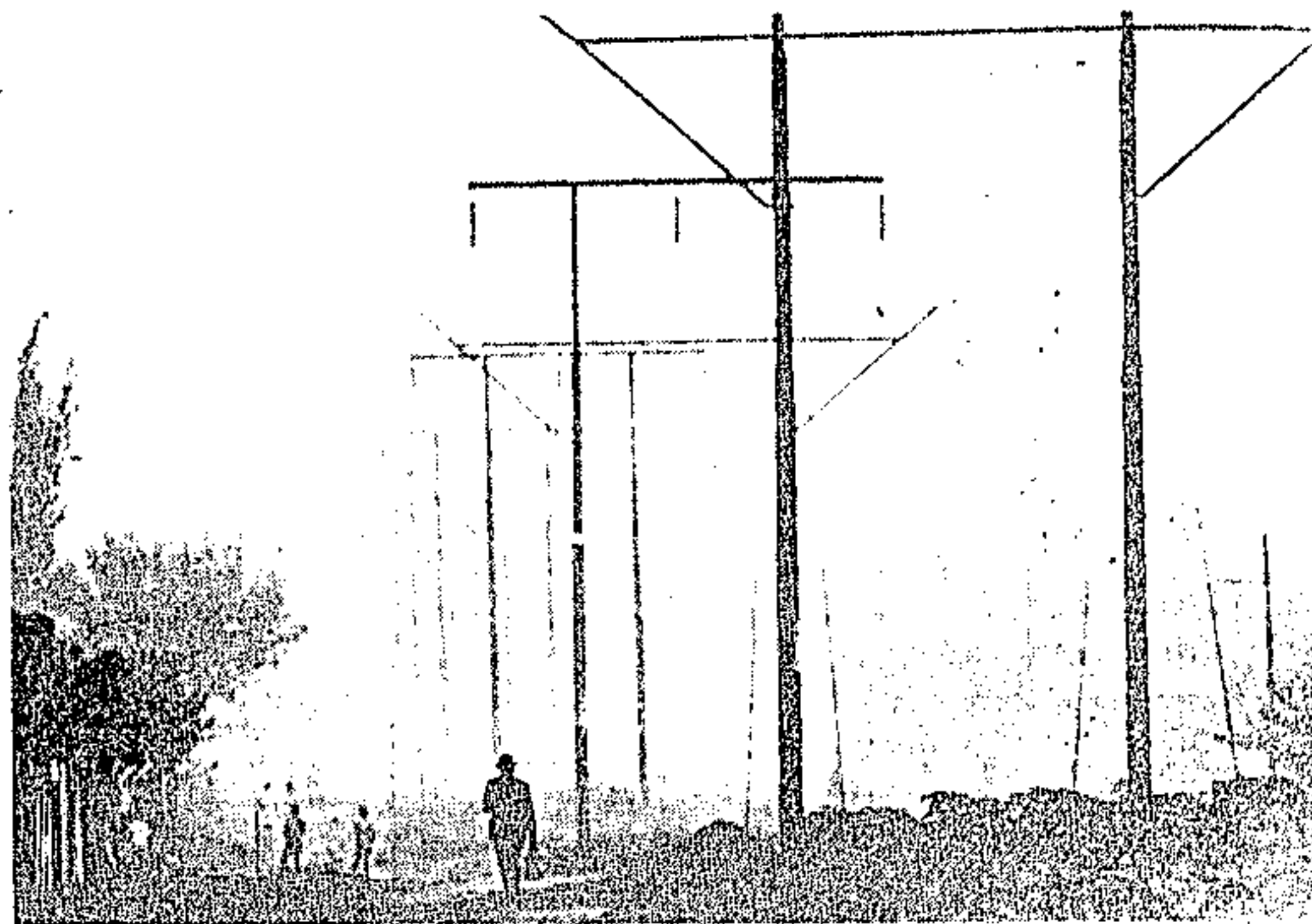
Over 8 000 street lighting poles of varying types were put in during the course of the project. High mast lighting was already in existence in the Soweto Council area and further high mast installations were subsequently designed and put in by the Johannesburg Electricity Department. But the other councils in the area opted for normal street lighting with special amenity lighting provided in the narrowest streets and spaced at 50 m intervals.

The electrification provides for 105 000 domestic consumers as well as businesses, clinics, small industries and a large number of hostels. Houses were wired and inspected at a peak tempo of one house every three minutes. At one time there were 1 500 work-

ers on site with a further 3 000 employed by supplying manufacturers.

The volume of excavations for the project totalled 690 000 cubic metres or the equivalent of digging 10 000 average-sized swimming pools. Nearly 550 km of 11 kV cable of all types was used, while a staggering 1 178 km of low voltage underground cable was put down. The amount of cable used to service the houses amounted to over 4 200 km or three times the distance between Johannesburg and Cape Town.

All in all 104 000 houses were wired, of which 24 000 had already been wired but did not comply with the Code of Practice of



Soweto ... turning on the lights

SOWETO ELECTRIFICATION

Power to the people

The electrification of Soweto was the biggest single urban electrification project in the world, says Guill Marais, chairman of the engineering concern which acted as consultants on the project and led the consortium of other professionals for ancillary services in the project.

Speaking at an international conference in Abidjan organised by the US Institute of Electrical and Electronic Engineers, Marais said the project was completed in the record time of four and a half years from the time contractors first moved on site in August 1980 till completion in February 1985.

Total cost of the project including service connections to houses and house wiring was R206m, for which a consortium of banks and a local pension scheme trust arranged finance. The electricity supply is taken from the Eskom grid at the western boundary of Soweto and primary distribution from this

lem of illegibility is negated and considerable efficiencies result from not having to input each ticket manually into the larger computer.

The old story about having to complete the ticket once the warden has started writing it out still holds true for the Husky Hunter.

The organisations participating in this pilot project are the city councils of Johannesburg, Pretoria, Benoni and Potchefstroom, the CSIR and Mercedes Datakor (MD). According to Advocate T J Botha of the CSIR, it is expected that the project will produce results rapidly, and if successful, the technology will be made available to all traffic authorities.

Forceful demonstration

"The government has committed itself to greater effectiveness in the enforcement of the rules of the road generally," says Botha. "The use of portable computers in this way is a forceful demonstration of what the offending road user can expect in the future."

Mercedes Datakor's Peter Kuhnert says that his company is the sole agent for the equipment in SA, and will manufacture the entire product here. He estimates that the administrative saving alone will justify the unit's price of about R5 500 in some 12 to 18 months. If MD gets the business countrywide it should amount to somewhere between 600-1 000 units worth between R3m-R6m.

CHANGE IN MOSSGAS PLANS FOR PE

Post Reporter

THE jacket for the Mossel Bay oil platform is not to be assembled in Port Elizabeth, after all, but in Saldanha Bay, a source close to the project told the Evening Post today.

The contract is expected to be awarded to Dorbyl which would transport its components from Vereeniging using the Sishen-Saldanha line, which is at present under-used.

The proposal to use Saldanha Bay, it is understood, was put to a Cabinet meeting last week and accepted.

Mr Mike Leibrandt, public relations officer for Soekor, confirmed today that the Cabinet meeting had taken place and said a "major announcement" was due to be made tomorrow.

A spokesman for the office of Mr Danie Steyn, Minister of Economic Affairs and Technology, said a Press release was on the Minister's desk and arrangements were being made for an announcement tomorrow. He could not say where the announcement would be made nor at what time.

Second job

The Minister could not be reached today.

The good news for PE is that the piles for the platform are expected to be assembled and four modules built in the city.

Further good news is that a pair of rollers may be installed in the city for rolling steel for the piles (and possibly the jacket) and these may be retained here.

And "in the wind", the source said, is the possibility that a second platform could be built immediately after the first.

The loss of the jacket assembly — which Mr Steyn had indicated would in all probability be carried out in PE and contractors would have to motivate a case for constructing it elsewhere — means that the most glamorous part of the job goes elsewhere, but it does not mean a serious loss in terms of employment.

Just about all the fabri-

cation for the jacket would have been done in other centres and the assembly would not have been labour-intensive.

The modules construction is more labour-intensive as well as being more practical for the light industry of the Eastern Cape.

Between 800 and 1 000 new jobs could be created for direct work on the modules, but up to half of these would be filled by the contractor's personnel.

And the spin-off for local industry would not be as beneficial as that provided by the motor industry, where each job in the plants creates four jobs in the component supply industry.

The Evening Post was told by its source: "The jacket for PE has been the speculation all along. The Minister made it clear that contractors would have to motivate a case for assembling it elsewhere.

"But it never made sense to people who possibly know a lot more about the business and it would not help PE. It would not put any work into the community."

The source said: "It appears PE is pretty well lined up for the piles, but there again that doesn't put an awful lot of work into PE.

"It is, however, quite possible they might install a set of rollers there, and once installed these might stay.

"These same rollers could possibly do some rolling for the jacket and this work would then be shipped round to Saldanha. Also, they could be used for some of the on-shore installations, too.

"If another platform were to come on in the next few years, they could be used again. We are just beginning to hear that there may be another platform to come straight after this one."

MOSSGAS: PE COULD GET MORE WORK

ES
14/12/87

Post Reporter

MAJOR part of the Mossel Bay oil refinery — an undertaking or five times as big as the offshore platform — is now expected to be manufactured in Port Elizabeth.

So although the work provided by the four modules will not come close to compensating for the recent loss of jobs in the motor industry, it will represent a turn in the city's fortunes and its first steps towards new skills in a new industry.

Although the Mossgas work will be spread around the country, no one will be better placed to benefit from it than PE.

There are other pieces of good fortune.

The piles which secure the platform onto the seabed will be assembled in PE, and a rolling mill may be brought into the city — to fabricate parts for the piles and possibly the jacket and some of the onshore installations.

Once here, the mill would be expected to stay — certainly if a second platform were to be called for — pegging more firmly PE's claim to repeat orders.

In announcing allocation of the work this week, Economic Affairs and Technology Minister Danie Steyn said construction of similar structures would hopefully result from Soekor's continuing search for oil and gas.

Port Elizabeth's Development Officer, Mr André Crouse, welcomed the announcement on the four modules to be built in the city as "very good news".

By securing last week the plum job of hosting construction of four modules for the platform, the city has placed itself squarely in line to become the modules centre of the oil business.

It is to be expected that the "link-up" of the modules on the platform will be carried out by manpower used in Port Elizabeth on their construction.

Engineers envisage an elite "link-up" crew being assembled in the city for the installation work on the platform.

With this crew, and with the expertise acquired on the four modules, the city will be favourite for module work allocated in the future. And this is expected to involve:

- The refinery at Mossel Bay.

- A second platform, which could be commissioned immediately after the first.

The module construction is far more labour-intensive than the heavy engineering involved in work on the jacket, and will stimulate light engineering, in which the city specialises.

With a re-invigorated light engineering industry, the city is more likely than ever to attract repeat work on the modules.

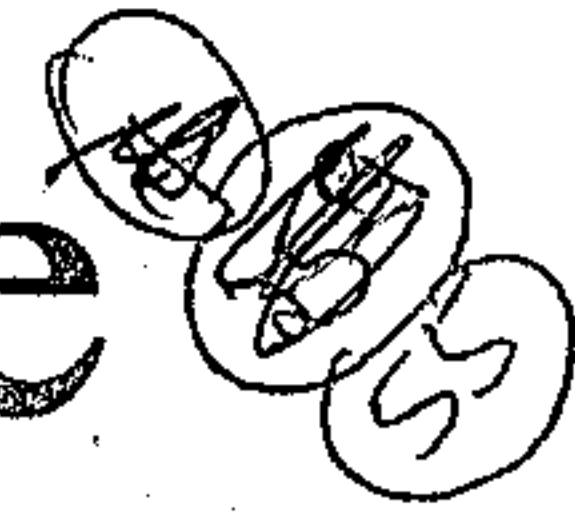
Engineers have pointed out that there is little sentiment in the oil work, and no room for amateurism.

People seen to have the skills get the jobs.

'Downward trend checked in 1987'

blawg 18/12/87

Wentzel paints grim picture of farm distress



AGRICULTURE Minister Greyling Wentzel yesterday painted a grim picture of distress in the farming industry.

However, he said he believed the downward trend had been checked during 1987, and the new year might see upward movement in most sectors of the industry.

Five or six years of successive drought had resulted in poor crops and crop failures, drastic deterioration of natural grazing, and a decline in animal production — resulting in the extermination of some herds and flocks.

This was followed by unavoidable, increasing financial pressure and emergencies for the farming community, he said.

More farming enterprises had ceased to function and there was further depopulation of large areas.

Plans for the restructuring of the industry, necessitated by the series of disastrous droughts and by the industry's

GERALD REILLY

own errors and shortcomings, had been launched, Wentzel said.

Agriculture still had to wrestle with a multitude of problems.

□ A survey released yesterday by the Agricultural Economic Trends Directorate indicates that agriculture's massive debt could exceed R14bn by the end of the year.

The survey says total debt in farming at the end of last year soared to R12,446bn, compared with R1,402bn in 1970.

Reasons for the rapid escalation of debt since 1981 included inflation, over-optimism of farmers, high interest rates and the prolonged drought.

Farmers' interest payments increased from R131m in 1975 to R1 715m last year. The survey shows, too, the huge increase in Land Bank credit — from R296m in 1970 to R2 649m at the end of last year.

ENERGY -

JAN - DECEMBER

1988

Petrol price ^{S/Times} set to rise ~~2x~~ soon ⁵⁵

By DON ROBERTSON

A PETROL price rise early in the new year is almost certain.

A spokesman for the Department of Energy and Mineral Affairs said this week:

"It would be valid to expect an increase in the price of petrol in the next few months."

He says no decision has yet been taken on the possible extent of the rise, but the matter will be considered when national statistics are compiled this week.

A fuel price increase will have a marked effect on the inflation rate.

At present, fuel contributes an average 4,56 percent to the consumer price index, with public transport adding a further 0,81 percent.

A petrol price hike almost immediately translates into higher prices of virtually all other consumer goods which at some stage are moved by road.

This means Government efforts to contain inflation will be severely hit.

Deficit?

The key in determining petrol prices is the size of the "slate" — the oil industry's name for the Government-controlled stabilisation fund which compensates for under-recovery and over-recovery on retail sales.

Since July, when the price was reduced to 82c a litre on the Reef, the fund has almost been wiped out — from R195-million in July to R28,5-million in November.

Industry sources believe it would have been in the red by the end of December and it is unlikely that Government will allow it to stay in deficit as it has done in the past.

Petrol prices on the Reef — where most fuel is consumed — peaked in January 1986 at R1,02 a litre.

Prices have since fallen to 92c in March 1986, 83c in April last year and in July to the current level of 82c.

● See Page 1 Business Times.

55

DAILY DISPATCH, WEDNESDAY, JANUARY 6, 1988 3

Powerlines: farmers warned

Daily Dispatch Reporter
EAST LONDON — Eskom has warned farmers and farming organizations of the dangers of overhead powerlines.

An Eskom spokesman said yesterday three people had died and seven had been injured when they came into contact with live high voltage overhead powerlines in Eastern Cape farming districts.

The spokesman said he could not give any further details of the deaths and injuries.

Police here and in Port Elizabeth said they had no information on the deaths.

In its warning, Eskom said farmers should realise that electricity "dealt with carelessly can cause serious injury and death and immediate steps must be taken to

prevent any further accidents."

The statement issued the following safety measures for farmers:

- Irrigation pipes must be carried horizontally never upright. The most frequently recorded accidents on farms involve workers who have come into contact with overhead powerlines by carrying irrigation pipes in a vertical position.
- Make sure that cranes, spray rigs, hay rigs, well-drilling and well-maintenance rigs, long pruning knives, pruning saws and similar equipment are kept well clear of overhead powerlines.
- Do not erect television masts close to powerlines.
- Do not pile hay under or near overhead powerlines. as the loader may come into contact with the lines.
- Make sure that all farm workers and their families are aware of the danger of overhead powerlines.

The spokesman said overhead powerlines carry electricity to farms and although this had brought advantages it had also created new dangers to farm life.

Bomedco report complete

EAST LONDON — The report on the opportunities presented for East London industry by the Mossel Bay oil-from-gas project has been completed, the executive director of the Border Metropolitan Development Committee (Bomedco), Mr Ted Walsh, said yesterday.

However, he could not reveal any of its findings as parts of it would have to be altered before it was released, due to changed conditions.

The report would be distributed to the Central Energy Department and other departments concerned "the moment we are satisfied that it is up to date," he said.

The report was commissioned by Bomedco in March last year in an attempt to establish opportunities for the new industries associated with the Mossel Bay project. — DDR

composite amount reflecting both the wholesale margin (itself 5,258c before rounding) and the "balancing item" of under-recovery, to give a sub-total of 66,9c. On top of this is added inland transport of 7,8c and a retailers' margin of 7,2c to arrive at the retail pump price of 82c.

The combined favourable influences of the oil price and the exchange rate have effectively halved the rate of under-recovery since June — to just over 2c/l for November.

Sources say there is reason to hope for a further drop in the "landed cost" of refined products for December. So the under-recovery for last month could be even further reduced.

Admittedly, the accumulated position on the slate (R28,5m in the black at the end of November) has been steadily eroded by the long period of under-recovery. But this alone is hardly a basis for a higher price — more so if long-term trends remain favourable.

Most currency analysts do not yet see an end to the dollar's fall. Some are even talking of a US55c rand.

Meanwhile, Opec is holding the current oil price of around \$17,70 a barrel for Brent crude with difficulty. According to reports, the cartel is over-producing its self-imposed 16,5m barrels per day quota by some 2m barrels. And an end to the Northern Hemisphere winter is in sight. Consequently, it is unlikely Opec's price structure will hold.

Under the current scenario, it would be foolhardy indeed for government to give a vicious inflationary twist to prices, which an increase in the petrol price would imply — especially when the economy is so delicately poised for a recovery.

PETROL PRICE 55 ~~244~~

A false alarm

Government has no intention of increasing the price of liquid fuels, speculation to this effect in the weekend press aside.

Government's position is backed by favourable trends in the two main factors determining fuel prices — international oil prices and the dollar/rand exchange rate, says Department of Mineral and Energy Affairs (DMEA) Director-General Lol Engelbrecht.

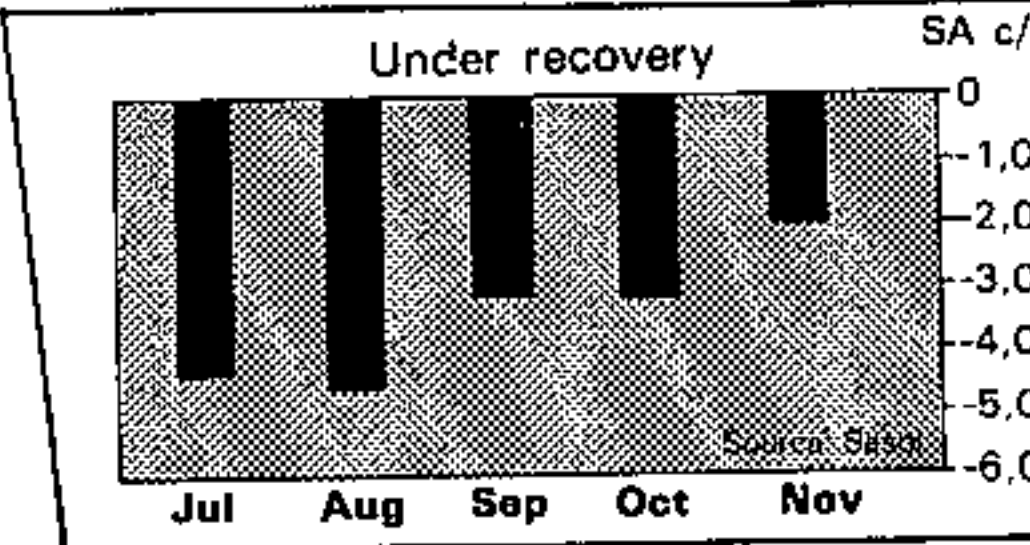
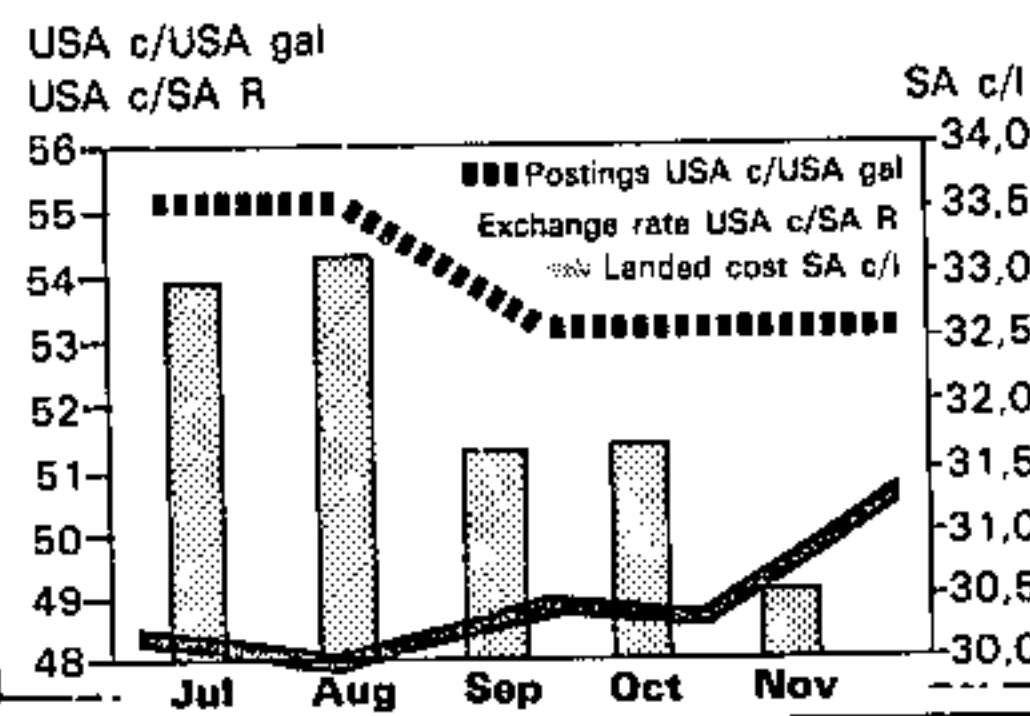
While there has been a significant degree of under-recovery on the "slate" — government's ledger kept to determine whether petrol and other liquid fuel consumers are paying enough to maintain the margins provided for suppliers — this gap is also narrowing.

Most calculations are related to the price of 93 octane petrol in the PWV area. DMEA director, energy, Laurens van den Berg says at the end of November the pump price of 93 octane on the PWV was based on a landed cost of 30,566c/l.

To this is added customs and excise of 4c, the Unified Fuel Levy of 23,5c, a

Narrowing the gap

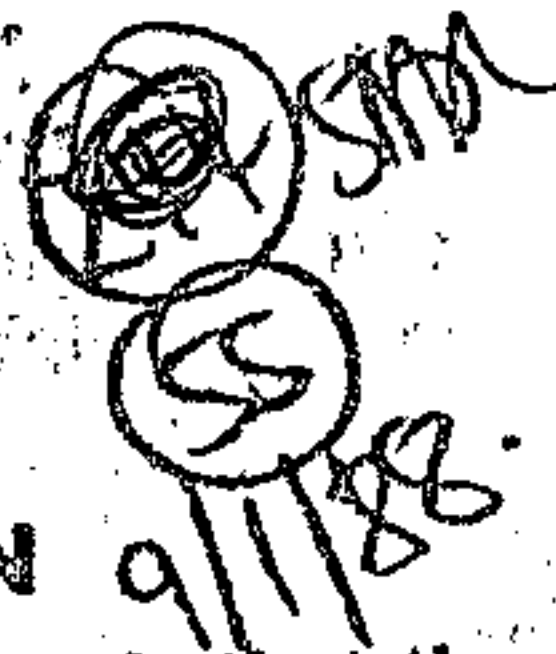
1 What makes the petrol price (93 octane)



Handwritten: KPM 8/1/88

'Petrol price will not rise'

SVEN FORSSMAN



Good news for hard-hit consumers is that the Department of Mineral and Energy Affairs is not considering increasing the price of petrol, says spokesman Mr Harald Bielfeld.

Commenting on the final reconciliation of the retail price of petrol for December, Mr Bielfeld said yesterday that motorists in the PWV area paid 1,56c per litre too little for 93-octane petrol.

"But the under/over-recovery account will make up this loss," he said.

The latest preliminary estimates of the under/over-recovery account indicate a favourable balance of between R10 million and R15 million.

"If the exchange rate and the lower crude oil prices remain at their current levels, there will be no need to increase the price."

The slate almost cleaned out

By Don Robertson ^(SS)

THE petrol slate is being wiped out.

An under-recovery of 1,057c a litre for petrol on the Reef in December has taken at least R10-million from the equalisation fund, leaving it with a surplus of between R10-million and R15-million.

Between 70% and 80% of all petrol sales in SA are made on the Reef.

The slate is used to to compensate for over- or under-recoveries in the production price of petrol.

There was a R28,5-million surplus at the end of November.

In June last year, when the price of petrol was reduced to 82c a litre for 93 octane petrol on the Reef, the slate had a surplus of R195-million.

Cheaper oil

Since then there has been a monthly under-recovery amounting to as much as 4,7c a litre.

In spite of favourable factors, such as the improving value of the rand against the dollar and the declining international oil price, the surplus is being reduced.

However, the Department of Minerals and Energy Affairs says a higher price for petrol is not being considered.

It says: "If the exchange rate remains at present levels and the present lower crude oil prices are to the same extent being reflected in the international list price, it will obviously have a favourable influence on the landed cost of fuel."

10/11/88

5/11/88

BRITAIN'S biggest company, oil giant British Petroleum (BP), has bounced back from the world stock market crash to pursue an aggressive expansion.

Oil analysts say it is a tribute to BP's toughness that it quickly recovered from a flopped share issue in October — the biggest flotation failure ever — to make a recent bid for another oil company, Britoil.

The global giant, which has overcome troubles many times in its 86-year history, has glided through three turbulent months that have also seen Kuwait build a sizeable stake in it.

"BP is turning out to be a very aggressive and active company," said Michael Unsworth, chief oil analyst with brokers Smith New Court. "They are willing to make opportunities happen and structurally are very strong."

BP, one of the "Seven Sisters" — the multinationals which controlled world oil before Opec's rise in the 1970s — trails only Exxon of the US and the Anglo-Dutch Shell group in size.

It is one of Europe's top five companies in terms of capitalisation. Many industry analysts had wondered whether its acquisition strategy, which included the purchase of US Standard Oil last spring, would slow when the stock market collapsed.

The crash kept investors away from a £7.2bn (\$13bn) issue of new BP stock and sale of a government stake in the company of 3.5%, a flotation made to restructure its capital after the Standard take-

over and to increase its financial muscle.

BP back on the road after crash

A report from LONDON on British Petroleum's recovery

over and to increase its financial muscle.

To help small investors and underwriters, who were left with most of the shares, the government agreed to buy back at 70 pence (\$1.25) new shares for which investors had paid £1.20 (\$2.15) deposit.

But the rescue plan ended on January 6 with only a modest uptake reported by the Bank of England.

Those who decided to hold on to BP stock included the Kuwait Investment Office (KIO), which invests the Gulf state's petrodollars and has built a stake of almost 20% of BP.

Analysts believe its actions made BP executives nervous, partly because of the chance it could sell its stake to an unwelcome party — although many experts doubt if rivals Exxon or Shell would bite because of British and US monopoly laws.

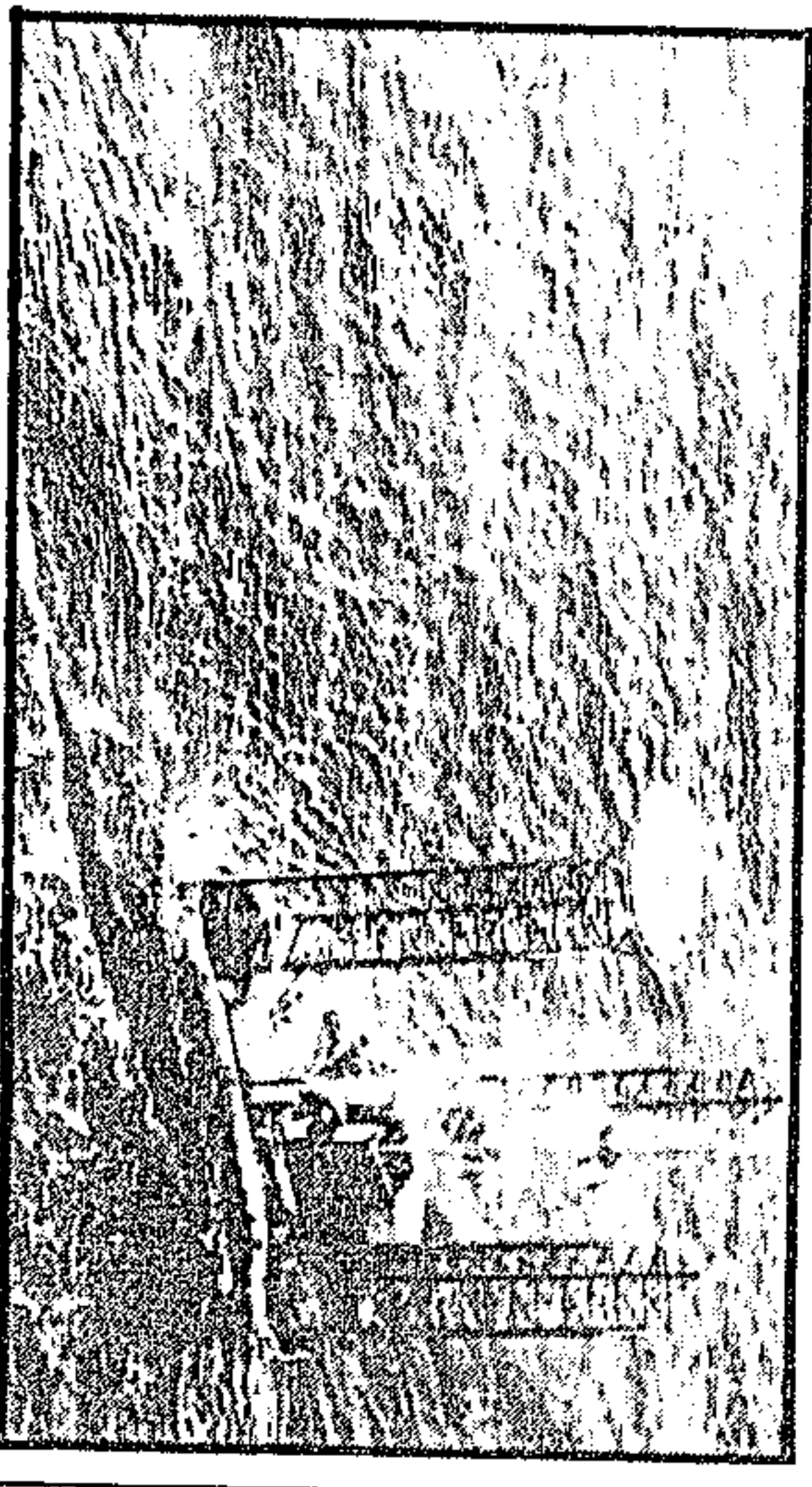
Meanwhile, the government said on January 8 that Kuwait had assured it that it did not want to control BP, but simply saw it as a good long-term investment.

The company itself had helped allay any doubts about its post-flop prospects when it made its surprise bid for Britoil, which owns rich North Sea reserves.

"BP is a high profile company anyway, and the razmatzaz has been rekindled by the bid," said Peter Beck of Phillip and Drew.

The £2.27bn (\$4bn) bid for the independent oil firm has been challenged by a rival partial offer by US oil company Atlantic Richfield (Arco), which has built up its own Britoil stake to above 20%.

The government has a "golden share" in Britoil, set up when it privatised the company in 1982 to



□ A North Sea oil drill

1985, enabling it to prevent any bidder from controlling its board.

Several industry sources believe that, if BP's Britoil bid is successful, the next leg of corporate strategy might be to sell off assets to balance books and fund any future takeovers.

Brokerage analysts say that BP does have a problem in weak oil prices and record dollar lows, as it is more vulnerable to swings than Exxon and Shell.

Low oil prices in 1986 caused a 49% drop in BP's net income, to £817m (\$1.47bn). But prices have doubled since mid-1986 and BP says it has been operating more efficiently since the drop.

Under chairman Sir Peter Walters, BP pruned refining and marketing costs by 40% in the early 1980s, and expanded in diverse areas.

It employs 127 000 people and has direct or indirect holdings in

about 1 900 subsidiary and associated concerns in more than 70 countries. Its main oil fields are in the North Sea and on Alaska's North Slope.

BP dates its history back to May 28, 1901, when Briton William Knox d'Arcy won a concession from the then Persian government to find and pump oil. Seven years later he struck the Middle East's first commercial field.

The Anglo-Persian Oil Company was formed in 1909. It became known as Anglo-Iranian in 1935 and BP from 1954.

Since then, BP has been eased out of Middle East concessions. But in 1969 it struck oil in Alaska and in 1975 the first crude flowed from its giant North Sea Forties field.

It also blazed a trail among big firms in trading oil on a growing "spot" market, relying less on long-term Opec contracts. — Sapa-Reuter.

(SS) 15/1/88

Residents take dim view on police proposal

Thumbs down to lighting up Sandton

By Shirley Woodgate,
Municipal Reporter

An appeal by the South African Police for street lighting in Sandton has been rejected by local ratepayer associations — despite the fact that the town council approved the move last year.

Colonel H A P Nel, district commandant of police in Randburg, said yesterday at a police function in the town that studies had shown crime was reduced by up to 80 percent in suburbs where streets were lit.

While some residents' associations rejected the police view, many residents have already used their own initiative to curb the crime rate.

Blockwatch, private security lighting, alarm systems and police reserve patrols are some of

the ways in which Sandton citizens are combating crime.

Mr Richard Cheary of the Fourways Association said if street lights reduced crime then Hillbrow would be crime-free.

He believed lights were aesthetically unacceptable and favoured the establishment of a municipal police force.

DIVERTED

"Sandton residents pay between R40 and R100 monthly to private security firms. This could be diverted to a municipal police force connected to the fire station," he said.

Mr John de Villiers, chairman of the Parkmore Residents' Association, labelled Colonel Nel's opinion on lights deterring crime as "dubious". He said it was common cause that street lights did

not reduce crime. He saw them as a convenience for pedestrians and an aid in reducing the number of accidents at busy intersections.

Mr de Villiers said most Parkmore residents had installed outside lights on their homes. He opposed street lighting because the installation and maintenance costs would be borne by the ratepayers.

Mr Harold Kimmel, chairman of the Linbro Park Association, said street lights were impractical in his area because of the size of the stands.

"We rely on the blockwatch patrol system which we introduced after extensive overseas study. There is still a fair amount of petty pilfering but we have reduced big crime to about one tenth," he said.

COUNTERTRADE

Barter for Mossel Bay

SS P/M 15/1/88

Tender documents for construction projects on the massive Mosgas scheme in the southern Cape now contain a clause to the effect that tenderers can offer countertrade (CT) deals to SA as part of their tender offer.

This official first in major tender negotiations with foreign contractors is the forerunner of a "significant" policy shift which has the potential to increase fundamentally the export base of SA's economy.

Moreover, CT could also be used as leverage to obtain major industrial and technological investments for SA at a time when sanctions have all but put paid to off-shore investment.

CT, as a form of unconventional bilateral trade, is therefore set to play a growing role in SA's commercial relations with the rest of the world. However, officials stress the move has nothing at all to do with sanctions-busting.

This has been confirmed by both Safto and the Export Promotions section of the Department of Trade and Industry (DTI), which are jointly organising a series of two-day conferences on CT in SA's major urban centres in March.

Safto intelligence manager Anne Moore maintains SA has been behind other countries in the growth of CT internationally. Safto says last year government requested all state departments and public corporations to include a CT proposal in all imports in excess of R5m. "This is a significant development with tremendous possibilities for the economy," Moore asserts.

She disagrees with assumptions that CT already accounts for 25% of all world trade. She puts the "official" figure at closer to 10%-11%, adding that "gentlemen's agreements and informal arrangements between parties and governments could make up the

balance of the much-quoted 25%."

Nevertheless, SA is developing a progressively stronger focus on CT with the DTI's Secretariat for Non Conventional Trade playing a leading role in liaising with both public and private sector developments in this regard.

Tenders for the Mosgas project now include a CT proposal. But last year Eskom began including CT options in its major contract and tender purchase agreements of some R4bn/year — of which a large portion is internationally sourced.

"While government suggested that we include CT conditions in our international tendering contracts, this was not a condition or instruction. We have invited CT proposals from our tenderers and are currently investigating offers received," says Eskom assistant commercial manager Johan Klopper.

Klopper notes CT negotiations can be very complicated and time-consuming, which could also push up contract costs. "And we do not want to increase electricity costs," he adds. Nevertheless, with Eskom's simultaneous inventory rationalisation programme now in operation, CT conditions could be useful in getting rid of surplus plant and capital goods.

Effective Barter MD Eugene St Clair says the new official trade policy has been in operation since January 1987 — but he expects it to really take off this year. "CT is a form of creative finance and I expect 1988 to be boom year for it," he says.

Apparently, a major factor holding up its implementation has been the lack of experience, knowledge and understanding on the part of many businessmen of the intricacies of countertrade issues.

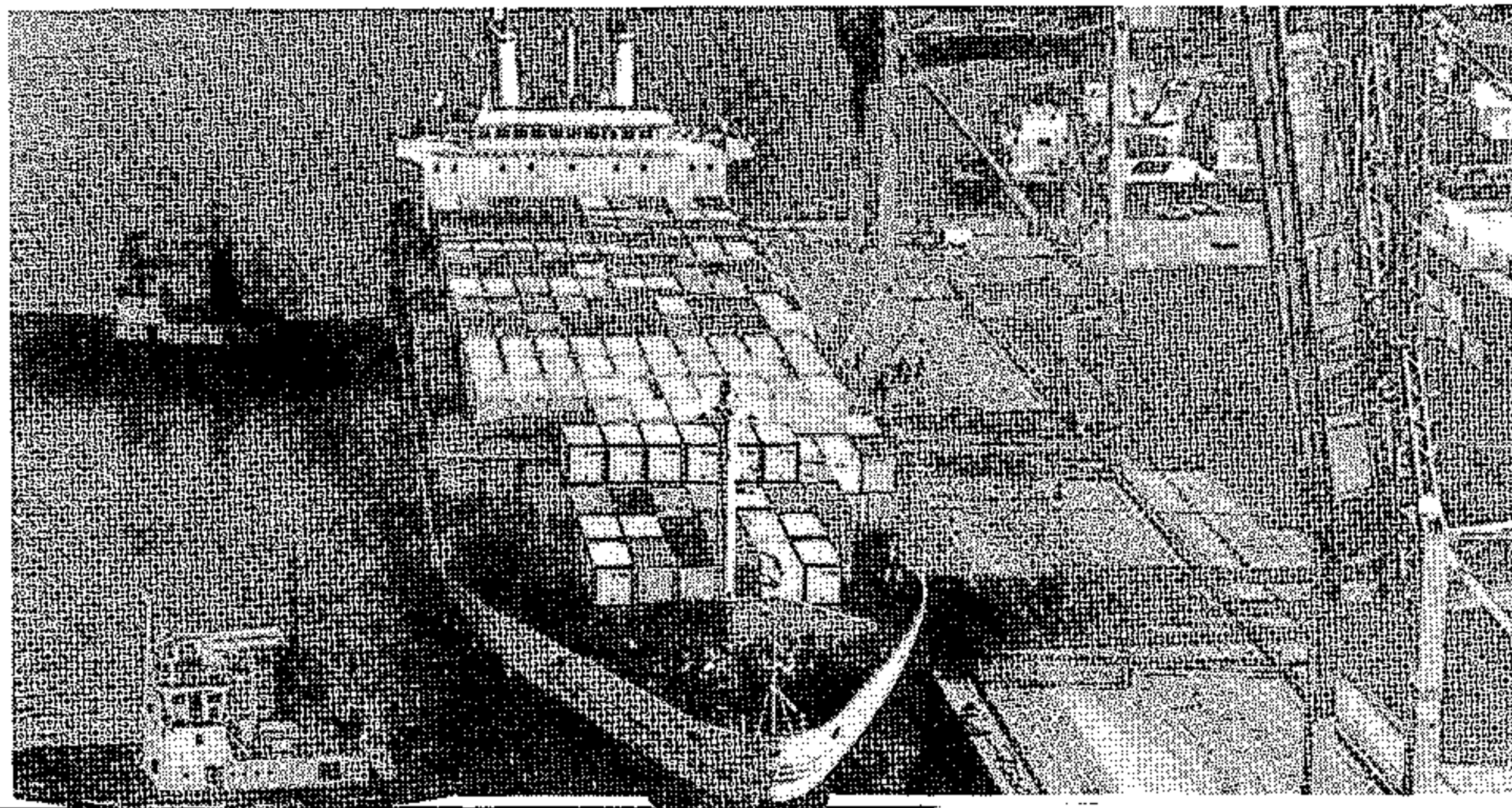
However, St Clair claims the expertise is available — and the benefits for SA could be

enormous. He quotes the example of a deal between Canada and a major US aircraft manufacturer, in terms of which the US corporation was compelled to invest in manufacturing plant to the value of 130% of the contract in Canada.

Director of Export Promotions Sarel Kruger says while CT has been recommended to state departments and public corporations, he does not foresee it becoming law.

And as far as the State is concerned, there is no compulsion on the private sector to follow suit. ■

Countertrade . . . containing the answer to export



Furore over street lights in two suburbs

SS
2/12/88
SM
2/11/88

Municipal Reporter

The issue of street lighting has raised a storm among residents of two Sandton suburbs after their opinions, expressed in a survey, were contradicted by their ratepayer chairmen. The survey conducted last year by the town council among 25 500 ratepayers received a 23,7 percent response and concluded that 56 percent of respondents favoured street lighting — mainly for increased security.

In Parkmore 61 percent of the respondents opted for lights and 54 percent in Fourways. But the chairmen of both ratepayer bodies, Mr John de Villiers and Mr Richard Cheary, rejected street lights after police praised the council last week for planning to implement the survey findings.

Mr Valente says . . .

Replying to residents of Parkmore and Fourways who were concerned that their suburbs would now be overlooked, Sandton management committee chairman Mr Ricky Valente said the R22 million street lighting programme would go ahead as a long-term project as this was in line with residents' wishes.

He defined long term as about 10 or 15 years.

The additional cost would be about R20 across the board monthly.

Mr Valente said it was clear the two chairmen were out of touch with their ratepayers as the facts contained in the council survey contradicted their opinions.

He said that while he was not opposed to a municipal police force, the reality of the situation was that this was not allowed in terms of the Police Act.

Commenting on Mr Cheary's call for municipal police, Mr Valente said it was significant that the blockwatch and neighbourhood watch systems — which he favoured — had been established in America where municipal police forces were already operating.

The chairmen say . . .

Mr John de Villiers, chairman of the Parkmore Residents' Association, rejected the result of the survey which he said had excluded details of costs, which would be high.

He said the first of the two street-light surveys conducted by the council last year was a "botch-up" and had to be repeated two months later, by which time the residents were tired of the whole thing.

He suggested only people who felt strongly would reply to such a questionnaire.

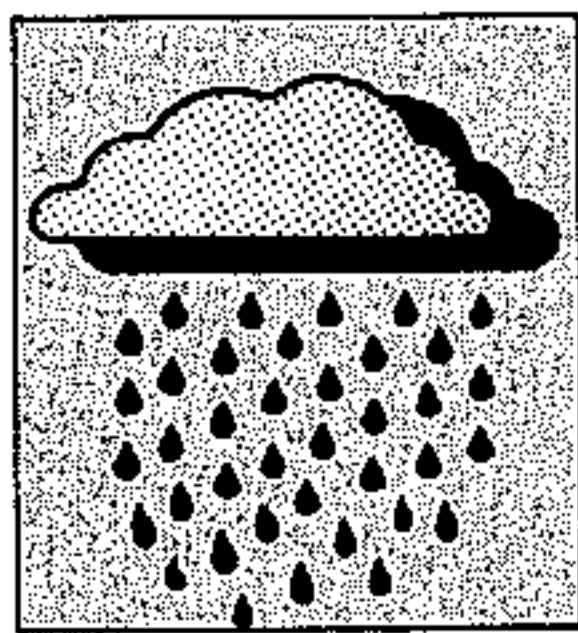
Mr Richard Cheary, chairman of Fourways Residents Association, said the survey was ambiguous.

He said the matter could be settled only at a public meeting attended by Mr Valente.

One of the issues that would have to be thrashed out was the full cost of the project including the cost of installation, maintenance, the appointment of new staff and purchase of equipment.

He suggested that ratepayers would have to add up to R80 a month to their bills once street lighting was installed.

The roots that nourish



Well, they came in the end — the rains, that is. And welcome they were; they broke six years of drought, more than filled major dams and improved farming prospects. But of far greater

long-term significance is how they have affected economic morale — the growth potential of the South African economy is looking a lot healthier than it was when the Kreepie-Krawlies were being baked to death in dry and dusty pools.

The lifting of water restrictions had a similar lifting effect on suburban morale — the feeling of "living on the edge" was removed and wellbeing grew with the roses and the lawns. And, since November 1 last year, industrialists have no longer been hampered by quota restrictions, although they are still waiting for any cost benefits to be passed on to them by the Rand Water Board or municipalities.

But the intricacies of water economics are also becoming clearer as officials complain that the good rains tend to suppress increased offtake in water consumption. As capital costs are fixed and have to be repaid (together with steadily escalating costs for major new water projects now filtering into the system), tariffs on average remain the same — or could even rise further despite the good rains.

Nevertheless, water costs remain a minimal part of total production input. The assured availability of virtually unlimited resources (once the Lesotho Highlands scheme comes on stream from 1995) means that long-term forward planning and investment can now take place free of gnawing doubts. Notwithstanding government's decentralisation policy, PWV industrialists can plan freely for the future.

Of far greater direct benefit to industrialists and businessmen operating in the agro-industrial field is the fact that all signs, at

The breaking of the six-year-long drought was welcome from most points of view — not least psychologically. The overall impact could add 1% to GNP and the fiscal burden on industry and farmers, and so the taxpayer, will be lessened. The hurtful cost lay in the devastating Natal floods.

this stage, point to a bumper farming year. Projections (although any prolonged dry spell or heatwave could still put paid to much of these expectations) point to a R1,2bn jump in gross farming income.

After six long years of shrinking credit lines and moth-eaten purses, this would mean that farmers could again decide on buying that new bakkie or Mercedes Benz; while manufacturers of basics like fertiliser, chemicals, farm implements, irrigation equipment, tractors and any number of farm inputs can look forward to a far better year.

The positive effects of increased farm spending power — gross farm income could shoot up to R13,2bn — are bound to permeate throughout the economy. Rural businesses will reopen, inventories will have to be restocked from city shelves and even farm workers should have more spending power.

Bumper yields of wheat, deciduous and tropical fruit, sunflower, cotton, groundnuts, sorghum, vegetables, milk, red meat, sugar, wool and many other crops should not only earn more foreign exchange, but help remove much of the stigma too long associated with farming.

This should benefit the whole economy — including the city dweller, whose livelihood is intricately, if sometimes invisibly, bound up with that of his country brethren. And in black rural areas the spectre of starvation should also recede as the maize crops ripen.

But it does not rain money: only potential crop earnings. In the end, the crops have to ripen and then be sold at the right price in order to

give that long-awaited boost to the economy. A further important factor is that creditors are bound to take the first bite of the cherry, which could be substantial in many cases.

Nevertheless, the portents are the best they have been since the 1981 boom crop year. And that has added significance in SA, where water is a highly emotive subject. Not only are we subjected to regular and protracted dry spells, but the country's mean annual rainfall — at around 497 mm — is well below the world average of 860 mm a year. The dramatic impact of water on the economy is a perennial and popular talking point.

The harsh cyclical drought which had the country in its grip, aggravated an already unfavourable situation — the litany of woe

included the political impasse, the violence, the depression, the debt standstill, disinvestment, the choking off of foreign investment and so on. Even the sporting scene was deadly dull.

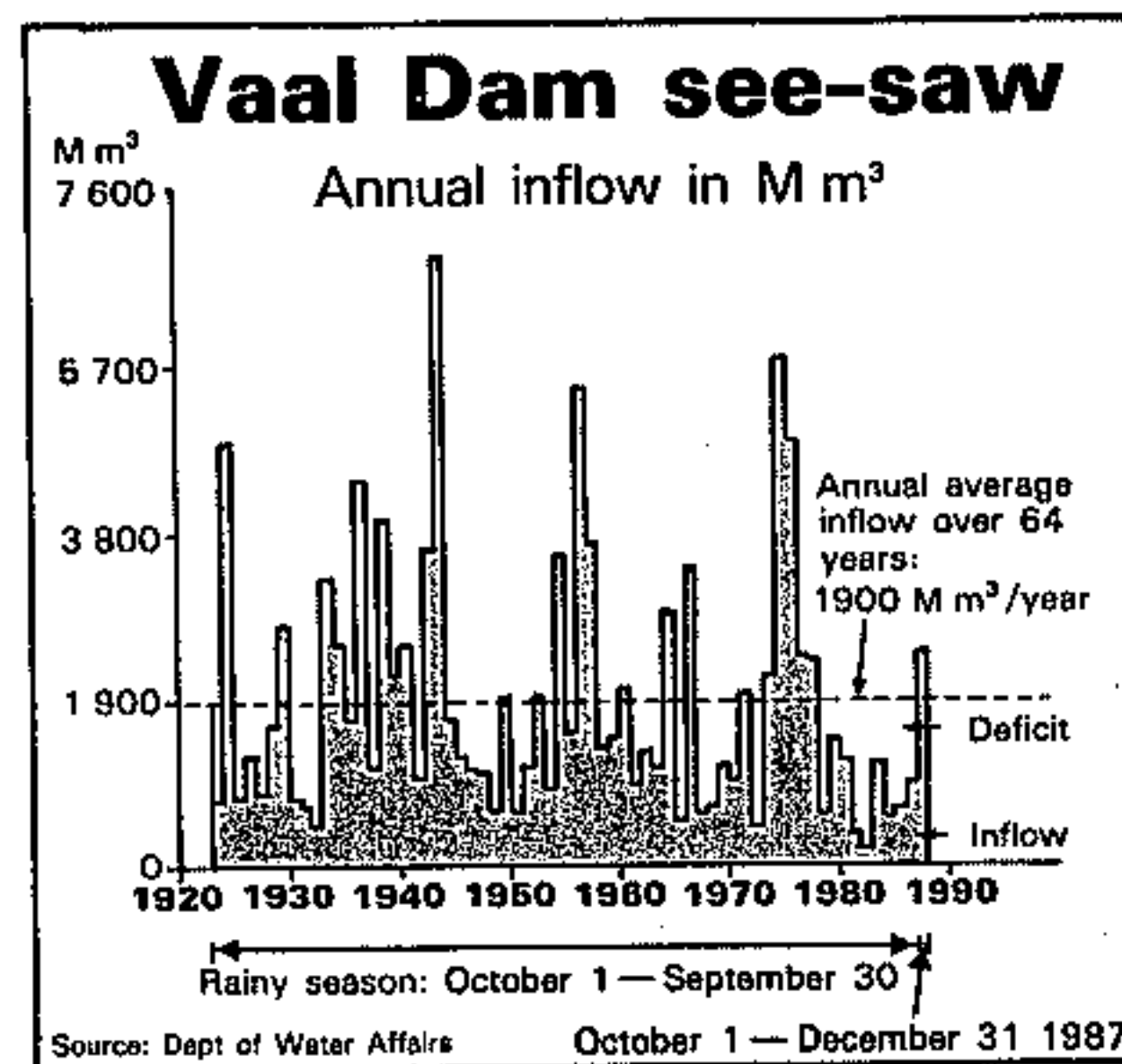
Since 1983, the Vaal Dam's level had hovered precariously below 30%; for periods the dam languished at a real "rock bottom" 13%. The very functioning of SA's industrial

heart, the huge PWV region, was saved only by the reserve storage capacity of Sterkfontein Dam, which receives water at an average rate of 560m m³ a year via the Tugela-Vaal pump transfer scheme — fortunately completed in phases between 1973 and 1986.

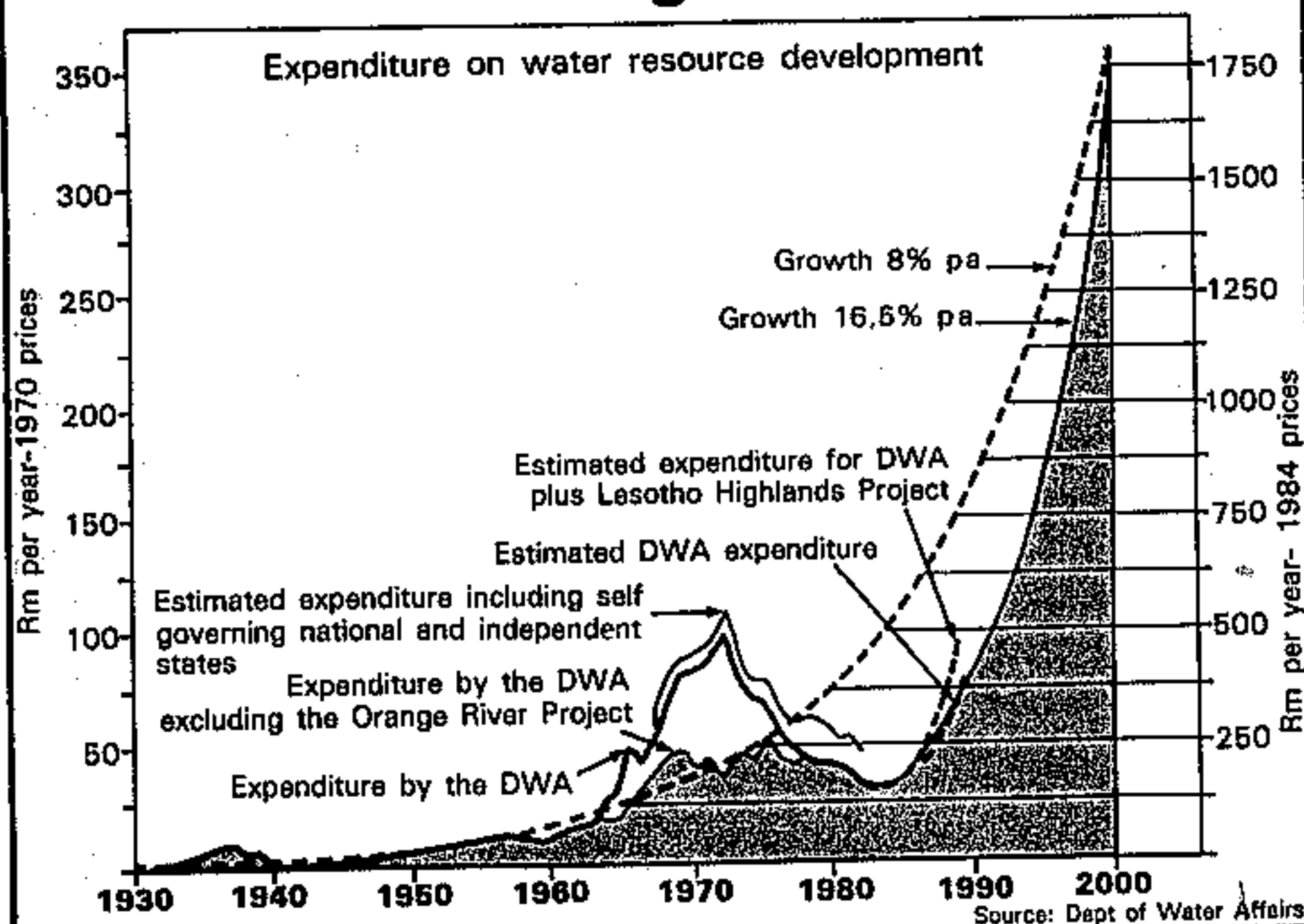
A large part of the country's power-generating capacity was also affected in 1984, leading to the innovative reverse flow pumping scheme of Vaal River water to the Grootdraai Dam. In the same period, government was forced to bail out drought-stricken farmers to the tune of hundreds of millions of rand, while export earnings plummeted. The reasons all go back to our rainfall patterns.

While annual precipitation in the eastern coastal belt (Natal, Transkei, Lesotho and even the Transvaal escarpment) and the southern and western Cape is well above the country's average, 65% of SA receives less than 500 mm a year — and that is seen as the minimum for successful dry-land farming, according to the Department of Water Affairs (DWA).

Then there is the unfavourable distribution of run-off, which leads to escalating costs. Most exploitable water flows to the east, or into the Orange system, while the west-flowing Vaal system, supplying the country's industrial heart, is on the verge of



Costing more



over-exploitation.

The solution lies in costly inter-basin water transfers like the Tugela-Vaal pump scheme and the massive R5bn Lesotho Highlands Water Project to provide for the needs of the PWV and, the Theewaterkloof and Palmiet schemes in the western Cape.

Unfortunately, while the rains have broken the back of the worst dry spell in 200 years and created prospects for bumper crops and economic growth, they also brought the worst natural disaster ever to hit SA — the savage Natal floods (FM October 9 1987). Provisional estimates put a tally of R900m on the floods — although some R500m is covered by foreign reinsurers.

Nevertheless, should the good rains continue to March, farmers could boost their 1987 gross earnings of some R12bn by 8%-10% this year, giving a welcome fillip of up to 1% to the country's GNP in 1988. That at any rate is the view of South African Agricultural Union economist Koos du Toit (*Business* January 8).

Not only would this underpin the rural economy and create many jobs, it should also lead to increased sales of tractors, implements, fertiliser, chemicals and motor vehicles as farm spending power mushrooms. Predictions for tractor sales alone point to a possible 500-unit jump this year to 5 300 — a healthy 10% improvement on 1987 sales. With total 1987 new car sales also breaching the magical 200 000 unit mark and a further 7,5% increase to 215 000 units predicted for 1988, improved farm incomes should play a major role in boosting the sector.

Long-suffering manufacturers of fertiliser, implements and chemicals can also look forward to some relief as farmers react to the positive impact of good weather and rising incomes. The bankers, carrying the brunt of the R14bn farm debt, could also benefit on the other side of the annual R1,7bn farm interest bill. All in all, the outlook is healthy for farmers, manufacturers and creditors at this stage.

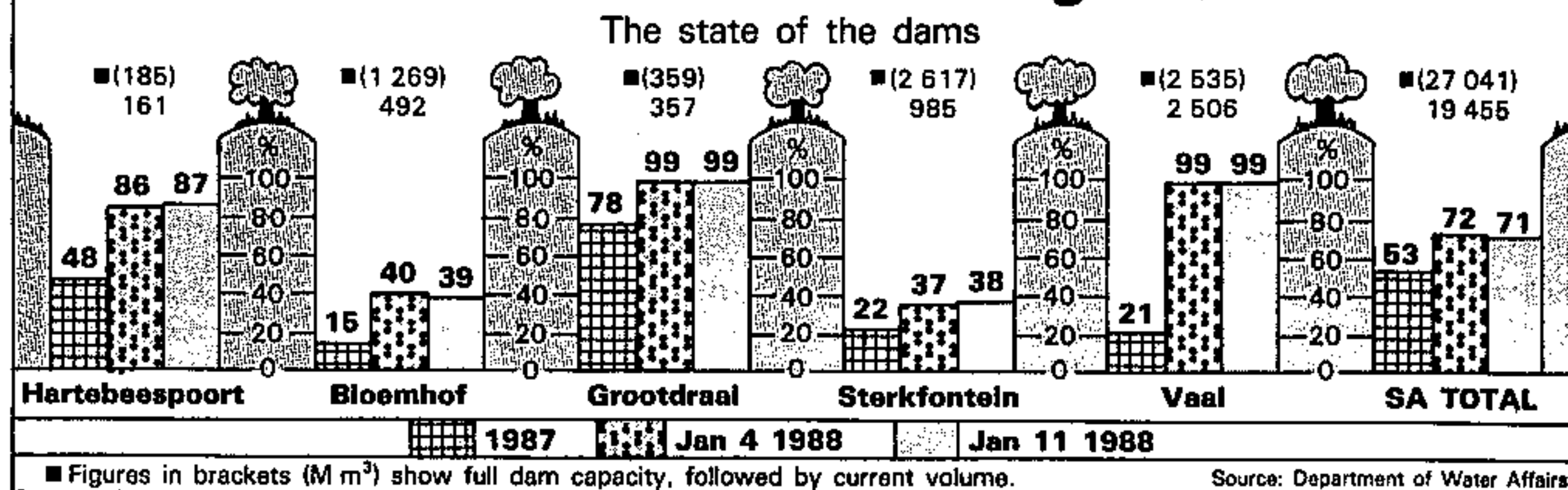
This is the short-term outlook. What about the longer term?

Planning for future water needs remains a top priority. The massive R5bn Lesotho Highlands Project — the largest construction of its kind on the drawing boards in the world today — towers over all.

While this phased-in scheme, due for completion in 2017, should meet the water needs of the thirsty PWV until 2020, it could also lead to a virtual doubling of water costs over the next 20 years. But compared to Europe and the US, South African consumers still have little to complain about — our water is not only far cheaper, but also of a quality equal to that found flowing from the taps of water-rich northern hemisphere countries.

The massive Lesotho project will ensure a steady flow of construction contracts — and even the inflow into the sub-continent of World Bank funds. With the very close economic inter-relationship between Lesotho and SA, both countries will reap the benefits of increased job creation and spending power

Transvaal dams . . . banking in water



which should flow across both borders for the next 30 years.

Nevertheless, the days of cheap, plentiful and clean water are now over. Available water, at present consumption trends, would be sufficient only to supply a total population of about 90m — but SA's population will be up to 74m by 2050 and outstrip water resources soon after that. Either consumption trends will have to change or population growth must slow — or alternative water sources will have to be found. But help is at hand.

DWA Deputy Director General Theo van Robbroeck says costly alternative options include seeding of clouds (in Israel, rainfall was increased 15% by this method); importing water from the Okavango, the Zambezi or even the Zaire rivers (should political constraints be removed); recycling of industrial water and water reclaimed from sewage; desalination of sea water (the technology is available, though costly) — or even towing icebergs from Antarctica, should it come to that.

"The latter is not as harebrained as it sounds," says Van Robbroeck. "The technique has already been tested out on a small scale by a German firm." The potential for increased water supplies is virtually unlimited; cost is another matter.

Henry Olivier, famed builder of the Kariba dam and joint planner of the Lesotho project, says a better — and cheaper — possibility would be to buy hydro-power from future joint projects on the Zambezi and Zaire rivers and to use this to pump

desalinated sea water inland. But, he notes, the utilisation of the water from these two rivers is "politically impossible" (that's so at present — regional peace could bring such a possibility closer).

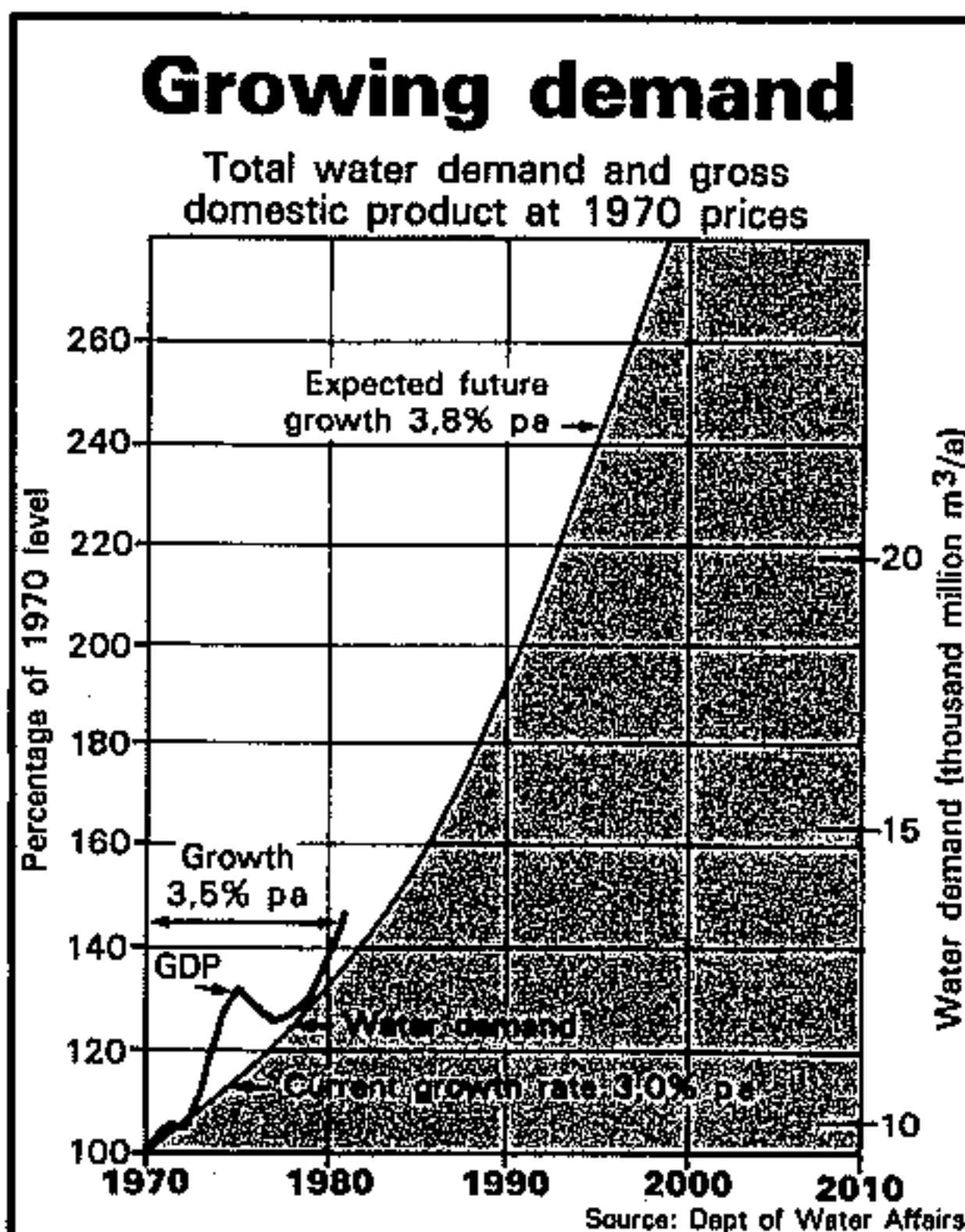
Meanwhile, with farmers using up 70% of SA's annual water consumption, improved irrigation methods — like drip and microjet techniques — could slash as much as 20% off consumption, without reducing yields. "This saving would amount to about 50% of the water being used in other sectors," says Water Research Commission (WRC) executive director Piet Odendaal.

The future availability of more plentiful water supplies from the Lesotho Highlands Project has in the meantime prompted Eskom to reconsider its switch-over to dry-cooling power generation. Says Eskom Interconnected Systems Manager Francois Conradie: "While we only use some 1,5% of total annual water consumption in SA — some 277 000Ml — and 7% of the total in the PWV area, Eskom is committed to water conservation where this is economic. The more costly dry-cooling system makes water savings of up to 80% possible."

Dry stations use only 0,4 l/kWh, compared to 2 l/kWh in wet stations. But with both capital and operating costs of a dry cooling unit 4% higher than in a wet one, Eskom is thinking again. While it has no choice with the Matimba station near Ellisras and Kendal power station near Ogies (both under construction), it has already decided to switch to wet cooling in the second half of the new Majuba power station project near Volksrust. The availability of Lesotho water could therefore lead to capex and operating savings over the life of the station of R250m at present values, Conradie adds.

Again on the savings front, recent WRC studies have shown that five out of 19 townships surveyed in Johannesburg lost more water than they actually consumed, while eight had losses varying from 25%-100% of consumption. Massive savings could therefore be implemented by plugging the leaks, while improved water use by industry could also add to resources. In other words, huge cost savings are still possible.

Restrictions triggered by the drought in the summer rainfall zone led to a direct cost to water consumers of R400m-R500m in Natal and the PWV, according to Odendaal. However, most of these costs were one-off investments in more economical user capacity, which should lead to future water savings.



Demands anger paid-up users

EAST LONDON — Hundreds of angry electricity consumers here inundated the municipality's finance department with telephone calls yesterday when they received final demands for their accounts which had already been paid.

The city's finance manager, Mr Lodi Venter, said people who had already sent cheques to the municipality would not have their lights and water disconnected and should ignore the "pink slip".

Mr Venter said all electricity and water accounts were due by January 11.

Cheques that were posted between January 5 and 8 had only been received by the municipality on January 14.

The delay in postage was probably due to the holiday and Christmas rush, he said.

The number of final demands issued this month was 3 000 more than usual which probably meant that late payments had been received from 3 000 people. — DDR

Agreement Reached on Cahora Bassa Dam

LISBON — Portugal, Mozambique and South Africa have reached tentative agreement on how to revive Africa's biggest hydro-electric project, the Cahora Bassa dam, which has been crippled by Mozambican rebel attacks.

Portugal, Mozambique and South Africa have reached tentative agreement on how to revive Africa's biggest hydro-electric project, the Cahora Bassa dam, which has been crippled by Mozambican rebel attacks.

One delegate said yesterday after the three countries ended talks here that proposals on the maintenance and security of the dam were given initial approval and would be studied further before another meeting in Maputo.

"The dam is basically operational but more than 1 000 pylons and many power lines would have to be repaired or replaced," the Portuguese delegate, Mr. Lopes da Costa said.

He also said Mozambique was training a large number of rebels opposed to Maputo's special army unit to protect the power lines when repair work was finished, possibly by the end of this year.

The 2 000-megawatt project was finished shortly before Mozambique won independence from Portugal in 1975.

It has been virtually paralysed by attacks from Mozambican National Resistance (MNR) rebels opposed to Maputo's special army unit to protect the power lines when repair work was finished, possibly by the end of this year.

Portugal is keen to see the dam working again because it is still repaying millions of dollars in construction loans. — Sapa-RNS

The 160-metre high dam lies across the Zambezi river in northern Mozambique and was designed to supply about eight per cent of South Africa's electricity needs.

Portugal is keen to see the dam working again because it is still repaying millions of dollars in construction loans. — Sapa-RNS

Power charges

go up
10 pc



EAST LONDON — The city's 58 000 electricity consumers face a 10 per cent hike on their bills at the end of the month.

The hike is on the kilowatt per hour charge as well as the surcharge, which is now up to 40 per cent from 27,5 per cent.

The increase is as follows:

The current rate for domestic users of 6,193c/kWH plus a 27,5 per cent surcharge which equals R0,07896 will increase to 6,193c/kWH plus a 40 per cent surcharge to equal R0,08670.

The current rate for industrial power users of 2,505c/kWH plus 6 per cent plus a 27,5 per cent surcharge equalling R0,03386 will increase to 2,505c/kWH plus 6 per cent plus a 40 per cent surcharge to equal R0,03717.

The city electrical engineer, Mr Harden Beck, said the municipality had received notification from Eskom on November 9 of the proposed 10 per cent increase from January 1.

He said the effect of a 10 per cent increase on a surcharge of 27,5 per cent was 40,25 per cent.

The municipality had decided to round it off to 40 per cent.

Mr Beck said it was "extremely difficult" to predict at this stage whether or not there would be further tariff increases this year.

● There has not been an increase in electricity tariffs in Queens-town.

The deal which the town council made with Eskom in September last year has been advantageous to the city council and residents who will not have an increased tariff from this month as was anticipated.

Existing tariffs are a basic charge of R10, 15 cents for the first 200 units and 9,65 cents a unit thereafter.

Power charges up

EAST LONDON — The city's 58,000 electricity consumers face a 10 per cent hike on their bills at the end of the month.

The hike is on the kilowatt per hour charge as well as the surcharge —

DDR

Full report P2

DD
22/1/88

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D/D. 25/1/88

Vandalism of lights studied

55

Daily Dispatch Reporter

GRAHAMSTOWN — A form of high mast lighting, "huge and tall," has been suggested as a fourth alternative to lighting for Stockenström Village by a spokesman for electricity, Mr Leon Reich.

Mr Reich, speaking at a city council meeting, was commenting on a report by the city electrical engineer, Mr A. Richards, about the vandalism which has occurred in the prestige suburb.

Mr Reich said there were three suggestions.

The first was to continue repairing the lanterns as long as they last and then replace them with more sturdy fittings.

The second was to remove the frosted glass and replace it with Georgian wired glass.

This, he said, would not be as aesthetically pleasing but would protect the lamp until the wired glass was totally destroyed.

And the third was to replace the street lights with standard wood or steel poles and mercury or sodium lamps which would be expensive and aesthetically disastrous.

It was also suggested that residents be levied an additional rate.

This was legally possible but could cause resentment as residents might say the vandalism was that of their neighbours.

"Because of the street lighting or lack of it, several people have actually foregone their holidays to stay and guard their properties," Mr Reich said.

The deputy mayor, Mrs Martha Olckers, requested the electricity department to keep a full record of all breakages plus costs.

"Then we can go back to the provincial secretary and discuss any changes," she added.

The spokesman for health, Dr Brian la Trobe, said it was a tragedy that the problem had been caused by sheer vandalism.

"It is a great tragedy that people cannot act in a civilised way."

The recommendation that Kowie and Chapel Streets, regarded as the worst areas, have Georgian wired glass was not accepted.

The problem will be discussed when Mr Richards submits all possible solutions at the next council meeting.

Stockenström Village has risen in the area frozen for urban renewal. It is bounded by lower High, Beaufort, Bathurst and Kowie Streets.

The new homes, built for Provincial Roads personnel, were designed in Settler style architecture and great care was taken to introduce features such as street lighting in keeping with the character of the suburb.

11605 28/1/88 55

R700-m project in Bop bush a white elephant

The Argus Correspondent

JOHANNESBURG. — A multi-million-rand power station has been derelict in the Bophuthatswana bush for 12 months and there is no indication what will happen to it, electricity supply officials said.

The 60MW Mmamatsuwe power station, a project which when completed would have cost an estimated R700-million, was commissioned by the Bophuthatswana government and the first phase was completed before a halt was called to construction.

Sources in the industry speculated that the project was abandoned after it was realised it would be cheaper to obtain electricity through South Africa's Escom grid. Another possibility was that the cost of the scheme had grown prohibitive.

Earlier reports said the power station was decided on so that the territory would not be dependent on Escom.

COAL RESERVES

The site was selected because there were coal reserves and adequate water for the cooling towers.

The general manager of the Bophuthatswana Electricity Corporation, Mr David Nunns, said the future of the project depended on a decision by the Bophuthatswana government.

Mr Nunns emphasised that the power station was not linked to the Bophuthatswana Electricity Corporation.

A technical publication, Engineering Week, reported that highly developed electrical equipment had been abandoned.

The power station was built by an Italian firm.

The intention of the original project was to have four units of 60 megawatts each.

Bophuthatswana is now seeking international finance to complete the project.

No money so plant gathers dust

Villagers must wait for wonder of electricity

By Joseph Mothibi,
Pretoria Bureau

Families living in a rural village near Warmbaths were delighted with the news this year that the 20th century was about to reach their Bophuthatswana backwater.

Officials from the homeland government called to say that the vast power station erected near their village in the past three years was about to provide them with electricity.

They filled in the required forms, said village headwoman Mrs Regina Moepi, only to be told weeks later that the project had still to be discussed and they should "wait until further notice".

People still come from kilometres

around to ask for the forms that were the first step in the process of getting electricity — but the Mmamatsuwe Power Station, the first stage in a R700 million project, according to *Engineering Week*, now shelters birds and spiders and half a dozen maintenance staff.

Access to the power station is on rutted dirt roads joining up with the only tar road in the area — two kilometres before the station which looms incongruously above the veld in this rural setting.

Inside the six-storey building some control panels are not yet connected to the rest of the station, while others were never unpacked from their plastic sheeting.

Staircases are hung with spiderwebs and bird droppings litter the floor.

Work on the station began in 1985, according to one of the men maintaining the site. It was stopped in October last year.

The entire project was planned to supply 180 MW of power.

It was to be fuelled with coal from nearby deposits. The planned mines are at present just a shallow excavation about a kilometre away, devoid of any mining activity.

The Star was told this week that Mmamatsuwe could not begin functioning until phase two was built.

Until then, the villagers and Mmamatsuwe will wait for "further notice".

D/D 5/2/88

Nuclear freeze for SA (55)

DURBAN — The nuclear programme in South Africa has been put on freeze until the end of the century.

It is almost certain that a second nuclear power station will not be developed in this country during the next 12 years.

This has been confirmed by an Eskom spokesman, Mr Ewald Thal.

He said it would be almost impossible to build a second nuclear station before the start of the 21st century.

"Building a nuclear power station takes an incredible amount of time. If we build another one, it will be far into the future."

At the moment, Koeberg in the Cape is the only nuclear power station in South Africa.

However, Eskom is at the moment busy with site investigations which could influence the building of a second nuclear station, but this does not mean that plans are underway for such a development.

No such investigations have been carried out in Natal.

Mr Thal said the situation was "undecided", and any speculation concerning the proposed building of another nuclear station was "way out of line".

He said that Eskom was investigating 19 possible areas in South

Africa.

Informed sources in Eskom said the high population density in Natal probably ruled out the possibility of a nuclear site being developed in the province.

At the moment, Eskom is halfway through its programme on identifying possible sites for a nuclear power station.

Desktop studies and investigations in the Eastern Cape have been concluded. No decision will be taken until all the investigations are completed.

If one of the 19 possible sites is chosen, and none of these found to be suitable, further studies would have to be conducted.

It is apparent from Eskom's announcement that the powers-that-be have reverted to coal for future power stations. It is also believed that they are looking at Cahora Bassa as a future power source.

Koeberg supplies less than five per cent of the country's power, and is extremely expensive to run because of the stringent safety measures.

The disaster at the Russian nuclear station at Chernobyl also affected the decision to freeze any further plans.

Sources in Eskom have said that Koeberg would provide the background information for another power station.
— DDC

Drawing fangs of lightning

FINANCE STAFF

Over the past few years the CSIR — a world leader in research into damage caused by lightning — has completed two developments which will save South Africa millions of rands a year.

The first involved Eskom's power lines which, in the Highveld, are exposed to severe lightning activity, particularly in November and January. Most of South Africa's major industries are concentrated in this region, and lightning strikes often cause the disruption of the vital power supply to these industries and costly breakdown of transformers and surge arrestors.

Research undertaken in co-operation with Eskom has led to the development of insulation co-ordination strategies for distribution lines and equipment and, in particular, voltage insulation levels. This enabled the CSIR to recommend improvements to the design of distribution lines resulting in a more reliable power supply to end-users and the reduction of repair costs to electrical supply systems.

A second development by the CSIR is an effective lightning warning system capable of providing advance warning of approaching thunderstorms: in shallow mines where electrical currents caused by lightning could prematurely detonate explosive charges or ignite accumulations of methane which can lead to serious accidents in collieries.

The instrument was designed to provide a three-level warning which is useful in situations where lead-time is essential to alert production staff of a disruption or allow timely vacation of dangerous areas.

Nuclear workers demand reaction to private sell-off plans

By Martin Challenor

A group of skilled white artisans at the Atomic Energy Corporation's Pelindaba complex say they are angry and frustrated with the delays in finalising plans to sell off part of the plant to private enterprise.

The AEC last year retrenched about 330 people as part of its rationalisation programme. About 660 more resigned, partly influenced by the uncertainty over the rationalisation moves, AEC's chief executive Dr J W L d Villiers confirmed yesterday.

Pelindaba is the centre of nuclear research in South Africa.

The first section to be sold will be a high-precision plant housing some of the equipment used in the manufacturing of separating elements needed for the uranium enrichment process.

For the past year it has been run as a separate business unit, known as Prima, within the AEC. It has a staff of 500 and a turnover of R30 million a year.

Some of the skilled artisans in the plant said that for the past 18 months they had been waiting

for the AEC to carry out its plans to convert the plant into a private company.

The artisans say their former colleagues received retrenchment packages of between R60 000 and R300 000.

The employees still working are to be paid out for the State benefits they will lose, such as special leave, when they fall under the new private firm.

They complain, though, that each time the deadline nears for privatisation, it is delayed.

"We want our money now. There are always meetings but nothing ever happens. They are not playing the game with us. Our problem is that we do not have unions we can go to," says one of the workers.

"All the other guys got their money. Now the guys here are quarrelling among themselves. We just feel the outside world must know about this. There are many jobs outside that we could take but we are scared that days after we resign they will pay out the money we have waited for so long."

Dr De Villiers said: "Unique skills and technology are vested in the group's employees. The success of the venture is mainly dependent on the retention of staff and their willingness to support the venture."

TERMS AND CONDITIONS

"The AEC cannot afford to lose these skills and will negotiate with the employees to establish reasonable terms and conditions for their transfer to the private company."

Dr De Villiers says Prima is involved in the manufacture of high-quality, high-precision products and precision machinery for the automatised production of precision products and components.

Dr De Villiers said privatisation took time. AEC had conducted a programme of rationalisation and restructuring of its activities in the past two years, based on a business orientated approach.

AEC is running Prima as a separate business and with private sector help. Products have been diversified to penetrate a larger sector of the market on a commercial basis.

Eventually a separate company with its own board of directors will be formed, to be financed by loans and share capital. AEC could retain the majority shareholding, but all forms of subsidy would end.

When the company functions independently and profitably, shares will be offered for sale.

Dr De Villiers said AEC was now Prima's main client but major market diversification had been achieved.

Rabies

*12. Mr R J LORIMER asked the Minister of Agriculture:

Whether any cases of rabies were reported to his Department in 1987; if so, (a) how many, (b) where did these cases occur and (c) what steps were taken in each case?

+The MINISTER OF AGRICULTURE:

(a) 711

(b) Transvaal Region
Northern and Eastern Transvaal Region
High Veld Region
Free State Region
Natal Region
Eastern Cape Region
Western Cape Region
Lebowa
KwaZulu
Transkei

36
169
102
78
178
45
12
1
56
34

(c) All dogs in the rabies controlled areas of Natal and Northern Transvaal are annually inoculated against rabies and all dogs and cats in a radius of 16 km around an outbreak area also inoculated after each outbreak. All movements of dogs and cats to, within and from the rabies controlled areas are subject to permit control. During 1987 altogether 755 463 dogs were inoculated against rabies.

Urban development: agricultural land lost

*13. Mr R J LORIMER asked the Minister of Agriculture:

What is the estimated area that was lost for agricultural purposes as a result of urban development in the 1986-87 financial year?

The MINISTER OF AGRICULTURE:

8 937 hectares.

*14. Mr S S VAN DER MERWE—Law and Order. [Reply standing over.]

*15. Mr S S VAN DER MERWE—Justice. [Reply standing over.]

Old Crossroads/Mahobe Drive: local authority

*16. Mr J J WALSH asked the Minister of Constitutional Development and Planning:

HOUSE OF ASSEMBLY

Handwritten signature

(1) Whether, with reference to his reply to Question No 633 on 7 October 1987, a local authority is to be established incorporating the cleared land between Old Crossroads and Mahobe Drive; if not, why not; if so, when will elections be held for this local authority?

(2) on what basis will the Administrator of the Cape Province allocate the sites in this area prior to the establishment of this local authority?

+The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

(1) The cleared land between Old Crossroads and Mahobe Avenue falls within the area of jurisdiction of the Crossroads Town Committee established by P N 1977/1987 of 16 April 1987. An election for members of the local authority will be held on 26 October 1988.

(2) The Administrator, who administers the town at present, has already allocated sites to different private developers who will erect and market houses to the black inhabitants of Old Crossroads.

Mfundisweni Street, Khayelitsha

*17. Mr J J WALSH asked the Minister of Constitutional Development and Planning:

(1) Whether his Department constructed a building situated in Mfundisweni Street, Section A, Village I, Khayelitsha; if so, when;

(2) whether this building is vacant at present; if not, for what purpose is it being used; if so, (a) why and (b) for what period has it been vacant?

+The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

(1) No.

(2) Falls away.

Crude oil: average rand cost per barrel

*18. Mr R R HULLEY asked the Minister of Economic Affairs and Technology:

(1) What was the average rand cost per barrel of crude oil imported into the Republic in 1987;

(2) what was the rand cost per barrel of such

oil imported into the Republic as at the latest specified date for which figures are available?

+The MINISTER OF ECONOMIC AFFAIRS AND TECHNOLOGY:

(1) R36,8421.

(2) R35,0293 during January 1988.

Equalization fund: balance

*19. Mr R R HULLEY asked the Minister of Economic Affairs and Technology:

(1) What was the balance in the Equalization Fund as at the latest specified date for which information is available;

(2) what was the balance in the Central Emergency Fund as at 31 December 1987?

The MINISTER OF ECONOMIC AFFAIRS AND TECHNOLOGY:

(1) 31 January 1988 R440,0 million

Less: Trust funds for BLS Countries R 45,0 million

Net R395,0 million

(2) R3 445,8 million

Mr D J N MALCOMESS: Mr Speaker, arising out of the hon the Minister's reply, can he tell us, in the light of the hon the State President's recent announcements, what the intention is with that fund and what will happen to the money in it? The MINISTER: Mr Speaker, I would do so with pleasure, but I do not think I can at this stage. In my opinion that should be the subject of another question.

Crude oil: landed cost in USA dollars per barrel

*20. Mr R R HULLEY asked the Minister of Economic Affairs and Technology:

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 ECONOMIC AFFAIRS AND TECHNOLOGY:

(a) USA dollar 17,8644 during January 1988.

(b) The above-mentioned cost is not directly taken into account in the South African price for 93 octane petrol. The average landed cost of 93 octane petrol of 4 refineries—three in Singapore and one in Bahrain—is being used as basis to determine the South African price. The landed cost currently reflected in the price of 93 octane is 33,700 c/l. The current under-recovery experienced is accommodated in the cumulative over and under-recovery account.

(c) The marketing margins for the oil companies and the retailers consist of all those costs normally incurred to distribute and market petrol and both margins are subject to price control.

White teachers at schools for Blacks

*21. Mr K M ANDREW asked the Minister of Education and Development Aid:

(1) Whether any schools for Blacks in the Cape Peninsula have in their employ White teachers who were not employed at those schools in 1987; if so, (a) how many such teachers are involved, (b) why were they so employed, (c) what subjects are they (i) qualified to teach and (ii) teaching and (d) at which schools are they teaching;

(2) whether there were any qualified Black teachers available to fill the posts taken by new White teachers; if so, (a) how many and (b) why were they not employed?

The DEPUTY MINISTER OF EDUCATION:

(1) Yes.

(a) 41.

(b) They were the most suitable candidates selected after advertising. The posts concerned are mainly in specialist fields.

(c) (i) Technical, commercial and academic subjects.

(ii) As in (c)(i) above.

(d) Luthaza Secondary School, Crossroads No. 3 Secondary School, Langa Comprehensive School and Guguetu Comprehensive School.

(2) No.

(a) and (b) fall away.

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OIL COSTS LESS

CAPE TOWN — SA was paying a landed price of R35,02 a barrel for crude oil, Economic Affairs and Technology Minister Danie Steyn said yesterday.

He told Parliament that was marginally below the average R36,84 a barrel paid in 1987.

Replying to questions by Roger Hulley (PFP), Steyn said the final landed cost of crude oil was not taken directly into account in setting the pump price of 93 octane petrol.

The price was based on the average landed price of 93 octane obtained

CHRIS CAIRNCROSS

from four refineries — three in Singapore and one in Bahrain.

Thus, the landed cost reflected in the pump price was 33,7c a litre. Present under-recovery was being accommodated in the cumulative over- and under-recovery account.

Steyn said the balance in the Equalisation Fund at the end of January was R440m, less R45m allocated to a trust fund for the BLS countries. The balance in the Central Energy Fund (CEF) at the same date was R3,4bn.

2/2/88 BASIT

Dearer petrol soon

THE petrol price is about to rise. The Department of Mineral and Energy Affairs says the slate, or equalisation fund, had a negative balance of R9-million at the end of December after another under-recovery in the price of petrol in the Pretoria-Witwatersrand-Vereeniging area.

At the end of December, the slate had a favourable balance of between

R10-million and R15-million, suggesting that at current exchange rates and crude oil prices, petrol sales last month ran at a loss of up to R26-million a month.

In January 1987, the slate had a favourable balance of about R195-million, but it has been whittled away because petrol sells at well below the purchase price.

ch of the incentive will fall

It will also provide flexibility in the group's strategies and

Motorists underpaid for petrol

Business Day Reporter

MOTORISTS in the PWV area underpaid 1,3 cents/litre for 93 octane petrol during January.

Minister of Economic Affairs and Technology Danie Steyn said this amount would be recovered from the under/over recovery account (slate).

If the exchange rate stayed at the same level, and the present lower price of crude was reflected to the same degree in the international posted prices, it might have a further positive influence

on the landed price of fuel, the minister said in a statement said.

Latest provisional estimates of the slate showed a negative R9m at the end of last month.

For the past six months, there was an under-recovery in the price which ranged from 4,6c/l in July to 1,089c in December.

SS B/day 22/2/88

NR 645 23/2/88 (55) (1)

Alien trees a potential fuel source, say experts

Environment Reporter

ALIEN plant invaders such as the Port Jackson willow could be used for fuel by the Cape's poorer people, a conference was told at Kirstenbosch.

Representatives of universities, state departments, local authorities, a hospital and the private sector yesterday attended a conference on woodlots organised by the Botanical Society.

They listened to nine papers on the subject and discussions followed.

Presenting a picture of the problem which faced poor communities, Mr Wouter van Warmelo of the Botanical Society said the population of the greater Cape Town region would increase from 2,5-million to 3,6-million by 2 000.

He said Khayelitsha was growing at a rate of 5 000 people a month, mostly because of immigration, and while 285 000 jobs were needed last year, this figure would have to increase to 474 000 within the next 12 years.

TURMOIL

Mr van Warmelo said a potential crisis was a lack of energy sources, which could lead to social, economic and political turmoil.

The wood of alien plant invaders could be an interim solution, but there were many questions about its use, he said.

Mr I MacDonald of the Percy Fitzpatrick Institute of African Ornithology, said alien plant invaders were plants introduced by man to areas outside their natural distribution range, which then spread to areas where they were not intentionally planted.

He said these plants could give rise to conservation, economic and social/aesthetic problems.

They threatened local species, caused damage to ecosystems, cost a lot to combat, changed the appearance of natural veld and, because they often grow best alongside roads, blocked the view.

A serious problem was that wood was not a popular fuel among the people in a township such as Khayelitsha, who preferred using paraffin, said Mr B Slon, ex-researcher at the Energy Research Institute in Cape Town.

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Blom
26/2/88

Soweto council goes for blackout

SOPHIE TEMA

WITH a total debt of about R140m — of which R80m is for water and electricity — the Soweto council has reached the end of its tether.

To recover the arrears, the council this week said it had decided to cut off electricity supplies and to physically remove meter boxes and substations unless "illegal" users started paying their accounts.

Soweto electrical engineer Rene du Toit said the debt situation had become intolerable and the provincial authorities were no longer prepared to carry the burden.

Du Toit said his department was expected to recover 120% — 90% on arrears and 30% on monthly payments — on the normal income on water and electricity by June this year.

In the meantime, his department was collecting only between 40% and 50% every month of what it should be getting.

He said the increasing vandalism to the R250m worth of electrical equipment caused the council to live on debt to repair damaged equipment and to pay its monthly Eskom bill.

Damaged

Du Toit said most boxes were damaged at the time of the unrest when some residents realised they could reconnect themselves after their supply had been cut off "and within six months there were 45 000 illegal electricity users".

The council would switch to a system whereby individual users could be disconnected, instead of entire blocks being switched off.

Substations carrying 11 000 volts — many of which had been demolished by people stealing corrugated iron, door frames and copper wire — cost about R40 000 each.

The 7 000 meter boxes, serving 10 to 12 households each, cost about R3 000 each.

Du Toit said: "In the past, we battled to repair this equipment as soon as possible, never really winning the battle. But we are now having a serious rethink on the situation.

"We have a total budgeted income for this financial year of R74m, of which R50m goes to Eskom. Because residents are not paying, we run at a loss of R20m."

Some 33 000 out of 75 000 electricity users in Soweto paid their monthly accounts. "Council would rather settle for a customer base of 33 000 than to keep 75 000 power points going at a loss."

Therefore action is being taken against the transgressors in the interests of the residents of the area and the law abiding persons who visit the beach.

MR D J N MALCOMESS: Mr Chairman, arising out of the hon the Minister's reply, can he perhaps inform us how the police decided that the men who were flocking to the beach were of dubious character? [Interjections.]

Mr C W EGLIN: Mr Chairman, arising out of the hon the Minister's reply, have there been any arrests or have the police acted in any way against these gentlemen of dubious character, or have they only acted against the topless sunbathers?

THE MINISTER: Mr Chairman, the hon member is now altering something that is not clear to me. [Interjections.] People flock to the beach and the local residents complain to us that there are unsavoury characters in the neighbourhood. Therefore we act against those people who cause the influx of unsavoury characters. Now the hon member is angry with us; now he is at loggerheads with us. I do not want to spoil the hon member's fun. I do not think that the hon member will be seen in that light when he pays a visit there.

Mr C W EGLIN: Mr Chairman, further arising from the hon the Minister's reply, may I ask whether he is saying that although he has said across the floor of the House that the result of this is that a lot of insalubrious characters have arrived there, the police have taken no action against those other people?

THE MINISTER: Mr Chairman, if the people who flock there do not commit an offence, why should we pick them up?

Topless bathing/sunbathing: directives to members of SAP

*12. Mr C W EGLIN asked the Minister of Law and Order:

Whether any directive has been issued to members of the South African Police regarding topless bathing or sunbathing; if so, (a) what is the content of the directive and (b) (i) by whom and (ii) when was it issued?

THE MINISTER OF LAW AND ORDER:

No.

(a) and (b) Full away.

Seating arrangements: non-Whites in back two rows of aircraft

*13. Mr D J N MALCOMESS asked the Minister of Transport Affairs:

(1) Whether, on flight SA 314 from Cape Town to Johannesburg on 10 February 1988, the back two rows of the aircraft were occupied by persons who are not White; if so.

(2) whether these persons requested to be allowed to sit in these rows; if not.

(3) whether this represents a change in the policy of the South African Airways in regard to seating arrangements for persons who are not White; if so, (a) why and (b) who took the decision in this regard; if not, what is the policy of the airways in regard to the seating of persons of different race groups in their aircraft?

THE DEPUTY MINISTER OF TRANSPORT AFFAIRS:

(1) Particulars of the race of air passengers are not recorded on passenger records.

(2) Particulars of requests for specific seats are not kept.

(3) No. a uniform policy in respect of seating allocations in the economy class, viz a choice of seat during check-in or if such a choice is not made, at random by computer, is applied.

Ballot papers: security measures

*14. Mr C J DERBY-LEWIS asked the Minister of Home Affairs:

Whether any security measures are taken to ensure that ballot papers are not tampered with after a general or by-election; if not, why not; if so, what security measures?

THE MINISTER OF HOME AFFAIRS:

Yes. The hon member's attention is invited to section 80 read with section 107 of the Electoral Act, 1979 (Act 45 of 1979). Marked ballot papers and the counterfoils of such ballot papers are sealed separately in the presence of representatives of political parties. The marked ballot papers are kept in the sealed packets by the Returning Officer and the counterfoils are kept in the sealed packets by the Chief Electoral Officer in Pretoria for a period

of twelve months before they are destroyed. All these documents are kept in safe custody for the said period. Access to such ballot papers may be granted only by an order of the Supreme Court.

Government's economic policy: advertising campaign in Press

*15. Mr C J DERBY-LEWIS asked the Deputy Minister of Information:

Whether the Bureau for Information is involved in the current advertising campaign in the Press aimed at presenting the Government's proposed economic policy for the Republic to the public at large; if so, (a) to what extent, (b) what was the cost of this campaign as at the latest specified date for which information is available, (c) which newspapers are involved, (d) what is the combined circulation figure of these newspapers and (e) on whose advice and (ii) authority were these advertisements placed?

THE DEPUTY MINISTER OF INFORMATION:

Yes.

(a) The Bureau for Information was responsible for the preparation and placement of the advertisements.

(b) R153 768,16 on 1 March 1988.

(c) (i) Newspapers

Rapport
Sunday Times
Sunday Tribune
Beeld
Die Burger
The Star
The Argus
The Citizen
Sowetan
Business Day
Oosterlig
Die Volksblad
City Press
Hanga
Imvo Zabantu
Eastern Province Herald

(ii) Magazines

Africa Business
Finansies en Tegniek

Finance Week
Financial Mail

(d) 2 123 718 (newspapers only)
2 197 818 (magazines included)

(e) (i) Bureau for Information

(ii) The Deputy Minister of Information.

Mr C J DERBY-LEWIS: Mr Chairman, arising from the hon the Deputy Minister's reply, may I ask whether he would be prepared to give us an estimated figure as to how much of the new budget is going to be used to promote the image of the hon the State President and the NP?

THE CHAIRMAN OF THE HOUSE: Order! That is not a question arising from the hon the Deputy Minister's reply.

Ellistras: new power station

*16. Mr R R HULLEY asked the Minister of Economic Affairs and Technology:

Whether a new power station is being constructed in the Ellistras area; if so, (a) what is its megawatt output, (b) what (i) is its capital cost and (ii) was its original budgeted cost, (c) when (i) did construction commence and (ii) was it completed or is it due to be completed and (d) on what date was this power station originally due to start operating?

THE MINISTER OF ECONOMIC AFFAIRS AND TECHNOLOGY:

Yes, the Matimba power station.

(a) 3 900 MW on completion.

(b) (i) R3 927 million on forecast (in 1988 money values).

(ii) R3 880 million, excluding interest charges.

(c) (i) 1981.

(ii) September 1991.

(d) Unit 1 of the power station should have started to operate in September 1986 but was only put into operation in September 1987 and the delay did not increase the estimated final cost of the project. Unit 2 was completed in December 1987.

*17. Mr D J N MALCOMESS—Transport Affairs. [Withdrawn.]

Daily Dispatch Reporter
BEACON BAY — Ratepayers here have expressed concern at their January electricity bills which reflect a 10 per cent increase for power consumed in December when Eskom's tariff increase only became effective on January 1.

The matter was raised at the last meeting of the Beacon Bay Ratepayers' and Civic Association meeting last month. Two councillors present at the meeting said they would investigate the matter.

The chairman of the association, Dr A. J. Slabbert, said that the association had not received any reply from the municipality.

The town clerk, Mr Bernie Aucamp, said that the issue was raised by the two councillors at this week's council meeting and a letter explaining the situation was on its way to Dr Slabbert.

The town treasurer, Mr A. J. Dijkers, said:

Concern

D/D
 3/3/88
 over power bills

"When Eskom announced its increase on January 1, this year, council decided to review the whole electricity service for Beacon Bay.

"Council, as an independent local authority, was only bound by its undertaking to keep its tariffs on a par with Eskom for three years after taking over in 1985.

"As from January 1, this year, the Beacon Bay municipality was no longer bound to keep its electricity tariffs in line with those of Eskom.

"In the past, whenever Eskom has increased its tariffs, council tried to absorb the increase.

"Last year in July, Eskom announced a 12 per

cent increase and council approved only a 10 per cent increase. For six months consumers paid less for their electricity than the Eskom tariff," Mr Dijkers said.

He also said that on an earlier occasion, the municipality had also absorbed an Eskom increase for about two months.

He said that when council had reviewed the financial position of the electricity service, it was found necessary to increase the tariff.

Mr Dijkers said it had been council's decision that the increase would be effective from "the January accounts rendered" and not from the consumption of electricity from January 1.

He said that "tremendous benefits" had been derived from having the electricity service maintained by the municipality instead of by Eskom and said advantages included having local staff and the ability to upgrade the service, particularly street lighting.

Removing the power

Physical removal of electricity substations and meter boxes in Soweto is part of a new hard line being taken by the Soweto City Council.

According to council electrical engineer René du Toit, the debt situation due to unpaid electricity and water bills and vandalism of equipment has topped R100m and is unsupportable. "Something has got to give," he warns.

Says Du Toit: "We live on debt to repair vandalism to our equipment and to pay our monthly bill to Eskom. Our total income budget for the present financial year is R74m, of which our Eskom account represents some R50m.

"We run at a yearly loss of some R20m due to consumers not paying their accounts and accumulated damage to equipment is in the region of R30m.

"We will have to adjust our service level to that of income received. Our philosophy now is that we would rather settle for a customer base of some 33 000 and provide them with a good service than try to keep 75 000 power points going at losses we cannot afford."

Du Toit says vandalism of substations is widespread, with most culprits going for corrugated iron roofing, door frames and copper wiring — a hazardous hobby since a substation carries 11 000 V.

Non-paying consumers who have been disconnected also illegally reconnect their meter boxes, which, apart from being dangerous, damages equipment. At R3 000 for a meter box and total costs of about R6m a year, it's expensive too.

Says Du Toit: "Last year, we disconnected 40 000 consumers and most of them reconnected themselves. We used to repair the damaged equipment, but now we are having a serious rethink, because we are only collecting between 40% and 50% of what we should be getting monthly from our electricity users."

The electrical department has come up with new reinforced boxes which it is going to try out, but, if that fails, the next step is removal.

"My department is now two years old and has its back to the wall. We want to do the

best we can for the residents of Soweto and removal of substations and meter boxes is a last resort. But we will do it if we have to," he insists. ■

Shell's profit rises by 13pc

LONDON — Oil giant Royal Dutch-Shell Group said yesterday that its pre-tax profits rose 13.5 per cent to £2,883 billion last year.

A company spokesman said demand for oil grew slightly more last year than it had anticipated but it expected demand this year to be "relatively flat."

Its pre-tax profits rose 14 per cent to £858 million in last year's fourth quarter compared with £752 million in the same period a year earlier, it said.

The fourth-quarter profits reflected higher earnings from exploration and production activities, a strong performance by the chemicals sector and gains from the sale of consumer products, the company said.

The earnings were based on historical cost accounting.

If the earnings are based on the current cost of supplies, net profits show a 15 percent fall to £2,865 billion last year, the company said.

The current cost figures do not include after-tax inventory holding gains, which amounted to £18 million last year, it said.

The company proposed a final dividend of 31.5p a share for the British arm of the Anglo-Dutch group, Shell Transport and Trading Co. PLC, up from 29.5p (51.9 cents) a year earlier.

That raised the dividend for the full year to 48p (84c) a share from 43p (77c). — Sapa-AP

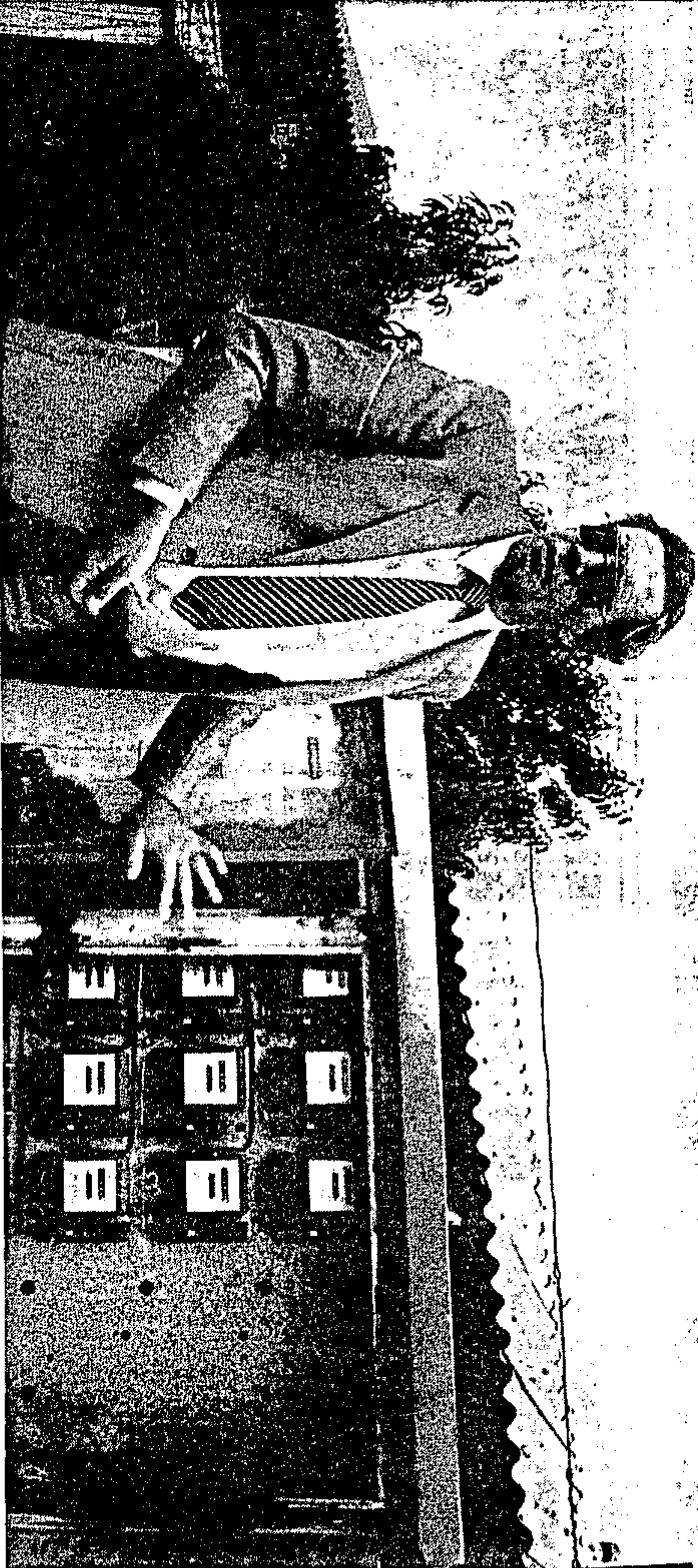
Medical order for Afrox

6/2/88 511
AFROX has been awarded a R450 000 contract for design, supply and installation of a medical gas reticulation system at the privately owned 220-bed Glynwood Hospital in Benoni.

The contract includes the reticulation of oxygen, nitrous oxide, compressed air and vacuum, and the supply of gas scavenging equipment, all with an associated control system. A medical alarm system, developed by Afrox, is included in the contract.

Soweto Council loses electricity supply

SS C 11/12/88
6/3/88



Soweto's Chief Electrical Engineer RE du Toit at a damaged sub-station in Klipspruit.

BY REVELATION NTOLU

SOWETO residents beware! More than half of the area could be plunged into darkness if residents do not pay their electricity bills by the end of June.

This stern warning was sounded last week by Soweto's Chief Electrical Engineer, RE du Toit, at a Press conference.

A whopping R80-million was owed by the residents and all efforts - including the cutting off of power - had been to no avail, said Du Toit.

"And all that is left for us now is to act," he said.

Added to the problem of non-payment, he said, was a further R20-million in damage done to sub-stations and transformers - allegedly by those whose power had been cut.

He said damage caused amounted to an average of R6-million a year. The trend was escalating.

"We are now faced with the alternative of blackening out whole areas if everything else failed to bring the desired results," said Du Toit.

Announcing the drastic step of physically removing damaged meter boxes and sub-stations, he said only 33 000 electricity consumers in Soweto out of a total of 75 000 were up-to-date with their payments.

Du Toit did not say how those who were paying their bills would be protected when the council finally decided to cut off power, but promised that this would be done when the time arrived.

"It is the illegal user, the man who has made his own connection

to the meter box, and the wanton vandalism so prevalent in our city, which have brought about a rethink on the whole situation.

"Our philosophy is now that we would rather settle for a customer base of the 33 000 and provide them with a good service, rather than try to keep 75 000 power points going at losses we cannot afford," he said.

Du Toit admitted that the Soweto council had at one stage resorted to an unsatisfactory method of charging residents averages not based on the actual consumption.

This, he said had been caused by meter readers being assaulted and intimidated for political reasons in the course of their duty.

"We are aware that many people were grossly over-charged in the process and that those who should have been charged more because they had a bigger use of the electricity, had benefitted by being under-charged," he said.

"At the beginning of 1987, a decision was taken that meters had to be read again at all costs and the eight full-time reading teams now regularly read every meter every second month, with all the relevant information fed into the council's expensive computer system."

The official emphasised that there was no way the present R80-million could be written off.

"Those who owe the council must simply pay up," he said.

Du Toit has appealed to the public to help police the electricity installations, which he said, did not belong to the government but to the residents themselves.

REPORT

Sasol appeal means rise in petrol price

THE price of petrol will rise in the next few months.

By Don Robertson

The unchanged price of Sasol's products, combined with domestic production cost increases and a lower crude oil refining margin, reduced the company's profits in the six months to December.

The average international market prices of petroleum products, expressed in US dollars, rose by 20% compared with the same time last year, and the rand-dollar exchange rate strengthened by 18%.

The result of these changes meant that rand prices of petroleum products remained virtually unchanged.

However, Sasol's costs of manufacturing synthetic fuel have been subjected to SA's inflation rate.

Virtually unchanged product prices and rising costs have compelled Sasol to request the Government for increased protection.

The Government is expected to reply to the plea this month.

If Sasol's request is agreed to, its profits will increase, says managing director Paul Kruger.

Sasol's application — it

will probably be granted because of its strong lobbying position — is said to be contrary to Government policy of not giving extraordinary protection to industry.

The Department of Mineral and Energy Affairs says no fuel price adjustments are being considered, but circumstances could change.

Sasol says in its report for the six months to December that it will not use its own equalisation fund, estimated at R125-million, to prop up its refining operations.

Refining work

It has asked the Government to increase the protection for the "indigenous industry against products derived from the refining of imported crude oil".

Sasol adds fire to petrol price prospects by saying that "as the prospects for a higher petroleum product prices in the near future are not encouraging, your directors are of the opinion that the Sasol equalisation reserve should not be utilised at this stage".

Inflation

A fuel price rise would boost the inflation rate.

Central Statistical Service says the cost of petrol and diesel fuel contributes 4.56% to the consumer-price index (CPI), ranging from 1.15% for the lower-income groups to 6.07 for a grade earner. Public transport adds another 0.81% to the CPI.

It says that the price of virtually everything rises immediately after a fuel price increase.

Sasol's sales have been protected in the past. When Sasol 2 was opened in 1980, the company received a windfall of 3.6c a litre.

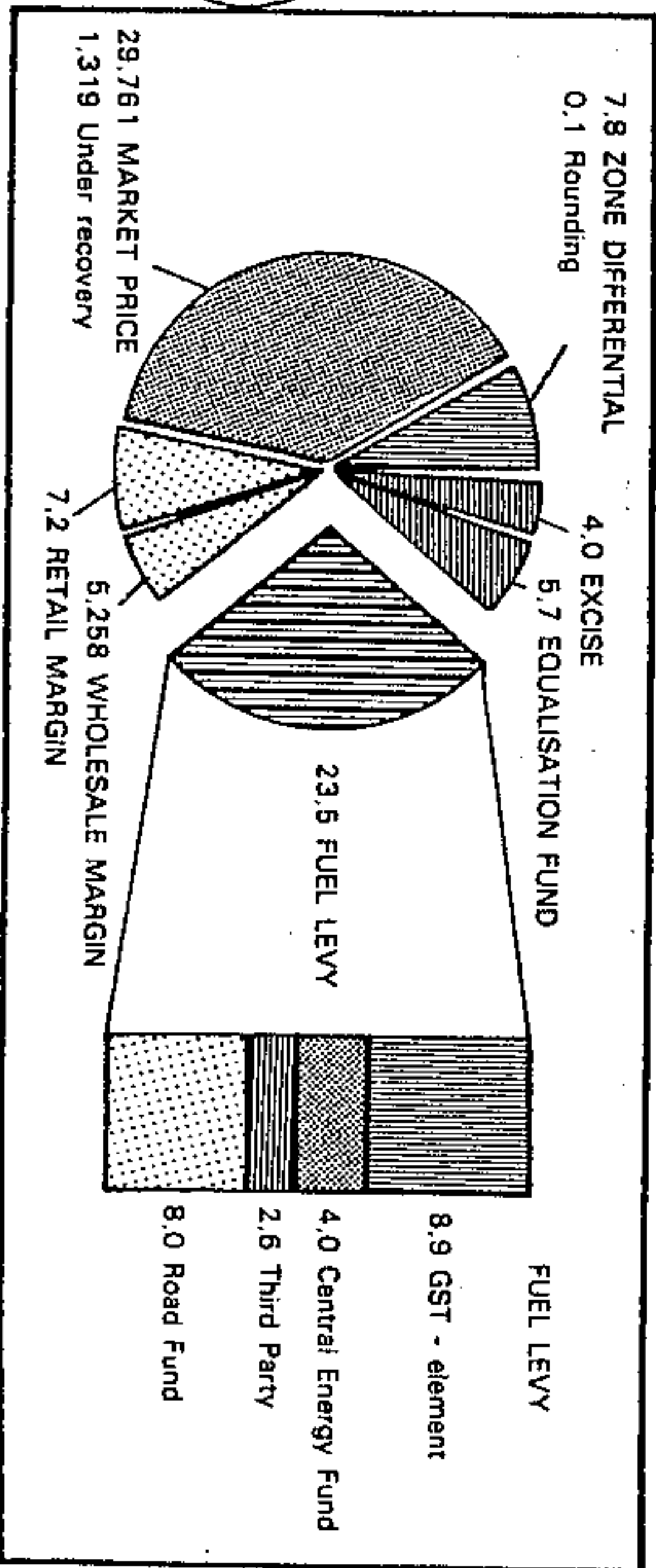
Robbery

The protection was withdrawn in March 1985 when Sasol's profits soared to R575-million.

Sasol, however, is still profitable — R207.1-million in the six months to December.

This was down on the R288.9-million earned in the first six months of 1986 and the company blames the decline on the increase in crude oil prices.

The state — the Government-operated reserve used to finance either the over- or under-recovery on monthly petrol sales — tumbled from a R195-million surplus in January 1986 to a deficit of R9-million in January this year. It is unlikely the loss



Lead content

The price of petrol will rise by 2c a litre in January next year when the lead content is reduced. It requires additional refining costs.

Sasol, however, was able to maintain interim dividends at 22.5c and it is expected that the payout for the year will be held at 47.5c.

The company has benefited from higher international chemical prices and, for the first time, the fertiliser division has shown a profit.

A polypropylene plant, with an annual capacity of 120 000 tons, will be completed in 1990. Half of the production will be exported. This year Sasol expects to export about 180 000 tons of chemical products worth R180-million.

Edwardes backs SA software

FORMER British Leyland chairman Sir Michael Edwardes is so impressed with a South African software product that he has agreed to promote it internationally.

The product is Punchline's Goalix Planner, financial planning software intended for both large and small companies. It has been installed in 1 500 organisations in SA and abroad since its introduction last year.

The product is said to provide speedy and realistic solutions to complex financial problems, presenting the user with a sensitivity analysis that points to the most strategic way forward.

Sir Michael says: "Not all computer programs are down to earth — nor do all contribute to the enhancement of profit. The Goalix programs — Profit Planner and Profit Planner Plus, which is the large company variation of the concepts — are down to earth.

"They are tools for increasing profits. You do not need to be a financial wizard or a computer boffin to implement these management tools.

"Goalix helps key managers to identify the real issues in managing change. In my experience, that is what business is all about."

Lease deals

INTERCITY Real Estate signed R2.35-million worth of leasing deals in Johannesburg and Pretoria in the last 1987 quarter.

Bantry Bay pull

ABOUT 30% of units at one of the most striking — and expensive — time-share resorts at the Cape, Bantry Bay, near Clifton, have been sold for more than R7-million in sales.

Durban-based Ovland Time-sharing, which rates the resort one of the 10 best in the world, says that after only six months on the market, this is

an achievement.

Marketing director Jim Brown says: "We projected that Bantry Bay would be sold within two years and all the signs are that we will meet the target."

Prices for a Bantry Bay time-share week range from R3 000 for a studio and R80 000 for a de luxe apartment.

Commuter traffic: subsidy to bus operators
 381. Mr D J N MALCOMESS asked the Minister of Transport Affairs:

What was the extent of the subsidy granted to bus operators in respect of commuter traffic in each of the four main metropolitan areas in the 1986-87 financial year?

The MINISTER OF TRANSPORT AFFAIRS:

| | |
|--|-----------------|
| Pretoria, Witwatersrand and Vaal Triangle metropolitan area: | R135 642 823,08 |
| Durban/Pietermaritzburg metropolitan area: | R64 948 763,00 |
| Cape Town metropolitan area: | R28 319 399,22 |
| Port Elizabeth/Uitenhage metropolitan area: | R10 210 608,91 |

Pelagic fish landed

324. Mr R R HULLEY asked the Minister of Environment Affairs:

How many tonnes of (a) anchovy and pilchard and (b) non-quota pelagic fish were landed during the 1987 fishing season or during the latest specified period of 12 months for which figures are available?

The MINISTER OF ENVIRONMENT AFFAIRS:

During the 1987 fishing season:
 (a) 595 700 tonnes anchovy;
 37 200 tonnes pilchards.
 (b) 38 800 tonnes non-quota species.

Black spots removed

447. Mr P G SOAL asked the Minister of Education and Development Aid:

(1) (a) How many Black spots had been removed in each (i) magisterial district and (ii) province since 1 January 1988 as at the latest specified date for which figures are available. (b) what was the (i) name and (ii) population of each such Black spot and (c) where were the inhabitants of each spot resettled.
 (2) what was the total (a) amount paid out in compensation for, and (b) cost of removing, each of these Black spots during the above period?

The MINISTER OF EDUCATION AND DEVELOPMENT AID:

(1)(a)(i) and (ii) No Black spots were resettled since 1 January 1988 up to date but the Department of Development Aid was requested by the Black community of Cornfields, District Estcourt, to render assistance to them with their moving to the Trust farm Boshook in the District of Estcourt. Cornfields is a portion of the farm Hattingh, District Estcourt, which is an isolated schedule Black area which doesn't fall within the same category as a *de facto* Black spot, that is to say, which is neither a released area nor a schedule area. 32 families were resettled since 10 February 1988.
 (1)(b)(i)(ii) and (c) Fall away.
 (2)(a) and (b) Fall away.

Pilchard/anchovy catch: percentage immature juveniles

452. Mr R R HULLEY asked the Minister of Environment Affairs:

What estimated percentage of the catch of (a) pilchards and (b) anchovies in 1987 were immature juveniles?

The MINISTER OF ENVIRONMENT AFFAIRS:

(a) 19 per cent by mass;
 62 per cent by number.
 (b) 34 per cent by mass;
 37 per cent by number.

Central Energy Fund: total amount collected

454. Mr R R HULLEY asked the Minister of Economic Affairs and Technology:

What total amount was collected on behalf of the Central Energy Fund in the 1987-88 financial year?

The MINISTER OF ECONOMIC AFFAIRS AND TECHNOLOGY:

The 1987-88 financial year of the Central Energy Fund ends on 31 March 1988. For the 10 months ending 31 January 1988 in respect of which information is available, the following amounts were collected on behalf of the Central Energy Fund.

| | |
|--------------------|-----------|
| | R—Million |
| Levies received | 487,8 |
| Interest received | 356,1 |
| Dividends received | 25,0 |
| Total | 868,9 |

Crude oil: landed rand cost per barrel

455. Mr R R HULLEY asked the Minister of Economic Affairs and Technology:

(1) What was the average annual landed rand cost per barrel of crude oil in 1986;
 (2) what was the (a) average quarterly landed rand cost per barrel of such oil in 1987 and (b) landed rand cost per barrel of oil as at the latest specified date for which information is available?

The MINISTER OF ECONOMIC AFFAIRS AND TECHNOLOGY:

| |
|---|
| (1) R33,41 landed cost |
| (2) (a) 1st quarter R37,48 landed cost |
| 2nd quarter R36,26 landed cost |
| 3rd quarter R39,16 landed cost |
| 4th quarter R43,00 landed cost |
| (b) R35,25 landed cost during January 1988. |

Middelburg by-pass road: progress

500. Mr P G SOAL asked the Minister of Transport Affairs:

With reference to his reply to Question No 464 on 23 February 1987, (a) what progress has been made in respect of the Middelburg by-pass road, (b) when is it anticipated that it will be completed and (c) what total amount had been spent in respect of this road as at the latest specified date for which information is available?

The MINISTER OF TRANSPORT AFFAIRS:

(a) The Middelburg by-pass up to Wonderfontein is being constructed in three phases. The first section of the by-pass was completed and opened to traffic during 1986. The next two sections from the Rockdale interchange to the farm Elandsfontein and from Elandsfontein to Wonderfontein are in progress and reaching 65% completion.
 (b) The expected completion date of the latter two sections is the end of July 1988.

(c) The expenditure on the completed section and two running contracts up to 19 February 1988 amounts to R44 211 791,14.

Self-governing territories: shortage of housing

505. Mr P G SOAL asked the Minister of Education and Development Aid:

(1) What was the estimated shortage of housing for Blacks in each self-governing territory at the end of 1987;
 (2) how many houses were provided for Blacks in each self-governing territory by the South African Development Trust in 1987;
 (3) when is it expected that the shortage will be eliminated in each self-governing territory?

The MINISTER OF EDUCATION AND DEVELOPMENT AID:

| | |
|---|---------|
| (1) According to the most recent figures furnished by the self-governing territories the estimated shortage is: | |
| Lebowa | 12 000 |
| KaNgwane | 15 000 |
| KwaZulu | 100 000 |
| Gazankulu | 2 578 |
| Owawa | 17 000 |
| KwaNdebele | 5 000 |
| Total | 151 578 |

(2) None. The South African Government has implemented self-build schemes within all the self-governing territories and no longer builds family housing units. 24 234 serviced sites were, however, made available. Furthermore the functions regarding housing and development of towns have been transferred to the self-governing territories who now have decision-making powers.

(3) Unknown. It is not possible to indicate when the shortage of houses will be eliminated. Elimination of the shortage will depend on the availability of funds.

Applications for deregulation

556. Mr J J WALSH asked the Minister in the State President's Office entrusted with Administration and Broadcasting Services:

R8-m power project

Sowetan 10/3/88

128 55

ATTERIDGEVILLE residents are to pay R850 per household towards the financing of an R8 million electricity project in the area undertaken by the local town council.

The mayor, Mr Matthews Mahlangu, said at a Press conference yesterday that each

By ALINAH DUBE

family would be expected to pay R5 a month over a specific period. This would be for rewiring and meters.

Mr Mahlangu said the rewiring and installation of meters will be done on

Government owned houses alone. Work at houses which have already been sold will be carried out at the owner's expense.

The project is expected to start soon and will be completed at the latest during the second week of June.

Sowetan 16/3/88 55

Anger over charges

A CHIAWELO man is angry that the Soweto City Council has sent him a bill for electricity he does not have.

Mr John Thamba of 1206 Chiawelo 1 told the *Sowetan* that since he moved into his new house on December 15 last year, he has had no electricity because it had been cut off.

"However to my surprise, last month I received a combined electricity and water statement from the council showing that I owed R238 for the December and January months.

"I do understand that I have to pay for water

because I have used it. However, I am not prepared to pay for a commodity that I have not used. Since I took occupation of the house I have had not lights until now," he said.

Miss Estelle Bester, the council's housing director, said it was true that in Chiawelo the council was presently repairing damaged electricity boxes. She said

because of this, what was reflected in the residents electricity statements were provisional charges.

"Once we have repaired the sub-stations, we will then read the meter boxes and every account will be corrected. Residents must understand that provisional charges are made on all accounts where there is no metered charge.

"When we have sorted out everything and find that a resident has overpaid, he will be credited. Alternatively, accounts will be reduced where applicable," she said.

She advised Mr Thamba to be patient or take up the issue with the city's electrical engineer in Nancefield. The telephone number is 933-1617 or 933-1794.

1
205
55

WEEKLY MAIL, March 18 to March 24, 1988

Oil companies skid over labour relations

WAGE talks involving some 1 600 workers in the petroleum industry this week ground to a halt as the Chemical Workers' Industrial Union (CWIU) declared a number of disputes that could lead to widespread work stoppages.

CWIU branch organiser Pat Horn told the *Weekly Mail* deadlocked wage negotiations are fuelling worker dissatisfaction at plants owned by Shell, British Petroleum and Mobil in the Durban area, the Transvaal and the Eastern Cape.

About 30 workers have voted in favour of strike action at Veetech Oil, a Shell subsidiary, where the union is demanding a minimum wage of R700 a month and a 13th cheque as an annual bonus.

Shell had insisted on treating Veetech as an autonomous plant so that it could pay wages lower than the minimum in the Shell group, she said. "Shell spends a lot of money on advertising their commitment to social responsibility but workers feel that charity begins at home and that the company should sort out relations with its own workers."

Social responsibility should begin at home, say workers at three major petroleum companies who have declared disputes over wages. By EDDIE KOCH

At the large Sapref refinery in Durban, owned jointly by Shell and BP, the union has applied for a conciliation board on behalf of some 700 workers after the company offered an across-the-board increase of 14,25 percent or R142 a month in response to the union's demand for 16 percent or R180.

The CWIU has declared a dispute at Shell Chemicals, which employs 80 workers in Durban, claiming the company is refusing to negotiate

wages on the grounds that a full agreement with the union has not yet been signed. Horn said the union had applied for a conciliation board last month and the workers would consider legal strike action if the board did not meet within 30 days.

A media representative for the company said: "Shell maintains good and stable relationships with all the unions with which it deals. Of these, the CWIU is one of the most important. It has already negotiated a number of substantive agreements with them amicably."

"Like any employer, however, it reserves the right to resist unreasonable demands when negotiating on wages and other substantial issues. It would not be fair to expect any employer to 'belly up' every time a union makes a demand."

"Shell maintains an excellent wage policy and employee benefits package and will continue to do so. Any dispute which currently exists is taking place in the normal course of industrial relations interaction and collective bargaining procedures."

Meanwhile labour relations at Mobil Oil's refinery in Durban and its petrol depots around the country also ran into a slippery patch this week.

Horn said Mobil's refinery refused to meet the union's demand for 16,5 percent or R215 per month increase across-the-board, offering 14 percent or R135. The union claims Mobil has

also refused to provide information on wages necessary for negotiations and has applied for conciliation over both issues.

Talks to resolve a dispute with Mobil's depots in the Transvaal and Eastern Cape, where the union is demanding across-the-board hikes of R200 a month in response to an offer of R155 a month for some 360 workers, are due to take place today. CWIU's education secretary Blake Moseley has accused Mobil of paying wages below those of the other big petroleum companies.

Asked to comment, Mobil Oil's public relations manager, Barry Housdon, confirmed that disputes had been declared by the union.

He said Mobil was unable to comment on wages paid by other companies but his group undertook regular salary surveys and offered "a total package that was very competitive". Mobil's minimum wage was R710 a month and housing subsidies and educational assistance were available to employees.

Housdon added that Mobil believed it had supplied the union "with adequate information to proceed with negotiations".

By Garner Thomson,
The Star Bureau

LONDON — South Africa's Canberra, Buccaneer and Mirage aircraft are "quite adequate" for a nuclear strike against a neighbouring black country, claims a book published in London.

But, it says, Pretoria may have initiated a nuclear arms programme to have a weapon of last resort only if Western support is withheld.

South Africa and Nuclear Proliferation, by JDL Moore (Macmillan Press), says Pretoria is not responding to positions of any nuclear weapons by any possible African adversary.

This contrasts with past cases of nuclear weapons proliferation in South Asia or South America ... South Africa's strategic situation in this case resembles more that of Israel.

HOSTILITY

Both states possess overwhelming conventional military superiority over hostile neighbours, but both are dependent on support from the West.

New speculation on SA's nuclear clout

Moore — a research student at York's Centre for Southern African Studies — points out that South Africa has been able to continue her acquisition of sophisticated armaments in spite of the mandatory arms embargo imposed by the United Nations Security Council in 1977.

But "South Africa may be fearful that, with the likelihood that she will become increasingly the subject of sanctions on imports of technology

and equipment, she may not be able to maintain indefinitely this qualitative superiority in armaments".

'PARANOIA'

Moreover, he continues, South Africa retains "a paranoia" about the beleaguered situation of the white population at the southern tip of black Africa.

"She may thus have developed nuclear weapons for the same purpose as she has developed a

seemingly unnecessary overwhelming conventional superiority: to convey the impression, both to her own people and the outside world that, in spite of the odds against her, the South African regime can survive indefinitely in a nuclear laager."

The author says this psychological use of nuclear weapons may lack military credibility, so South Africa "will probably continue to publicise her nuclear weapons ca-

pability by such means as hints, ambiguous comments and anonymous tests, rather than make any open declaration of nuclear weapons possession, which would draw a hostile response from Western nations".

DISTRUSTFUL

Moore believes South Africa would be prepared to admit openly to a nuclear weapons programme only when her military situation had deteriorated drastically and

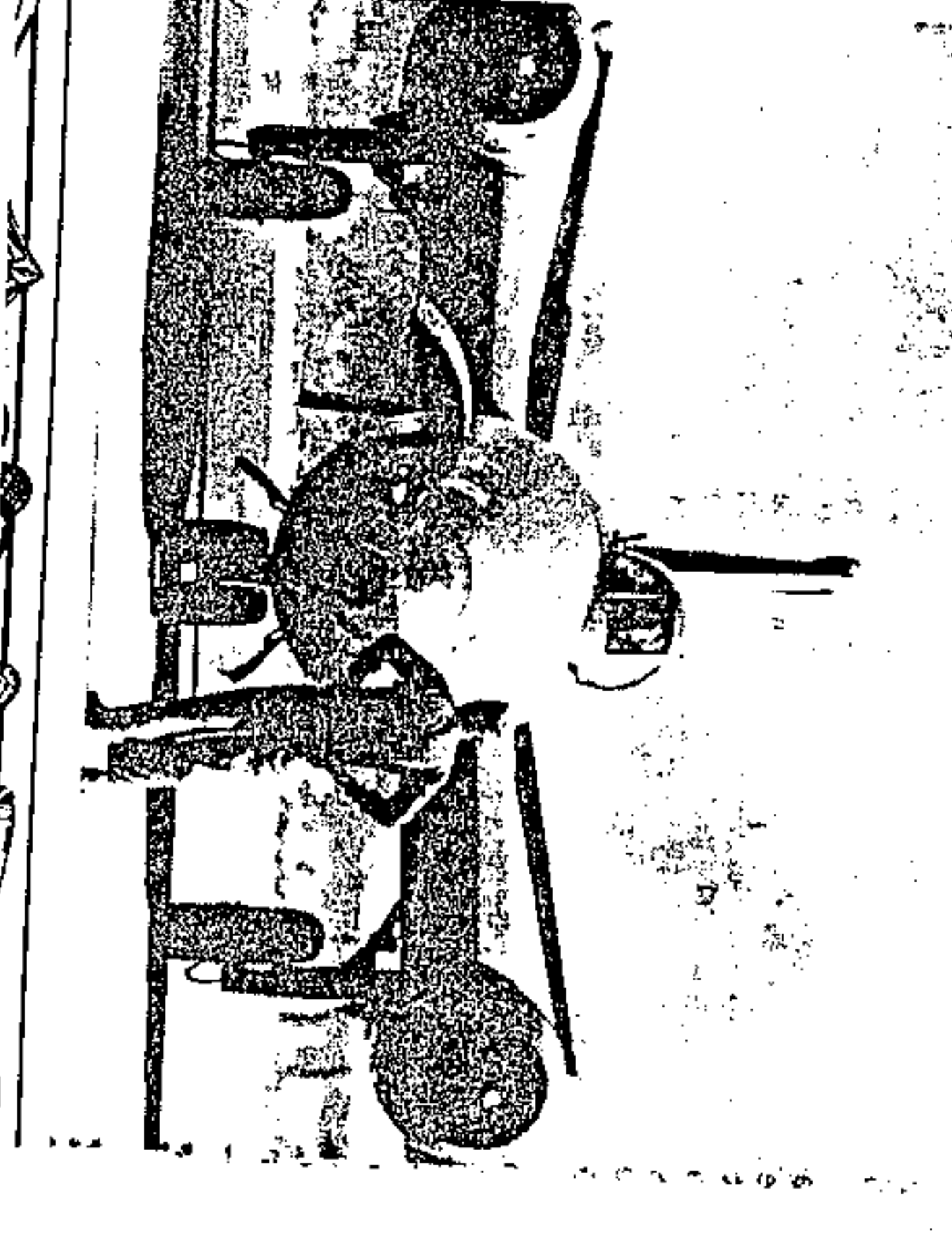
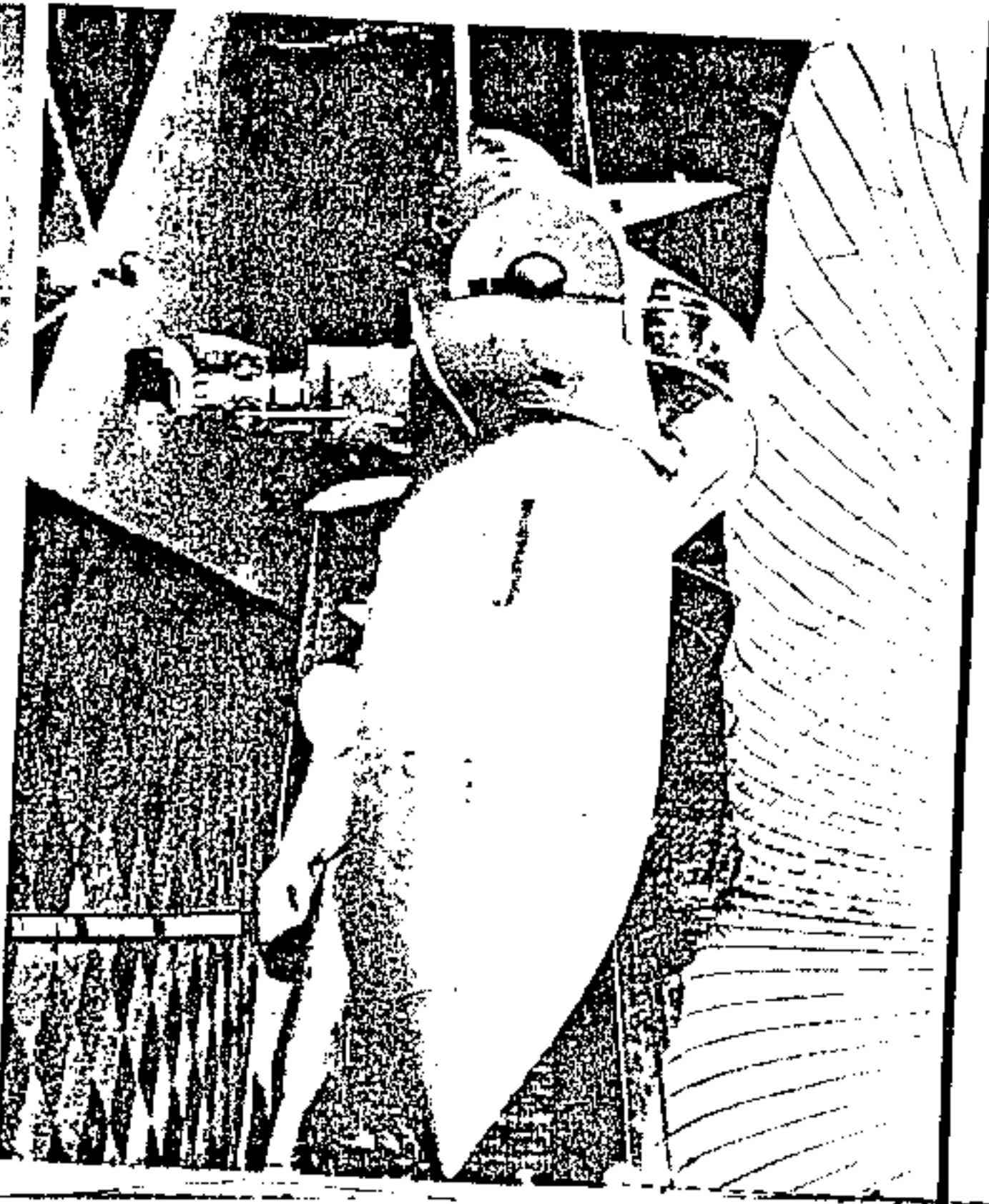
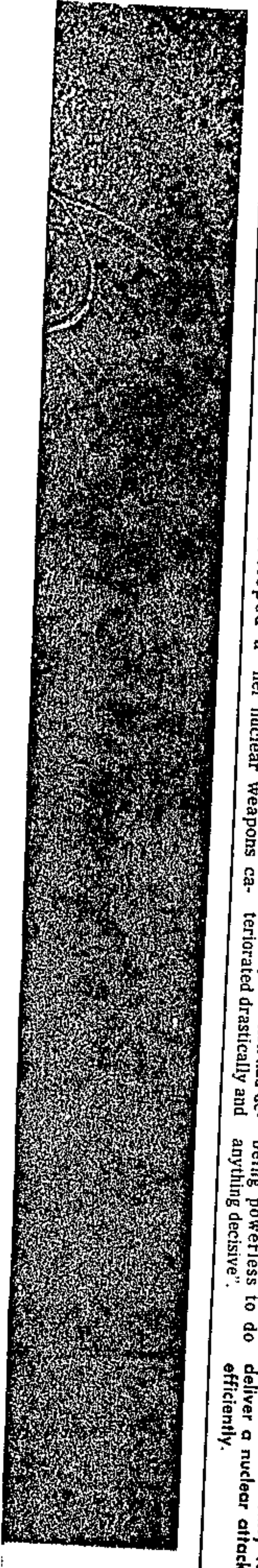
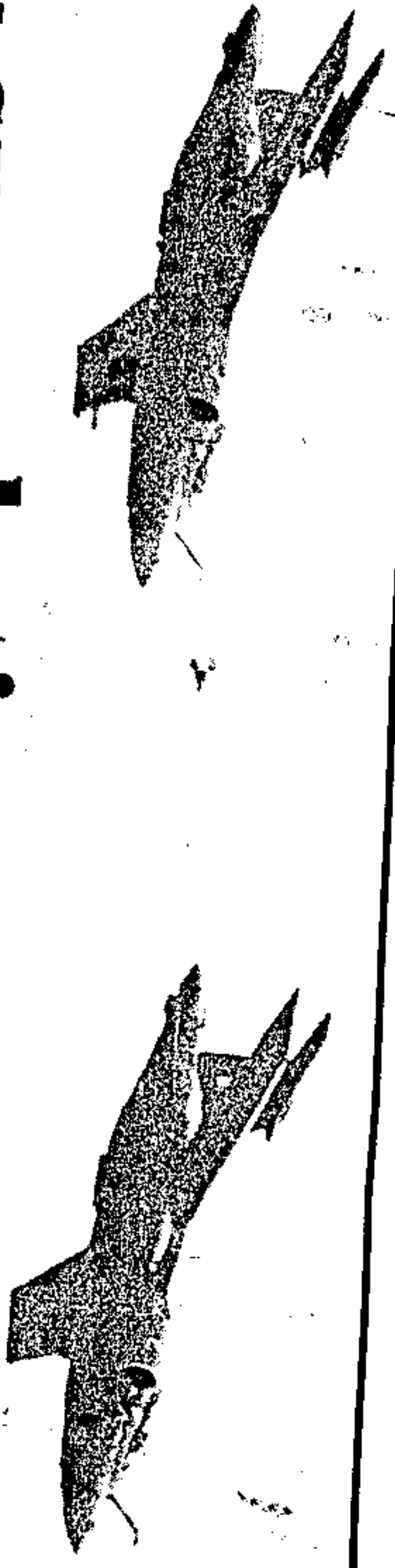
she had lost practically all hope of Western military support.

The book traces South Africa's nuclear research in the context of Pretoria's relations with the outside world, and predicts that Western policy regarding South African nuclear questions "is likely to remain characterised by secrecy, nervousness, and a feeling of being powerless to do anything decisive".

RIGHT

South Africa's completely updated and refurbished Cheatan fighter bomber — a development of the French Mirage — also has long-range capability with the recent acquisition of aerial tankers by the SAAF.

ABOVE: The air-to-air refuelling capability of the SAAF's remaining Buccaneer bombers gives them an extended flight range suitable for nuclear weapons delivery — a role for which they were originally designed.



By Don Robertson

THE price of diesel fuel is expected to fall in the next few days — but it will merely redress the disguised increase which came into effect in June last year.

The reduction is expected to be about 5c a litre and will affect almost all categories of use.

Before last June, the agricultural and marine industries and some others could buy diesel fuel without paying GST. Since then, however, they have been forced to pay the GST and reclaim the equivalent amount from Government.

But in terms of the June price restructure, the price of diesel rose from about 47c a litre, depending on volume discounts, to about 55c after repayment of GST.

At the time, the Government made no mention of the increase.

The expected 5c price reduction will, therefore, merely reduce this increase.

Deficit

There is still the possibility of a petrol price rise.

In February, motorists on the Reef underpaid by 1,696c a litre, resulting in the equalisation fund or slate running into a deficit of R28-million.

This is partly because February was the second successive month in which the international list price showed an increase.

The slate deficit was R9-million in January, but there was a surplus of between R10-million and R15-million in December.

The slate is used by the

Diesel to drop, but dicey for petrol

Government to meet price under-recoveries. It is topped up when the retail price is higher than purchase and production costs.

In the past, the slate has run into a deficit of as much as R450-million, but the Department of Mineral and Energy Affairs has indicated that it will not be allowed to rise so high again.

Since June last year, Reef motorists have underpaid each month by up to 4,7c a litre, resulting in the slate's falling from its R195-million surplus at the beginning 1987.

Although crude oil prices have been stable, the rand has dropped in recent months, making crude oil more expensive.

The Government is considering an application by Sasol for protection against rising production costs and lower crude oil refining margins. The Government's decision is expected soon. If granted, it would put more pressure on the petrol price.

The price will rise by an estimated 2c a litre next year when the lead content is reduced.

Record profits at Afrox after inflation accounting

Blue chip Afrox has once again reached record sales and profit levels.

Disposal of certain hospital interests boosted cash flow by R20 million. Interest declined significantly. Capex was high and will increase further in 1988. The hospital division, having made major strides in past years, suffered as increased costs of staff and equipment were not recovered due to meagre tariff increases granted by the Association of Medical Schemes.

A significant guarantee of R85,6 million has suddenly reared its head. Note 16 to the financial statements states Afrox guaranteed loans of an associated company to finance the construction of two gas plants. This associated company was not consolidated so the amount escapes being shown as borrowings. Nothing is said about the exposure save that "no loss is anticipated under this arrangement."

The group's excellent performance in 1987 reflects Afrox as a balanced group of businesses with strong, defensible market positions. It is capable of meeting the challenges of economic downturns and is also relatively isolated from business cycles which bedevil so many SA companies, says outgoing chairman Paul Bosonnet.

Afrox last week announced that Peter Joubert has been appointed chairman of the group. He would continue to act in the capacity of managing director.



New chairman Peter Joubert

Afrox believes that its published results should eliminate, where possible, the impact of inflation on its reported earnings and financial position. Accordingly, fixed assets are revalued and the current cost of consumption is charged against current revenue.

A major depreciation adjustment — being a depreciation charge based on revalued fixed assets rather than the historic cost of fixed assets — is made before net income is finally determined.

Inflation accounting remains a contentious issue and is the subject of frequent debate within the accounting profession. Such debate centres on both the benefits derived from the inflation accounting and the principles applied in the preparation thereof. Afrox's conservative approach ensures that when its fixed assets have to be finally replaced there are funds in the bank for the purpose rather than having to borrow.

Turnover reached R448,4 million (1986 R390,9 million). Trading profit was 20 percent of sales and totalled R89,4 million (1986 R70 million) reflecting improved margins. Net interest expense declined by 70 percent to only R3,3 million (1986 R10,5 million). The effective tax rate increased to 47,5 percent (1986 41,2 percent) and tax totalled R42,5 million (1986 R26 million). The normal depreciation charge of R22,13 million was increased by R11,74 million to reflect the current cost of assets consumed (inflation adjustment) and totalled R33,87 million for the year (1986 R18,95 million plus R8,92 million).

Profit before extraordinary items was R34 million (1986 R27,4 million). Earnings per share were 113,6c (1986 91,5c) with dividends increased to 61c (1986 50c). A R15 million extraordinary

The bottom line with Michael Menof



gain from the sale of hospital interests boosted profits to R49,2 million (1986 R26,7 million).

The current year's record performance was achieved in a very difficult time for the country with continuing unrest and both local and overseas pressures on the business environment. Upturn has been slow, mainly in the consumer area, and there has been a lack of confidence, says Mr Bosonnet.

The two key business areas of Afrox — gases and welding — performed well. The hospitals had a trying year. The private hospital industry is in the onerous position of having to accept prescribed tariffs. Increases in tariffs have legged behind cost increases.

The highlight in the gas division was the erection of two 700 tonnes-a-day air separation plants at Iscor. Nothing was said about the R85 million guarantee in the gas division's review but I suppose Iscor is sound enough to minimise any exposure.

Today Afrox's 18 gas production units supply oxygen to every steel maker in the land. The gas and welding division produced 81,8 percent of the profits (1986 78,8 percent). The hospitals division contributed only 13,1 percent of profits (1986 19,3 percent). However the sale of Magnolia Clinics and Nedbank Clinic produced R20 million valuable cash flow.

Afrox continued to export various tanks to Hong Kong during the year but gave no figures. Capex was high at R47,7 million (1986 R26,3 million) and promises to be up 15 percent in 1987/88.

The balance sheet has improved and shows a net asset value of R11,24 (1986 R8,98) per share at end September 1987. Shareholder's funds totalled R337 million (1986 R269 million). Total debt is down to R57,3 million (1986 R64,1 million). Working capital is unchanged at R39 million (1986 R42,6 million) and includes substantial cash resources of R35,2 million (1986 R22,9 million).

Afrox's inflation accounting policy will enhance growth largely through the developments of existing business and markets rather than by acquisition, says Mr Bosonnet who is predicting increased earnings and dividends once again in 1988.

Current JSE market value is R14,50 a share. The price earnings ratio is one of the highest in the engineering sector and almost double the sector average. The confidence of the large number of institutional investors is assured.

UK holding company BOC, with its 60 percent stake, must be more than happy with their investment as after all their share of the dividend received in 1987 of R11 million was more than the R9 million cost of their investment. This fact alone makes a mockery of the disinvestment advocates and proves that if an investment in a country is making money and helping to employ the masses, why should the company withdraw?

- (2) how many farmers were prosecuted in that year for offences under the relevant provisions of the Animal Diseases and Parasites Act, No 13 of 1956?

The MINISTER OF AGRICULTURE:

- (1) 257
(2) 54

Legal Aid Board: unpaid financial/contingent financial obligations

338. Mr D J DALLING asked the Minister of Justice:

- (a) What were the unpaid (i) financial and (ii) contingent financial obligations of the Legal Aid Board as at 31 January 1988 and (b) what cash funds did the Board have at its disposal as at that date?

The MINISTER OF JUSTICE:

- (a) (i) and (ii). A rough estimate done by the staff of the Legal Aid Board indicates that the Board may receive accounts for about R14.7 million in respect of live cases (some of them up to thirteen years old) probably over the next thirteen years. This is a contingent liability which becomes claimable in the future as and when these cases reach finality. Should these cases therefore not reach finality the contingent liability will be reduced accordingly.

- (b) On 31 January 1988 the Board had R4 685 410 at its disposal. This includes the balance of funds appropriated, interest received and legal costs recovered. The administration costs of the Board amount to approximately 14% of its annual budget. The remainder is available for legal aid to needy persons. The Board therefore has sufficient funds to fulfil its financial obligations for the current financial year.

The Board's financial obligations in respect of live cases referred to in (a), must not be assessed in direct relation to its cash funds referred to in (b), since the cash funds only have to cover the Board's cash flow until 31 March 1988. The Board is funded annually in such a way as to be able to fulfil its accumulated financial obligations in a specific year. This is apparent from the budget of R12 million which has

been appropriated to the Board for the following financial year, in contrast with the budget of R9 million for the current financial year.

I may add that due to the nature of the Legal Aid Board's activities it occurs that cases, especially civil cases, are only disposed of years after legal representatives are instructed and that legal costs become payable only then. It is also not possible to predict in which financial year a case will be disposed of and the legal costs become payable. It is therefore difficult to budget accurately. The effect of the suspension of services and the restriction of legal costs is likewise unpredictable. However in the past, whenever an unforeseen and uncontrollable shortfall loomed in a particular financial year, the Government has always been able to make arrangements for additional funds.

Bulk electricity supply to local authorities: action by Eskom

751. Mr C J DERBY-LEWIS asked the Minister of Economic Affairs and Technology:

Whether he will furnish information on the action taken by Eskom in respect of local authorities failing to pay in time for bulk electricity supplied to them; if not, why not; if so, what (a) action is taken and (b) period of grace is allowed in such cases?

The MINISTER OF ECONOMIC AFFAIRS AND TECHNOLOGY:

Yes.

- (a) (1) A reminder is given to the local authority by Eskom.
(2) Eskom negotiate personally with the local authority about new payment arrangements.
(3) In the last resort, legal action is taken by Eskom and or termination of power supply is effected.

- (4) Once Eskom gave reminder notices, interest is raised on overdue accounts.
(b) Fifteen days for large consumers, but this period can, in certain cases, be specified in the consumer's contract with Eskom. Thirty days for small consumers.

Bulk electricity supply: period of grace exceeded
752. Mr C J DERBY-LEWIS asked the Minister of Economic Affairs and Technology:

Whether he will furnish information on the number of local authorities which exceeded the period of grace allowed by Eskom in respect of bulk electricity supply; if not, why not; if so, (a) how many were there during the latest specified 12-month period for which information is available, (b) which local authorities were involved and (c) what were the relevant amounts in each case?

The MINISTER OF ECONOMIC AFFAIRS AND TECHNOLOGY:

Yes.

- (a) 313 large consumers
(b) and (c) These answers rest on company confidential information and can, therefore, not be disclosed.

Printing contracts awarded to two companies

835. Mr D J DALLING asked the State President:

- (1) Whether his Office awarded any printing contracts in 1987 to two companies, the names of which have been furnished to the Commission for Administration for the purpose of his reply, or to their associated companies and printing operations; if so, (a) in respect of what publications or printed matter, (b) how many copies of each publication or item were ordered from each company and (c) what are the names of the companies concerned;

- (2) whether these contracts were put out to tender; if not, (a) why not and (b) what was the total amount paid by his Office in respect of each of these contracts; if so, what was the (i) tender price originally accepted, and (ii) total amount paid out, in respect of each contract;
- (3) whether his Office subsidizes any publications published by the above companies; if so, (a) which publications and (b) (i) why, and (ii) what is the amount of the subsidy, in each case;
- (4) what total amount was spent by his Office in 1987 on printing and publishing involving (a) the above companies and (b) any other specified companies?

The STATE PRESIDENT:

- (1), (2), (3) and (4) No.

Printing contracts awarded to two companies

845. Mr D J DALLING asked the Minister of Transport Affairs:

- (1) Whether the Department of Transport awarded any printing contracts in 1987 to two companies, the names of which have been furnished to the Commission for Administration for the purpose of the Minister's reply, or to their associated companies and printing operations; if so, (a) in respect of what publications or printed matter, (b) how many copies of each publication or item were ordered from each company and (c) what are the names of the companies concerned;

- (2) whether these contracts were put out to tender; if not, (a) why not and (b) what was the total amount paid by this Department in respect of each of these contracts; if so, what was the (i) tender price originally accepted, and (ii) total amount paid out, in respect of each contract;
- (3) whether this Department subsidizes any publications published by the above companies; if so, (a) which publications and (b) (i) why and (ii) what is the amount of the subsidy, in each case;
- (4) what total amount was spent by this Department in 1987 on printing and publishing involving (a) the above companies and (b) any other specified companies?

The MINISTER OF TRANSPORT AFFAIRS:

- (1) No.

- (a), (b) and (c) Fall away.

- (2), (3) and (4) Fall away.

N3 between Hilton/Estcourt: cost of upgrading

875. Mr R W HARDINGHAM asked the Minister of Transport Affairs:

- (a) What was the cost of upgrading the N3 between Hilton and Estcourt in 1985, 1986 and 1987, respectively, and (b) (i) what is the estimated cost involved in upgrading the N3 between Howick and Estcourt and (ii) in respect of what date is this estimate furnished?

DIP 30/3/88

Modified diesel price structure welcomed by agricultural union

PRETORIA — The president of the South African Agricultural Union, Mr Kobus Jooste, yesterday welcomed the modified diesel price structure announced by the minister of Economic Affairs and Technology, Mr Danie Steyn.

The discount system had been simplified and farmers would now receive the same discounts from agricultural production and agricultural transport.

He added the intimation that it would no longer be necessary to adjust nett prices upwards was welcome news to the agricultural industry.

The following comparative pump prices of diesel were issued by the Department of Economic Affairs and Technology yesterday, following the announcement of the diesel price drop from April 1 (including tax and duties and excluding tax and duties):

| | | |
|---------------------|-------|------|
| RSA (Reef)..... | 76,0 | 35,2 |
| United Kingdom..... | 103,8 | 40,3 |
| France..... | 98,5 | 37,5 |
| Germany..... | 88,4 | 32,2 |
| Netherlands..... | 75,7 | 36,8 |

Exchange rate ratio: US \$1 = R2,0492

The pump price of diesel would be calculated as follows:

| | |
|---|------------|
| Landed cost as reflected in price | 35,2 |
| PLUS: Customs and Excise duty | 4,0 |
| Equalisation Fund Levy | 6,7 |
| Fuel levy | 18,0 |
| PRICE: | COAST REEF |
| Transport differential | 5,0 1 76,2 |
| Wholesale price | 64,0 0,1 |
| PLUS: Dealer margin | 6,0 5,9 |
| PUMP PRICE | 70,0 76,0 |

Answer

Answer

(b) 31 December 1987.

(2) (a) Unknown as details of land acquired for consolidation purposes are not kept apart in a register. The land referred to in paragraph (1)(a)(ii) and (iii) includes the land acquired for consolidation purposes.

(b) The required information is not readily available as particulars on a Provincial basis are not kept in a register.

Ibaya Municipal Council: allegations of fraud

670. Mr D J N MALCOMESS asked the Minister of Law and Order:

Whether the South African Police are investigating allegations of fraud in respect of the Ibaya Municipal Council; if so, (a) what progress has been made and (b) when is it anticipated that the investigations will be completed?

The MINISTER OF LAW AND ORDER:

(a) and (b)

The investigation is being conducted in co-operation with internal auditors and is expected to be completed in 4 months time.

Bus boycotts, Botshabelo: persons killed/injured by SAP

672. Mrs H SUZMAN asked the Minister of Law and Order:

- (1) Whether any persons were shot and (a) killed or (b) injured by members of the South African Police during the course of bus boycotts in Botshabelo in 1987 and 1988; if so, (i) how many, (ii) on what dates, (iii) what were the circumstances surrounding these incidents and (iv) what were the (aa) names and (bb) ages of each of the persons shot;
- (2) whether any of these persons were hospitalized; if not, why not; if so, where;
- (3) whether any persons were charged with offences in connection with these incidents; if so, (a) how many and (b) what were the charges in each case?

The MINISTER OF LAW AND ORDER:

(1) Yes.

(a) No.

(b) Yes, in 2 instances.

(i) 2 persons.

(ii) 4 January 1988

(iii) and (iv) In one instance stones were thrown at a bus. Members of the South African Police who were passengers on the bus, wanted to arrest the stone-throwers. One of these members was attacked by the stone-throwers and he fired one round of birdshot at the persons. A 17-year-old Black male was wounded.

In the other instance, stones were thrown at a bus. A member of the South African Police, who was a passenger on the bus, fired one round of birdshot at the stone-throwers and wounded a 22-year-old Black female.

However, I do not consider it to be in the interests of the persons to furnish their names.

(2) Yes. Botshabelo hospital.

(3) Yes.

(a) and (b) The Black male was charged with public violence and the Black female with malicious damage to property.

State revenue obtained from income tax/excise and customs duty/sales tax

678. Mr A GERBER asked the Minister of Finance:

What percentage of the total State revenue was obtained from (a) income tax from (i) individuals, (ii) companies and (iii) gold mines, (b)(i) excise and (ii) customs duty, (c) sales tax and (d) other specified sources in each specified tax year from 1975 for which figures are available?

The MINISTER OF FINANCE: SOURCE OF REVENUE 1974/75 1975/76 1976/77 1977/78 1978/79 1979/80 1980/81 1981/82 1982/83 1983/84 1984/85 1985/86 1986/87

| CUSTOMS AND EXCISE | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---|---|
| Total: Customs and Excise | 20.50 | 21.08 | 20.76 | 24.09 | 17.21 | 13.21 | 11.10 | 13.89 | 13.25 | 10.12 | 8.06 | 7.15 | 7.61 | | |
| Inland Revenue | | | | | | | | | | | | | | | |
| Income Tax: | | | | | | | | | | | | | | | |
| Companies (other than mining) | 22.91 | 26.48 | 23.33 | 23.95 | 17.90 | 18.73 | 18.16 | 21.65 | 21.33 | 17.06 | 16.10 | 16.39 | 15.20 | | |
| Individuals | 22.08 | 24.66 | 25.14 | 26.78 | 22.80 | 19.86 | 15.71 | 21.95 | 24.97 | 29.73 | 31.05 | 28.52 | 29.42 | | |
| Gold Mines | 11.79 | 8.50 | 4.40 | 4.95 | 7.69 | 11.93 | 21.00 | 10.70 | 7.44 | 8.91 | 6.83 | 8.37 | 7.62 | | |
| Other Mines | 1.82 | 0.94 | 1.12 | 1.55 | 1.47 | 2.89 | 1.59 | 0.73 | 1.16 | 0.80 | 0.96 | 1.65 | 2.80 | | |
| Sales Tax | — | — | — | — | 5.99 | 12.76 | 12.42 | 14.68 | 18.54 | 20.31 | 25.04 | 27.46 | 26.92 | | |
| Gold Mining Leases | 3.73 | 3.20 | 1.66 | 1.39 | 2.26 | 3.42 | 6.30 | 4.09 | 2.14 | 2.73 | 1.60 | 2.04 | 1.98 | | |
| Non-resident Shareholders | — | — | — | — | — | — | — | — | — | — | — | — | — | | |
| Tax | 1.71 | 1.65 | 1.26 | 1.32 | 1.28 | 1.65 | 2.23 | 2.24 | 1.43 | 1.36 | 1.05 | 1.18 | 1.22 | | |
| Stamp Duties and Fees | 1.67 | 1.33 | 1.06 | 1.18 | 1.09 | 1.26 | 1.03 | 1.00 | 0.86 | 1.10 | 1.03 | 0.92 | 0.96 | | |
| Transfer Duty | 1.29 | 1.11 | 0.78 | 0.68 | 0.61 | 0.91 | 1.16 | 1.19 | 1.11 | 1.66 | 1.22 | 0.91 | 0.87 | | |
| Estate Duty | 0.71 | 0.69 | 0.64 | 0.65 | 0.59 | 0.46 | 0.46 | 0.50 | 0.46 | 0.46 | 0.43 | 0.48 | 0.44 | | |
| Interest and Dividends | 3.82 | 3.96 | 8.30 | 7.54 | 7.50 | 6.77 | 4.30 | 3.48 | 3.33 | 2.67 | 2.14 | 1.24 | 0.89 | | |
| Other | 7.98 | 6.41 | 11.54 | 5.92 | 13.66 | 6.02 | 4.55 | 3.94 | 3.94 | 3.10 | 4.51 | 3.71 | 4.07 | | |
| Total: Inland Revenue | 79.50 | 78.92 | 79.24 | 75.91 | 82.79 | 86.79 | 88.90 | 86.11 | 86.75 | 89.88 | 91.94 | 92.85 | 92.39 | | |
| Total: Ordinary Revenue | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | | |

Excluding amounts payable to TBVC countries and self-governing National States

Excluding transfers from reserve accounts

Excluding standing allocations of revenue and loan levy

Overseas visitors: interviews with political parties

685. Mr C J DERBY-LEWIS asked the Minister of Foreign Affairs:

With reference to his reply to Question No 533 on 7 October 1987, how many overseas visitors who were guests of his Department in 1987 were unable to meet representatives of (a) the National Party, (b) the Progressive Federal Party, (c) the Conservative Party, (d) Inkatha and (e) the Soweto Civic Association as a result of the itineraries of these guests not permitting of such meetings?

The MINISTER OF FOREIGN AFFAIRS:

It is customary to arrange interviews with representatives of the political parties of all three Houses of Parliament. Sometimes there is not enough time available to fit in meetings with representatives of all the parties and the guest concerned is consulted on his preferences. It also happens that guests themselves ask that appointments be cancelled or altered. Alterations to programmes are thus made all the time, sometimes at the last moment. The Department does not specifically keep record of such alterations. The Department also does not keep record of the discussions with guests regarding their preferences at the arrangement of appointments.

(a) (b) (c) (d) and (e) fall away.

Cahora Bassa Hydro-electric Scheme in Mozambique

715. Mr C J DERBY-LEWIS asked the Minister of Foreign Affairs:

(1) Whether the South African Government and the Portuguese Government have reached an agreement in regard to repairing damaged power pylons and renewing cables carrying electricity from the Cahora Bassa Hydro-electric Scheme in Mozambique to the Republic; if so, (a) when, (b) what will be the amount of (i) South Africa's and (ii) Portugal's contribution towards the repairing of damage and the renewal of cables and (c) by which Government Departments will South Africa's contribution be provided;

(2) what are the main terms of this agreement?

The MINISTER OF FOREIGN AFFAIRS:

(1) Yes.
(a) South Africa accepted in principle the proposals mentioned in paragraph (2) below on 16 March 1988.

Energy saving guide

3/4/88
S/Times

By Don Robertson

ENERGY management in buildings can result in annual savings of between 10% and 15% and is necessary to conserve SA's declining fossil fuel resources.

The Department of Public Works and Land Affairs has produced a booklet — Manual for Energy Auditing of Buildings — which it hopes will promote power conservation.

As a result of research undertaken by the department and private companies, all Government buildings will be properly managed for energy use with the help

of consulting engineers.

According to Uys Ackermann, chief mechanical engineer, the energy bill for the Department of Public Works is more than R100-million a year. With proper energy management, savings of between R10-million and R15-million are expected.

In one building it was possible to cut the cost of power from R1,75-million to R1,5-million.

The private sector is asked to

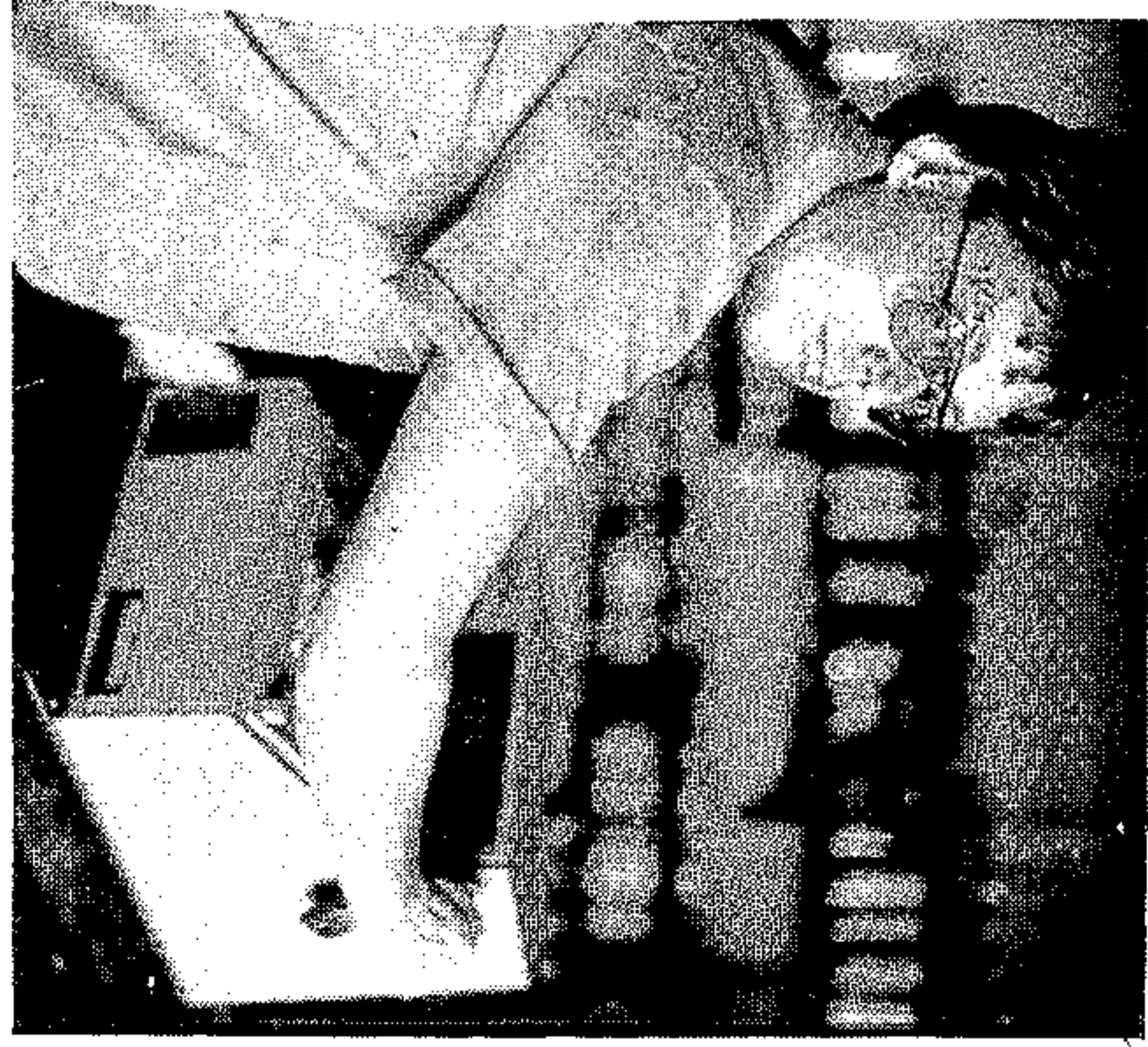
reduce inflation by conserving energy.

Energy must be conserved and the private sector is asked to assist in updating the manual, says Mr Ackermann.

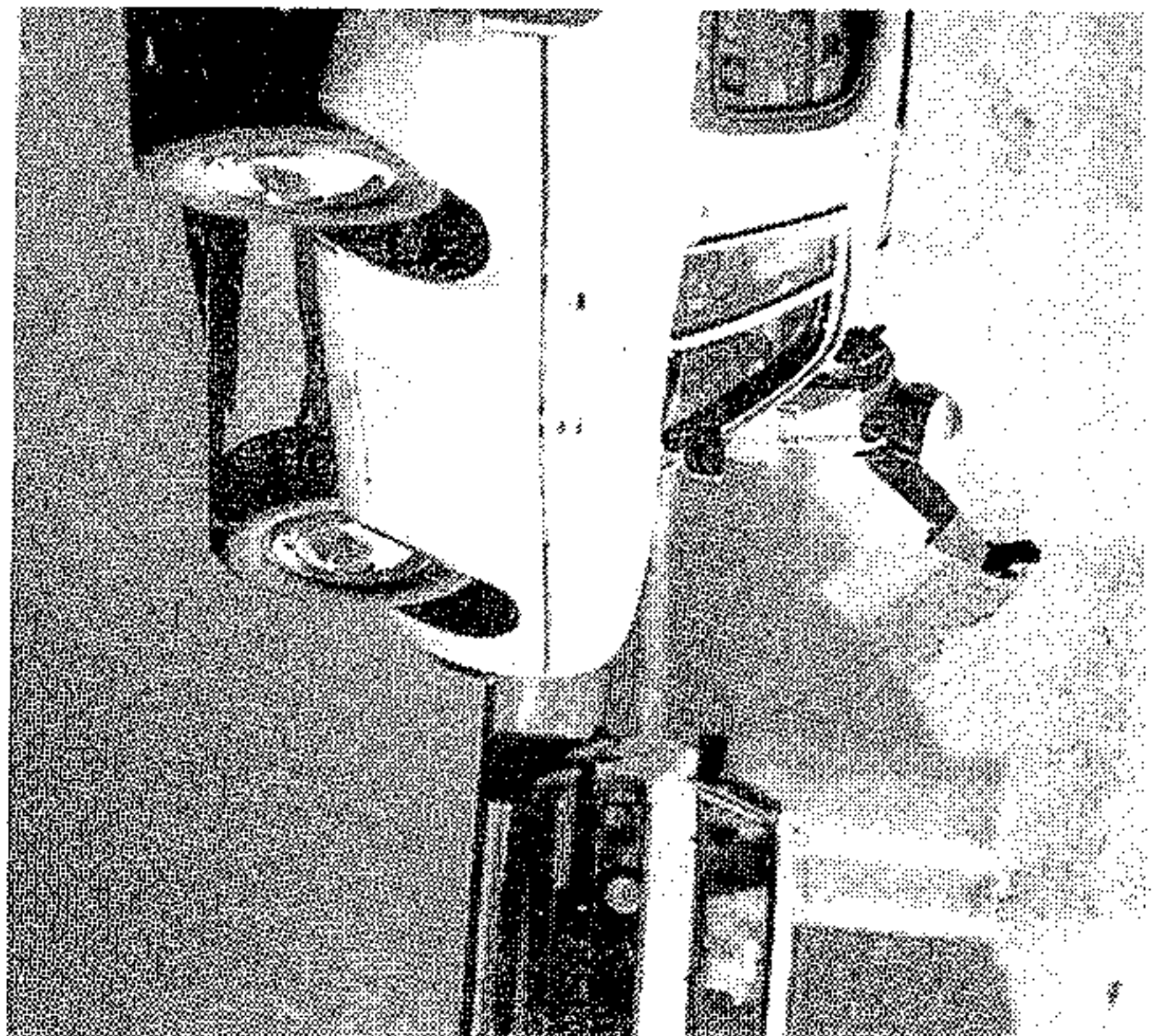
The manual offers building owners a mechanism whereby energy audits can be conducted to assess and analyse consumption and identify savings opportunities.

It also offers advice of how the systems can be introduced to staff.

The manual is available from the department in Pretoria.



Mr Robert van der Holst operates a till manually in his bottle store during yesterday's blackout.



A traffic officer in action at the Buffalo Street-Fleet Street intersection while the traffic lights were out.



"Have a braai instead," suggests Mr Arthur Newcombe, at the door of his butcher shop.



"Sorry, no power, no petrol," Mr Maxwell explains to one of scores of unlucky motorists.

Big blackout hits city

DIP 6/4/88

(55)

Daily Dispatch Reporter

EAST LONDON — Activities in the city centre were disrupted for more than five hours yesterday after a crippling power failure that affected the entire central business district and several suburbs.

Traders who did not have emergency power back-up systems on their premises, were forced to suspend trade as customers groped their way to the doors. Crowds of people waited outside stores in Oxford Street at lunchtime, hoping to finish their shopping after the long weekend.

The supply interruption, which was caused by major equipment failure at a municipal intake station, occurred shortly before 11 am and power was restored to most areas by 4.30 pm.

The city electrical engineer, Mr Harden Beck, said the entire central business district and suburbs to the north-east of the city, including Nahoon, Vincent Selborne, Bayville, Quigney, Southernwood and Dorchester Heights, had been without power for some of the time.

He said supply had been restored by municipal staff, but permanent repairs to the damaged equipment would be carried out from today.

"The supply situation is still vulnerable now that the fault has been isolated, but the damaged section will be repaired as soon as possible," Mr Beck said.

A spokesman for the Fire and Rescue Service said although teams had been on standby, only minor incidents resulting from the power failure had been reported.

The basement of an Oxford Street bank came close to flooding when automatic electric pumps ceased to function after the electricity supplies were cut.

A spokesman for the affected branch said an underground stream passed beneath the building and the basement had to be pumped out continuously to prevent flooding of the safe strongroom.

He said the fire department had pumped out excess water.

A spokesman for an elevator manufacturing company in the city said he had received a few calls for "minor problems" with lifts caused by the power failure.

Staff members were on 24-hour duty to deal with such circumstances and had emergency procedures to ensure that people would not be stuck in lifts for long periods. Elevators could be raised or lowered manually to the floor nearest to where they were stuck, he said.

The principal traffic officer here, Mr G. J. du Toit, said all traffic lights in the city centre had been out of order for more than five hours, as well as the lights in Devereux Avenue, Fitzpatrick Road, Commercial Road and Fleet Street.

"We had every possible traffic officer on point duty and no major problems were experienced. Traffic flow was heavy during the morning after a quiet weekend, but there were no accidents reported as a result of the power failure."

Eskom wants power spread

SS B/day 7/4/88

DISREGARDING political differences, electricity giant Eskom is to push ahead with a massive plan for the electrification of southern Africa.

Already top-level talks have been held with most of the electricity utilities on the sub-continent in an attempt to seek closer co-operation.

Eskom CE Ian McRae says: "We have, on a number of occasions, been in touch with utilities outside our borders whose governments are not well disposed towards SA. They share our enthusiasm and drive for development.

"And financiers have already expressed an interest in joining us. During the past few years we have created and built valuable relationships."

The move follows Eskom's success in speeding up its local electrification programme, which will bring power to a further three-million people in 60 townships around SA by 1992.

"Eskom's broader vision for southern

MICK COLLINS

Africa is that economic development will solve many of the problems facing the region. It believes that electricity has a key role to play in the transformation of the continent.

"This is a non-political initiative born of the fact that geographically the states of southern Africa are energy-interdependent. Electricity supply is capital intensive and few countries have the funds or the expertise to upgrade their present, often inadequate, supply systems," Eskom says in its annual report.

Eskom has already taken the initiative in seeking closer links with neighbouring countries and says it is aware that the key to stability and prosperity in South and southern Africa is economic development. Electricity, it says, is a key factor spurring this development.

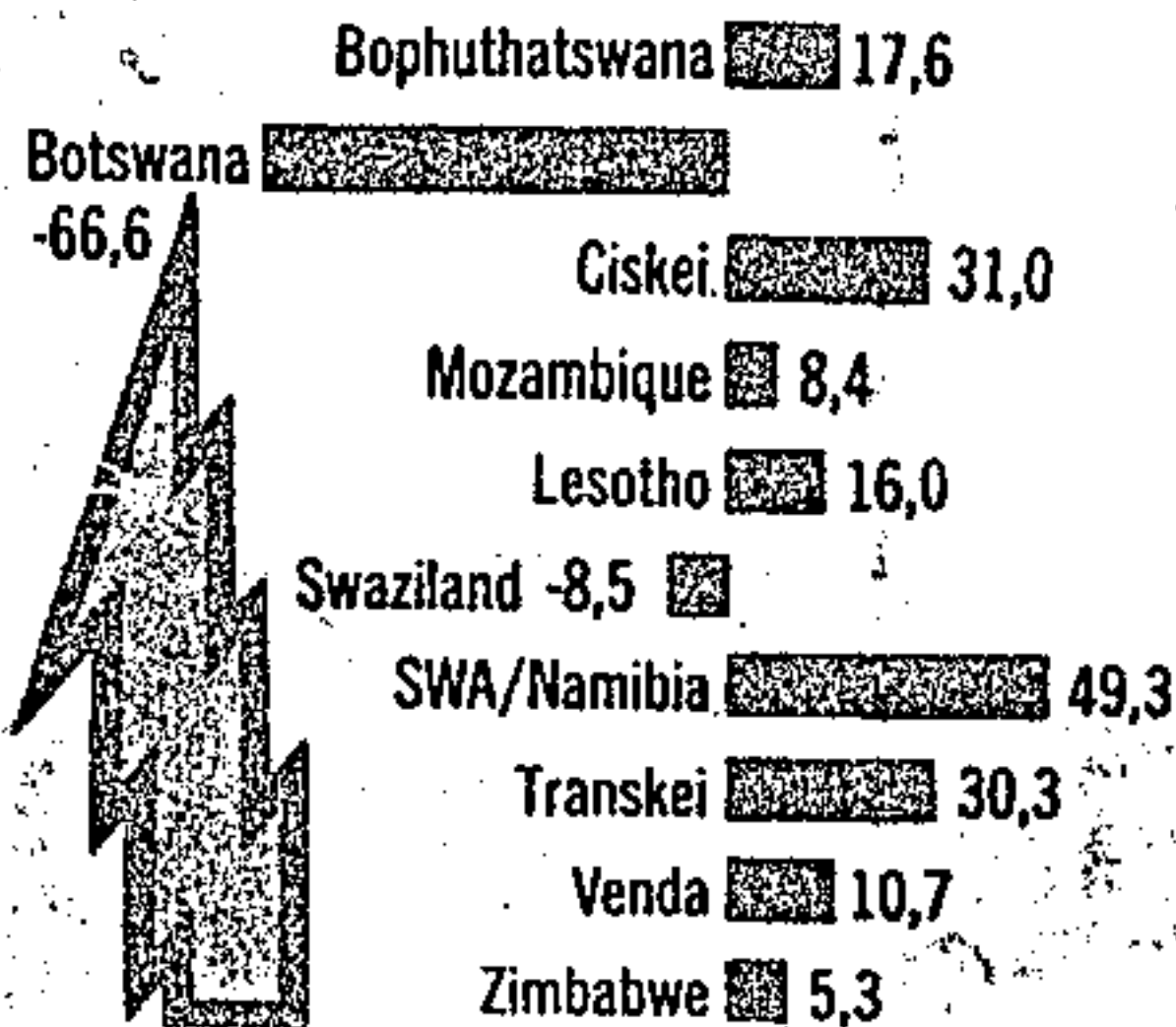
"The basis of an electricity infrastructure linking the entire sub-continent already exists and is, to some extent, already operational."

Eskom exports electricity to Namibia, Zimbabwe, Botswana, Mozambique, Swaziland and Lesotho, with the supply growing annually (1987: 13,4%).

"Eskom has the expertise and the capacity to supply much of the electricity required for further economic development in these countries. Once they are able to expand their own electricity infrastructures, they can export electri-

ELECTRICITY SALES TO UTILITIES IN SOUTHERN AFRICA

% growth 1986-1987



Source: ESKOM Graphic: JOHN McCANN

● To Page 2

Eskom drive for electrification beyond SA

city to SA by exploiting abundant and relatively inexpensive hydro resources, as at Cahora Bassa."

Referring to the speeding up of its local programme, Eskom says it will halve installation costs by simplifying technical specifications which are too elaborate for the needs of the developing part of SA's population.

It says safety standards will not be compromised and the whole electrification process speeded up considerably.

● From Page 1

In SA, it is estimated, 13-million people, or less than 40% of SA's total population, have electricity in their homes.

But the gap between the electricity haves and the have-nots in Frontline states is even greater than in SA. Out of a total population of 80-million, it is doubtful whether 18-million, less than 25% of the population, have access to electricity.

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SS B/day 7/4/88

Eskom's huge Southern African plan to go ahead

CAT Time
7/4/88
55

Own Correspondent

JOHANNESBURG. — Disregarding political differences, electricity giant Eskom is to push ahead with a massive plan for the electrification of Southern Africa.

Already, top-level talks have been held with most of the electricity utilities on the sub-continent in an attempt to achieve closer co-operation.

Eskom's chief executive, Mr Ian McRae, said in Eskom's annual report: "We have, on a number of occasions, been in touch with utilities outside our borders whose governments are not well disposed towards SA. They share our enthusiasm and drive for development.

"And financiers have already expressed an interest in joining us. During the past few years we have created and built valuable relationships."

The move follows Eskom's success in speeding up its local electrification programme, which will bring power to a further three million people in 60 townships around SA by 1992.

Broader vision

"Eskom's broader vision for Southern Africa is that economic development will solve many of the problems facing the region. It believes that electricity has a key role to play in the transformation of the continent.

"This is a non-political initiative born out of the fact that geographically the states of Southern Africa are energy-interdependent. Electricity supply is capital-intensive, and few countries have the funds or the exper-

tise to upgrade their present, often inadequate, supply systems."

The report also said the basis of an electricity infrastructure linking the entire sub-continent already existed and was, to some extent, already operational.

Eskom exports electricity to Namibia, Zimbabwe, Botswana, Mozambique, Swaziland and Lesotho, with the supply growing annually.

Referring to the speeding up of its local programme, Eskom said it would halve installation costs by simplifying technical specifications which were too elaborate for the needs of the developing part of SA's population.

Home power

It said safety standards would not be compromised and the whole electrification process would be speeded up considerably.

In SA, it is estimated that 13 million people, or less than 40% of SA's total population, have electricity in their homes.

But the gap between the electricity haves and the have-nots in frontline states is even greater than in SA. Out of a total population of 80 million, it is doubtful whether 18 million — less than 25% of the population — have access to electricity.

This means that more than 60 million people in the sub-continent have to rely on alternative energy.

"Eskom can play an important role in bringing the various authorities involved in electricity supply in the region together so that the electrification of the sub-continent can gain momentum," Mr McRae said.

Power-sharing

Privatised or not, Eskom will never be entirely free to decide its own future. For one, Pretoria is unlikely to cede a decision on whether to go more nuclear to private business interests.

The question of nuclear plants is part of the discussions on the form of Eskom's eventual privatisation. Says CE Ian McRae: "It is still one of the issues to be decided."

As in Britain, where a White Paper on privatising UK power corporations keeps nuclear decision-making rights within the ambit of government, Eskom officials expect Pretoria to set nuclear pace.

There are no immediate plans to hasten SA's nuclear power timetable, but it is accepted that nuclear-generated electricity must eventually take over from coal-powered generators.

While sticking to its assessment that SA will have its second nuclear power station at the turn of the century, Eskom is continuing to seek a suitable site. With construction lead-times of up to 10 years, a decision on siting the next station must be made within the next couple of years.

More than 80% of Eskom's power is currently coal-based and McRae says this is still the "favoured option." As long as SA has sufficient coal reserves — Eskom burnt 66 Mt last year — it remains the most economic means of generating power.

Eventually, however, a full switch to nuclear power must be made. In order not to be left behind technologically, it is necessary to build at least two nuclear stations, in the meantime, to smooth the eventual transition.

"We have to move towards the alternative now," says McRae. "A percentage of our future capacity growth will have to be nuclear."

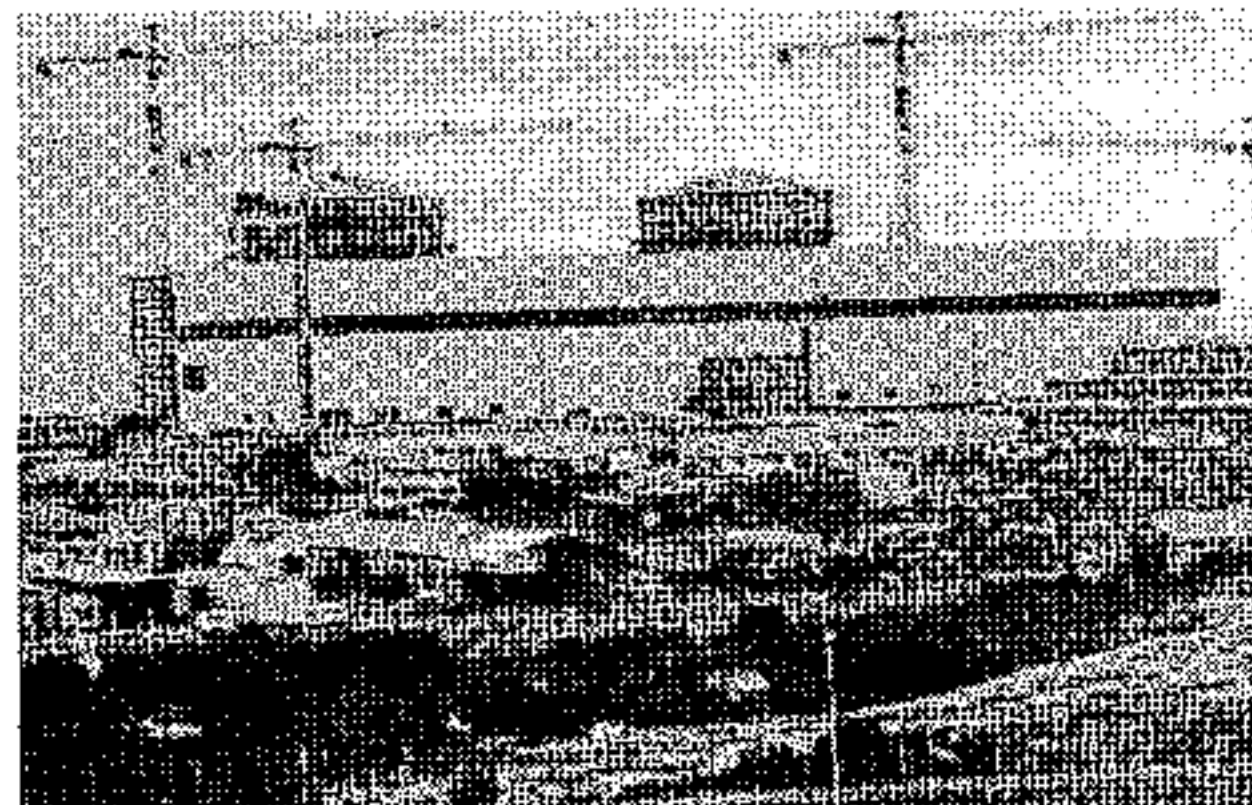
It may be some time before that growth is needed. Of the 31 000 MW installed capacity at the end of 1987, less than two-thirds was used. Eskom says it likes to keep an emergency reserve of about 28%, which left 8% — or 2 500 MW — spare capacity.

A further 13 700 MW capacity is either on order or being installed and Eskom expects 7 000 MW spare capacity by 1992, in addition to the 28% reserve. At the current growth in consumption and considering construction lead-times, Eskom officials say

they have at least four years before they need to consider building another power station.

Despite the large amount of spare capacity, Eskom's financial performance continues to improve. The utility enjoyed a R700m surplus in 1987, as revenue of R7,046bn outstripped operating expenditure and finance charges of R6,344bn.

Chairman John Maree says that while increasing electricity sales by more than 4% last year, Eskom continued to improve productivity. "We are now providing 15% more electricity than three years ago and we are doing this with 14% fewer people." ■



**Koeberg . . . first
of the few**

⑤ B/000 12/4/88

News of Opec move sends Brent crude up

LONDON — News that Opec is inviting seven producers from outside the cartel to talks on propping up the oil market sent petroleum prices sharply up yesterday.

Expectations that the move would lead to output cuts to mop up a prevailing glut sent North Sea Brent crude, a barometer of world trends, up to \$16.60 a barrel for June loading.

The price was a dollar above Friday's and about \$2 up on prices which applied before it was announced that Opec's ministerial pricing committee would meet in Vienna last Saturday.

It was this meeting which decided to ask seven of the non-Opec sellers — Mexico, Egypt, China, Angola, Malaysia, Colombia and Oman — to join the committee in further talks on April 23, which would be followed by a session of all 13 Opec oil ministers.

Later yesterday European spot

prices eased to around \$16.40.

Traders said this followed remarks to reporters by Indonesian Oil Minister Ginanjar Kartasasmita, who said the pricing committee "decided it was not yet time for Opec countries to reduce production".

Algeria's Belkacem Nabi, another committee member, had said on Sunday he definitely expected output cuts.

Quotas

Closer study of the Indonesian's remarks, however, showed he did, in fact, envisage measures to reduce world output of oil — and that, when he said it was not yet time to cut Opec production, he was referring to cartel-assigned production quotas and not to actual volume being pumped.

He talked about taking 700 000 to 800 000 barrels of crude oil a day off the world market which, if it could be

achieved, would tighten supply.

It could be done, he said, by getting Opec members to abide strictly by their existing assigned quotas — some have been exceeding these — plus cuts by non-Opec sellers.

Non-Opec developing countries had added 500 000 barrels a day to world production between 1987 and 1988.

"It now appears at last that (non-Opec) producers are beginning to worry about price developments. They have offered to cut production. This offer is welcomed by Opec. And Opec will ask them what role they will play in stabilising prices.

"If we ask them to return to their production at the beginning of 1987, 500 000 barrels can be taken out of the market..."

If Opec then stuck to its quotas, that could take out a further 200 000 to 300 000 barrels daily. — Sapa-Reuter.

Wulpro hit by nonoim

- (1) How many persons were being detained under section 31 (1) of the Internal Security Act, No 74 of 1982, as at the latest specified date for which information is available;
- (2) whether any such persons had been detained for longer than three months; if so, (a) how many and (b) for what period in each case?

The MINISTER OF JUSTICE:

(1) 49 on 29 February 1988

(2) Yes

(a) 11

(b) Number of persons

| Period | Number of persons |
|-----------------------|-------------------|
| 3 months and 5 days | 1 |
| 5 months and 10 days | 1 |
| 6 months and 12 days | 3 |
| 6 months and 18 days | 1 |
| 9 months and 10 days | 2 |
| 10 months and 16 days | 1 |
| 15 months and 5 days | 1 |
| 15 months and 6 days | 1 |

Internal Security Act: detainees

472. Mrs H SUZMAN asked the Minister of Justice:

(a) How many persons were detained in 1987 under section 31 (1) of the Internal Security Act, No 74 of 1982, (b) for how long was each such person detained and (c) how many such persons were still being detained as at the latest specified date for which information is available?

The MINISTER OF JUSTICE:

(a) 84

(b) Number

of persons

Period

| | |
|-----------------------------------|---|
| 2 days as on 31.12.87 | 6 |
| 5 days | 1 |
| 11 days | 1 |
| 16 days | 1 |
| 14 days as on 31.12.87 | 1 |
| 27 days as on 31.12.87 | 2 |
| 1 month and 5 days as on 31.12.87 | 1 |
| 1 month and 10 days | 1 |
| 1 month and 11 days | 1 |
| 1 month and 12 days | 1 |
| 1 month and 14 days | 1 |

(c) 20 on 29 February 1988

Mankweng hospital, Lebowa: provision for identified posts

492. Dr W J SNYMAN asked the Minister of National Health and Population Development: Whether his Department has been approached to make provision for identified posts at the Mankweng hospital in Lebowa; if so, (a) how

many posts in each category were advertised by his Department, (b) how many applications were received for these posts and (c) what is the commencing date of the periods of service?

The MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT:

Yes

(a) one post for Senior Medical Superintendent

one post of Medical Officer

two posts of Medical Officer

one post of Dentist

(b) Only one application was received for a post of Medical Officer.

(c) No one has as yet assumed duty.

Note: At the request of the Lebowa Government Service the posts of Senior Specialist and Specialist have not yet been advertised as the hospital is at present not ready to accommodate such personnel.

Petrol: decrease in price

523. Mr C J DERBY-LEWIS asked the Minister of Economic Affairs and Technology:

(1) What was the date of the most recent decrease in the price of petrol;

(2) whether all coastal towns had their petrol price decreased to the same extent; if so, by what percentage; if not,

(3) whether an exception was made in the case of Walvis Bay; if so, (a) why, (b) what are the particulars of the exception made and (c) (i) what is the price of petrol in Walvis Bay and (ii) in respect of what date is this information furnished?

The MINISTER OF ECONOMIC AFFAIRS AND TECHNOLOGY:

(1) 1 July 1987

(2) No

(3) Yes

(a) The price adjustments of Walvis Bay differ from those of the Republic because its prices are being handled with the price of South West Africa because of its geographical position. Consequently it experienced the same adjustments as elsewhere in South West Africa, excluding transport costs.

(b) Walvis Bay's price of 93 Octane petrol increased by 6,6 per cent on 1 July 1987.

(c) (i) 80¢/l for 93 Octane petrol.

(ii) 1 March 1988.

Overseas visits

571. Mr P G SOAL asked the Minister of Agriculture:

(1) Whether he or the Deputy Minister of Agriculture undertook any overseas visits in 1987; if so, (a) which countries were visited and (b) what was the purpose of each visit;

(2) whether he or this Deputy Minister was accompanied by any representatives of the media on these visits; if so, (a) what were the names of the journalists involved, (b) which newspapers or radio or television networks did they represent, (c) to which countries did each of these persons accompany him or this Deputy Minister and (d) why;

(3) whether any costs were incurred by his Department as a result; if so, what total amount in that year?

The MINISTER OF AGRICULTURE:

(1) No

(2) and (3) Fall away.

Christmas cards sent out

604. Mr P G SOAL asked the Minister of Agriculture:

(1) Whether (a) he and/or (b) his Department sent out Christmas cards in 1987; if so, (i) what total number of cards was printed, (ii) to whom were they sent, (iii) what was the total cost of producing and distributing these cards, and (iv) who was responsible for printing them, in each case;

(2) whether postage stamps were used to send out these Christmas cards; if not, how were they distributed?

The MINISTER OF AGRICULTURE:

(1) (a) Yes

(b) No

(i) 500



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COMPUTER

AREA A:

AREA B:

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Pineto
Germist
Nigel,
Springs
Municipi

AREA X

Oils analysis leads to 'massive' savings

WEARCHECK, an oil analysis laboratory in Pinetown with offices in Cape Town and Johannesburg, has tripled its on-line capacity to its 400 clients with the installation of a new computer system.

The R400 000 installation increases the on-line capacity from 32 to 96 to transport and earth-moving companies using Wearthcheck's service of regularly analysing oil from production machinery to determine wear.

Central Data Systems installed the new Prime 2755, which provides Wearthcheck with an additional eight megabytes of memory and 990 megabytes of disk storage.

Clients such as Highveld Steel, Grinaker Plant, Unicorn lines and Samancor have the on-line facility through Saponet X25.

The company standardised on Prime equipment six years ago with the instal-

lation of a Prime 250 mark two with 320 megabytes of disk storage. Its most recent investment is part of a R1m expenditure in software and hardware.

"This installation reflects Wearthcheck's expansion into the industrial sector, where regular analysis of oils from, for example, the gear boxes of production machinery can lead to massive long-term savings," said Wally Crawford, MD of Wearthcheck.

"Our new system also enables us to increase our analysis of oil samples from 500 a day to 120 an hour."

Crawford drew a comparison between oil analysis and blood analysis, with

the oil going through 40 individual tests. When the results are processed through the computer a full report on the health of the machine can be generated and recommendations made to prolong its life.

"If this is properly linked with sensible maintenance, oil analysis can dramatically extend the life of engines between major overhauls. This means substantial cost savings for transport operators," he said.

The MINISTER OF HEALTH SERVICES AND WELFARE:

(1) (a) and (b) (i) (aa) and (bb) and (ii)

The project has been approved by the Minister's Council but must still be approved by the Cabinet. Thereafter the Treasury will be approached for a certificate concerning space norms and cost limitations. The sub-committee on capital priorities of the State President's Committee on National Priorities will then accord the project priority. Thereafter the necessary funding will be sought from the Treasury.

(2) (a) (i) As soon as possible but not before 1989.

(ii) Within 4 years of commencement of building.

(b) As yet none, refer to procedures outlined in (1) above.

(c) Falls away.

Business sites allocated to affected traders in Lenasia

*6. Mr K CHETTY asked the Minister of Housing:

(1) Whether any affected traders were allocated business sites in Lenasia during the latest specified period of 12 months for which figures are available; if so, (a) how many and (b) what are their names;

(2) whether these sites were put out to tender; if not, (a) why not and (b) what criteria were applied in allocating them?

The MINISTER OF HOUSING:

(1) No. 1 March 1987 to 29 February 1988.

(a) Falls away.

(b) Falls away.

(2) Falls away.

(a) Falls away.

(b) Falls away.

For written reply:

Own Affairs:

Children placed in adoption

63. Mr K CHETTY asked the Minister of Health Services and Welfare:

(1) 445

(2) (a) 265.

(b) 180.

The MINISTER OF HEALTH SERVICES AND WELFARE:

(1) How many Indian children were found to be in need of care in terms of the Children's Act in 1987;

(2) how many of these children were placed in (a) foster care and (b) children's homes?

The MINISTER OF HEALTH SERVICES AND WELFARE:

(1) (a) 3 876

(b) (i) (aa) 3 633.

(bb) 243.

(ii) Nil.

(2) 38

(3) 26 674.

Children in need of care

65. Mr K CHETTY asked the Minister of Health Services and Welfare:

(1) How many Indian children were found to be in need of care in terms of the Children's Act in 1987;

(2) how many of these children were placed in (a) foster care and (b) children's homes?

HOUSE OF ASSEMBLY

†Indicates translated version.

For written reply:

General Affairs:

Housing units: electricity

164. Mr P G SOAL asked the Minister of Constitutional Development and Planning:

Whether any housing units in Black townships have yet to be supplied with electricity; if so, (a) which townships are involved and (b) what percentage of Black housing in each specified region had not yet been supplied with electricity as at the latest specified date for which information is available?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

NATAL

Yes, as at 29 February 1988.

(a) (b)

Itsokolele 99%

Msingizi 100%

Bhogweni 99%

Shaya Moya 100%

Lamontville 79%

Klaarwater 40%

Shakaville 100%

Melmoth 100%

Kwamevana 100%

Enhlalakahle 97%

Brunntville 85%

Weenen 100%

Winterton 100%

Inkanyesi 100%

Steadville 79%

Mofusini 100%

Sithembile 93%

Sibongile 95%

Bhekuzulu 87%

Dumbe 100%

CAPE PROVINCE

Yes, as at 29 February 1988.

(a) (b)

Mataleng (Barkly West) 98,6%

Mziwabantu (Bristown) 98,2%

Thakatarlou (Daniëlskuil) 20%

Nonzwakazi (De Aar) 83%

Tidimalo (Delsportshoop) 98,5%

Bungani (Douglas) 98,8%

Mathomola (Griekwastad) 97,5%

Nompumelelo (Hanover) 100%

Kwazamuzolo (Noupoort) 98,5%

Ditloung (Ollifantshoek) 100%

Thempinkosi (Petrusville) 100%

Lukhanyisweni (Phillipstown) 100%

Boichoko (Postmasburg) 97%

E'Thembeni (Prieska) 96,7%

Boipelo (Reivilo) 92%

Sabelo (Richmond) 100%

Motswedimosa (Ritchie) 97,2%

Valspan (Jan Kempdorp) 97%

Huhudi (Vr'burg) 99,2%

Ikhutseng (Warrenton) 97,5%

Kuliwano (Windserton) 100%

Galeshewe (Kimberley) 39%

Langa 49,5%

Nyanga and New Crossroads 85,7%

Guguletu 25%

Crossroads 100%

Khayelisha 96,4%

Mfuleni (Blackheath) 97,2%

Kaye Mandi (Stellenbosch) 15,5%

Mbekweni (Paarl) 39,5%

Zwelotemba (Worcester) 99,8%

Zolani (Ashton) 94,5%

Nkqubela (Robertson) 97,9%

Zwelihle (Hermannus) 100%

Nduli (Ceres) 82,6%

Tyolorha (George) 97,5%

Kwanongqara (Mossel Bay) 94,5%

Msobomvu (Knysna) 100%

Sidesaviwa (Beaufort West) 98,7%

Masiyusane (Victoria West) 100%

Aberdeen 98%

Addo 100%

Alexandria 98%

Alicedale 100%

Aliwal North 45%

Barkly East 95%

Barhurst 100%

Bedford 98,5%

Burgersdorp 62%

Cathcart 42%

Cookhouse 98%

Craddock 15%

Despatch 85%

Dordrecht 97%

East London 20%

Elliot 98%

(Handwritten signature)

Harward

(Handwritten signature)

Harward

| | | | |
|---------------------|------|---------------------------|-------|
| Fort Beaufort | 96% | Leratwana (Arlington) | 97,9% |
| Graaff-Reinet | 96% | Madikgeeta (Trompsburg) | 96,5% |
| Grahamstown | 73% | Mafahaneng (Tweeling) | 93,3% |
| Hankey | 100% | Mahlatsweisa (Excelsior) | 100% |
| Hofmeyer | 100% | Majwemasweu (Brandfort) | 96,8% |
| Humansdorp | 98% | Makeleketla (Winburg) | 99,3% |
| Indwe | 58% | Malebogo (Hertzogville) | 100% |
| Jamestown | 97% | Mangaung (Bloemfontein) | 68,9% |
| Jansenville | 100% | Maokeng (Kroonstad) | 75,6% |
| Kareedouw | 100% | Manyatseng (Ladybrand) | 91,2% |
| Keimond | 100% | Mamafubedu (Petrus Steyn) | 92,1% |
| Kenton-on-sea | 100% | Maphodi (Springfontein) | 96,8% |
| King William's Town | 82% | Masilo (Theunissen) | 96,9% |
| Kirkwood | 98% | Masjaing (Fouriesburg) | 100% |
| Klipplaat | 100% | Matlakeng (Zastron) | 96,4% |
| Komga | 100% | Nitha (Lindley) | 96,5% |
| Lady Grey | 100% | Matwantlang (Steynsrus) | 96,6% |
| Maclear | 100% | Marwabeng (Senekal) | 99,4% |
| Molteno | 96% | Mause (Rosendal) | 99,6% |
| Paterson | 100% | Metsimaholo (Oranjeville) | 100% |
| Pearson | 97% | Moemaneng (Marquard) | 99,5% |
| Port Alfred | 99% | Motlatshepe (Smithfield) | 96,2% |
| Port Elizabeth | 79% | Mokwallo (Vrededorp) | 90,7% |
| Queenstown | 25% | Monyakeng (Wesselstron) | 98,4% |
| Somerset East | 90% | Morojaneng (Dewetsdorp) | 96,2% |
| Serksdroom | 99% | Mortlomo (Paul Roux) | 99,7% |
| Steynsburg | 100% | Meloding (Virginia) | 80,7% |
| Seylerville | 100% | Ngwathe (Edenville) | 94,2% |
| Stutterheim | 94% | Niswanatsatsi (Cornelia) | 100% |
| Tarkastad | 90% | Petsana (Reitz) | 88,7% |
| Ugie | 100% | Phahameng (Bultfontein) | 97,4% |
| Uitenhage | 80% | Phathakahle (Allanridge) | 99,6% |
| Venterstad | 100% | Phiriona (Heilbron) | 91,3% |

ORANGE FREE STATE
Yes, as at 29 February 1988

| | |
|--------------------------------|-------|
| (a) | (b) |
| Bohlokong (Bethlehem) | 73,1% |
| Bolokanang (Petrusburg) | 95% |
| Borwa (Tweespruit) | 99,2% |
| Dipelaneng (Hobhouse) | 100% |
| Dithake (Koffiefontein) | 65,8% |
| Ezenseleni (Warden) | 90% |
| Forty-Second Hill (Harrismith) | 75% |
| Ha-Rasebei (Edenburg) | 96,1% |
| Hloholwane (Clacolan) | 98,9% |
| Ikgomotseng (Soutpan) | 100% |
| Ipopeng (Fauresmith) | 98% |
| Iumeleng (Iagersfontein) | 99,4% |
| Kgotsoeng (Bothaville) | 98,6% |
| Kgubetswana (Clarens) | 96,4% |
| Kutlwanoeng (Odendaalsrus) | 87,1% |
| Kwakwatsi (Koppies) | 91,6% |
| Lephoi (Bethulie) | 99,2% |

| | |
|-----------------------------|-------|
| Ohweng (Reddersburg) | 94,5% |
| Oibing (Wepener) | 95,8% |
| Rammulotsi (Viljoenskroon) | 90,5% |
| Ratanang (Jacobsdale) | 98,1% |
| Relebohile (Luchoff) | 100% |
| Rweleleyathunya (Rouxville) | 97,8% |
| Seretse (Boshof) | 100% |
| Thabong (Welkom) | 89,8% |
| Thapelang (Vansladensrus) | 100% |
| Thembalhile (Vrede) | 86,1% |
| Tikwana (Hoopstad) | 97,3% |
| Tholong (Kestell) | 95,2% |
| Tshepong (Verkeerdewei) | 100% |
| Tswaraganang (Dealesville) | 99,5% |
| Tswelangpele (Venterburg) | 99,5% |
| Tumahole (Parys) | 83,2% |
| Zamani (Memel) | 97,3% |

TRANSVAAL
Yes, as on 31 January 1988.

| | |
|-------------------------|------|
| (a) | (b) |
| Tembisa (Kempston Park) | 20% |
| Katlehong (Germiston) | 20% |
| Daveyton (Benoni) | 38% |
| Kwa-Thema (Springs) | 30% |
| Tokoza (Alberton) | 41% |
| Vosloorus (Boksburg) | — |
| Watrville (Benoni) | 0% |
| Tsakane (Brakpan) | 96% |
| Duduza (Nigel) | 72% |
| Ratanda (Heidelberg) | 49% |
| Impumelelo (Devon) | 100% |
| Botleng (Delmas) | 69% |

| | |
|-------------------------------|-------|
| Nancefield (Messina) | 98,2% |
| Thabazimbi | 100% |
| Mookgophong (Naboomspruit) | 99,7% |
| Bela Bela (Warmbaths) | 12,2% |
| Emthonjeni (Machadodorp) | 100% |
| Mhluzi (Middelburg) | 0% |
| Sivukile (Morgenzon) | 100% |
| Phola (Ogies) | 35% |
| Siyanlenzele (Perdekop) | 100% |
| Ethandakukhanya (Piet Retief) | 98% |
| Simile (Sabie) | 99% |
| Sakhile (Standerton) | 68% |
| Vukuzakhe (Volksrust) | 51,4% |
| Esizameleni (Wakkerstron) | 100% |
| Kwaguquqa (Witbank) | 0% |

| | |
|---------------------------|------|
| Alexandra (Sandton) | 70% |
| Bekkersdal (Westonaria) | 85% |
| Evaton (Vereeniging) | 95% |
| Soweto (Johannesburg) | 2,5% |
| Kagiso (Krugersdorp) | 80% |
| Khutsong (Carletonville) | 5% |
| Lekoa (Vanderbijlpark) | 21% |
| Munsieville (Krugersdorp) | 78% |
| Kokosi (Fochville) | 0% |
| Mohlakeng (Randfontein) | 0% |
| Diepmeadow (Randburg) | 0% |
| Dobsonville (Roodepoort) | 0% |

| | |
|-------------------------------|-------|
| EASTERN TRANSVAAL/HIGHVELD | |
| Ezamokuhle (Amersfoort) | 100% |
| Kwathandeka (Amsterdam) | 100% |
| Siyathemba (Balfour) | 80,4% |
| Emjindini (Barberton) | 64,7% |
| Siyathuthuka (Bellast) | 49,5% |
| Emzinoni (Bethal) | 82,7% |
| Kwazenele (Breyten) | 100% |
| Slobela (Carolina) | 91,5% |
| Kwachibikhulu (Chrissiesmeer) | 100% |
| Kwadela (Davel) | 99% |
| Sakhelwe (Dullstron) | 100% |
| Wesselton (Ermelo) | 71% |
| Embalenhle (Evander) | 0% |
| Nthorwane (Greyingsstad) | 100% |
| Kwazamokuhle (Hendrina) | 55,4% |
| Lebohang (Leandra) | 100% |
| Silindile (Lothair) | 100% |
| Masing (Lydenburg) | 63% |

CENTRAL TRANSVAAL
WESTERN TRANSVAAL

Cape Town/Wynberg/Simon's Town:
applications for open permits
303. Mr R R HULLEY asked the Minister of Constitutional Development and Planning:
Whether the community services branch of the Cape Provincial Administration has received any applications for open permits in terms of the Group Areas Act, No 36 of 1966, in respect of the Cape Town, Wynberg and Simon's Town municipal areas since 31 May 1987, if so, (a) how many in each case, (b) how many such applications have been approved in respect of each of these areas and (c) in respect of what date is this information furnished?

| | |
|------------------------------|-------|
| Biesiesvlei | 100% |
| Boithumelong (Bloemhof) | 94,2% |
| Utlwanang (Christiana) | 99,8% |
| Tabolagong (Colligny) | 97% |
| Tigane (Harbeesfontein) | 97% |
| Jouberton (Klerksdorp) | 84,6% |
| Reagile (Koster) | 98,9% |
| Kgakala (Leeudoringstad) | 99% |
| Biokhotsi (Lichtenburg) | 92,7% |
| Lebaleng (Makwassie) | 97% |
| Kanana (Orkney) | 68,8% |
| Ikageng (Pochefstroom) | 61,2% |
| Agisang (Sannieshof) | 98,6% |
| Ipeleleng (Schweizer-Reneke) | 96,9% |
| Khuma (Stillfontein) | 94% |
| Boroelo (Swartruggens) | 90,1% |
| Tsing (Venterdorp) | 90,1% |
| Tsweleng (Wolmaranstad) | 99% |
| Ikageleng (Zeerust) | 95% |

NORTHERN TRANSVAAL
Phagameng (Nyistroom)
99,5%

is from 7pm to 8pm.

Mamelodi project (5)

THE Mamelodi Town Council has embarked on a R41,5 m electricity upgrading project.

This was announced at a Press conference yesterday by Mr Zikhali Ndlazi, the mayor. The project is expected to be completed in the next four years.

The first phase of work started in February and is being carried out at an estimated cost of R2,5 m.

The project also makes provision for the proposed expansion of Mamelodi.

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Diesel price drop must benefit consumers

5 (S) B/low 15/4/78

Retailers warned to pass on fuel cut

CAPE TOWN — Petrol stations and other fuel retailers who fail to pass on the reductions in the wholesale price of diesel announced last month were warned by government yesterday that stern action would be taken against them to safeguard consumers from being exploited.

One of the steps envisaged could be the introduction of price control for diesel.

The warning to retailers was issued by Deputy Minister of Economic Affairs and Technology George Bartlett, who said in Cape Town yesterday it had been brought to his notice that many resellers of diesel had not passed on the April 1 price reductions.

With the wholesale price reduced by 5,5c/l, pump prices of

CHRIS CAIRNCROSS

diesel should have been lowered throughout the country by either 5c/l or 6c/l, depending on the price zones concerned.

Unjustified

Bartlett said that failure to pass on these reductions to consumers negated government's intended efforts in this regard.

"This unjustified increasing of profits by certain resellers is seen by government in a serious light and, although price control should preferably not be extended to the retail prices of diesel, government will not hesitate to take action to safeguard consumers from being exploited," Bartlett said.

He issued a final appeal to resellers to adjust their pump

prices to reflect the reductions.

Bartlett said the new revised price tables were sent to all resellers by the Motor Industries' Federation (MIF) on March 30 and the oil companies have been requested to assist resellers where there were uncertainties as to what reductions should be made.

Repeating an earlier request to the private sector to pass on the benefits of the price-cut to their customers, Bartlett said this also applied to bus passenger transport, where fuel prices represented a major cost component in the calculation of passenger tariffs.

The private transport sector has a definite and responsible role to fulfill in helping to combat inflation and government hoped it could rely on this sector to co-operate fully, Bartlett concluded.

Hopes rise for Cahora Bassa grid switch-on

POWER from Mozambique's Cahora Bassa hydroelectric project could be flowing to South Africa again within a year in spite of political instability.

SA has a nominal power surplus — planned for strategic reasons — but electricity from the hydro-electric project in Northern Mozambique is still important for this country and Southern Africa.

The next round of talks among representatives of Portugal, Mozambique and SA will be held in Lisbon in May.

Revenue

Eskom chief executive Ian McRae, chairman of the tripartite permanent joint committee which has been given responsibility to get the power deal moving, is confident agreement will be reached.

Mr McRae says: "It makes sense for all of us that this project, one of

the most ambitious on the continent, fulfils its potential."

The attraction for Portugal is that revenue will be available to service and repay the international loans raised to build the dam across the Zambezi River and to equip the power station. Mozambique will also benefit from the SA earnings, cheap local power and it will save up to R2-million a month spent on SA electricity for Maputo.

For SA there will be an opportunity to conserve its non-renewable coal resources and to show a commitment to regional co-operation and stability. Cahora Bassa could supply about 6% of Eskom's requirements.

The project cost R450-million and was completed in 1974. It was intended that SA would buy its electricity, enabling Portugal to repay the loans for construction and earn foreign currency for Mozambique.

But power was fed along the 600km dual power lines to the SA grid for barely a year before sabotage erupted.

The rebel Mozambique National

Resistance is still the joker in the pack, says Mr McRae. But he believes that multinational co-operation and plans for a Mozambique security force to guard the transmission pylons will succeed.

He has seen the dam and says the five 400-megawatt turbines are operating efficiently.

"Everything there is ready to go," he says.

New tariffs

The project with a capacity of 2 000-MW is producing only between 5-MW and 10-MW, mainly for Tete and the northern port of Beira when its powerlines are not down.

SA is willing to take the full 1 400-MW promised in the original agreement.

A survey of the lines that link Cahora Bassa with the SA grid has been completed by Eskom and the Mozambique-Portuguese joint com-

pany HCB. Work to repair the 520 pylons on the route could start within a few weeks of a political decision.

Repairs would cost between R60-million and R70-million, and the job could be completed in six to nine months, says Mr McRae.

Almost all of the sabotage damage lies in a 100km stretch between the Buzi and Save rivers in central Mozambique.

Now the task is to identify contractors and to decide how the rehabilitation work will be financed.

"This should be completed by the end of May," says Mr McRae. Mozambique is in a favourable position to seek foreign aid, and there has been an encouraging revival of interest from Europe, particularly the UK, West Germany, France and Italy.

The next big task will be the renegotiation of the power supply agreement and a new tariff for Cahora Bassa power.

The original agreement contained no tariff escalation clause, and this is likely to be changed. But,

says Mr McRae, Portugal and Mozambique must not expect to recoup all the backlog of repayments soon.

"The rate we will be prepared to pay must fall in line with our generating costs. We still have to sell the power to our customers.

"Although negotiations will be tough, all three countries will recognise the situation which applies to each of us.

"We have a good accord within the permanent committee and I am optimistic that we can come up with satisfactory answers."

He says Eskom quickly came up with its own plans to provide for SA's power needs when the Cahora Bassa supply was lost.

"Cahora Bassa is still important to us. The investment was made to provide us with hydro-electric power from the Zambezi and that system should be used.

First leg

"The resumption of the service could enable us to delay our plans to expand capacity by a year or two.

"This hydro power should be price competitive with our coal and nuclear electricity. It would enable us to conserve our resources and extend our coal reserves.

"Resumption of Cahora Bassa supply would be a demonstration of the power of practical economics in regional co-operation. This system could be the first leg of a power grid covering the whole of Southern Africa."

HOUSE OF DELEGATES

Indicates translated version.

For oral reply:

General Affairs:

Question standing over from Thursday, 10 March 1988:

Hout Bay police station/police cells: detention/
death of certain person

*3. Mr M RAJAB asked the Minister of Law and Order:

- (1) Whether a certain person, particulars of whom have been furnished to the South African Police for the purpose of the Minister's reply, was detained by the Police at a Peninsula police station on or about 31 December 1987; if so, (a) when, (b) where, (c) why, (d) in terms of what statutory provisions and (e) what is the name of this person;
- (2) Whether this person died in detention; if so, (a) when, (b) where and (c) what were the circumstances surrounding his death;
- (3) whether he will make a statement on the matter?

The MINISTER OF LAW AND ORDER:

- (1) Yes.
 - (a) At 20h30 on 30 December 1987.
 - (b) Hout Bay police station.
 - (c) and (d) The person was arrested in terms of section 50(1) of the Criminal Procedure Act, 1977 (Act 51 of 1977) on the following charges:
 - Section 2 of the Dangerous Weapons Act, 1968 (Act 71 of 1968) — Possession of a dangerous weapon;
 - Section 51 of the Criminal Procedure Act, 1977 (Act 51 of 1977) — Escaping from legal custody;
 - Assault with the intent to do grievous bodily harm.
 - (e) The name furnished by the honourable member.
- (2) Yes.
 - (a) 31 December 1987.

The DEPUTY MINISTER OF AGRICULTURE:

- (1) (a) Yes.
- (b) No.

(i) 3 July 1987.

(ii) To advise the Minister on:

* ways and means that could be adopted to prevent or reduce loss or damage due to the use of herbicides. The ways and means can be related to the prohibition or part prohibition on the use of a particular agricultural remedy or remedies registered in terms of the Fertilizers, Farm Feeds, Agricultural Remedies and Stock Remedies Act, 1947 (Act 36 of 1947). Measures may also pertain to certain specified areas of the RSA;

* relevant research that should be undertaken either by the Department of Agriculture and Water Supply or under contract by universities on request by the Department; and

- (2) Yes, an interim report was submitted.
 - (a) 22 January 1988
 - (b) * That the present prohibition in the Tala Valley remains in force;

* that research be continued in connection with the monitoring of the presence of active ingredients of herbicides in the air, rain and irrigation water; and

* that priority be given to research in connection with the levels at which the remedies concerned detrimentally affect plants.

- (3) No, a statement will be made after the final report and recommendations of the advisory committee have been received and considered.

Mr J V IYMAN: Mr Chairman, arising out of the hon the Deputy Minister's reply, could he tell us if this investigation is only being done in the Tala Valley, or are there other affected areas within the Camperdown farming area?

The DEPUTY MINISTER: Mr Chairman, the main problems started in the Tala Valley and have extended to other areas as well.

Own Affairs:

Teachers qualified at teacher-training institutions: employed by Department

*1. Mr K CHETTY asked the Minister of Education and Culture:

Whether all Indian teachers who qualified at teacher-training institutions under the control of his Department in 1987, have been employed by his Department; if not, (a) why not and (b) how many of these teachers were (i) employed and (ii) not employed by his Department as at the latest specified date in 1988 for which information is available?

The MINISTER OF EDUCATION AND CULTURE:

- (1) No.
 - (a) No teachers qualified at teacher-training institutions under the control of my Department in 1987.
 - (b) (i) and (ii) fall away.

Mr P I DEVAN: Mr Chairman, arising out of the hon the Minister's answer, will he indicate the number of teachers who qualified from UJDW and, if he can indicate at this stage how many of them are employed by the department?

The MINISTER: Mr Chairman, I am not in a position to do that, because the question was not framed to allow for that answer. I will provide the information at a later stage.

Mr J V IYMAN: Mr Chairman, further arising from the hon the Minister's answer, can he tell us why no teachers qualified, or did all those enrolled students fail?

The MINISTER: Mr Chairman, if the hon member for Camperdown had kept up his knowledge of teacher training, he would have known that we have introduced a four-year diploma course which will only be completed this year.

Span 21/4/88

Eskom seeks nuclear sites on the North Coast

Own Correspondent

DURBAN — After years of uncertainty and controversy, Eskom yesterday announced it was to conduct studies along the Natal North Coast between Port Durnford and Salt Rock to identify suitable sites for future nuclear power stations.

The announcement was followed by a prediction by conservation expert Mr Keith Cooper and others that a very strong public outcry was likely against any Natal sites being chosen.

Mr Cooper, director of conservation of the Wildlife Society of Southern Africa, said the two main fears in the public mind were the problem of nuclear waste disposal and the possibility of accidents.

In a statement released in Durban, Eskom said the studies were part of an ongoing, long-term R8 million programme designed to identify sites in South Africa that could be considered for power station development.

Eskom chief executive Mr Ian McRae said: "I must stress that these investigations are totally divorced from any specific nuclear power station construction programme."

No decision had been taken to build any more nuclear power stations in Natal or

elsewhere. But it was clear that at some time in the future nuclear power stations would have to be built, as nuclear power was still the only viable alternative to coal for bulk supply of electricity in South Africa.

The aim of the project was to secure Eskom's strategic options for the long term and to provide data for the ongoing future planning of Natal, he said. Eskom would make use of available local experts to carry out the investigations.

Mr Cooper said an environmental team from Eskom had already approached the society regarding many aspects of the programme.

WATCHING BRIEF

"We will be keeping a very close watching brief. They are just looking at all the options and I personally don't think we will see a nuclear power station on our Natal coast. I hope not. I don't think it's feasible."

Mr Otto Graupner, the project leader, said that a full round of meetings would take place with farmers, businessmen, municipalities, regional development associations, the Natal Parks Board, conservation bodies and pressure groups.

An initial report on the geology and seismicity of the section of Natal coast under

study should be completed towards the beginning of next year.

American Professor Stephen Gaffin, of the University of Natal Medical School, who in 1986 sent details of his research into radiation sickness to the Soviet Union at the time of the Chernobyl disaster, said yesterday he would rather live next door to a nuclear power plant than to a coal power station.

He said that in general nuclear power plants were a lot safer and cleaner than the coal power stations and that a lot more people died of lung and other related reasons in coal mines than in all nuclear accidents combined.

"It would be most unfortunate that that section of coastline would be removed from public use. Although my choice may not be the popular one, I'd say a nuclear power plant would be a lot nicer and safer for that environment."

Mr Carel Goosen, Ballito's town clerk, said he expected an enormous public outcry to the news because of the prominent status of his town as a holiday resort and the millions of rands invested there in holiday accommodation.

But, he said, he was loathe to really predict anything as he felt that if a site much further north was decided on, the effects on Ballito would be relatively minimal.

D.P. 23/4/88
Power interruptions (55)

Daily Dispatch Reporter

EAST LONDON — Electricity supplies to certain areas will be interrupted tomorrow while one of the sub-stations on the new electrified railway line between here and Queenstown is energised.

Electricity supply to Fort Jackson, Goodrich

Quarries, Gately and Needs Camp and the townships of Kidds Beach and Winterstrand will be interrupted between 8 am and 5 pm.

The regional manager of the South African Transport Services, Mr Louis du Toit, said this was the sixth sub-station out of seventeen to be "cut in".

The electrification of the line is expected to be completed by June, while the electrification of the line between Queenstown and Springfontein is expected to be completed by October.

Mr Du Toit said the electrification of the line was one of the biggest projects in the Border region and would cost R80 million.

Power to cost 10 pc less in Butterworth

D/D 26/4/88
Daily Dispatch Reporter
EAST LONDON — But-
terworth electricity con-
sumers can look forward
to a 10 per cent reduc-
tion on their domestic
accounts with effect
from their next meter
readings.

(55) (483)
In addition a com-
plete tariff review is be-
ing carried out for all
consumers in the whole
of Transkei with the ob-
jective of making
cheaper electricity
available to domestic
consumers in particular.

The managing direc-
tor of Transkei Electric-
ity Supply Corporation,
Mr S. T. Collins, said
yesterday it was not the
first time that reduc-
tions in electricity con-
sumer tariffs had been
implemented.

He said that various
tariffs had been in exist-
ence throughout Trans-
kei. The different rates
depended on the capital
expenditure costs of get-

ting power supplies to
outlying areas.

Mr Collins said that
about two and a half
years ago a general dom-
estic tariff was intro-
duced resulting in cer-
tain areas receiving up
to a 30 per cent tariff re-
duction.

He said that it was the
policy of the corpora-
tion's board that electri-
city tariffs should be de-
creased as much as
viably possible.

He said that as far as
Butterworth was con-
cerned, the corporation
had only recently taken
over the supply of power
there as it had pre-
viously fallen under the
control of the Butter-
worth municipality.

He said that as the
corporation had taken
over the control of the
electricity supply, they
were in a position to re-
move the 10 per cent
surcharge imposed by
the municipality.

55

B/day 27/4/88

PROPERTY/Edited by Terry Me

SIX HECTARES of some of Johannesburg's most valuable land opposite Milpark could go out to tender soon as a result of the closure of the Johannesburg city council's gas-making operations.

With the production of gas scheduled to stop on July 1, a portion of the 14ha property bounded by Owl Street and Annet Road seems likely to be sold off in coming months.

In terms of a council resolution, however, the needs of the gas department after closure of the gas-making plant have first to be investigated by city director of planning Nols Cronje, together with the GM of the gas department, Melvyn Watson.

Watson estimates that some five to six hectares will become available after the closure and it will then be up to the council to dispose of this land.

One problem, though, is that the land to be sold is unlikely to be that section immediately opposite JCI's Milpark scheme, as this is where the three large gas-holders are sited.

However, the three are nearly 40 years old, said Watson, and the gas department is currently investigating their replacement with low level "bullet-type" holders which will not be seen from the street, thus significantly improving the look of the area.

The area most likely to be sold off will be that overlooking Sturrock Park, which would enable developers to perhaps build offices with a view of the playing fields. It could thus encourage the

Prime gas plant ground freed

TERRY MEYER

development of another small office node, such as nearby Richmond, which is proving increasingly popular.

Developers will, no doubt, be given the opportunity of putting forward suggested schemes for the site.

In tandem

The removal of the gas-making factory should also considerably improve the area. Gas, in future, will be purchased direct from Gascor (piped in from Secunda), although it does need to be stored in the large gas-holders which can contain about five hours supply.

If these old holders are replaced with the

bullet-type holders, which are fed under pressure, they will probably have to run in tandem for a while, said Watson.

The closure of the existing gas plant will probably take a couple of weeks after July 1, as it takes about a week for the plant to "cool down". Thereafter, the council will probably have to auction off the equipment as scrap metal.

Another decision to be taken by the Johannesburg council will be whether to rezone the properties before putting them up for auction. Its town planning department will be investigating this and other aspects in the months to come.

The closure of the gas-making plant will make redundant 412 jobs, although the council believes it can transfer 197 employees elsewhere.

There will be savings in the buying of gas rather than manufacturing it, and the council estimates that this will be in the region of R2m-a-year.

Sub-station
explosion
blacks out
Randburg

SEP 26 / 1988

RANDBURG — A black-out hit most of Randburg last night when an explosion set a major electricity sub-station alight, a spokesman for Randburg Fire Department said.

The explosion could have been caused by "any number of things", he said.

He added that sabotage was not being considered at this stage.

The fire at the sub-station, which feeds several smaller sub-stations, affected the greater part of Randburg.

SWAMPED

The fire department was swamped by telephone calls.

Many people apparently connected the black-out to the recent surge in urban sabotage, the fire department spokesman said.

Fire-fighters could not at first use water to extinguish the flames as the power supply had not been turned off, he said.

When the supply was eventually turned off, the fire was quickly brought under control.

The spokesman said Eskom would be investigating the cause of the explosion. — Sapa.

D/D 29/4/88

Green light for cane produced ethanol fuel in the offing? (SS)

Political Correspondent

CAPE TOWN — The government may soon be able to give the green light for the commercial production of ethanol fuel from sugar cane and molasses in Natal.

The Department of Mineral and Energy Affairs (DMEA) revealed in its annual report tabled in parliament yesterday, that the findings of the working group set up last August to investigate the implications of an ethanol blend fuel programme is expected to submit its findings soon.

If the investigation does show there is sufficient justification this, an implementation proposal will be submitted to the National Energy Council for consideration.

The oil companies had previously raised obstacles to the distribution and marketing of an ethanol-petrol blend.

Consensus could not be reached between the sugar and oil companies over the price which the latter should pay for ethanol.

"The main problem seems to be the effect of ethanol on the octane number of the blended fuel.

"The sugar industry argues that ethanol increases both the re-

search octane number (Ron) and the motor octane number (Mon), which implies that a substantial credit should be passed on to the ethanol producer.

"The oil industry says the Ron does increase but that the Mon, which determines high speed knock, increases only slightly and, in certain cases, even reflects a negative effect."

● The demand for petrol increased by 7,8 per cent last year, and is expected to climb by 4,5 per cent this year and by similar levels through to 1990.

In contrast, diesel demand declined by 1,8 per cent in 1987, but is expected to rise by about 3 per cent this year and reflect this sort of growth pattern over the next two years.

The DMEA reports that despite these growth forecasts it intends to maintain a strict ceiling on the number of new service stations petrol companies permitted to establish over the next two to three years.

In terms of a service station rationalisation plan agreed to in 1985, each petrol company will be allowed to open only six new service stations over the next five years.

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14 The Star Friday April 29 1988

BUSINE

Ethanol report nears completion

Finance Staff

A report on the feasibility of an ethanol-from-sugar plant is nearing completion and should be in the hands of the Government in weeks.

Sugar industry officials believe this will be the final — and most fruitful — stage in a long battle to convince the authorities of the advisability of blending ethanol with petroleum fuel to enhance octane.

Peter Nourse of the Sugar Association said this week the report by private management consultants was at draft stage.

"I don't know exactly when it will go the Department of Economic Affairs, but it shouldn't be long," he said.

While sugar producers would not expect to earn much more

from ethanol production than is currently made from exports, manufacture of the fuel-enhancer would provide a sanctions-free market for as much as 200 000 tons of sugar.

And, says Rex Hundson, general manager of the Cane Growers' Association, price rises would be linked to increases in world petroleum prices.

Development

He is quoted in the latest edition of Sugar Journal as saying "Major development appears closer than ever before."

"The final decision in regard to implementation rests with Government and its strategic fuel policy."

In the same article, Mr Hudson paints a relatively rosy pic-

ture of the prospects for sugar in the 1988/89 season. Domestic consumption, which accounts for 75 to 80 percent of income, should increase further on the turnaround achieved last year on a decline in sales.

Exports too look healthier than they have since 1980 and he forecasts "A" pool cane (that produced primarily for local use) to fetch in the region of R335 to R340 a ton, with "B" pool, mostly export sucrose, to bring in between R140 and R160 a ton.

The 10 to 15 percent rise in "A" pool cane should enable the industry to repay between R40 million and R50 million in loans, says Mr Hudson, bringing the total for the past two seasons close to R100 million.

Dark clouds for producers are

sanctions, of which he says no more, and pressure by new would-be producers for quotas and expansion areas to produce "A" pool sugar.

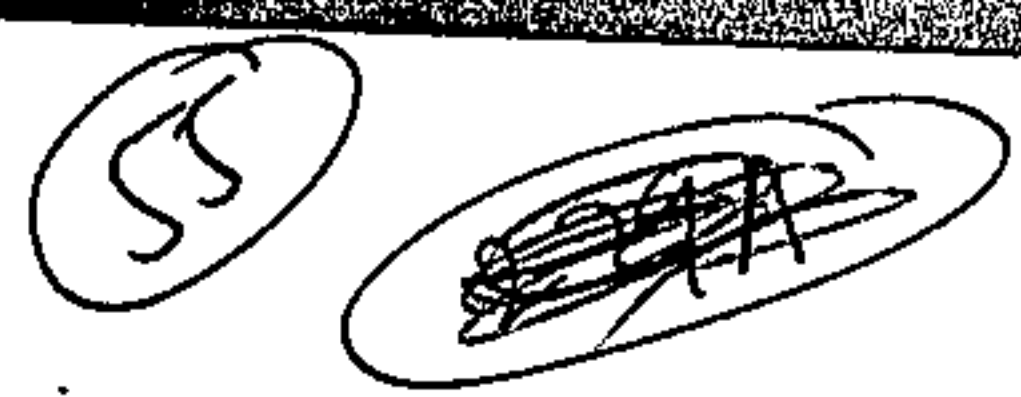
Mr Hudson accuses politicians of interference for reasons of "expediency" and says expansion inevitably means growth in the "A" pool and a "dilution" of the sucrose price.

"It is indeed unfortunate that the major steps which the industry has taken during the past few years to resolve its own problems and to place the decision whether to produce export sugar or not in the hands of the individual producer, should now be used as a basis to dilute the benefits and pass them on to new entrants to the industry."

55

Star 29/4/88

Regional power play



Eskom appears intent on pressing ahead with its vision of a regional power network straddling southern Africa — in spite of the fact that most African states seem opposed to the idea.

CE Ian MacRae has once again raised the prospect of a unified sub-continental electricity grid, apparently unmoved at the thought that he is in direct confrontation with the energy policies of the nine-nation Southern African Development Co-ordination Conference (SADCC).

The SADCC — incorporating Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia and Zimbabwe — was formed in 1980 to reduce its members' economic dependence on SA. Its 34 donor countries have since poured billions of dollars of aid into the association to boost its ailing infrastructure, including energy supplies.

January this year saw the opening of a three-nation electricity link-up across the Zambezi River border between Zambia, Botswana and Zimbabwe to provide power to north-western Zimbabwe and northern Botswana. Financed to the tune of more than US\$3m by Canada and Finland, the project was specifically intended by SADCC to reduce dependence on electricity from SA.

Two other agreements exist between SADCC and Norway and Sweden for the supply of hydropower to southern Mozambique and Swaziland. The Corumana hydroelectric project on the Sabi River, north-west of Maputo, is again aimed at diminishing reliance on SA, which is currently the sole source of electricity for Maputo. The project will cost around R29m and is scheduled for completion by 1990.

Plans are also under way within SADCC for rehabilitation of the Cahora Bassa hydroelectric project, the sixth largest in the world and a victim of what the conference calls "South African-supported rebel sabotage." So far about 500 pylons have been destroyed and the project generates about 1% of its capacity at a cost of around R2m/month.

SADCC is also looking at the possibility of introducing solar power into rural areas.

Reduction of dependency on SA's electricity is a prime objective of SADCC. It recently announced South African destabilisation had cost the region \$970m in transport and energy costs, and stressed that energy was a major focus of attention.

Yet MacRae is convinced the economic attractions of two-way flows of energy among the countries of southern Africa will win acceptance of what will eventually emerge as an economic masterplan for the region.

"The entire sub-continent is aware of the potential disaster unless there are radical improvements in economic development," he says. "Despite all the political squabbles on the surface, there is growing recognition of the fact that energy supplies hold the key to the economic progress crucial to the region."

He is chairman of a special joint committee (drawing members from SA, Portugal and Mozambique) for the restoration of Cahora Bassa. He appears unconcerned that there is a rival plan within SADCC.

Eskom is also engaged in discussions with Swaziland to make it more self-reliant through the development of power stations, again in opposition to SADCC's own pro-

jects.

And Eskom has also, according to MacRae, established "close working relationships" with six neighbouring countries. The next step, he says, is to expand round-table talks to include all the member countries of SADCC as well as, perhaps, Zaire.

The envisaged grand plan would eventually link SA with all 15 members of the Preferential Trade Area (PTA), including Somalia, Rwanda, Uganda, Angola, Madagascar, Burundi, Comores and Djibouti.

MacRae points to precedents of regional co-operation: the Lesotho Highlands Water Project and the quadrilateral agreement of 1986 between SA, Botswana, Mozambique and Zimbabwe on control of water in the Limpopo River.

And he points to Eskom's increasing sales to the rest of Africa, up 1,6% to 321 gigawatt-hours in January this year over January 1987.

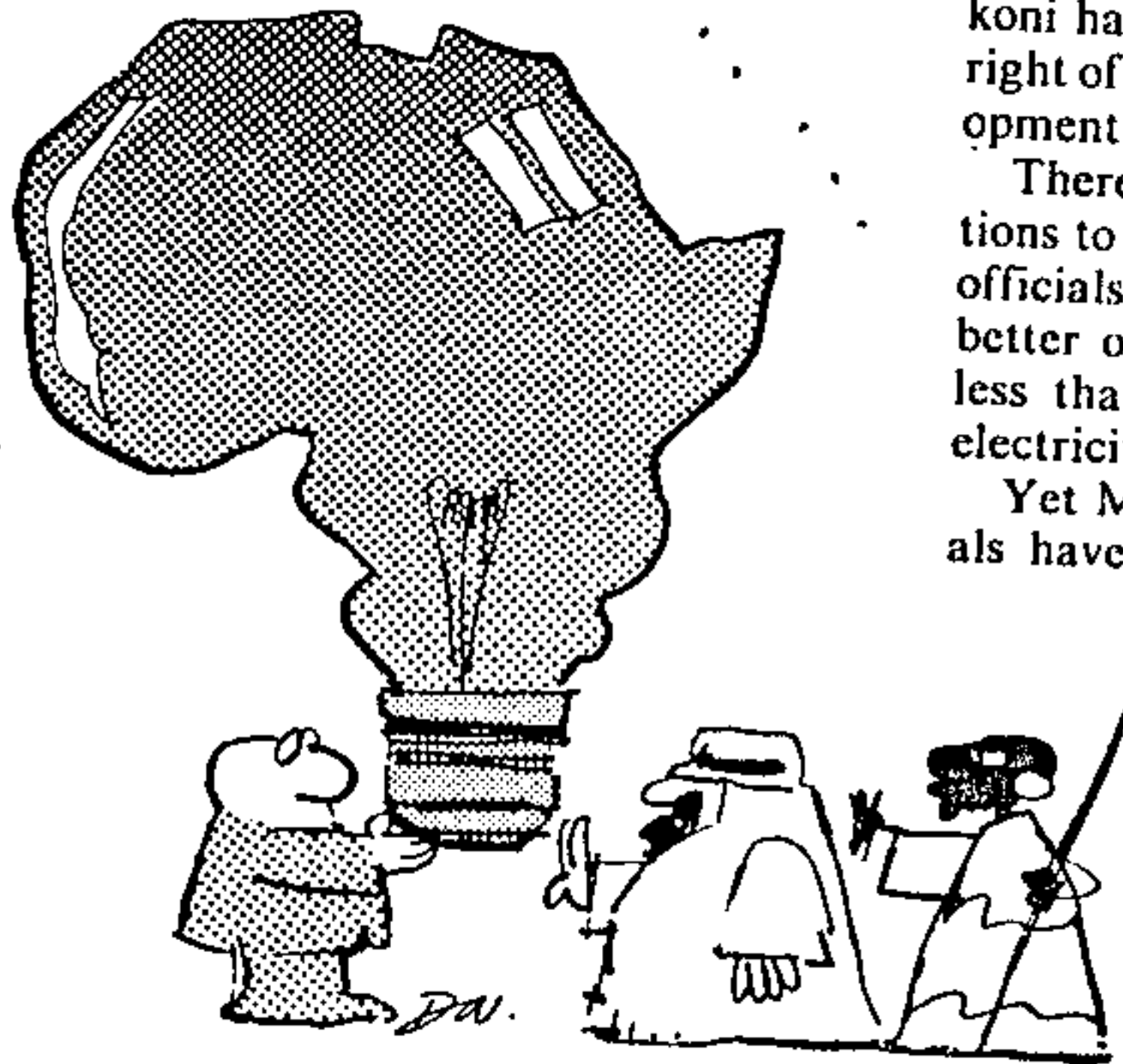
PTA and SADCC officials agree with the principle. They acknowledge that present annual generation for the PTA represents only 4% of total available resources. But they disagree with MacRae's solution, preferring to tout regional development funded by foreign aid.

SADCC Secretary-General Simba Makoni has gone further, and accused SA outright of attempting to disrupt SADCC development plans.

There are also rising homegrown objections to MacRae's master plan. Trade union officials, for instance, have said he would be better occupied in his own backyard, since less than 25% of all South Africans have electricity.

Yet MacRae persists. Newspaper editorials have accused him of fantasising, black unionists have accused him of creating a diversion away from local needs, and there can be little doubt that SADCC sees Eskom's initiatives as a direct political threat.

In the face of all this, is it realistic to expect he can pull his plan off?



Petrol demand rises, while diesel drops

THE demand for petrol, increased by 7.8% last year, is expected to climb by 4.5% this year and by similar levels through to 1990, according to the Department of Mineral and Energy Affairs (DMEA) annual report tabled in Parliament yesterday.

In contrast, diesel demand declined by 1.8% in 1987, but is expected to rise by about 3% this year and reflect this sort

CHRIS CAIRNCROSS

of growth pattern over the next two years. The DMEA reports that despite these growth forecasts, it intends to maintain a strict ceiling on the number of new service stations petrol companies will be permitted to establish over the next two to three years.

R4,8m sub-station^(SS) for Queenstown^{DD 29/4/88}

QUEENSTOWN — An electrical injection sub-station of 66KV, estimated to cost R4,8 million, is to be built by the municipality on the western boundary of the town in the vicinity of the J. J. Serfontein High School.

The acting town clerk, Mr Antonie de Klerk, said the council was providing now for future development as existing sub-stations would be unable to cope with the electricity load by 1991.

The new sub-station was a three year project and it would be possible for the council to finance it without increasing electricity tariffs, Mr De Klerk said. — DDR

Howard

1237

FRIDAY, 29 APRIL 1988

1238

HOUSE OF ASSEMBLY

†Indicates translated version.

For written reply:

General Affairs:

Printing contracts awarded to two companies

827. Mr D J DALLING asked the Minister of Public Works and Land Affairs:

- (1) Whether his Department awarded any printing contracts in 1987 to two companies, the names of which have been furnished to the Commission for Administration for the purpose of the Minister's reply, or to their associated companies and printing operations; if so, (a) in respect of what publications or printed matter, (b) how many copies of each publication or item were ordered from each company and (c) what are the names of the companies concerned;
- (2) whether these contracts were put out to tender; if not, (a) why not and (b) what was the total amount paid by his Department in respect of each of these contracts; if so, what was the (i) tender price originally accepted, and (ii) total amount paid out, in respect of each contract;
- (3) whether his Department subsidizes any publications published by the above companies; if so, (a) which publications and (b) (i) why, and (ii) what is the amount of the subsidy, in each case;
- (4) what total amount was spent by his Department in 1987 on printing and publishing involving (a) the above companies and (b) any other specified companies?

The MINISTER OF PUBLIC WORKS AND LAND AFFAIRS:

- (1) No. (a), (b) and (c) fall away.
- (2) Falls away.
- (3) Falls away.
- (4) Falls away.

Department of Foreign Affairs, new office accommodation in Pretoria

866. Mr P G SOAL asked the Minister of Public Works and Land Affairs:

Whether any consideration is being given to providing the Department of Foreign Affairs with new office accommodation in Pretoria; if so, (a) why, (b) where, (c) at what cost and (d) when is it anticipated that this accommodation will become available?

The MINISTER OF PUBLIC WORKS AND LAND AFFAIRS:

- (a) Yes. On account of the fact that the Department of Foreign Affairs is presently accommodated in four buildings in Pretoria and in view of the particular nature of its functions.
- (b) The vacant State land immediately to the west of the Union Building, between Belvedere and Edmond Streets, has been identified for the purpose.
- (c) Has not yet been calculated.
- (d) No indication yet.

Petrol sold at pump in RSA: average price 55

998. Mr C J DERBY-LEWIS asked the Minister of Economic Affairs and Technology:

- (1) What is the current average price of petrol sold at the pump in South Africa;
- (2) whether the Department of Mineral and Energy Affairs keeps statistics on the price of petrol in other countries; if not, why not; if so, what is the current average price of petrol sold at the pump in (a) Australia, (b) New Zealand, (c) Canada, (d) the United States of America, (e) Brazil and (f) Zimbabwe;
- (3) in respect of what date is this information furnished?

The MINISTER OF ECONOMIC AFFAIRS AND TECHNOLOGY:

- (1) South Africa is divided into price zones for the calculation of the pump price of petrol. However, a uniform basic wholesale price for each of the three petrol grades is applicable. To these wholesale prices the average transport cost from the coast to

Petrol price set to rise following fuel experiments

DID 2/17/86

JOHANNESBURG — Petrol prices are expected to rise later this year following moves to reduce lead levels in fuel. (SS)

Following pressure from health and environment lobbies, the levels will be reduced from 0,6 g a litre to 0,4 g a litre by September, but industry sources said the cost of the development would be in the region of R100 million.

This cost, on a yearly basis, would have to be carried by the motorist as the lead reduction programme would lead to higher fuel prices.

The oil industry began a programme to lower the lead content of fuel at the beginning of 1986 but, an editorial in Total in South Africa states that this has gone unnoticed by the media.

"Some two years ago, lead poisoning and the role played by automotive fuel was the subject of extensive coverage and several organisations called for the lead content of fuel to be lowered in this country.

"The fact that the oil industry took these positive steps hardly received any attention in the media — far less prominence than did the dangers of lead poisoning," the report states.

The article, by Dr T. A. Kilroe-Smith of the National Centre for Occupational Health (NCOH), says that the health dangers of lead in petrol were not significant in South Africa.

"According to a study of the situation in South Africa, the average level of lead in the blood was less than 20 micrograms per 100 ml in primary school children and less than 10 micrograms per 100 ml in high school pupils.

"These concentrations are no cause for concern and even if the petrol were lead-free, it is calculated that the burden of the metal in the blood of children would drop by only about 4 micrograms per 100 ml."

The study pointed out that blood levels in Durban and Johannesburg were only 25 per cent to 50 per cent of the toxic threshold.

"There is therefore no reason to worry about atmospheric lead due to petrol. It is concluded that the present concern about the health dangers of lead in petrol is ill-founded.

"If it is felt necessary to reduce the intake of the metal, the focus should not be on petrol, but on other sources of lead."

The article went on to say that "strangely enough" there seemed to be little unease about emissions into the atmosphere of lead from coal-burning industries and power stations. — DDC

55 / May

PETROL prices are expected to rise later this year following moves to reduce lead levels in fuel.

After pressure from health and environment lobbies, lead levels will be reduced from 0.6g/litre to 0.4g/litre by September, but industry sources said the cost would be about R100m.

This cost would have to be carried by the motorist.

The oil industry made a start at the beginning of 1986 with a pro-

Petrol prices set to rise after lead content reduced

gressive programme to lower the lead content of fuel.

An editorial in Total in SA, which stresses opinions in the magazine are not necessarily those of Total SA, said the fact the industry had taken measures to reduce lead content had gone unnoticed.

It said about two years ago lead poisoning and the role of auto-

MICK COLLINS

motive fuel had received extensive media coverage and several organisations had called for the lead in fuel to be lowered.

The fact that the oil industry had taken positive steps had received far less prominence than had the dangers of lead poisoning.

The article, by National Centre for Occupational Health's Dr T A Kilroe-Smith, said the dangers of lead in petrol to health in SA were not significant.

A study in SA had found the average level of lead in blood was less than 20 microgram per 100ml in primary school children and less

than 10 microgram per 100ml in high school pupils.

These levels were no cause for concern, and even if petrol were lead-free, it was calculated the burden of the metal in the blood of children would drop by only about 4 microgram per 100ml.

For Durban and Johannesburg,

17, Monday, May 2 1988

the study said blood levels were 25% to 50% of the toxic threshold. "There is therefore no reason to worry about atmospheric lead due to petrol."

It said also: "If it is felt necessary to reduce the intake of the metal, the focus should not be on petrol, but on other sources." The article said there seemed to be little unease about the lead content of emissions of coal-burning industries and power stations "strangely enough".

Government may decide on alternative fuels soon

D17 2/50/88 (55)

Parliamentary Staff

CAPE TOWN — The government may soon be in a position to decide whether it is to give the green light to an "alternative" transport fuels programme involving the commercial production by the private sector of ethanol and methanol.

Two independent investigations into the feasibility and potential of producing these synthetic fuel types in South Africa are expected to be completed and submitted to the government for evaluation and consideration by the Cabinet at the end of this month, according to a spokesman for the Department of Mineral and Energy Affairs.

The outcome will depend on present and expected trends in the price of crude oil.

The ethanol study involves the oil, sugar and motor industries and is aimed at determining what the economic and technical implications are of setting up an ethanol blend fuel programme in Natal on these three sectors and on the motorist, and to solve technical problems related to fuel specifications.

It is also concerned with attempts to resolve differences between the oil and sugar industries over the price which the oil companies should pay for ethanol.

Initial results from the study over the future potential of methanol have indicated that, on the basis of certain assumptions, methanol could be more cost-effective than existing synthetic fuels, even after the costs of distribution and the provision of new engines have been taken into account.

Steps have already been taken to canvas motor manufacturers and their overseas principals where necessary on the possible manufacture of methanol driven vehicles as part of the overall investigation.

The use of "diesanol" (methanol containing a patented cetane improver) is also being given urgent attention as part of an investigation being carried out by the CSIR in that its use in diesel engines is regarded as of paramount importance if any large-scale methanol programme is given the go-ahead for South Africa.

Gencor gets management contract for Mossel Bay

Star 3/17/89

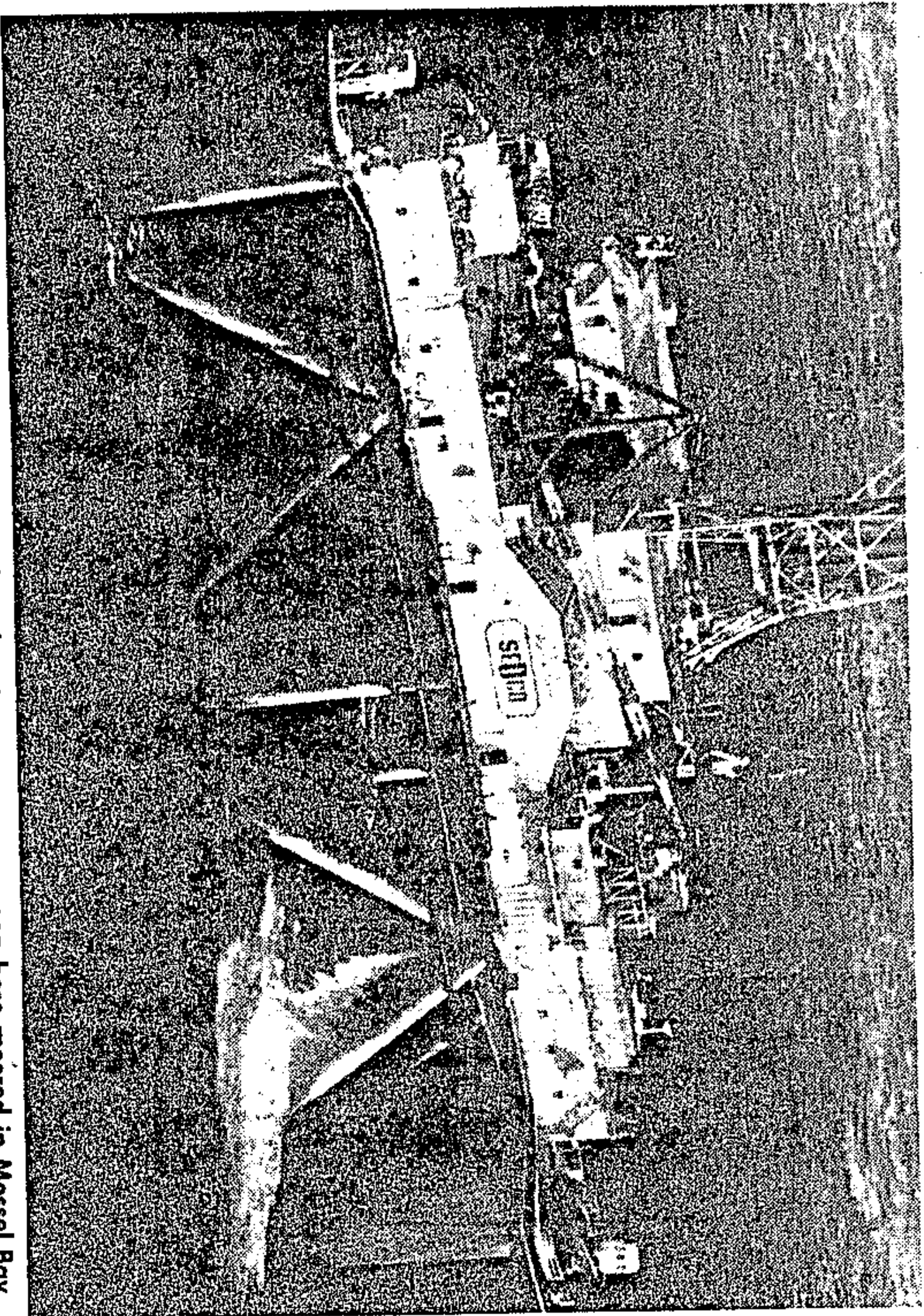
By Magnus Heystek
Finance Editor

Sanlam-controlled Gencor has been awarded the management contract for the R5,3 billion Mossel Bay synthetic fuels project and will also have the right to a 30 percent equity stake in the project, it was announced last night.

The first phase will entail the construction of an offshore platform providing access to natural gas reserves, pipelines to carry the gas and condensate to shore and a refinery utilising the commercially proven Sasol technology to convert the natural gas into petrol and diesel end-products. Sasol will also be involved in the design of the on-shore refinery.

The state-controlled Central Energy Fund (CEF) will have an initial 50 percent of the equity in the company, to be called Moss-gas (Pty) Limited while the remaining 20 percent is runoured to be held by the Industrial Development Corporation. Both the offshore (Mossgas) and on-shore (Mossref) activities will be consolidated under the single corporate and managerial structure of Mossref.

Informed sources within the energy industry yesterday intimated that an eventual listing on the Johannesburg Stock Exchange is a definite possibility, once the project has proven itself to be commercially viable.



One of the rigs involved in the country's oil exploration programme seen here moored in Mossel Bay. Much larger platforms, weighing anything up to 200 000 tons, are likely to be a permanent sight in the bay by the early 1990s.

In terms of the agreement reached with the CEF, Gencor will have the right to a 30 percent equity stake in the venture, which will mean an initial contribution of R30 million with a total contribution of R650 million by the time the first phase has been completed in 1992.

Gencor is currently looking at various ways of funding this capital injection, with a rights offer the most likely route.

About 40 percent of the capital costs of the project will be funded from equity sources and 40 percent by way of special loans from the CEF. The re-

maintaining 20 percent will most likely be funded by exporters' credit as specialised equipment will have to be imported.

Mr Bernard Smith, an executive director of Gencor and the man in charge of the construction and management of the

project, said last night the contract between Gencor and the CEF had many safeguards for the company.

Gencor's additional contributions by way of capital will only become due when certain criteria relating to the financial viability and robustness of the project are met. The probable timing for this will be 1992/93 and include factors like the then international oil price, the value of the rand against the dollar and other factors.

Mr Smith stressed that it was still too soon to calculate the effect of Gencor's involvement on the company's future earnings, but adding that "we are talking big numbers down the road".

Unofficial estimates have put the potential output of the Mossref project at about 25 000 barrels of oil a day once full production has been reached.

While most of the negotiations surrounding the award of the Mossref contract were shrouded in utmost secrecy, it is well-known that several international oil companies as well as AECI expressed interest in the contract at one stage or another.

Observers point out political pressure probably caused the international oil companies to lose interest. AECI for its part has opted to develop its own synthetic fuel project, using coal as the raw material.

(5) Bldg 4/5/88

Govt looks at 'alternative' programme

Decision soon on fuels

CAPE TOWN — Government will soon be in a position to decide whether it is to give the green light to an "alternative" transport-fuels programme involving the commercial production by the private sector of ethanol and methanol.

A Department of Mineral and Energy Affairs spokesman said two independent investigations into the feasibility and potential of producing these synthetic fuel types in SA were expected to be completed and submitted to government for an evaluation and final consideration by the Cabinet at the end of this month.

The eventual outcome would depend on present and expected trends in the price of crude oil.

The ethanol study involves the oil,

CHRIS CAIRNCROSS

sugar and motor industries and is aimed at determining what the economic and technical implications are of setting up an ethanol-blend fuel programme in Natal on these three sectors and on the motorist, and to solve technical problems related to fuel specifications.

It is also concerned with attempts to resolve differences between the oil and sugar industries over the price which oil companies should pay for ethanol.

The investigation over the future potential of methanol as an alternative transport fuel for synthetic petrol and diesel began last June.

Initial results from this study have indicated that, on the basis of certain

assumptions, methanol could be more cost-effective than existing synthetic fuels, even after the costs of distribution and the provision of new engines had been taken into account.

Steps have already been taken to canvas motor manufacturers and their overseas principals where necessary on the possible manufacture of methanol-driven vehicles as part of the overall investigation.

The use of "diesanol" (methanol containing a patented cetane improver) is also being given urgent attention as part of an investigation being carried out by the CSIR in that its use in diesel engines is regarded as of paramount importance if any large-scale methanol programme is given the go-ahead for SA.

Don't waste your energy.

SA denies Zimbabwe anti-govt campaign

MICHAEL HARTNACK

HARARE — Allegations that its diplomats had sent out anonymous anti-government leaflets and threatening letters purporting to come from "Zipra High Command", were yesterday described as "absolutely ridiculous" by the acting head of the SA trade mission in Harare, Willem

Nuclear? The neighbours aren't too sure

By CARMEL RICKARD

DESPITE extensive media coverage of Escom's quest for nuclear station sites along the Natal north coast, half the residents interviewed by the Society Against Nuclear Energy (Sane) had no idea the search was on.

Sane's Mark Gandar said this week members of his society interviewed 250 people between Umhlanga Rocks and Mtunzini to see whether they were aware Escom had begun a two-year search for potential sites in the area, and to find out the attitudes of residents to nuclear power.

Just over half those interviewed had not heard Escom was exploring the area between Salt Rock and Port Durnford.

Sane also found while people were generally uninformed on the issue, the majority saw nu-

clear power as dangerous.

A number said they would consider moving if a nuclear power station were built in the region, and one respondent said the family had moved from the Western Cape to Natal because the Koeberg nuclear station had been built close to their home.

Half of those questioned thought a nuclear power station would be a bad thing, while 37 percent thought it would be good and 13 percent did not know.

"The strongest support for nuclear power came from the more industrially developed areas," said Gandar.

The residential areas were generally opposed to a nuclear power station, with the strongest opposition coming from Mtunzini.

Many of those in favour said this was because it would supply cheap electricity.

"This indicates that people are misinformed," comments Gandar. "Even Escom admits that (nuclear-generated electricity) is more expensive than other forms of electricity."

Sane's general impression was that very few people were "genuinely able to make an informed assessment of nuclear power."

"This was particularly true of the black population who generally had no comprehension of nuclear power, let alone Escom's search for possible sites for nuclear power stations."

(Handwritten initials) *(55)*

W/Hein 5-12/5/88

SS FM 6/15/88
GENCOR/MOSSGAS

Into the energy business

Gencor has taken a large stride towards bringing to reality its plans for expansion in the energy field. Instead of the project to convert oil from torbanite, which is waiting in the wings and could be announced soon, the group's first big venture into energy is through Mossel Bay synthetic fuels (Mossgas).

It has obtained the right to a 30% stake in Mossgas, thereby becoming the major private sector participant, and will manage the project. This transforms Gencor's energy interests from being essentially in the exploration and research sphere into a major new operational activity with long-term prospects.

The announcement comes as no great surprise (*FM* December 25 1987 and April 15 1988). Chairman Derek Keys has indicated the group is keen on the energy business, so an involvement in Mossgas seems to be both logical and a coup for Gencor. Questions are likely to be asked as to why the Central Energy Fund (CEF) should have reached this agreement through private negotiation with Gencor, with no public tenders.

That may be subjected to considerable debate: but the house does have the advantage of being one of the very few private sector organisations with expertise in syn-fuels. Another, of course, is AECI, which apparently dropped out of earlier talks on Mossgas. Gencor executive director Bernard Smith, who heads up operational services and will be responsible for Mossgas, says the group had been involved in "on-off" discussions with the CEF over a number of years. These talks were rekindled last October and took about six months to reach fruition.

The agreement is that, apart from Gencor's 30% in Mossgas, the CEF will hold 50% with the balance held by a third party or parties. The Industrial Development Corporation (IDC) seems an excellent candidate as the third party. This would keep the venture neatly in a partnership between Gencor and government.

About 40% of the capital cost will be funded from equity sources, and 40% by way of special loans from the CEF. However, although the long-term viability and profit potential are at this stage uncertain — some analysts are downright sceptical — the risk for Gencor does not seem unduly large. Its initial contribution will be R30m, with the balance becoming due when certain criteria relating to the financial viability and robustness of the project are met; the probable timing for this will be 1992/1993.

Although only R30m of equity capital is to be injected initially, Gencor's total commitment in current money, and based on the

overall cost estimate for Mossgas for R5,3 bn, will amount to some R650m. This appears to allow an exit, or at least a deferral of the major investment, should prospects deteriorate.

Oil prices, costs and technical factors are the main uncertainties. But Smith says that "We think it would be profitable at all but very low oil prices." He says that the group has based its forecasts on oil prices moving in real terms between now and 2010 in a range between \$16-\$18/barrel and \$24-\$26/barrel. However, Smith notes that if the major investment is only to be made when the profitability is apparent, the payback for Gencor should come quickly. A listing is expected, but almost certainly not until Gencor's investment criteria are met.

Apart from the return on investment, the house could gain a useful source of income in management fees. Both offshore (Mossgas) and onshore (Mossref) activities are to be consolidated under a single corporate and managerial structure, Mossgas (Pty). The Gencor in-house team may initially comprise only about 30-40 people as the bulk of the work is done by contractors, but, overall, about 7 000 people will be employed at the peak of the construction phase. Smith adds that Gencor companies such as Malbak will have to tender for work on a non-preferential basis.

Andrew McNulty

Energy shortage ahead

By Don Robertson

SOUTH Africa should take a closer look at its energy policy in the light of the findings of the Institute for Energy Research at Rand Afrikaans University.

Although demand for energy to the year 2005 is expected to be lower than previous forecasts, coal reserves by the year 2010 will be insufficient to keep pace with the growth in energy demand.

Increasing use of other energy forms, such as nuclear power, will be necessary.

Dawie Kotze and Chris Cooper say in a report — Energy Projections for South Africa — that reasons for the expected decline in energy demand are low economic growth.

Their findings, although theoretical, could be altered if the Government

decides on ore beneficiation and fabrication. Further sanctions would also affect the forecast and further study will be conducted.

Depending on the rate of economic growth, the demand for electricity is expected to rise by between 2,5% and 5% a year between 1987 and 2000. If a real growth rate of 2,7% in the gross domestic product (GDP) is assumed, growth in electricity demand will be 3%. This compares with an average growth rate of 7,8% between 1964 and 1984.

Peak demand

Demand for oil is expected to rise between 1,4% and 4,3% a year between 1987 and 2000 depending on the rate of

growth. With a 2,7% economic growth in GDP, demand for oil will increase by 2,1% a year.

Prospects for coal are pessimistic. Apart from the effect of sanctions on exports, demand — excluding requirements by Escom and Sasol — is expected to increase by between 1,1% and 3,8% depending on economic growth.

At a 2,7% rise in economic growth, demand is expected to increase by 1,6%.

Demand should peak between 2043 and 2060, with supply in 2010 being insufficient to meet energy requirements.

Because of this, Mr Cooper queries the current rate of exports and urges the further investigation of other sources of energy.

The RAU study will be updated annually to provide projections for the Government and energy industries.

(5)
S. Times
8/5/87

CARTE BLANCHE



by David
Carte,
BUSINESS
TIMES
Editor

Stene
(S)

The economics of the Mossel Bay gas project are still uncertain, but Gencor has secured a fine opportunity at minimal cost and risk to itself.

For a down payment of R30-million, SA's second-largest mining house has won the right to manage the project and to acquire 30% of the equity in 1992.

For the next four years, the R30-million appears to be the maximum risk in the project to Gencor.

The risks are that world oil prices may fall and/or the rand may rise. There is also the technical risk that is part of any project of this nature. Platforms and refineries may be more difficult or expensive to build and install than planned.

The supply of gas and oil under the Indian Ocean could be another risk, although proven reserves are estimated at 20 years and prospects brighten virtually daily.

The beauty of this week's deal to Gencor is that if the project looks like a lemon by 1992 when production begins, it can walk away. In that awful event, losses will doubtless accrue to motorists and taxpayers.

If, on the other hand, the oil price has risen in the next four years, or the rand has declined and if Mossgas reserves expand dramatically, Gencor will acquire 30% based on the cost of construction.

As with Sasol, the Mossgas petrol and diesel prices will be based on the landed cost of petroleum products.

Bernard Smith, Gencor executive director, who will head management of the project, says: "We believe the scheme is economic at present oil prices and the prevailing rand-dollar exchange rate."

"You would have to be a pessimist on the rand price of oil to question its viability. At the same time, it is not so viable we could finance it in the normal way."

Gencor is banking on oil prices of \$18 to \$20 a barrel in the immediate future, moving up slowly to \$25 by the year 2010.

What makes Gencor qualified to manage the project? What does it know about gas and oil?

Mr Smith says: "We have demonstrated expertise in running large projects, such as Sappi and Impala, and have worked with the biggest engineering companies in South Africa."

"Through our interests in the Alba and Bosun oilfields in the North Sea, we have associations with several companies which have a wealth of experience. Because of our torbanite oil-shale project, which we would still like to develop, we know a lot about synfuel production."

Mr Smith says there was no desire among companies to secure the deal Gencor gained. Oil majors declined to take part and no other mining house showed interest.

AECI technology was considered, but was deemed to be too new and unproven, so Sasol methods will be used.

AECI managing director Mike Sander acknowledges that his company's proposed oil-from-coal project with Amcoal has been delayed because of the Mossgas go-ahead.

It will cost more than the Mossgas project and SA cannot afford to build both at once.

However, the State has decided that SA must be x% independent in petroleum no matter what. It thus appears that as one project is completed and funding permits, another will start.

AECI's technology has been developed since it was considered for Mossgas two years ago.

The cost of the Mossgas project is estimated at R5,3-billion in 1988 money. Construction will initially be funded by low-cost loans from the Central Energy Fund. After 1992, the three partners — Soekor, the Industrial Development Corp and Gencor — will contribute 40% of the capital cost in shareholders' funds. That will be R2,1-billion, of which Gencor will have to chip in R640-million.

Gencor's contribution should not be an undue burden, considering that its Oryx mine cost R1,5-billion.

"We are open on how to fund it and would not discount a rights issue", says Mr Smith.

Gencor's brick in Fortress S Africa

2/5/88

He denies that Gencor companies will be favoured in the granting of contracts.

Several companies outside Gencor have been granted huge contracts. In most areas where tens of millions of rands will be spent, there are only one or two contenders capable of doing the work. They are often outside the Gencor group.

Before Gencor's coup was announced, it was expected that its subsidiary, Trek, would be favoured in distribution of Mossgas products — but Mr Smith knows nothing of any such plan.

SA suppliers will be favoured, as the intention is to keep local content 80% by value. If the rand sags, the imported content — and the capital cost — will rise — but the scheme's profitability will improve.

Mr Smith will head management of the project, be supported by Bob St Leger of the Central Energy Fund and top men from Soekor and the IDC.

Mr Smith had a meteoric career after graduating as a mining engineer at Wits in 1959. He became a director of JCI in 1970. By 1980 he was deputy chairman and also chairman of Randfontein and other JCI companies.

He left JCI when Gordon Waddell then son-in-law of Anglo chairman Harry Oppenheimer, leap-frogged him for the top job. Mr Smith was appointed managing director of BP Minerals International in London.

Wishing to return to SA, he joined the Gencor board last year four months before Derek Keys was installed as chairman by Sanlam. Like the other Gencor directors, he quickly came to like and respect Mr Keys. Another JCI director, Brian Gilbertson, also joined Gencor.

Mr Smith says: "I think prospects are better here. Gencor is starting from a base that is not fully exploited. Add to that the managerial input of Derek and team, and we should continue to grow apace."

While the world oil glut lasts, question marks hover over the scheme. For it to justify itself to shareholders, it needs to earn R315-million after tax — that is a 15% return on equity.

To justify itself in terms of production, it should produce 20-million barrels of oil a year. That, after all, is what interest at 15% a year on R5,3-billion would buy at present world prices.

Therein lies the rub, for future world oil prices and supplies remain imponderable.

Until we regain admission to world society, we need Mossgas as another brick in the wall of Fortress South Africa — regardless of economics.

Sasol counters import threats

By Don Robertson

INTERNATIONAL competition in a duty-free area of South African industry has prompted Sasol to embark on a R340-million polypropylene plant at Secunda.

Sasol has appointed West Germany's Lurgi group to design and construct a 120 000-ton-a-year polypropylene plant, construction to start in 1989.

The plant should make SA self-sufficient in raw materials for conversion into plastic products.

Sasol says import control on polypropylene was abolished in July last year, exposing the industry exposed to international competition.

A spokesman says: "To compete against international manufacturers investing in a new polypropylene facility, we have no option but to build a world-scale plant.

"Because our market is relatively small, a large plant can be justified only if both domestic and export markets can be served."

Imports of polypropylene are about 30 000 tons valued at R90-million a year.

SA also imports about 35 000 tons of polyethylene annually. Polyethylene imports could be replaced by production of polypropylene.

Sasol says polyethylene and polypropylene are both thermoplastic resins which can be repeatedly softened by heating and hardened by chilling. These polymers are processed into film, sheet and rigid materials for various markets.

The processes include injection moulding, blow moulding, extrusion and film and sheet processing. In many applications, the same machinery can be used to convert either polyethylene and polypropylene into final products.

Although the two feedstocks overlap in some applications, both have tended to find their own market niches because of the inherent properties of the plastics.

It is not expected that SA's polyethylene market will be unduly threatened.

AECI produces 95 000 tons of low-density polyethylene and 45 000 tons of linear low-density polyethylene. Safri-

pol produces 95 000 tons of high-density polyethylene. About 35 000 tons of polyethylene is imported.

The new plant could save and earn SA about R200-million a year at current prices.

The Sasol spokesman says world demand for polypropylene is about 9-million tons a year and SA's export potential is about 1-million tons.

Versatile

Polypropylene has been in short supply for about 12 months. Since 1984, world consumption has increased by 11% a year. Because it is one of the fastest-growing markets for plastics, the tight supply situation is not expected to ease until new production facilities have been installed.

Polypropylene is a versatile plastic and can be used in a wide variety of applications, such as the manufacture of woven bags, battery cases, bottle caps, ropes, carpets and crates.

The plant will create about 240 jobs in the Sasol group, and employment opportunities could develop in the converting industry once polypropylene becomes freely available at competitive prices.

RCyS 9/5/88

Excitement, caution in SA's biggest oil strike

JOHANNESBURG. — South Africa's biggest oil strike, which could earn the country R100-million a year, has been made off Mossel Bay and excited Soekor officials said they had a plan to bring the oil to the surface economically.

But the Minister of Economic Affairs and Technology, Mr Danie Steyn, today put a damper on speculation and said initial reports that the find could produce between 6 000 and 7 000 barrels of crude a day were "over-optimistic".

The strike was made about six weeks ago, less than 100km from the gas wells that will support the Mossel Bay fuel-from-gas project.

A senior Soekor official said last night that they had been developing a plan to exploit the oil field economically.

"HIGHLY ENCOURAGED"

However, they were still investigating the viability of the plan.

The latest find is not South Africa's first payable oil strike. In March last year Soekor struck a deposit which it estimated could produce about 3 000 barrels a day.

Compared to that find, the latest strike was dramatic, Soekor officials said last night.

However, Mr Steyn said today it was "hopelessly" too early to say what the possibilities of such a find could be and he was hesitant to speculate too much at this stage.

As far as he was concerned, there was so far no firm indication of a truly economic find of oil.

However, the search for oil would continue and he remained optimistic there would eventually be economic finds.

— The Argus Correspondent and Political Correspondent.

TEACHING / LEARNING

RESOURCES CENTRE

Soekor
SA oil
search

pays off

Own Correspondent

PORT ELIZABETH. — A well which is expected to produce between 6 000 and 7 000 barrels of crude oil a day has been struck off Mossel Bay — the first major payable oil find in Soekor's two-decade, R800-million search for oil off South Africa.

Soekor spokesman Mr Mike Leibrandt confirmed last night that oil was struck at borehole E-AD 1, located about 120km south-south-west of Mossel Bay, six weeks ago.

However, he said, the well was not economically viable on its own and similar wells would have to be discovered before it could be exploited.

Further geo-physical surveys and further drilling would be conducted, he said.

However, in March last year a well about 5km away, named E-AA 1, was struck, and produced similar results. It had a production capacity of 5 000 barrels a day.

E-AD 1 had a production capacity of 6 954 barrels of oil and condensate a day — 3 800 barrels of high-quality crude oil and 58m cubic feet of gas.

"It is very encouraging but it is not enough. If we discovered several such small wells we could look at a potentially economic means of production, such as a semi-submersible rig.

"The next thing to do would be to drill several other boreholes to determine how big the reservoir is and only then can we say we could produce so much," Mr Leibrandt said.

Oil industry sources said the strike consisted of high-quality crude and condensates associated with gas. There was also a substantial gas deposit.

CAPE TOWN — Oil has been discovered off the west coast of SA for the first time, Soekor announced yesterday.

The well is not economic — tests have produced only 200 barrels a day — but Soekor said the find was encouraging. Up to now the search in the area had encountered only dry gas.

The oil was encountered by the Nympha rig 26km south-south-west of Hondekliip Bay. This is about 150km west of the Namaqualand town of Springbok.

Soekor yesterday tempered its previous enthusiasm over the latest crude oil discovery off Mossel Bay, saying further seismic surveys, drilling and feasibility studies were necessary before there could be any thought of economically viable production. This process could take several years.

MICK COLLINS reports that Gencor,

First oil strike off west coast

SS Bidoy 10/5/88

(150)

CHRIS CAIRNCROSS

which last week announced it was to manage the R5,3bn Mossel Bay oil-from-gas project, has a 20% participation in the well, E-AD 1, where oil is reported to have been struck.

The company bought into the well in March last year.

In terms of last week's agreement reached with the Central Energy Fund (CEF), Gencor has the right to a 30% equity stake in the whole of the Mossel Bay venture, with the CEF holding 50% and the balance being held by an as yet unnamed third party.

Too early to say if oil find will be economic

Stev 10/5/85

55

By David Braun, Political Correspondent

CAPE TOWN — South Africa has come a step closer to becoming an oil-producing country, with the discovery of the most encouraging oil and gas deposits in territorial waters to date.

The new deposit of high-grade crude oil and gas discovered 120 km south-west of Mossel Bay is probably not a viable proposition in itself.

However, South African scientists are becoming increasingly excited at the prospect of developing a system of mobile oil platforms which would "hover" for short periods over small deposits before moving on to the next, much like a bee collects pollen from one flower to the next.

Between collecting oil and gas at a particular hole, the vital energy resources would build up for future collection.

Preliminary estimates indicate the new field would yield about 7 000 barrels of crude oil and condensate a day.

Of this, there would be about 3 800 barrels of high-grade crude oil a day.

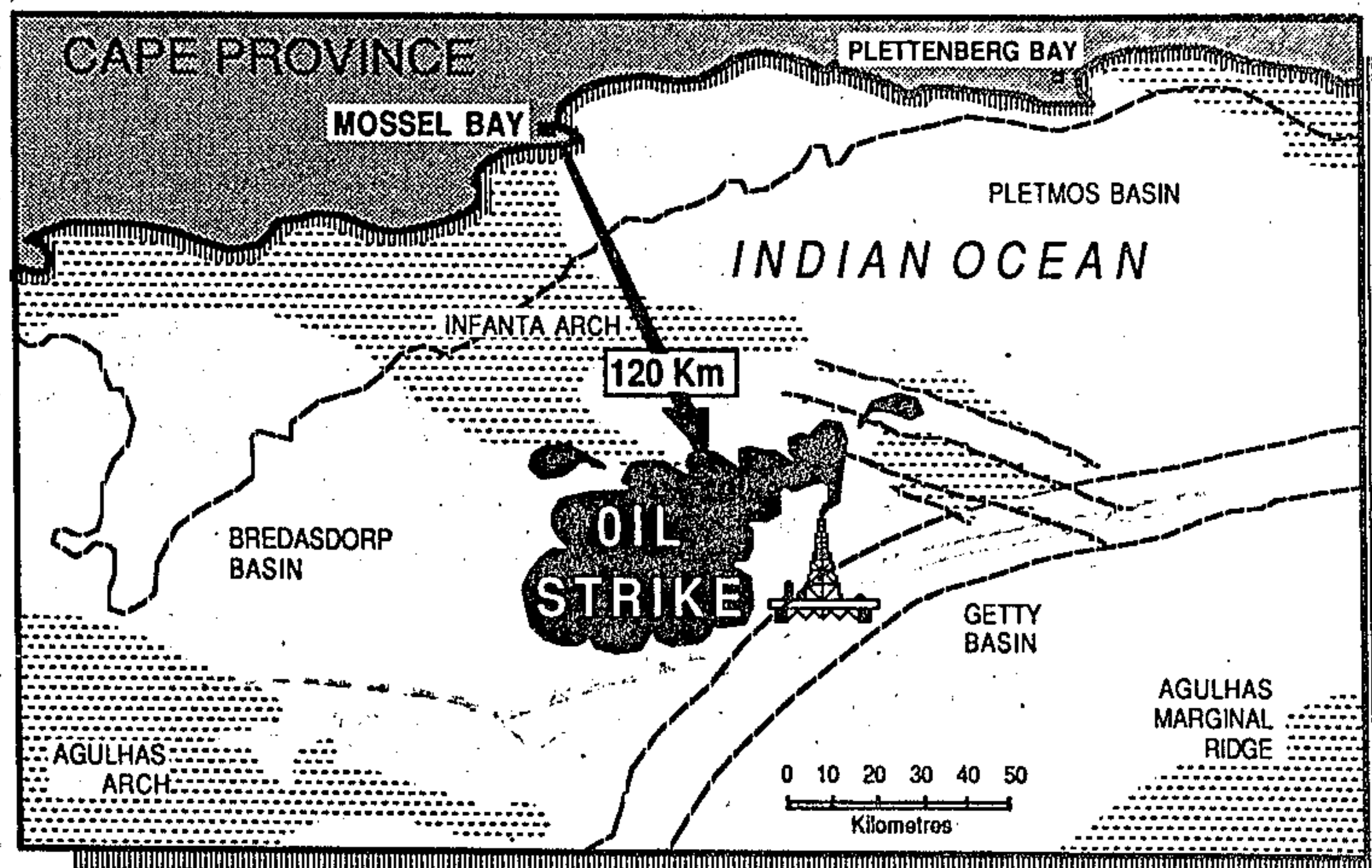
The find could be meaningful when taken with earlier discoveries, some of which are going to be worked as part of the Mosgas project commissioned by the Government.

Economic Affairs and Technology Minister Danie Steyn said in an interview yesterday that it was too early to say whether the latest find was an economic proposition.

Many more tests and results were needed before the discovery could be quantified.

Reaction in Mossel Bay was cautiously optimistic, Clare Harper reports.

System of mobile platforms possible



The town clerk of Mossel Bay, Mr W S van Heerden, said it was too soon to tell whether the find would be economically viable.

But if more strikes of a similar size were made, it could create some job opportunities in the town.

The owner of a Mossel Bay estate agency, Mr W Pretorius, said that since the announcement, 10 people had asked the agency to increase the price of their stands.

Sapa reports that a Soekor spokesman, Mr Mike Leibbrandt, said similar wells would have to be discovered before the find could be exploited.

The Mosgas project has received a financial boost with the announcement that Gencor is buying into the project through an initial contribution of R30 million.

Gencor, which took up 20 percent participation in the March find, will participate

with the Central Energy Fund (CEF) in the development of the Mossel Bay synthetic fuels project and will manage it.

The first phase of the project will entail the construction of an offshore platform providing access to natural-gas reserves, pipelines to carry the gas and condensate to shore, and a refinery to convert the natural gas into petrol and diesel.

This phase is expected to cost R5,3 billion and production could commence in 1992.

R600-m subsidy for petrol

By David Braun, *Star*
Political Correspondent

CABE TOWN — The Government is prepared to boost the economy with a R600 million petrol subsidy within the next few months.

Government sources indicated last night that this would be done in an effort to keep the petrol pump price static, in

spite of upward pressures on international oil prices and downward pressures on the foreign exchange value of the rand.

According to information released by the Department of Mineral Affairs and Technology, the under/over-recovery account used to stabilise the fuel price against international price

pressures was R66 million in the red at the end of March.

In March, motorists in the PWV area were under-paying by 3,082c a litre for 93 octane petrol.

The dollar-rand exchange rate for March was calculated at \$1/R2,1323 against \$1/R2,0492 for February.

But it is understood that the Government will allow the under/over-recovery account to run into the red to no more than R200 million.

After that it will use the equalisation fund, which had reserves of R500 million, to soak up under-recoveries.

This means the Government will be prepared to invest at least R600 million in keeping the petrol price down.

Imported ^(2/18) power hits ⁽⁵⁵⁾ Maputo users

The Star's Africa
News Service

MAPUTO — Mozambique's imports of South African electric power for Maputo cost the government R2 million a month, said the director of the state electricity company, Mr Fernando Juliao.

He was reacting to increasing public complaints about big rises in electricity tariffs in Maputo.

Total electricity consumption in Maputo was about 30 000 megawatts a month, of which about 24 000 megawatts was imported from South Africa.

Another official said high water charges were due partly to 40 percent of the city's water being lost through holes in pipes and faulty taps and meters.

Relation over oil finds, but still a long way to go

By DICK USHER, Staff Reporter

RELATION is growing in oil circles that South Africa's long search may at last be bearing real fruit — but it's an elation tempered with caution.

Although recent finds off the Cape south and west coasts have shown that there is oil down there, those involved with the search know there is still a long way to go before it is shown how much there is and of what quality and whether exploitation would be commercially viable.

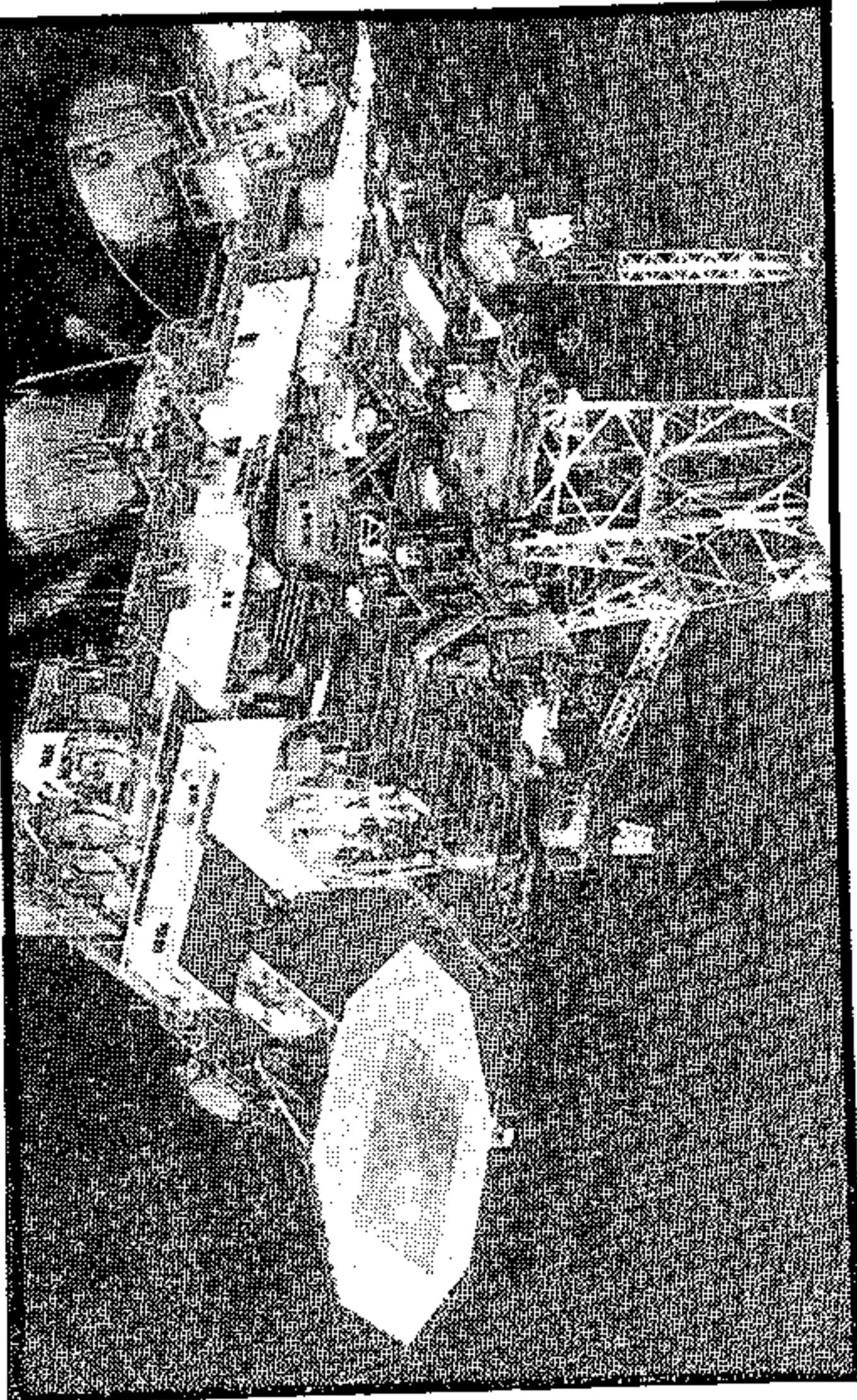
In March, 1987, it was announced that boreole E-AA1, about 120km south south-west of Mossel Bay, produced 5 000 barrels of oil and five million cubic feet of gas a day. Another well close by (E-AD1) followed which showed 7 000 barrels of oil and condensate a day plus 58 million cubic feet of gas, it was disclosed this week.

Public excitement was heightened days later with the announcement that for the first time encouraging signs of oil off the west coast had been encountered. A well off Hondeklip Bay showed about 200 barrels of crude oil a day in production tests.

Meanwhile, Soekor has announced that drilling on the continental shelf off Mossel Bay is to be intensified and the Omega rig, which has been drilling off Cape Recife for the past six months, will move to a site off Mossel Bay soon.

The signs are encouraging, but it could be several years before further drillings, seismic surveys and feasibility studies show whether the long dream of independent oil will be realised for South Africa.

Experts point out that it was in 1980 that the gas field on which the Mossel Bay project, which is a first step, towards making that dream a reality, was discovered. But the go-ahead for the project to convert gas



An oil rig drilling for Soekor.

into liquid fuel was not given until February, 1987, after years of proving reserves and two major feasibility studies.

This project, in which gas from under the sea will be distilled and chilled into dry gas and liquid condensate before it is pumped to an onshore plant for conversion into liquid fuels, is planned for commissioning in 1991 with 22 000 barrels a day being produced by 1992.

The R5 500-million project is at least twice as big as a similar project in New Zealand. According to Mr Dries Sonnekus, spokesman for Mossagas, work is on schedule.

Contracts for the offshore rig's jacket, accommodation module and the piles which will anchor it to the sea bed have been awarded.

An information centre has been opened at Mossel Bay and further contracts for the rest of the modules comprising the rig will follow later this year.

Most of the main coastal centres

will get a share of the work, generating work opportunities in regions as widespread as Saldanha and Durban. Onshore, contracts should be awarded soon for earthmoving for the refinery site.

Mr Sonnekus said tenders had been received and were being considered. Earthmoving was expected to start in mid-June.

Meanwhile, Gencor has been awarded the management contract for the project with a right to a 30 percent equity.

The giant mining company also has a 20 percent participation in well E-AD1 which, should it show economically producible oil or gas, will give the company a 20 percent interest in its production.

Mr Mike Leibrandt, spokesman for Soekor, said Gencor had always had an interest in the oil search and also had interests in North Sea oil.

A further 50 percent equity in the company which will run the Mossel Bay project, Mossagas (Pty) Ltd, is

to be held by the State-controlled Central Energy Fund and the other 20 percent is said to be held by the Industrial Development Corporation.

Both the offshore and the onshore activities, which were originally envisaged as separate elements, would be combined under Mossagas, it was announced last week.

But while attention is focused on the latest finds and the prospects of the Mossel Bay project, the search for oil goes on. Mr Leibrandt said more than 160 wells had been drilled so far by Soekor and concessionaires.

Since Soekor had been established in 1965, about R1 000-million had been spent in the search. To the end of 1986, according to the last figures from the Department of Energy and Mineral Affairs, the search had cost just more than R835-million and about R200-million in 1987.

Soekor had ended onshore exploration in 1978 to concentrate on the offshore search, but private companies such as Gencor and Anglo American Prospecting Services continued with onshore prospecting, said Mr Leibrandt.

There had been several occurrences of oil and gas on land, notably at Volksrust, Dannhauser, Moolfontein and Colchester, but the reservoirs proved to be too limited.

Mr Leibrandt said the offshore finds came at an opportune time because, while interest in South Africa was heightened, worldwide offshore drilling was presently low-key.

This meant that South Africa could negotiate better terms for contracting rigs which would ordinarily cost about R100 000 a day.

"Meanwhile, it's all very encouraging, but we're not talking about oilfields yet," said Mr Leibrandt. "There's still a long way to go."

| MODE | 1 | 2 | 3 | 4 | 5 |
|-------|-------|-------|-------|-------|-------|
| MAG % | 101.2 | 85.0 | 75.0 | 70.7 | 61.5 |
| REG. | 0.506 | 0.425 | 0.375 | 0.354 | 0.308 |

TOLS ±0.030 INS. MEASURED FROM LEAD EDGE TO HORIZONTAL REF.

VERTICAL REFERENCE LINE 10"

VERTICAL REFERENCE LINE 11"

FIELD USE ONLY

HORIZONTAL REFERENCE

HORIZONTAL REFERENCE

Power cuts hit East Rand

HUNDREDS of families in Tembisa township on the East Rand had their water and electricity supply cut after receiving 24-hour notices to pay rent-arrears.

A Tembisa Town Council spokesman yesterday confirmed the action and warned that more drastic measures would be taken against defaulters in future.

The spokesman said the council had lost millions of rands through the continued non-payment of tariffs by residents, and that could no longer be tolerated.

Tembisa, is one of the many townships in South Africa, where blacks have not been paying their rent since the outbreak of violence in 1984.

Notices

Residents told the *Sowetan* yesterday that they had received 24-hour notices stating their water and electricity supply would be cut for non-payment of services.

The notices read: "Although the council is under no obligation to give notice that electricity and water supply will be terminated as a result of non-payment, it is felt that you should, in all fairness, be afforded the opportunity to bring your arrears up to date."

Residents said they were also warned that tempering with meter boxes would be taken in a serious light by the authorities.

Food

"We are going to be forced to spend cold winter days without electricity in our homes.

"Food and other edibles in my refrigerator have perished. It is really sad and the authorities should consider our plight," Mrs J Moloi said.

Mrs Sinnah Maravha said: "We do not have water to wash and our toilets are in a mess. This can easily lead to an epidemic in our area."

Nuclear building on hold until 2 000 AD

55 *[Signature]* Staff Reporter *Cape Times 12/5/88*

ESKOM will not be building any nuclear power plants before the turn of the century, but will continue investigating potential reactor sites on the Southern Cape coast, an Eskom spokeswoman said yesterday.

"There is absolutely nothing on the drawing boards as far as new nuclear power stations are concerned," spokeswoman Ms Carin Leibbrandt said.

"No reactors will be built before the turn of the century, and even for the next 30 to 50 years."

Eskom, which had initially conducted investigations into potential nuclear sites between Gansbaai and Cape Agulhas, had narrowed its search to "limited" stretches of coast between Quoin Point and Pearly Beach, she said.

Mr Otto Graupner, the investigation team's project manager, said the investigations had found certain areas to be "unsuitable" due to environmental and technical reasons.

Ms Leibbrandt said Eskom had conducted investigations into suitable nuclear sites in four areas, comprising the West Coast, South and East Cape coasts and Natal.

Preliminary "first phase" investigations had identified 19 potential sites which would be subjected to extensive "second phase" geological tests.

Third phase development was planned between Humansdorp and the Tsitsikamma forest, she said.

Did Eskom Eastern Cape area suitable for nuclear station — Eskom

PORT ELIZABETH — Eskom has identified an area in the Eastern Cape as a suitable site for a nuclear power station, the head of Eskom's research team, Mr Otto Graupner, said.

The site is believed to be near Humansdorp.

Mr Graupner said his team's suggestion would have to be ratified by Eskom's Electricity

Council and the exact location would not be made known until then.

He said the site was located between Tsitsikamma and Port Elizabeth and was part of a national survey which included Natal, the Eastern Cape and later the west coast.

"The East Cape area is one of the areas we have investigated but a

final decision is pending. The aim of the survey is to identify whether sites are suitable for the erection of a nuclear power station and then to keep them in a kitty."

The actual erection of a nuclear station would not take place before the turn of the century.

He said there was not enough demand to jus-

tify the immediate construction of a nuclear power station.

A scarcity in financial resources was also a limiting factor to such a construction, he said.

Scientists attached to Rhodes University and the University of Port Elizabeth had participated in the survey of the area.

FORGET

Weekend

Argus 14 May 1988

Just give us water!

By VERNON BRENT
Weekend Argus Reporter

FOR the residents of Hondeklip Bay, the West Coast fishing village thrust into the spotlight by the latest oil strike, it was make or break.

As the drill bored relentlessly into the earth they eagerly awaited news. Metre-by-metre the shaft sank deeper, driven by faith and hope, in a last desperate bid to save the dying town.

And then, when it seemed there was no hope left, tense faces broke into joyous whoops and Hondeklip Bay celebrated. A strike at 360 metres.

Water!

That was a good few years ago, of course, though the story is still fondly told how Oom Jan "Bos" Laubscher and his diving rod found water buried underneath the parched landscape, and so saved the town.

By way of contrast, news of the recent oil strike made headlines around the country but scarcely raised an eyebrow among the locals.

Hondeklip Bay is a place where the wind cuts lines in your face and scorches the vegetation. The soil is pale as ash.

Nothing grows here

Nothing, apart from stunted grey shrubs, grows on this bleak landscape which has not seen rain since August. Employment is either with the Namaqua Canning Company (NCC), trapping and packing crayfish or on one of the two big open-face diamond mines, Buffelsbank and De Beers.

The road from Springbok is a 125km gravel nightmare, the tortuous Wildpenderhoek Pass, best attempted at night so you can't see exactly how much danger you are in.

On arrival, the squinting houses above the beach of rotten kelp beg for help and several abandoned shops speak of better days. There is one shop, a post office and a police station.

So why aren't residents dancing in the streets, building bordellos and wearing 10-gallon hats in anticipation of boomtown days?

"Our problem," says Oom Piet Laubscher, the manager of NCC and

the town's unofficial mayor, "is still water".

"The water from our borehole is so brack you can't drink it. We truck it in from 15km away for washing and household use. You can't have any development without water."

Townfolk drink only the rainwater they manage to collect during winter. Every house has one or two huge tanks alongside to trap the vital resource.

Right now, tanks are running dry and the first rains are eagerly awaited.

Mr Laubscher says the Government's priority was the development of Mossel Bay and it would be many years before Hondeklip Bay came into the picture.

Unemployment high

"All we hope for is that the oil will eventually bring us water. If things take off here, they will have to pipe it in, possibly from the Orange River."

Mr P G van Rooyen, owner of the town's only shop, agreed and speculated that if the well was developed, oil would probably be piped straight to Cape Town.

The cost of setting up an operation at Hondeklip — even building the necessary infrastructure — would be too great, he predicted. However, if the boom does come it will be welcome.

The town's oldest resident, Mrs Daisy Duckel, 78, said she could remember when ox wagons laden with copper ore from the mines at Okiep used to unload their cargo on to ships in the bay.

"Now there is not much work and everything is expensive. I can honestly say that life has got much worse. If the Lord spares me, I'm going to leave this place and go to the Cape."

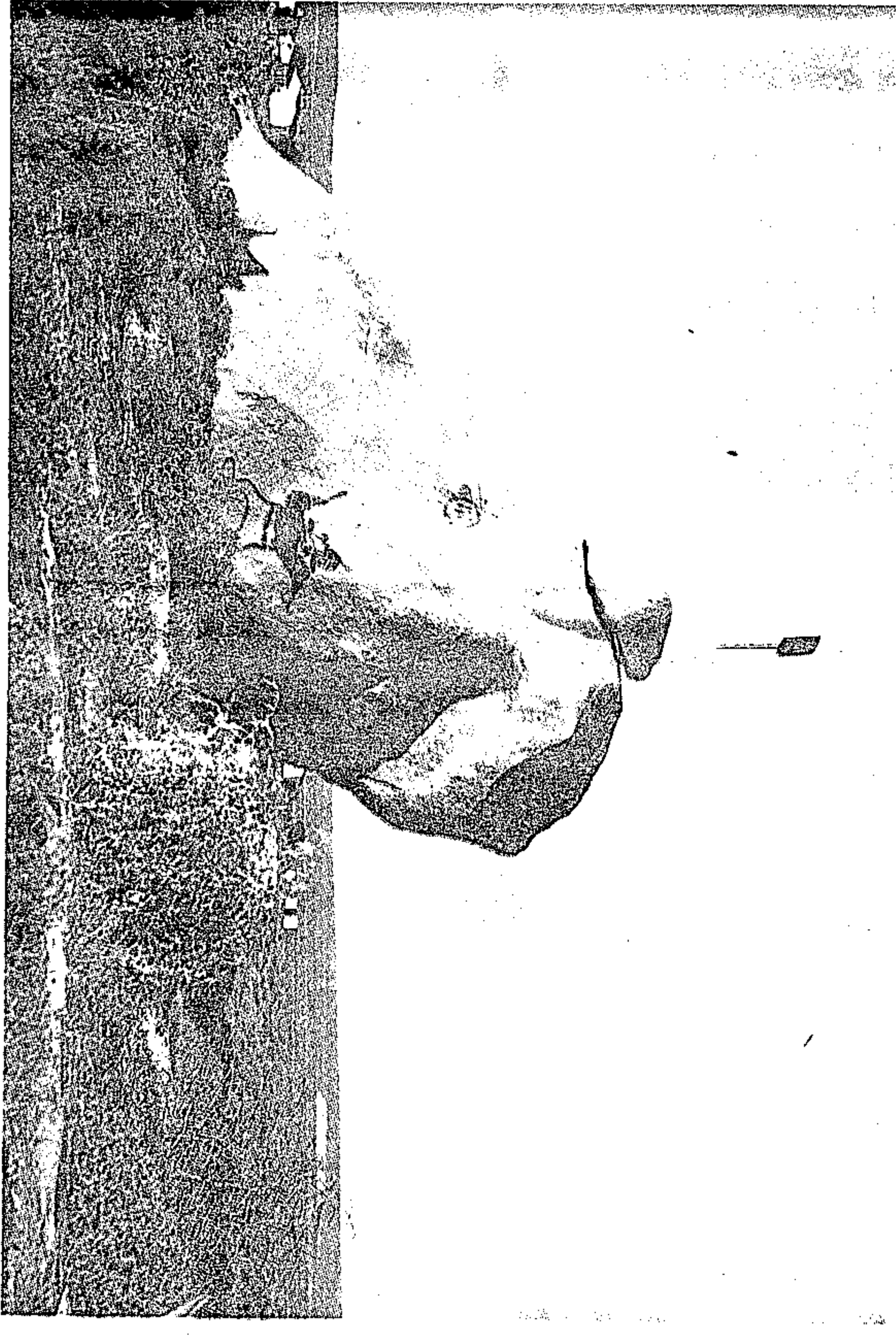
Mrs Elma Jansen, wife of a village policeman, said many men were unemployed when the crayfish season was over. Some had steady jobs on the diamond mines, but there was a lot of unemployment.

As the sun slunk out of sight behind the fishing boats and the gulls screamed, she said: "At night it is so dark you would never guess there was a town here."

"I hope the oil is going to liven things up around here."

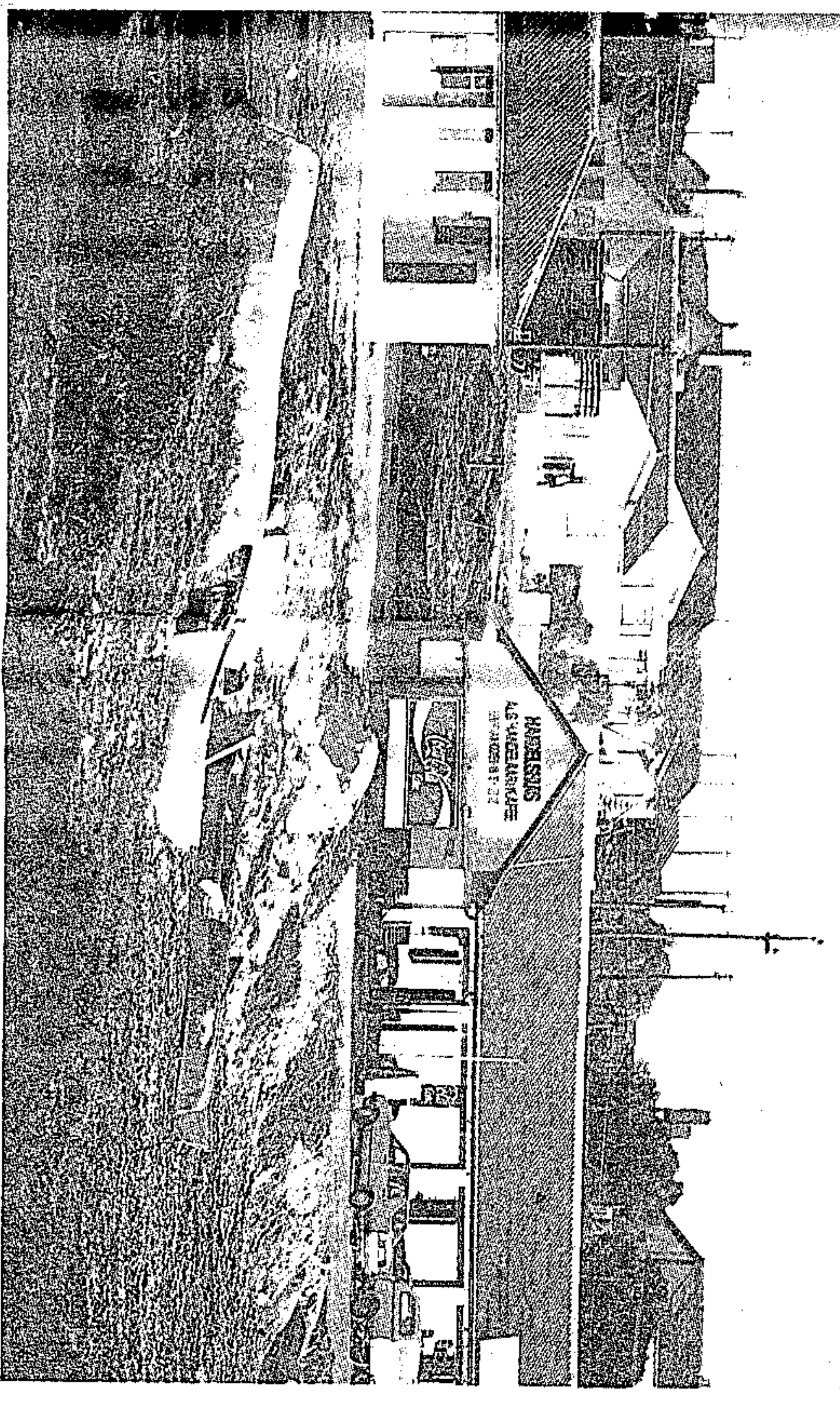
THE OIL!

CHECK THIS WEEKEND PLACES

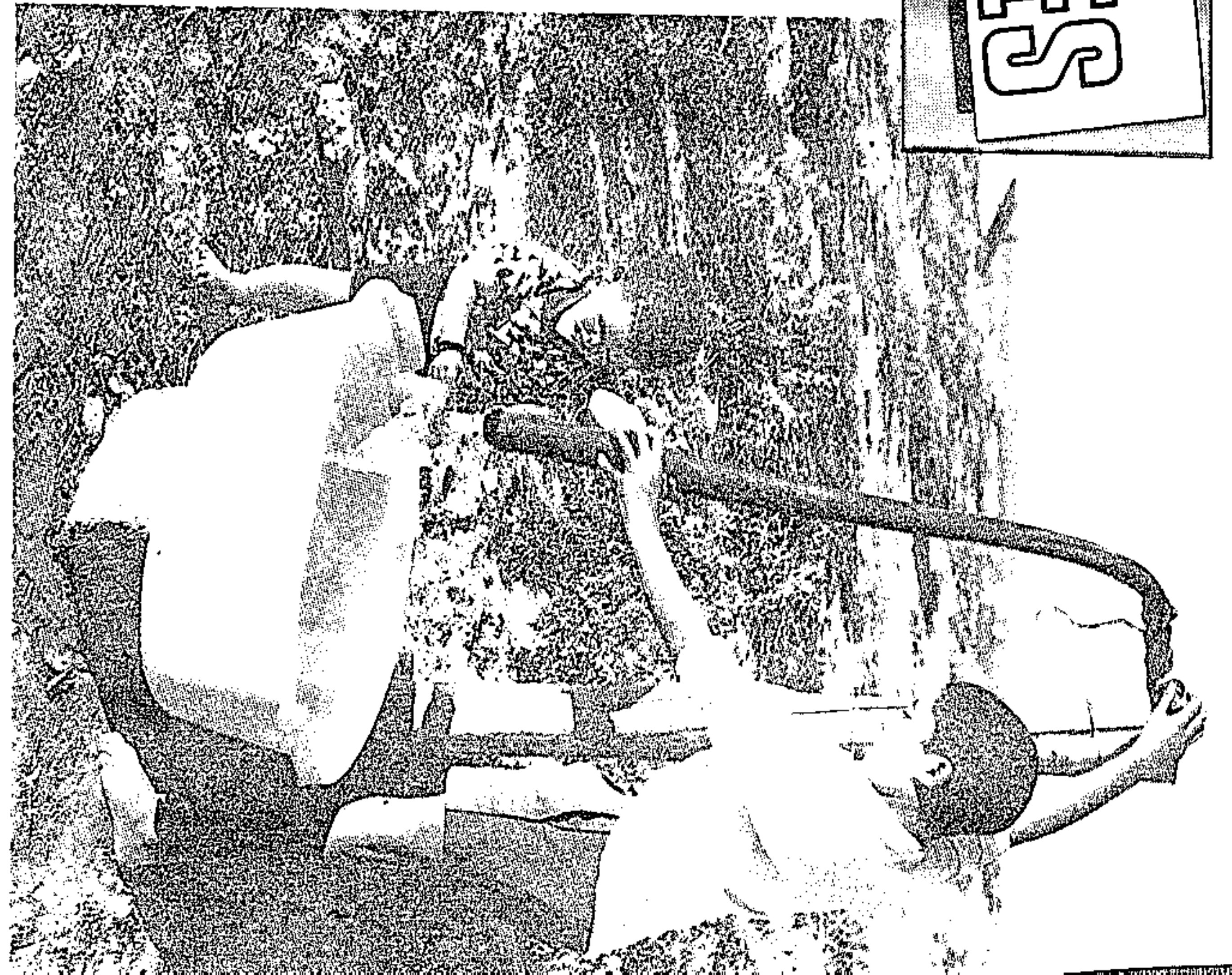


Pictures: DANA le ROUX, Weekend Argus

Hondeklip Bay was named by sailors who say this 4-m-high rock which dominates the shore looks like a bulldog when viewed from out at sea. A large chunk of granite, supposedly the dog's nose, was struck off by lightning some years ago.



One shop, a post office and a police station. No water. But this forgotten village could be the next oil boomtown following an oil strike off its coast.



Johannes Saal, 11, and Johan Cloete, 3, fetch a tubful of the undrinkable brack water, which is trucked in from the oil borehole 15 km out of town.



Oom Jan "Bos" Laubscher, the town's unofficial mayor.

South African embassy, Washington: professional lobbyists/advisers/consultants

977. Mr R A F SWART asked the Minister of Foreign Affairs:

Whether the South African embassy in Washington, USA, employs the services of any professional lobbyists, advisers or other specialist consultants; if so, (a) what are the names of the persons or bodies concerned, (b) what amount was paid to each in the latest specified financial year for which figures are available and (c) in respect of what services was each amount paid?

The MINISTER OF FOREIGN AFFAIRS:

The Department of Foreign Affairs is prepared to furnish the Honourable Member with the particulars on a confidential basis.

Gas turbines/piles/air-conditioning chillers for Mosgas project: manufacturing capacity of industrial sector

1026. Mr C J DERBY-LEWIS asked the Minister of Economic Affairs and Technology:

(1) Whether the gas turbines, piles and air-conditioning chillers required for the Mosgas project are within the manufacturing capacity of the South African industrial sector; if so,

(2) whether any tenders for these items have been awarded to South African companies; if not, why not; if so, to which companies in each case?

The MINISTER OF ECONOMIC AFFAIRS AND TECHNOLOGY:

(1) and (2)

(a) Gas Turbines

(i) At present not locally manufactured. The turbines cannot be locally manufactured within the project schedule to meet the project's specific requirements.

(ii) Not awarded to a local company for reasons stated above.

(b) Piles

Are being made in South Africa by Chicago Bridge & Iron (Pty) Ltd, a South African registered company using Iscor Steel.

In view of the sensitivity of overseas companies regarding links with the RSA, it is preferable not to announce the names of successful tenderers.

Own Affairs:

Approved rank structure: persons employed at each post level

115. Mr M J ELLIS asked the Minister of Agriculture and Water Supply:

How many (a) Black, (b) Coloured, (c) White and (d) Indian persons were employed by his Department at each post level of the approved rank structure as at the latest specified date for which information is available?

The MINISTER OF AGRICULTURE AND WATER SUPPLY:

| Post level | Grade | (a) | (b) | (c) | (d) |
|------------|--|-----|-----|-----|-----|
| 1 | Machine Attendant | 3 | — | 19 | — |
| 2 | Housekeeper | — | — | 14 | — |
| 3 | Photocopying Machine Operator | 15 | — | 6 | — |
| 4 | Student Artisan | — | — | 15 | 1 |
| 5 | Agricultural Administration Clerk/Provisioning Administration Clerk/Registry Clerk/Storekeeper | 1 | — | 561 | — |
| 6 | Farm Assistant | 2 | — | 1 | — |
| 7 | Boiler Operator | 4 | — | — | — |
| 8 | Driver/Operator Driver | 80 | 1 | 46 | 7 |
| 9 | Telephonist | — | — | 27 | — |
| 10 | Handyman | 16 | — | 31 | 6 |
| 11 | Accounting Clerk/Typist/Data Typist | — | — | 248 | — |
| 12 | Copy Composer/Senior Registry Clerk/Ministerial Typist | — | — | 34 | — |
| 13 | Herbarium Assistant/Laboratory Assistant | 12 | 15 | 963 | 6 |
| 14 | Senior Agricultural Administration Clerk | — | — | 49 | — |
| 15 | Agricultural Credit Controller | — | — | 11 | — |
| 16 | Personal Secretary/Farm Foreman | — | — | 163 | — |
| 17 | Senior Store Officer/Liaison Officer/Senior Provisioning Administration Clerk | — | — | 95 | — |
| 18 | Agricultural Research Technician | — | 1 | 857 | 1 |
| 19 | Computer Operator | — | — | 1 | — |
| 20 | Vaccine Preparation Assistant/Veterinary Research Assistant | — | — | 64 | 3 |
| 21 | Programmer | — | — | 1 | — |
| 22 | Artisan (Group C) | — | — | 37 | — |
| 23 | Artisan (Group B) | — | — | 68 | 1 |

Note: All higher post levels than post level 23, in which *inter alia* all the supervisory, guiding and management levels are accommodated, are filled with whites in terms of the employment and utilisation policy of the Administration: House of Assembly. Information as on 1 May 1988.

CME Times 19/5/88

Perm services 4m savings accounts

Investment Editor 55

THE SA Perm now boasts 4m savings account clients and the transaction activity in this segment increased by 27% to 10m transactions a month.

The savings account balances increased by R256,1m, which is an improvement of 48% on the previous year's growth and a gain in market share.

Reporting on the results for the year to March 1988, Perm chairman Alistair MacMillan, says the financial results reflected the Perm's objectives of providing home loans to the full spectrum of potential homeowners by mobilizing the savings of the people of SA.

The Perm once again recorded a very substantial increase in mortgage advances of over R1bn (R982m). The average size of loans granted in the year was R38 500 against an average loan of R42 000 last year.

The society transferred R45,1m to reserves.

Net operating income after tax and after all dividends was R23m. This is lower than the R26,3m for the previous year.

MacMillan attributes this to tight interest margins resulting from intense competition in the home loan market and effective exclusion of building societies from short-term funds.

The Perm also incurred higher operating costs in line with increased activity.

Angry reaction to new road fund fuel levies

D10

23/5/88 Daily Dispatch Correspondent

SS

JOHANNESBURG — The government's major policy shift on road fund fuel levies, traditionally earmarked for road construction, has again drawn fire from organised transport and road construction bodies.

Spokesmen point to a R30 billion backlog in expenditure for road building and improvement programmes. While traffic demands have grown steadily, expenditure has declined by 30 per cent in real terms over the past ten years, they say.

The executive director of the South African Bitumen and Tar Association (Sabta), Mr Pieter Myburg, said the government's policy change means that road users have no way of knowing where their money is going.

In a warning to the public, Mr Myburg said that the government appeared unyielding to industry protests and that it is now up to the road user to apply pressure.

"Petrol and diesel levies have been consolidated into one contribution of 20,9c per litre to the fiscus which not only pays the funds needed for road construction but also contributes to the Central Energy Fund (CEF) which is used inter alia for financing the Mossgas project and other ventures.

"Last year R1,2 billion from the CEF was used for general state expenditure," he said.

Mr Myburg added that the creation of toll roads will not alleviate the financial problem and that deregulation would probably lead to a shift from rail to road usage, thus, exacerbating the situation.

Meanwhile, the chief executive of Transport Technical Industries, Mr Phil Erasmus, has called for a calm appraisal by the transport industry of the government's plan to toll the N3 between Alberton and Hilton.

Mr Erasmus said the government had not honoured its undertakings in the matter and was virtually disregarding all objections to its plans.

"We may not like this, but how much worse off will we be in real terms. Government took a levy on the fuel price which was supposed to be set aside for construction and maintenance of roads. In fact it was used mainly for other purposes."

Mr Erasmus, whose company is a heavy user of the affected N3 route, said haulers had every right to be bitter at the handling of the issue.

"But either we have toll roads, or we will not have roads of the standard we have become used to. We can't seem to prevent it, so let's look at it calmly and see if there aren't benefits in it."

Haward

| | |
|--|---------------|
| school sports facilities on schoolgrounds: | |
| — Primary | R98 519,00 |
| — Secondary | R1 196 127,00 |
| | R1 294 646,00 |
| Sports education, training courses and meetings in schoolsports | R1 467 970,39 |
| Out-of-school sport Training, training courses and sports meetings | R2 762 616,39 |
| | R944 702,28 |
| (iii) Community facilities | R2 737 546,00 |
| Sports facilities: Out-of-school — facilities in the community for the community | |
| (iv) Central Sports and Recreation fund | R2 537 770,53 |
| | R8 982 635,20 |

Eskom: postponed payments of amounts due
989. Mr C J DERBY-LEWIS asked the Minister of Administration and Privatisation:

With reference to the reply to Question No 752 on 29 March 1988, (a) how many of the 313 large consumers which exceeded the period of grace allowed for payment of amounts due to Eskom in respect of bulk electricity were municipalities, (b) what was the total amount outstanding and (c) in respect of what 12-month period is this information furnished?

The MINISTER OF ADMINISTRATION AND PRIVATISATION:

- (a) Of the 313 bulk supply points which were in arrears at one or other time during the 12-month period 1 April 1987 to 31 March 1988, 197 were municipal accounts of which most were in rural areas.
- (b) and (c) At the end of January 1988 there was an amount of R5 173 712,48 outstanding in respect of accounts rendered to municipalities for electricity for the month of December 1987. All municipal rates are however paying on a regular basis and by the end of March 1988 this amount has been reduced to nil.

Vegetable oil: importing/exporting

1014. Mr W J D VAN WYK asked the Minister of Agriculture:†

- (1) Whether any vegetable oil was imported in the first quarter of 1988; if so, (a) why and (b) how many tons;
- (2) whether part of the new season's production of vegetable oil is to be exported; if so, (a) why, (b) how many tons and (c) to which countries;
- (3) whether any such oils has been or is to be carried over to the new season; if so, how many tons?

The MINISTER OF AGRICULTURE:

- (1) Yes;
- (a) to supply the shortage which resulted from the drought during the 1987/88 season and to meet the demand for special oils which are not available locally;
- (b) approximately 30 045 tons;
- (2) yes;
- (a) as a result of an expected surplus production of groundnuts and sunflower seeds;
- (b) it is still too early in the new season to make an estimate of the quantities which could be available for export;
- (c) oil expressers will decide themselves to which countries they are going to export;
- (3) yes, but the quantities cannot be determined at this stage.

Meat: quantities imported

1017. Mr R W HARDINGHAM asked the Minister of Agriculture:

- (1) Whether any (a) beef, (b) lamb/mutton and (c) pork has been imported since 1 January 1988; if so, (i) what quantities of each as at the latest specified date for which figures are available and (ii) for what purpose in each case;
- (2) whether the conditions relating to these importations are being adhered to; if so, under whose scrutiny; if not, why not;
- (3) whether any action is being taken against

offenders and possible offenders in this regard; if not, why not; if so, what action;

(4) whether he will make a statement on the matter?

The MINISTER OF AGRICULTURE:

- (1) Yes, since 1 January until 30 April 1988;
- (a) (i) approximately 5 629 tons;
- (ii) approximately 5 135 tons for the manufacture of meat products and approximately 494 tons for sale by auction to registered butchers;
- (b) (i) 600 tons;
- (ii) 500 tons for sale by auction at the Cato Ridge market only and 100 tons for the manufacture of meat products;
- (c) (i) 414,5 tons;
- (ii) the manufacture of port products;
- (2) yes, the Meat Board;
- (3) yes, criminal as well as administrative actions in terms of the Marketing Act, 1968 (Act 59 of 1968), and the Livestock and Meat Control Scheme;
- (4) no, a statement is not considered necessary.

Mosgas project: tender documents

1027. Mr C J DERBY-LEWIS asked the Minister of Economic Affairs and Technology:

Whether tender documents in respect of the Mosgas project are written to favour specific products; if so, (a) why and (b) which products are involved?

The MINISTER OF ECONOMIC AFFAIRS AND TECHNOLOGY:

- (a) and (b)
- The general tender documents are not written to favour specific products but they are written to specify the technical and operational requirements of the project.

Bophuthatswana: Eskom electricity

1038. Mr C J DERBY-LEWIS asked the Minister for Administration and Privatisation:

Whether Eskom supplies electricity to Bophuthatswana; if so, on what basis?

The MINISTER FOR ADMINISTRATION AND PRIVATISATION:

Yes. Electricity is supplied at Eskom's standard tariffs at 29 points of supply in Bophuthatswana. The total supply amounted to 2 124 million-kilowatt hours in 1987.

Mmamatswe power station, Bophuthatswana: cost of construction

1039. Mr C J DERBY-LEWIS asked the Minister for Administration and Privatisation:

- (1) Whether his Department contributed towards the cost of constructing the Mmamatswe power station in Bophuthatswana; if so (a) to what extent and (b) (i) what was the total cost involved and (ii) in respect of what date is this information furnished;
- (2) whether his Department was involved in the tender procedure in respect of this power station; if not, why not; if so,
- (3) whether his Department was furnished with any details regarding the company to which the tender for this power station was awarded; if so, (a) to which company was the tender awarded, (b) in which country is this company registered and (c) (i) who are the directors of the company and (ii) what are their nationalities?

The MINISTER FOR ADMINISTRATION AND PRIVATISATION:

- (1) No
- (a), (b) (i) and (ii) fall away.
- (2) No, because the Department of Mineral and Energy Affairs nor Eskom was approached for advice on the tender procedure of this independent state.
- (3) No
- (a), (b), (c) (i) and (ii) fall away.

Booklet: South Africa at a Glance

1065. Mr P G SOAL asked the Minister of Information, Broadcasting Services and the Film Industry:

- (1) Whether the Bureau for Information was responsible for the compilation and distribution of a booklet entitled "South Africa

Haward

DD 23.15.58

SA electricity among cheapest 55

JOHANNESBURG — South Africa still has the cheapest electricity among 12 Western countries surveyed by the National Utility Service (NUS).

This is despite this year's 10 per cent increase in charges — the highest of all the countries surveyed.

The findings of the NUS South Africa, which is affiliated to a world organisation that

operates in more than 80 countries, shows that Eskom's rates still represent the lowest per unit costs among the surveyed countries.

Germany, which had the lowest increase of 0,2 per cent, nevertheless, paid the highest in terms of unit costs, R21,41c per KWH.

However, inflation in Germany is only 0,8 per cent, and Britain is sec-

ond only to Germany in high electricity costs.

The NUS, which advises 250 000 clients internationally on optimal use of energy resources, has saved its clients R3 bn in energy costs, according to its May report.

The NUS in South Africa serves 2 000 clients and monitors the electricity costs of a further 56 000. — DDC

Mad panic as power failure hits Jo'burg

Star 24/5/76
A massive power failure lasting for over an hour blanketed central Johannesburg after lunch yesterday, almost bringing business to a standstill.

The Fire Department had many distress calls to help people trapped in lifts during the first moments of "mad panic", but fortunately emergency teams from lift companies managed to rescue them.

The blackout was caused by a fault in a high voltage current transformer at the Prospect Switch Yard.

Although traffic was disrupted over a wide area, only a few minor accidents were caused by some out-of-action robots, a spokesman for the Traffic Department said today.

Computer systems which had no power back-up went down briefly.

Power was restored at 3.35 pm — 65 minutes after it went off. A City Council spokesman said the north-east and southern suburbs as well as the Central Business District, east of Eloff Street, had been affected.

Power fails in city

Sowetan
24/5/88
(SS)

A MASSIVE power failure yesterday struck central Johannesburg and the surrounding white suburbs. The shut-off lasted about two hours beginning shortly after 2,30pm.

Many offices were plunged into darkness and scores of workers were trapped inside lifts in the city's central business district.

A spokesman for the Johannesburg City Council said the electricity failure was caused by a transformer which blew out at Johannesburg's main sub-station.

She said the affected areas were city central, the north-eastern and southern suburbs.

Hoping for the best

Sugar lobbyists are growing increasingly confident that government will approve the construction of a fuel-from-cane plant in Natal.

The go-ahead, however, is no longer expected during the Budget vote of the Department of Economic Affairs and Technology, which begins in the House of Representatives next week and leads to the presentation of the Department's Budget in the House of Assembly on June 10.

Deputy Minister George Bartlett tells the *FM* a report from management consultants Pim Goldby, which seeks to reconcile the views of the sugar and oil industries, is now with government. He says the sugar lobby can draw comfort from the fact that after studying the report, government elected to continue its inquiries.

"We are now taking a look at where the project would be in 10 or 15 years' time. A lot of the nitty-gritty has been completed and the fact that we are still working on it means there is some hope for the sugar men," he says. Bartlett cautions, however, that the final decision must come from Cabinet.

Under consideration is an ethanol plant likely to be built at Richards Bay at a cost of R90m and with an initial capacity of 150 Ml a year, rising to 200 Ml.

The quarrel between the oil and sugar industries is over a "fair price" at which refiners should buy the ethanol in order to blend it into their final product. Oilmen argue this should be related to the landed cost of importing refined fuel, whereas the sugar industry has argued such an approach fails to credit ethanol for its octane-enhancing properties.

SA could face atomic ban

88/5/88
Bday
SS

WASHINGTON — SA could face a new move to suspend it from the International Atomic Energy Agency unless it takes steps to adhere to the nuclear non-proliferation treaty, said a US State Department official.

Assistant secretary of state for international organisation affairs Richard S Williamson made his comments on Wednesday in a report to a congressional panel on UN developments.

Last September, President P W Botha announced that SA was ready to start negotiations on the possibility of signing the treaty, Williamson said. The treaty bans the spread of atomic-weapon technology to other countries.

The five countries known to possess the technology for nuclear weapons are the US, Britain, France, China and the Soviet Union.

"If no significant action occurs there could be serious consideration of suspension of SA from the IAEA in September when the IAEA governing body of member countries meets," Williamson said.

In the past, the US has blocked moves by some member countries to oust SA from the IAEA.

The US position is to uphold the universality of the UN system and to oppose politicising UN technical agencies or weakening of IAEA enforcement efforts. — Sapa-AP.

Fuel price may rise

THE Minister of Economic Affairs and Technology, Mr Danie Steyn, has hinted at possible fuel price increases but the matter is still being investigated by his department. *London*

Speaking in the House of Representatives he said that the Government was investigating the effect of an unrealistically low fuel price on the broad South African economy. *11/6/66*

'Unrealistic' petrol price may increase

By Claire Robertson,
Pretoria Bureau

Government appears to be losing its battle to keep the petrol price stable following a steadily weakening rand/dollar exchange rate.

Earlier this year a spokesman for Mineral and Energy Affairs stated Government's intention to prevent a petrol price rise this year, but this week the Minister, Mr Danie Steyn, told Parliament that Government was investigating the effect of "an unrealistically low fuel price" on the broad economy.

A spokesman for the department explained that the "slate" — a Government-monitored fund of the oil companies which reflects the profits and losses caused by the fluctuating currency exchange rate — has been constantly in the red since last September.

In March this year the fund was R66 million in the red, he said, with the motorist underpaying by 3,082 cents per litre for 93 Octane fuel.

Since the last general increase in 1986 Government has kept the fuel price down because of favourable circumstances.

Soweto power increases to be opposed

Sowetan
7/6/88
SS

THE Soweto Electricity Advice Centre is to oppose the proposed power tariff increase by the Soweto City Council.

Spokesman Mr Bernard Moleke said the increase would be unjustified because the outcome of proposals and objections lodged by SEAC to last year's tariff increase was still pending.

"Last year a unit of electricity was increased from 7,7 cents to 9c for residential properties and from 9,7 cents to 11c for business properties. We lodged an objection and when we phoned the director of local government we were told they have not received our objections," Mr Moleke said.

"Now the council wants to make another increase. This is unjustified," he said.

The council's chief electrical engineer, Mr Rene du Toit, said the

increase was prompted by the rise in Eskom and Rand Water Board tariffs.

He said that since only 20 percent of Soweto's residents were paying their electricity bills, the area could be without power if the price was not increased.

"Supplying electricity is a business operation and now most people want to make it a political issue. If we do not buy we do not get. At the moment our arrears amount to R90 million for electricity," Mr du Toit said.

Mr Moleke said the council was also acting unfairly by cutting electricity on houses when it was charging provisional fees instead of the correct meter reading of the electricity consumed.

"They must tell us how much each house is owing before acting," he said.

R80-m ethanol plant expected to get OK soon

By David Canning

DURBAN — Cabinet approval is expected soon for an ambitious R80 million ethanol plant which will sustain 20 000 jobs and provide a major boost for sugar farmers and Natal business.

SA Sugar Association (SASA) chairman John Chance said the industry is expecting a "positive statement" shortly.

He was confident that the Cabinet, which had the final say, would give its go-ahead.

He told the annual conference of South African Sugar Technologists in Durban yesterday that the National Energy Council had asked SASA to reaffirm its interest in ethanol production under a set of parameters which the executives had supplied.

SASA had given its confirmation, with a few minor qualifications, "and we therefore expect that a positive official announcement on the future of the project will be made shortly."

Mr Chance said rapid progress had been made in bringing the association's ethanol fuel project — for which Richards Bay was considered the optimum area — to fruition.

Although extensive experience in a number of countries proved there were no technical problems with ethanol blends of 20 percent, SASA was considering the imple-

mentation of a 15 percent blend to be conservative.

A 150 million litre plant would provide for the present requirements in Natal "up to the Sasol interface". This would create a contiguous alcohol blend from the PWV through to the Natal coast.

A plant near Richards Bay would have access to an abundant supply of raw material and the effluent could be readily accommodated through the existing ocean outfall pipe. The effluent was non-toxic and would create no marine environmental problem.

"The plant will use upgraded molasses equivalent to 200 000 tons of sugar and 150 000 tons of final molasses.

"The production of ethanol will sustain 20 000 jobs supporting about 100 000 people in KwaZulu and it will make a significant contribution to the economy of Richards Bay and, in fact, the whole of Natal.

Most of the equipment for the plant would be manufactured in South Africa — saving many millions of rands in foreign exchange.

Explaining the motivation for the plant, he said sugar export prices would remain below the cost of production for even efficient producers "for the foreseeable future."

GET ORGANISED!

Low oil price seen as bad news for gold

Star 13/6/88 SS
The prospect of low oil prices is diminishing inflation fears, which is seen as bearish for gold.

Trust Bank says in its new issue of *Currency Report* that worldwide inflation is expected to remain under control in the foreseeable future, which will limit any upward potential in gold in the short and medium term.

It says, however, the situation could change if the world economy grows more strongly than forecast and brings inflationary fears back into the picture by the end of the year.

"This could support the gold market in the long term, while stronger growth could lead to a stronger industrial demand for gold.

"In this period, gold could rise because of political and economic problems and the underlying uncertainties in financial markets, especially share markets."

Recent developments in the Far East could also stimulate the demand for gold.

These developments include: "The Taiwanese government's decision to remove a 5 percent sales tax on gold trading from July 1 and the South Korean authorities' plans to abolish import restrictions on gold and slash taxes by more than half by the end of the year.

"Japan's new tax on savings accounts could revive interest in gold for investment purposes."
— Sapa.

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1867

MONDAY, 20 JUNE 1988

1868

HOUSE OF ASSEMBLY

Indicates translated version.

For written reply:

General Affairs:

Transkei: projects financed by RSA

392. Mr R A F SWART asked the Minister of Foreign Affairs:

(1) Whether his Department has approved

(1) Yes

(2) (a) (i)

(a) (ii)

1987/88 Financial Year

Where Situated

Capital Cost

Estimated Total

Contribution

RSA

Rand

Throughout

Transkei

R14 698 000

R7 200 000

Relief of cyclical unemployment through the creation of temporary job opportunities under several programmes, eg.

(a) Recovery of soil under Soil Erosion Combat Programme.

(b) Building of dams and construction of pipelines.

(c) Maintenance of Infrastructure e.g. Hospitals and Clinics.

(d) Training Programmes.

TBVC countries: size in hectares

396. Mr R A F SWART asked the Minister of Foreign Affairs:

(1) What was the size in hectares of each of the four independent Black states as at the latest specified date for which figures are available;

(2) whether any land was added to any of these states in 1987; if so, how many hectares were added to each such state?

The MINISTER OF FOREIGN AFFAIRS:

any projects in Transkei which are to be financed in part or in whole with moneys appropriated by Parliament; if so,

(2) in respect of 1987, (a) what is the (i) name and (ii) nature of the project, (b) where is it situated, (c) what is the estimated total capital cost of the project, and (d) how much of this cost is to be borne by the South African Government, in each case?

Venda 707 513 hectare

Ciskei 794 000 hectare

Transkei none

Bophuthatswana yes, 17 hectare*

Venda none

Ciskei yes, 47 000 hectare*

*included in above-mentioned figures (1)

Ciskei: projects financed by RSA

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1869

MONDAY, 20 JUNE 1988

1870

THE MINISTER OF FOREIGN AFFAIRS:

capital cost of the project, and (d) how much of this cost is to be borne by the South African Government, in each case?

(1) Yes

(2) (a) (i)

(a) (ii)

(b)

(c)

(d)

1987/88 Financial Year

Where Situated

Estimated Total

Contribution

RSA

Rand

Throughout

Ciskei

R16 800 000

R14 300 000*

Construction and Upgrading of schools and classrooms.

Relief of cyclical unemployment through the creation of temporary job opportunities under several programmes, eg.

(a) Recovery of soil under Soil Erosion Combat Programme.

(b) Building of dams and construction of pipelines.

(c) Maintenance of Infrastructure e.g. Hospitals and Clinics.

(d) Training Programmes.

Foreign Affairs: role interpreters

1031. Mr C J DERBY-LEWIS asked the Minister of Foreign Affairs:†

(1) (a) What are the duties of the person holding the post of role interpreter in his Department, (b) (i) how many persons have been appointed to this post and (ii) for what period are they appointed and (c) what qualifications are required for the post;

(2) whether role interpreters receive any fringe benefits; if so, in what respects do such fringe benefits differ from those of their colleagues in his Department?

The MINISTER OF FOREIGN AFFAIRS:

*The RSA contribution is reflected in the year when the agreement was signed while the expenditure is stretched over a number of years.

(ii) The period for which role interpreters are appointed varies from case to case and is influenced by the nature of the duties attached to each post. Contracts apply as a rule for three or four years but can be extended when this is deemed necessary.

(c) Qualifications required depend on the functions and needs of each post. In general terms, professional qualifications and/or appropriate experience and expert knowledge in a particular field or fields are required.

(2) Role interpreters receive the same fringe benefits as other officials of equivalent rank who serve in South African missions abroad.

Nuclear Non-Proliferation Treaty

1077. Mr C J DERBY-LEWIS asked the Minister of Foreign Affairs:

(1) What are the (a) advantages and (b) dis-

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MONDAY, 20 JUNE 1988

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R7 200 000

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MONDAY, 20 JUNE 1988

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1987/88 Financial Year

Where Situated

Capital Cost

Estimated Total

Contribution

RSA

Rand

Throughout

Transkei

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R7 200 000

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(a) Recovery of soil under Soil Erosion Combat Programme.

(b) Building of dams and construction of pipelines.

(c) Maintenance of Infrastructure e.g. Hospitals and Clinics.

(d) Training Programmes.

TBVC countries: size in hectares

396. Mr R A F SWART asked the Minister of Foreign Affairs:

(1) What was the size in hectares of each of the four independent Black states as at the latest specified date for which figures are available;

(2) whether any land was added to any of these states in 1987; if so, how many hectares were added to each such state?

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1867

MONDAY, 20 JUNE 1988

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HOUSE OF ASSEMBLY

Indicates translated version.

For written reply:

General Affairs:

Transkei: projects financed by RSA

392. Mr R A F SWART asked the Minister of Foreign Affairs:

(1) Whether his Department has approved

(1) Yes

(2) (a) (i)

(a) (ii)

1987/88 Financial Year

Where Situated

Capital Cost

Estimated Total

Contribution

RSA

Rand

Throughout

Transkei

R14 698 000

R7 200 000

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advantages of South Africa of signing the Nuclear Non-Proliferation Treaty;

- (2) whether signatories are obliged to make available to the International Atomic Energy Agency or any other international body details of secret processes regarding the enrichment of uranium; if so, to what body or bodies;
- (3) whether he will make a statement on the matter?

THE MINISTER OF FOREIGN AFFAIRS:

This is a delicate matter and, in the interests of national security, I am prepared on a confidential basis to discuss this matter with members of the Opposition.

Foreign Affairs: public relations and advertising

1134. Dr P W A MULDER asked the Minister of Foreign Affairs:†

Whether any division or directorate of his Department made use of external (a) public relations consultants, (b) public relations agencies, (c) advertising consultants and/or (d) advertising agencies in the 1987-88 financial year; if so, (i) for what projects, (ii) what total amount was spent on each project, (iii) what consultants and/or agencies were involved in each project and (iv) what procedure was followed in allocating these projects to agencies and/or consultants?

THE MINISTER OF FOREIGN AFFAIRS:

Yes.

The Department of Foreign Affairs is prepared to discuss the Department's activities in this field with the hon member in confidence.

Black Labour Act: registration of workers

1208. Mr K M ANDREW asked the Minister of Home Affairs:

- (1) How many (a) South African and (b) foreign Black workers were registered as at 30 June 1987 in each category of labour defined in the regulations promulgated in terms of the Black Labour Act, No 67 of 1964;

- (2) how many of the foreign workers in each category were from (a) Transkei, (b) Bophuthatswana, (c) Ciskei and (d) Venda;

Hansard

- (3) (a) what were the countries of origin of the other foreign workers and (b) how many in each category of labour were from each of these countries?

THE MINISTER OF HOME AFFAIRS:

(1) to (3)

The Black Labour Act, 1964 (Act 67 of 1964) was repealed with effect from 1 July 1986. No statistics on the basis as required by the hon member, are being kept by the Department.

Education: State expenditure in Republic

1223. Mr K M ANDREW asked the Minister of National Education:

- (1) With reference to his reply to Question No 465 on 29 September 1987, what was the total State expenditure on education in the Republic, (a) including and (b) excluding the self-governing territories, in the 1987-88 financial year;
- (2) what amount was spent in this financial year on education in respect of (a) Blacks in the (i) Republic and (ii) self-governing territories, (b) Whites, (c) Coloureds and (d) Indians?

THE MINISTER OF NATIONAL EDUCATION:

- (1) Total State expenditure on education in the Republic for 1987/88:

- (a) Including the self-governing territories R9 192 054 000
- (b) Excluding the self-governing territories R7 802 203 000

- (2) Expenditure on education in the Republic for 1987/88 in respect of:

(a) Blacks:

(i) Outside the self-governing territories

R1 651 791 000

(ii) Inside the self-governing territories

R1 389 851 000

(b) Whites R4 141 247 000

(c) Coloureds R1 430 702 000

(d) Indians R578 463 000

The amounts in (1) and (2) include funds provided in respect of education on the Budget

Vote: Improvement of Conditions of Service for 1987/88.

Education: increase in expenditure

1224. Mr K M ANDREW asked the Minister of National Education:

What percentage of the total increase in expenditure on education for all race groups in the Republic in the 1988-89 financial year is to be spent on (a) White and (b) Black education?

THE MINISTER OF NATIONAL EDUCATION:

Percentage of the total increase in expenditure on education in the Republic for 1988/89 to be spent on:

(a) Whites 34,18%

(b) Blacks 51,34%

These percentages do not include the effect of funds provided on the Budget Vote: Improvement of Conditions of Service for 1988/89 and which still have to be finally allocated. These figures are furthermore related to a number of factors such as fluctuations in student numbers at universities and technikons and the number of pupils in schools, as well as the nature of population migrations.

Own Affairs:

First-year students: pass rates

156. Mr K M ANDREW asked the Minister of Education and Culture:

With reference to the reply of the then Minister of National Education to Question No 1114 on

Yes,

(a)

Cape Sydenham Primary School, Port Elizabeth

Summerwood Primary School, Port Elizabeth

Pearson High School, Port Elizabeth

Lawson Brown High School, Port Elizabeth

Hudson Park Primary School, East London

Hudson Park High School, East London

Grove Primary School, Claremont

Rustenburg Girls' Primary School, Rondebosch

SA College Boys' Primary School, Rondebosch

Glenashley Senior Primary School

Brebnar High School, Bloemfontein

Athlone Boys' High School

Brooklyn Primary School

(b)*

3 1988-02-01

3

1

3

1

4

3

2

4

3

6

2

2

(c)

1988-03-01

1988-06-13

1988-06-10

Hansard

4 July 1984, how many full-time equivalent first-year students were (a) enrolled and (b) successful in 1986 and 1987, respectively, at each university falling under his Department?

THE MINISTER OF EDUCATION AND CULTURE:

| 1986 University | (a) | (b) |
|-------------------|-------|-------|
| South Africa | 4 295 | 1 343 |
| Cape Town | 1 919 | 1 534 |
| Stellenbosch | 2 615 | 1 954 |
| Witwatersrand | 3 676 | 2 367 |
| Pretoria | 3 505 | 2 652 |
| Natal | 2 316 | 1 660 |
| Rhodes | 764 | 487 |
| Potchefstroom | 1 530 | 1 120 |
| Oranje-Vrystaat | 1 466 | 1 090 |
| Port Elizabeth | 854 | 625 |
| Randse Afrikaanse | 1 339 | 920 |

The information regarding 1987 is not yet available.

White schools: non-White pupils

158. Mr A GERBER asked the Minister of Education and Culture:†

Whether any non-White pupils are attending public schools under the control of his Department at present; if so, (a) which schools, (b) how many non-White pupils are attending each such school and (c) in respect of what date is this information furnished?

THE MINISTER OF EDUCATION AND CULTURE:

No Cahora Bassa contract for Lonrho

THE giant multinational Lonrho, which was a major contender for the "middleman" role in the sale of electricity from Cahora Bassa Dam to SA, had been ruled out because its price was too high, an Eskom spokesman said yesterday.

The spokesman confirmed Lonrho had been a contender, but would not say which other companies were in the running.

Several reports have mentioned that Lonrho was looking at the possibility of setting up a security force to guard the line.

The possibility of using a corporation as a distribution entity, to act as "middleman" in the sale of electricity to SA, was one of the possibilities envisaged as a way of dispensing with the sensitive issue of who would be responsible for security.

The contract would include responsibility for security and maintenance on the line.

Eskom spokesman J Els said it was not yet definite that a distribution entity would be set up and the question of cost had to be examined carefully.

Foreign Affairs Department

DIANNA GAMES

spokesman Roland Darroll said such a body would take the issue of security out of the hands of the three governments — Portugal, Mozambique and SA — involved in reviving the hydro-electric scheme, which has been dormant since 1983.

The Mozambique military will guard the line in the initial reconstruction stages, with logistical support which has not been specified, except that it will not be weapons or men from SA.

Els said: "Once the scheme is in operation we may or may not have a third party to assist with the security and the maintenance."

Darroll said plans discussed by the three governments in Lisbon recently were still in very early stages and had to be ratified.

It was also too early to tell what financial commitment would come from SA, but it seemed possible about R30m would come through a Credit Guarantee Corporation credit grant.

Italy has already committed itself to a R75m loan.

Petrol still at less than cost

CAPE TOWN — Motorists continue to pay less than cost for their petrol and other fuels, and the state's under-recovery account or "slate" now has a deficit of more than R100m.

This is regularly corrected with payments from the equalisation fund, which is still sufficiently healthy to conclude it is unlikely government will have to increase the petrol price in the near future.

The shortfall on the price of petrol is

CHRIS CAIRNCROSS

due to unfavourable exchange rate ratios. It is also the result of further increases in the international list price, which moved upwards in May for the fifth consecutive month.

During May motorists in the PWV area underpaid 6,401c/l for 93 octane petrol. The international list price for the same month was 34,943c/l — 2,817c/l more than in April.

(55) 8/day 27/6/88

May shortfall in petrol price

CAPE TOWN — Motorists in the PWV area underpaid 6,401 cents a litre for 93 octane petrol in May, the Department of Economic Affairs and Technology said in a statement at the weekend. 5/27/6/88

The shortfall, together with the shortfall on the prices of other octane ratings of petrol and other fuels, was debited against the under/over-recovery account.

The balance was settled from a payment out of the Equalisation Fund at the end of May.

The international price list in South African cents a litre was 34,943 for May.

According to the statement, this was 2,817 cents a litre more than in April which gave a gross underpayment of 6,501 cents a litre from which the rounding off factor at the pump of 0,1 cents a litre was deducted to obtain the nett shortfall.

It was the fifth successive month that the international list price increased, mainly due to less favourable exchange rate ratios. — Sapa.

FUEL, OIL & LUBRICANTS

GETTING THE ANSWER TO ALL PROBLEMS

WHEN Charles Augustus Lindbergh made the first solo flight across the Atlantic in 1929, the oil in his plane, "Spirit of St. Louis", contained none of the additives used in modern engine oils.

In the Thirties, too, pioneering American flying boats making the long hop from California to Hawaii in the Pacific also used a very basic type of engine oil.

But engineers noticed that after the unusually long flights to and fro, problems began to arise. The oil was oxidising and valves were beginning to clog up.

Base-oil production from crude oil in a refinery is not particularly stable. Constant heating and cooling causes it to thicken and blacken.

Scientists found that adding certain chemicals to the oils helped prevent the damaging, darkening effects of oxidation. This meant that gums and varnishes, by-products of the oxidising process, were no longer deposited on the valves.

Not only were the extra chemicals preventing valves from sticking, by keeping them cleaner than ever before, they were helping to prolong engine life. With this discovery the additive industry really took off...

By the outbreak of World War 2 anti-oxidants were routinely being added to motor vehicle and marine engine oils as well.

American companies, leaders in this new field, were also experimenting with detergents and dispersants. Detergents, they reasoned, would do the same job for an engine as soap for the family wash. Dispersants were sought to dispose of the products of combustion and other contaminants that would otherwise settle in the sump as a gooey sludge.

Towards the end of the war, all three types of additive were being used in engine oils.

The multi-billion rand international oil additive industry, whose products are blended with base-oils from refineries, has come a long way in the past 50 years. The Big Three on the world stage — Lubrizol, Esso and Chevron — jealously guard a multitude of processes and products they've developed at vast cost.

Each type of engine — everything from massive marine power-plants to Tom Thumb units for model planes — needs a specific motor oil. The base-oil is the same, but additives vary in number and complexity.

Oils for petrol/alcohol engines need different additive formulae from oils for petrol engines. These oils in turn differ from oils for diesel engines. Certain kinds of marine diesel engine need two oils — a system oil and a

cyliner lubricating oil. Multigrade oils require a Viscosity Index (VI) improver, an additive that affects the rate at which viscosity changes with temperature.

Then of course, there are special oils for things like gearboxes and automatic transmissions. And for a myriad other engineering and industrial applications.

It's no secret that motor oils generally contain four or more types of additive. In addition to anti-oxidants, detergents and dispersants, they now also have anti-wear compounds to help cope with the stresses imposed by the high speeds and loads of modern engines.

These react with metal in the engine, resulting in a thin, tough film being deposited on the surfaces and thus preventing metal fragments from breaking away.

More advanced oils also have an additive to reduce friction still further. In the trade it's called a friction modifier. The idea is that, by making engine parts more slippery, less fuel will be needed for a given amount of energy.

The additive people will readily tell you that their detergents generally contain an alkaline, oil-soluble base-material — something like calcium phenate or calcium sulphonate.

And the anti-wear most often used is a zinc and phosphorus compound, zinc dihydrophosphate, that also happens to be a rather good anti-oxidant. But, they stress, it's no good taking a chemical formula from a book and expecting to produce a commercial additive.

"It would be fairly easy for someone to come up with something chemically similar to one of our products — but its performance in an engine is bound to be awful," says Robin Smith, MD of Adibis, a leading supplier of additives in SA.

"The calcium phenate we now use, for example, is a far cry from the calcium phenate of 25 years ago. The important thing is that we've developed a range of high performance products that do the job. One of the problems is to make the components soluble in oil and completely compatible with one another."

AUTOMOBILE Association tests have shown that fuel additives can help your car maintain a peak level of performance, says Fred Bothma, the AA's GM technical services.

Since the mid-seventies the AA has tested four brands of fuel and three types of oil. Some have stood up to the manufacturers' claims. Others have not.

"The public only hear about those that made the grade," he says. "In the other cases the people who brought them to us had to go back to the drawing boards."

Tests on one brand of petrol about 10 years ago ran for 14 months. The AA split 40 vehicles into two groups of 20. One group used the test petrol, the other group used another brand. "We

sealed them, took fuel samples and kept them under AA scrutiny all the time," says Bothma.

The oil company offering the test petrol had claimed to the AA that its product would clean dirty inlet systems, improve performance and reduce fuel consumption.

After the cars had covered an average 26 000km, they were unsealed and stripped. Photographs and measurements were taken of engine components. Records were compared.

"We had formulae for determining the amount of deposit," says Bothma.

"There was conclusive evidence that, compared with the other fuel, additives in the test fuel were working."

So the AA allowed the company, Caltex, to use its name in advertising that the petrol cleaned dirty intake systems and kept the car running at full power.

"We couldn't make a satisfactory comparison of fuel consumption, so they weren't allowed to use that claim."

In the early Eighties, after ethanol-based alcohol from Sasol had been added to all brands of petrol sold in much of the interior, more tests were conducted.

"The interesting thing," notes Bothma, "was that the alcohol itself was starting to take off gummy deposits on carburetors and intake manifolds. But it was only an effective scavenger while in a gaseous form. As soon as it got too hot, it seemed to have no effect on the intake ports and valves."

"But additives in the fuel were continuing to clean the ports and valves."

Manufacturers and suppliers meet all costs incurred during testing done on their behalf.

Long before 10 000km oil changes were common, a company approached the AA claiming that cars using its oil could run for 10 000km without an oil change.

"The test cars were sealed and sealed all over the country," recalls Bothma. "Every 10 000km the oil was changed under AA supervision, and after 100 000km the cars were inspected. In almost 70% of cases we found excessive camshaft wear. That oil was never marketed."

What if a company ignored the AA's findings and offered an unsatisfactory product for sale? "It only happened once, with something unrelated to fuel or oil."

TECHNOLOGY COULD BENEFIT FROM ACTION

BILLIONS of rand may well be ploughed into the industrial and mining sectors in the 1990s, as a result of Government action to ensure adequate self-sufficiency for SA in transport fuels.

These huge investments, says National Energy Council (NEC) chief executive Dirk Neehling, are likely to be accompanied by commercialisation of dramatic new fuel technologies.

Neehling gives this view of synthetic fuel projects under way or on which the Government could well decide over the next 18 months:

- The Mossagas project. First gas and condensate expected ashore by mid-1991 and full production of synthetic petrol and diesel by early 1992, with forex savings of around R1m a day.
- The ABEI methanol-from-coal project. Potentially twice as big as Mossagas, it could be in production by late 1994 if the go-ahead is given next year.
- The Gencor torbanite project. Currently being assessed, this crude oil-from-shale facility could be operational within four years if approved in 1989.
- Methanol as an alternative transport fuel is similarly receiving the attention of the NEC, working closely with the transport and associated industries. A pure methanol fuel could be used in specially developed engines, a

methanol/petrol blend in existing engines, or additive-enhanced methanol as a replacement for diesel in slightly modified engines.

- Ethanol can be used in a 8%-12% blend with petrol in existing engines. An ethanol-from-sugar cane proposal is in the final stages of evaluation. (See separate article).

Though Neehling makes no reference to project costs, it is estimated that the high-yield Gencor syn crude scheme would cost well over R1bn in 1988 rand terms.

The mammoth ABEI project, flexible enough to use even low-grade coal, would require a massive R10bn or more in today's money.

The NEC's wide-ranging research and development programme, in collaboration with universities and the private sector, remains focused on existing fuel technologies such as direct liquefaction of coal into synthetics.

Furthermore, development of new methods of liquefying coal to yield chemical and agricultural products as well as synthetics, is being investigated in tandem with an overseas research organisation.

New reactor

A FIXED fluidised-bed reactor developed by Sasol Technology is to undergo full commercial testing towards the end of this year.

Use of this new type of reactor, rather than the circulating fluidised-bed reactors in use at Sasolburg and Secunda, will help reduce the cost of future fuel synthetics plants.

"In the early Nineties development work will be completed and the capital and operating cost savings of the new synthesis process will be available for use in new synthetic fuel plants," the company reports.

Highly specialised

go mainly into diesel oils (with some 40% of the domestic market), oils for petrol and petrol/alcohol engines (about 25%) and marine oils (10% to 12%).

Oils for a myriad industrial uses also need additives. These additive packs vary considerably in blend and concentration, depending on the application. Major uses are in hydraulic systems and all kinds of gear oils — from lubricants used in dockside crane gears, right down to oils for the tiny precision gearboxes in machine tools.

Other important applications are in turbine generators, transformers and cutting tools used in various metalworking processes. Some cutting tool oils have to be water-soluble.

Aviation oils, though a small market in relative volume, require highly sophisticated and costly additives.

About 20% of the contents of a can of multigrade motor oil consists of additives, says Smith. In more specialised oils, additive content rises to 30% or more. The high-tech chemicals blended into oils cost several times the equivalent volume of base-oil.

As with engines running on petrol and petrol/alcohol blends, diesel engines take monograde and multigrade oils. Sales of these oils are generally made in bulk to major consumers. For example, to South African Transport Services, Pulo, mining companies and other operators of big truck fleets.

EVALUATING NEW PRODUCTS

HIGHER quality motor oils are in the offing.

Oil companies worldwide are evaluating new products that will meet more demanding American and European specifications.

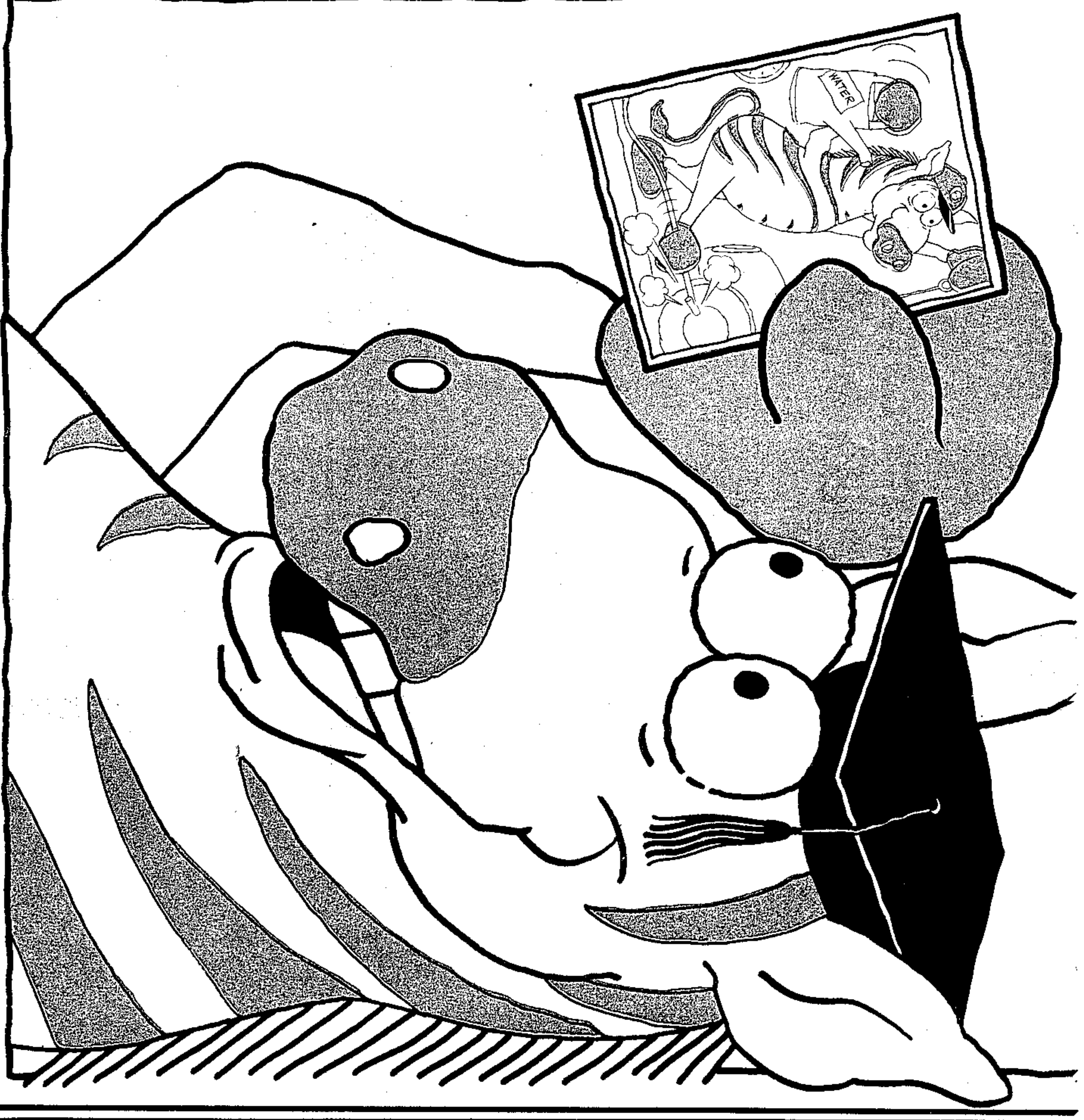
Motor oil performance is graded in the US in accordance with tests laid down by the American Petroleum Institute (API). The best oils commercially available for standard petrol-type engines in the Eighties have been classified as SF oils, meaning they've passed stringent rust, oxidation, sludge and anti-wear tests.

But the oil companies are now in a race to mass-market oils meeting the



Ian Sims, chairman of BP Southern Africa "... forthright involvement offers the better alternative to investment"

56



As our kwagga grew bigger, he got smarter too.

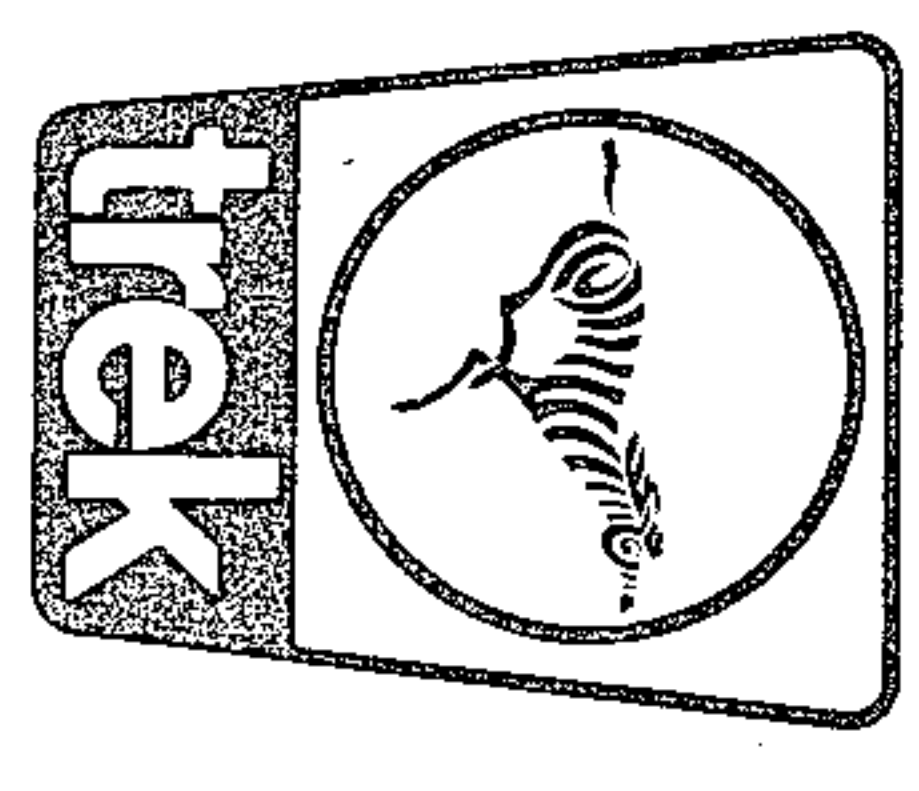
Twenty years ago, our Trek kwagga had the idea of providing everybody in the country, from motorists to farmers, industrialists to mining houses, with the most attentive service and finest petroleum products possible.

The idea paid off, and today the blue and yellow kwagga is found everywhere, from the smallest farms to the biggest factories, along the roads to quiet country towns and on the streets of busy cities.

But just growing big wasn't enough. Our kwagga also got so smart that in 1987 Trek was rated twenty-fourth in the Sunday Times Top 100 Companies survey.

And to prove he really cares for all South Africans, the Trek kwagga shares in one of the most widely spread depot facilities in the land, and so manages to make his services available on everybody's doorstep.

Truly, Trek is a company to fill South Africans with pride.



Fill up with pride.

MEMBER & WHOLESALE



The "scar" of District Six, Cape Town, where BP Southern Africa seeks to establish a non-racial residential area as part of their community programme

Comprehensive energy policy

THE National Energy Council (NEC), umbrella body for all energy-related activities, is drafting a comprehensive national energy policy and strategy.

Within this framework, says NEC chief executive Dirk Neethling, transport fuels strategy is supported by these factors:

- Diversified acquisition of imported crude oil;
- Secure stockpiling of crude oil;
- Exploration for, and development of, SA's own sources of oil and gas;
- Processing of crude oil into petroleum products and re-refining of used lubricants;
- Development and manufacture of synthetic and alternative fuels;
- Promotion of inter-state co-operation in Southern Africa for the provision of fuels.

Multigrade oils commonly have a viscosity index of around 130 — but it's possible with a synthetically constructed oil to attain a viscosity index of more than 180

WHAT are the relative advantages of monograde and multigrade oils?

Oil companies offer this advice:

- Lower-priced monograde oils can be profitably used under constant operating conditions — as in delivery vehicles and taxis — where engines are often started from cold.
- They are appropriate for vehicles operating in year-round temperature climates — and should be used in older vehicles with higher oil consumption.
- Multigrade oils have the characteristic of a thin oil at low temperatures, and a thick oil at high temperatures. On cold starting, a multigrade will circulate quickly to protect bearings and cylinder walls.

Because a thin oil absorbs less engine

In the US, the new generation carry an SG designation. The key to the new oil lies in high-tech chemicals added to base-oil. All the major additives are offering the oil packages to meet American standards — and similar standards — independently by Daimler-Benz.

A third European group represent most other motor manufacturers in Britain and on the Continent its own specifications. (German markets, Japanese manufacturers tend to adopt foreign specifications in Japan they set their own Oils for diesel engines have classifications. (In the US, graded CA, CB, CC, CD etc, tend to contain less detergent, but more anti-oxidant detergent.

In many cases more anti-wear calls are also added.

Another measure of performance — the thickness of an oil. The Society of Automotive Engineers (SAE) in the US, to measure viscosity. Hence, an oil of SAE 30W means certain viscosity at 100 degrees. Multigrade oils listed as 15W-50 have two viscosity grades meeting certain specific requirements at 100 deg C. Going further down the road, says it will have synthetic ready in time to lubricate containing ceramic components. Such components operate at temperatures too high for current

ADVANTAGE OF MONOGRAD MULTIGRADE

power, a multigrade can also to fuel economy in cars on short trips.

It has been established, major oil company, that 23% wear occurs on start-up. At high temperatures and multigrades are designed to give minimum lubrication.

Making the difference

IT may be only a few teaspoons to a litre — but it's the essential difference between one brand of fuel and another.

These are the jealously-guarded additive secrets that scientists in laboratories take years to develop — at a cost of many millions of rand.

Fuel additives assume particular importance in SA, where bulk fuel supplies are common to the oil companies. All the fuels available to motorists inland start with petroleum from the Natref refinery at Sasolburg.

Inland premium-grade is blended with alcohol (mainly ethanol) from Sasol.

Petrol from the three coastal refineries is available to the oil companies operating in those areas in terms of exchange agreements that rationalise

supply and distribution.

Additives, say major fuel companies, are becoming more important with each advance in engine sophistication — and even with refinements in body-styling. In low-slung, aerodynamic cars, temperatures beneath the bonnet can rise to a point that fuel-stability is affected — unless chemicals are added to avoid this.

Additives prevent petrol from "decomposing" when it is not used for a

long period. They clean away that would otherwise clog the inlet-systems. And by keeping clean, say oil companies, the air-fuel mixture can be maintained. This helps maintain power on long runs, minimises operational problems.

Some oil companies, such as Shell, formulate their own petrol additives. Others rely in part or entirely on products from other companies.

Despite their important role, fuel additives do not command as big a market as oil additives. As fuel additives can be measured drops per litre, a can of lubricant can contain as much as 20% "performance" chemicals.

Written by MIKE HOLMES

INDICATIONS are that the National Energy Council will soon make a recommendation to the Cabinet regarding an ethanol-from-sugar cane project in Natal.

The SA Sugar Association (SASA) is optimistic that the Cabinet will approve the scheme.

Speaking at the annual conference of SA Sugar Technologists in Durban, SASA chairman John Chance said an R80m plant near Richards Bay would sustain 20 000 jobs, supporting about 100 000 people in KwaZulu.

The project would provide a major stimulus for the Richards Bay area in particular, and for Natal in general. Most of the machinery and other equipment for the 150m/a-year plant would be obtained in SA.

The Richards Bay area would provide abundant raw materials. The plant would use upgraded molasses equivalent to 200 000t of sugar and 150 000t of final molasses.

A go-ahead for the project would be particularly welcome to hard-pressed cane growers. Export prices of sugar, said Chance, would remain below the cost of production for the foreseeable future.

SASA envisages a 15% ethanol fuel blend that would interface with the SA sol supply area.

The National Energy Council (NEC) is evaluating both the SASA viability study and a report on the project that is commissioned from accounting firm Pim Goldby.

In reaching its conclusion the NEC would take into account, among other things, that the scheme is labour and input cost-effective, and not capital-intensive, said a spokesman.

The council would also look at potential regional and national benefits — but it would also have to consider other factors, such as oil and sugar price projections, the rand/dollar exchange rate, the inflation rate, and the size and duration of subsidies needed for the project.

The SA Cane Growers' Association (SACGA) says ethanol should be evaluated in terms of its special attributes. It should not be equated with the relatively low cost — before add-ons — of petrol flowing from refineries.

Ethanol should be looked at for its potential role in saving foreign exchange, improving energy self-sufficiency, stabilising agriculture, providing jobs, supplying an octane alternative to lead and reducing environmental pollution.

"Significantly," says the association, "the US administration has agreed to continue allowing tax exemption on ethanol blended with gasoline, following favourable government studies proving the benefits of fuel ethanol on farm economy and air quality."

It dismisses criticisms of phase separation of fuel blends through water absorption and driveability problems — such as vapour-lock — as having been "disproved by international experience."

High hopes for ethanol from cane

That corrosion problems have been resolved, it says, is shown by the fact that all US motor companies now offer extended warranties covering ethanol blends.

The level of lead in South African fuel will drop from 0,6 to 0,4 grams a litre next January. This has necessitated reducing the octane rating of coastal premium petrol from 98 to 97.

THE LEAD LEVEL IN FUEL TO DECREASE

Lead is an octane-enhancer, says Dr A.J. (Dries) Neethling, spokesman for the liquid fuels division of the National Energy Council.

"At the reduced lead level, the refineries would need to carry out more severe refining to achieve the same octane rating as before."

In effect, more crude oil would have to be imported to produce the same amount of petrol and diesel.

"So to save costs it was decided to lower the octane rating of coastal premium to 97. This is a rating within the acceptable range for vehicles at the coast," says Neethling.

He says inland 93 octane premium and all regular grade fuels are not affected, "because there is only a significant problem at the new lead levels in refineries at the new lead levels in refineries."

Concern has been voiced overseas about the quantities of lead in the air affecting intellectual development, particularly in children. But, says Sasol's technology GM, research and development, Dr Andries Brink: "The weight of evidence now suggests that at present lead levels there's no danger of children's mental development being retarded."

A second argument against lead in the US and elsewhere has been in relation to attempts to clean up vehicle exhaust emissions — such as sulphur oxides, nitrous oxides and unburned hydrocarbons — with platinum-based catalytic converters.

It is 13 years since Brazil announced its renewable fuel programme, notes the association. And that country produces 155bnl of ethanol annually from sugar cane. About 75% is used for fuel. Motorists in Brazil can choose between a 22% blend of anhydrous ethanol in petrol, or hydrous straight ethanol containing about 6% water. (The straight ethanol is subsidised so that it can be sold at 65% of the price of the blended product, even though in high compression engines its fuel economy is 85% of that achieved by the blend).

This, says the association, has resulted in a high demand for straight alcohol fuel.

In 1980, it says, Zimbabwe commissioned a 40ml distillery for ethanol from sugar cane.

The impact of gasohol, a 10% ethanol blend, has been "quite dramatic" in the US, it says. "Not only has it assisted in lowering lead levels in fuel, but tests have shown that carbon monoxide exhaust emissions have been reduced by as much as 26%. Hydrocarbon emissions have been reduced by the proportion of ethanol in the blend."

FUEL sales rising by 8% to 10% a year at SA's 4700 retail service stations, are the driving force behind the prosperity of an oil industry whose annual turnover has been put at R12bn or more.

While fuel sales to motorists have increased at a rate well in excess of national economic growth, sales to the largely diesel-using commercial/industrial sector have tended to run parallel to it.

The major factor contributing to the higher growth in service station forecourt sales, note industry leaders, is the emergence of black motorists as an increasingly significant factor in the market. The black car park — 24% of the total in 1985 — is expected to reach 33% by 1990.

This trend is expected to result in a bigger proportion of new service stations in future being sited to cater to black car and mini-bus users.

Rapid urbanisation has also been a spur to petrol sales.

The disproportionate rises in petrol and diesel demand are causing concern in the industry about the "imbalance of clean engines and other machinery. There are some oils that the equipment cannot re-refine. These include specialised gear oils, cutting oils, synthetic oils etc.

After processing, says Kruger, what's left is a normal base-oil indistinguishable from the base-product from an oil refinery.

"We then blend in additives and it goes back into the market. Tests by the SABS show it's basically as good as new oil, and in some cases performs better — because it's been refined twice."

Through the processing installations are high-tech and fairly expensive, the biggest cost to the re-refiners is fetching and carrying the oil. It has to be transported from every corner of SA and Namibia.

Prices paid per drum vary from about R10 to R15, depending on the results of tests done on samples. The purified products that finally

55

Fuel sales behind healthy industry

the barrel' of products flowing from local refineries.

There are fears that, if the disparity is compounded over the next few years, it will necessitate either still more crude oil imports or expensive changes to the refineries.

It could also hasten the advent of new capital intensive synfuel plants such as a Gencor project that would yield synthetic fuel from torbanite, and a massive-scale ABCT plant to produce methanol from coal. (Capital costs of the two projects, in today's money, have been put at more than R1bn and R10bn respectively).

That the domestic oil industry — which supports hundreds of thousands of people — is in good shape, is indicated by the Shell SA report for 1987.

It reveals that overall industry growth for the year was 5,7%.

Shell recorded oil sales of some R2,3bn. The oil division, says executive chairman John Wilson, sold 14,6% more petrol, compared with an industry-wide improvement of 9%.

Major multinationals, in response to a questionnaire from Business Day, reiterate their commitment to SA. They make it clear that nothing short of compulsion would persuade them to divest.

Mobil, which has 2 800 employees, more than 1 000 service stations and an investment of around R900m in this country, opened its first office in Cape Town in 1987. This, it says, makes it the longest-serving oil company in SA.

At a recent annual meeting of shareholders, Mobil Corporation chairman Allen Murray said Mobil, through its continued presence in SA, was working to bring about social and economic change. He reiterated the company's opposition to apartheid.

Caltech, which has some 2 000 employees, says that in its 77 years in SA it has clearly demonstrated its commitment through heavy investments in refining and lubricant manufacture — and through its network of about 1 600 service stations. It is committed to playing its part "in working towards a better future for all people in the country."

Shell SA, which has some 850 service stations and employs 4 300 people and capital of around R1bn, in its diverse activities, "recalls a directive to the Shell group internationally by Lo van Wachem, chairman of its Committee of Managing Directors: "Disinvestment is not moral rectitude. It is moral weakness."

BP Southern Africa (BPSA) employs 2 000, and countrywide, 900 service stations carry BP colours. Most of these are owned or controlled by dealers.

In a financial year that has seen the

and rural development, and small business development.

Through the Mobil Foundation the company has committed R40m for programmes in these areas over five years.

Says Caltech: "Our concern is manifested in a series of social responsibility programmes aimed at uplifting underprivileged communities through education, housing, job creation, small business development, health and community-related projects."

Shell's main areas of social responsibility, with 1988 budgets, are: Maths and Science Centre at the University of Natal (R4,8m), job creation (R1m), Road to Fame music promotion (R2,5m), and scholarships, bursaries, sponsorships and miscellaneous contributions (R4m).

A further R15m, it says, will be spent on projects aimed at Shell staff.

BP, in addition to on-going community and social activities, has focused on two special projects. To demonstrate that in a country of widely divergent views, regional or local options can bring progress, it is campaigning to have District Six in Cape Town redeveloped as a multiracial suburb.

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Re-refined oil products make up 10% of market


COLLECTING old oil from all over southern Africa and turning it into new oil is the task of half a dozen companies. By so doing, they also save many millions of rand in foreign exchange.

It's an old adage that oil and water don't mix. But, says Nick Kruger, MD of Chemico, a leader in oil re-refining, used oil recovered largely from major industrial and mining concerns and motor workshops contains a high percentage of water. It also contains all kinds of other contaminants that have to be removed.

For the companies involved, it's all worthwhile. Kruger estimates that re-refined products account for some 10% of the total lubricants market.

After filtering, the thermo-cracking, dehydration and distillation processes come into play to remove the numerous fluids that get into oil.

For one thing, diesel, paraffin and what's left of various additives that go into the



Fuel, oil & Lubricants

A Business Day Survey

PLUGHING THE PROFITS BACK

AN oil company that withdrew from SA did it with flair. When it disinvested, Exxon sold Esso SA to a trust based in the Channel Islands. A new local company, Zenex Oil, was formed with South African John Truscott as chairman and MD.

In terms of the trust's manifesto, all profits that could in other situations go to shareholders, will ultimately go to educational and social programmes for "the less privileged people of South Africa."

It envisages that R10m to R20m a year will eventually be devoted to such projects.

Over and above that, the company has pledged a minimum R1m to the Zenex Educational Foundation, established at the company launch in April last year. Most of this sum will go to literacy programmes.

"The trust also provides for profit-sharing among employees," says Truscott. A "small" percentage of Zenex pre-tax earnings — it has about 100

SPECTRUM

Prices paid per drum vary from about R10 to R15, depending on the results of tests done on samples. The purified products that finally

The value of silence
is to say nothing rather than
have nothing to say.
But the real value of silence
is that when you speak,
people take notice.

ZENEX

biggest customers are the mines and the State. It is also a major grease manufacturer. Others in the re-refining of oils include Cera, Durul, Condor and National Oil.

Alcohol added to premium

SASOL alcohol is added to premium grade 93 octane petrol, but not to regular 87 octane fuel.

Behind this decision, says Sasol's technical sales manager Alfonso Niemand, is the fact that alcohol is added to extend the availability of fuels produced from domestic sources.

Premium-grade fuel marketed at altitude was found to be the octane grade petrol that could accommodate the volume of alcohol produced.

The alcohol (mostly ethanol) is blended at from 8% to 12% by volume with hydrocarbon-based petrol. The SA Bureau of Standards allows a maximum of 15% alcohol.

"The alcohol and hydrocarbon base-stock are marketed separately by Sasol to the depots of the various oil companies, where they use sophisticated blending equipment to perform the prescribed blending."

Most of the oil companies also add the highly specialised additives that give various brands of fuel their particular characteristics.

The 93 octane petrol/alcohol blend is marketed from Messina to Johannesburg, and from Matikeng to Marble Hall. "This area expands and contracts from time to time, depending on production capacity at Secunda."

Low-emission diesel formula

AS AECI subsidiary, Chemical Resources, is planning to market a special low-emission diesel fuel formulated in its laboratories.

The company has developed an additive package that allows the fuel to burn more cleanly and more completely than ordinary diesels, says MD Milton Buchalter.

He expects the fuel, which produces lower levels of smoke and other chemical emissions — and hence less odour — to have wide applications in mining and industry.

"It was specially formulated for underground mine locomotives and enclosed-space diesel operation," he says. "But it is ideally suited to any situation with ventilation or environmental limitations."

All the technical work has been completed, says Buchalter. Now the company is talking to suppliers and potential customers prior to launching the fuel.

He sees demand for a low-emission fuel increasing sharply in the years ahead.

particularly in view of the growth in trackless mining and the difficulty in meeting increasingly strict ventilation requirements.

Buchalter says Chemical Resources is having the technology — the additive pack — evaluated in Europe with a view to exporting it.

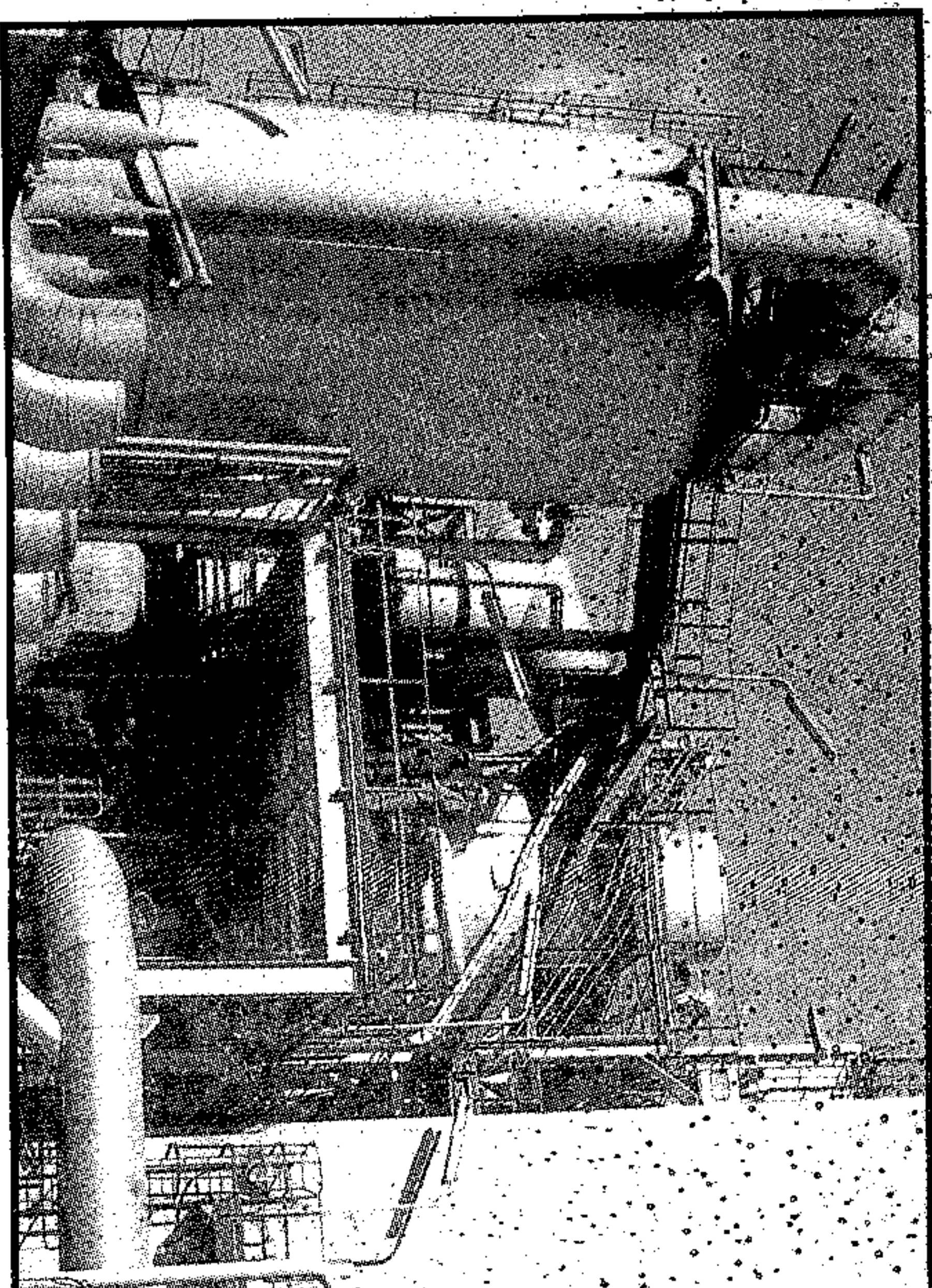
Another of its potential products, a synthetic diesel which is basically a methanol or ethanol fuel with additives, is also being extensively tested locally and abroad.

Chemical Resources, which evolved from AECI's on-going R and D into alternative fuels, now offers products in five business areas — fuels and additives, industrial surfactants, mining chemical surfactants, corrosion inhibitors and lubricant additives.

It has a staff of 50, half of whom are highly-trained technologists.

Chemical Resources, says Buchalter, is a specialty company with the know-how and flexibility to develop products to customers' needs.

"As BPSA has prospered by development of its employees, so the South African society as a whole can benefit by extending the same opportunities to all its citizens. Mobil's major areas of social responsibility are educational, community



A section of the massive seventh oxygen train at Sasol 2 at Secunda

IN the oil industry it's called the "Rat Plan" — short for "the service station rationalisation plan."

Administered by the National Energy Council (NEC), the Rat Plan is basically designed to:

- Provide fuel at a reasonable price by maintaining a nationwide filling station network;
- Ensure that the necessary repair service facilities are available to motorists at petrol selling points;
- Improve service station profitability by increasing sales per outlet — and thus dampen the demand for increases in retail price margins.

In the current five-year phase of the plan — up to 1990 — the NEC aims for a reduction of some 75 service station sites through a strictly controlled quota system.

In order to develop 15 larger, more suitably positioned, more economic sites, bigger oil companies will each have to shut down 49 existing sites over the period.

Medium-sized companies are allowed a ratio of 15 new for 30 to be closed, and smaller companies 15 for 15.

"If everything goes according to plan," says Lourens Van den Berg, NEC group executive, energy, "we will end up with 180 new outlets, with 255 older sites closed."

There is opposition among industry leaders to the strict applications of the workshop-per-service-station rule as being contrary to supply and demand principles. They argue that it is a control which in some cases imposes an expense without a commensurate benefit.

The study found that:

- More than half the existing service station operators did not object to the notion of petrol stations without workshops;
- 87% of motorists did not object to having their vehicles serviced at specialised workshops without fuel pumps;
- If the provision requiring a qualified mechanic were removed, 86.7% of service stations would still continue to employ such a mechanic.

The industry rationale is that if regulations were relaxed under certain circumstances to allow European-style "Gas and Go" stations, more independent workshops would open to fill any gaps.

Van den Berg, on the other hand, says removal of control could deprive certain rural areas of adequate workshop facilities.

An Afrikaanse Handelsinstituut survey at the time of the Pick n Pay petrol saga, showed most service station members of the AHI wanted the workshop rule retained.

Furthermore, he says, while Johannesburg may be well served with specialist workshops, this is not the case in the rest of the country.

Stricter quota system

oped by Zenex for diesel locomotives could save a major customer, SA Transport Services, between R2m and R3m a year in fuel costs alone, the company estimates.

Electricity supply climbed 85% in past 10 years

PRETORIA — Gross electricity production in SA in 1986 was 146 456 Gigawatt-hour (GWh) — an increase of 21% since 1983 and 85% since 1976, according to a report released by the Central Statistical Service (CSS).

The report refers to private undertakings (including Eskom) as well as local authorities and other government institutions in SA as a whole. The total electricity consumption

during 1986 was 120 285 GWh, almost 17% higher than in 1983 and almost 73% higher than in 1976.

The per capita consumption during 1986 was 4 238 Kilowatt-hour, which reflects increases of 10 and 45% since 1983 and 1976 respectively.

The report says the number of units of electricity sold outside SA during 1986 (3 634 GWh), was 26%

more than in 1983, while the purchase of electricity from outside SA decreased from 5 084 GWh in 1983 to 312 KWh in 1986.

Private business (manufacturing, commerce and other businesses, excluding mining) was responsible for the highest electricity consumption in 1986 (59 910 GWh), followed by mining with 29 942 GWh, while 17 648 KWh was used for domestic pur-

poses. Sats, other government institutions and the Rand Water Board and regional water supply commissions consumed 12 785 GWh.

The total gross production of electricity by public supply undertakings in 1986 was about 139 867 GWh, of which Eskom produced 96%. Of the total of almost 6 589 GWh by self-producers, 98% was produced by the manufacturing sector. — Sapa.

Germiston electricity up, ~~but~~ but rates remain the same

Star 2.16/88

East Rand Bureau
Germiston residents will not have to pay more for assessment rates or water. This announcement was made when the city council yesterday approved a R285 million budget for the 1988/89 financial year.

Mr Stan van Eeden, chairman of the management committee, said rates would remain at 3,7c in the rand with a 39 percent rebate for homeowners.

He said the council had made provision for a R542 784 deficit, which was much less than last year's R3,5 million deficit.

Householders can expect to pay 10,5 percent more on their monthly bills, with electricity up

by 11,9 percent and a 12,6 percent increase in sewerage charges. Refuse removal will cost 12,7 percent more, but there will be no increase in the price of water.

Good news for pensioners is a 40 percent rebate on assessment rates.

The council will spend:

- R2,2 million on a refuse disposal site.
- R90,9 million for electricity.
- R2,25 million for the completion of the main link between the city and the industrial area.
- R4,5 million for the construction of a street extension and a concrete bridge.
- R1,2 million on the third phase of the Crosby Russel Reservoir which will cost R5 million.

W/Mentz

Lights off for everyone as council fights 1-7/7/88 the comrades

By THAMI MKHWANAZI

OFFICIALS in Soweto's electrical engineering department this week privately confirmed the mysterious blackout of several townships where residents have not paid rent.

While Soweto's chief electrical engineer, R du Toit was not available for comment, officials in his department confirmed that if, after "a careful analysis of each township" it was found that "95 percent" of residents did not pay their electricity bills, then the whole township was blacked out.

My informants told me that in order to protect those who had paid their rent, a pamphlet was first distributed in the affected township, warning of the proposed power cuts.

The pamphlet called on the innocent to produce proof of payment of rent so they could be exempted when the black-out occurred.

The problem the council faced was that local "comrades" were able to re-connected the electricity to individual houses which the council cut off.

But when whole townships were cut off, the comrades were unable to act.

Once a township's electricity was cut off, department employees would "strengthen" distribution boxes in the streets to prevent "comrades" from gaining access to the switches, he said.

In some cases "comrades" broke the locks, according to the council employees. Driving through Soweto's streets this week, the *Weekly Mail* found many meter boxes wide open.

A representative for the Soweto Electricity Advice Centre in Orlando West said townships were being blacked out for as long as a month.

The advice centre was set up in 1986 by the community after residents claimed the council was overcharging them by more than R100 a month for electricity — even if they were absent from their homes.

The advice centre representative said the "wholesale" blackening out of townships was a new phenomenon in the history of the Soweto rent boycott.

A look at the centre's register established that since May the Soweto townships of Zondi, Naledi, Zola and Molapo were among those affected, with Orlando West Extension being the latest to be blacked-out this week. The cuts lasted for periods ranging from a week to a month.

Recent power cuts in Soweto were 'deliberate'

By Jovial Rantao

Recent power cuts by the Soweto City Council in some areas of the township were deliberate, and were aimed at residents who had no intention of paying their electricity bills, Mr R E du Toit, the

city's electrical engineer said yesterday.

According to Mr du Toit, the power cuts were aimed at suburbs such as Naledi, Emdeni and Chiawelo Ext 3.

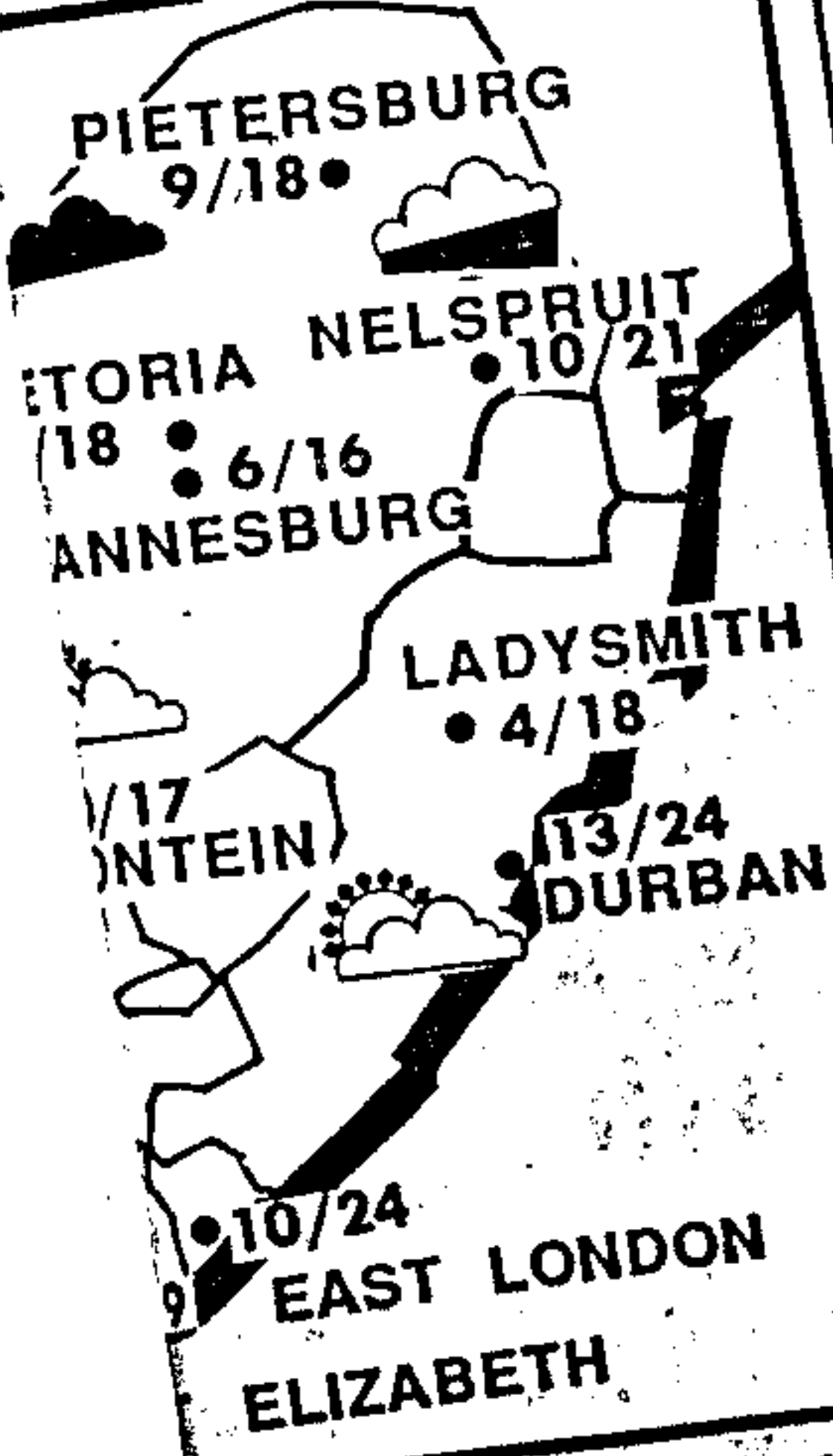
In these districts, he said, only five percent of residents were regularly paying their electricity bills. "This means we are supplying electricity free of charge to the non-paying 95 percent in order to supply the paying residents with power," he said.

Mr du Toit said that while it cost the council R6 million a month to supply electricity to the residents, residents returned only 20 percent of that amount to the council in payments.

"The arrears now stand at R90 million," Mr du Toit said, adding that the council had supplied electricity to the township for four years without getting fully compensated for money paid to Eskom for the service.

Vandalism made it impossible for the council to monitor the electricity supply, said Mr du Toit. However, the council was in the process of replacing or repairing damaged electricity boxes in Soweto.

ER



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n — mm; so far this year
rs 9 mm; average annual

'Sowetans should get ready for blackout'

By Stan Hlophe (SS)

Soweto residents should brace themselves for a total blackout if the rent boycott continued.

This was the warning from the Soweto Council's chief electrical engineer, Mr R E du Toit, who revealed that the council was losing R6 million a month.

The chief engineer said his department received no subsidy from the Government and it cost R3 million to buy electricity from Eskom to supply the township.

He said the electricity department had been borrowing electricity and the source of income had dried up. The council's debt now stood at R90 million.

"If people don't pay their full bills within two months, we have to consider shutting the whole area, leaving out essential services like hospitals and police stations."

He said that, in the meantime, there would be temporary cuts lasting for about a week in possibly five areas at a time.

If this failed to yield results, the "worst will come to the worst".

He said his department was devising a scheme to supply power to those who had settled their accounts and to cut off those in arrears.

BLACKOUTS FOR SOWETO



Mr R E O du Toit, Soweto's chief electrical engineer.

Orlando game cancelled because of power failure

PARTS of Diepkloof, Soweto, including the posh Diepkloof Extension suburb, were blacked out last night as the authorities began carrying out their threats of cutting off electricity because of non-payment of rates.

A power failure in Orlando caused the postponement of the key Castle League NSL game between Mamelodi Sundowns and Bush Bucks at Orlando Stadium last night.

Spectators milled around the stadium for two hours after the scheduled kick-off time in the hope that the lights might be restored.

But their long wait went unrewarded as the power failure persisted and officials reluctantly postponed the match.

Angry and frantic residents in Diepkloof Extension said they telephoned the Electricity Department seeking explanations but got no reply.

Soweto's chief electrical engineer, Mr R E du Toit, said this week that parts of Soweto would be

 By LANGA | SKOSANA 

blacked out from time to time because of non-payment of rates and that "it is unfortunate that those who pay their rent, water and electricity will suffer as much as those who do not".

The department supplies power to Diepmeadow, Dobsonville and Greater Soweto.

Mr Du Toit said on SABC-TV last night that those who were afraid to be seen using electricity — a sign they had paid their bills — to use only their stoves "and leave the lights off."

Warnings

He said electricity cuts were made after repeated requests and warnings to residents to settle their accounts.

The black-outs have affected essential places such as a clinic, the ambulance and fire station, a police station and several business concerns, residents say.

Yesterday the Pimville clinic was without power and sisters had to borrow a gas stove to sterilise some of the instruments

they use for family planning.

Police Press liaison officer for Soweto, Major Fanyana Zwane, said power was cut at Protea police station last week, but because the station had a generator it was able to function.

At the Jabulani Fire Station, an ambulance man said electricity was cut and the station had to make do with a generator.

Robots have also been affected by the power cuts and Pimville residents say the situation at intersections has become dangerous.

Mr du Toit said

whenever power was cut key places such as police stations, clinics, ambulance and fire and municipal offices were not (not) cut off. The black-outs in these places could have been caused by electrical faults, he said.

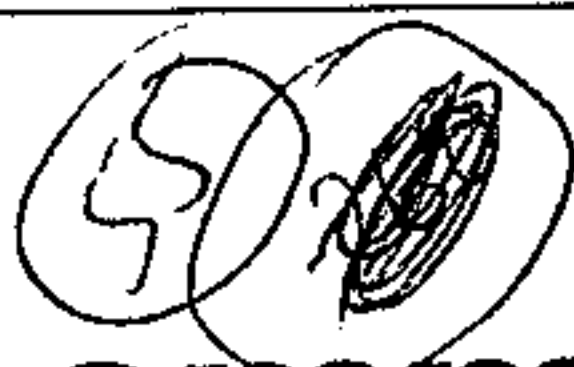
• Late last night lights were restored in parts of Diepkloof.



Enjoy the summerti

THE ORIGINAL PEARL BEER

Some for...



Seeking common ground

Eskom is spearheading a campaign to encourage greater standardisation and self-reliance in the SA electrical power industry.

It wants equipment manufacturers and end-users to co-ordinate their needs, so the industry can protect itself against interrupted supplies from overseas.

The corporation says it is taking the lead in determining local manufacture and technology development, "to guard against the possibility of increasing technological isola-

tion and sanctioned imports."

Eskom has created a Strategic Technologies department to plan an industry strategy. It is asking manufacturers, suppliers, consultants and municipalities to give details of where commonality can take place, and how the industry can reduce its dependence on imported components and equipment.

GM Ed Ralph says Eskom wants the local industry to agree to standard specifications on a broad range of equipment. It has already begun investigating the feasibility of standardising certain components; its eventual target is standardisation of complete electrical systems.

It has also held talks with local municipalities to persuade them to use common systems and components.

However, he says Eskom recognises it is not feasible to produce everything locally and the industry must get together and decide what can be done here and what must still be imported.

The corporation is sending out questionnaires to the industry, asking what level of import replacement can be achieved. It notes the industry is so fragmented, almost no information exists on local and imported content.

In promoting local manufacture, Eskom argues short-term protection against imports may be needed until the new strategy is on its feet. Of course, that's an argument all fledgling industries use. The trouble is, short-term protection nearly always becomes long-term,

even indefinite. Ask any of SA's uneconomic producers who probably couldn't survive unless they were shielded from competition.

Ralph says the first stage of any strategy must be to evaluate existing manufacturing and technological capabilities, then identify areas of strategic importance.

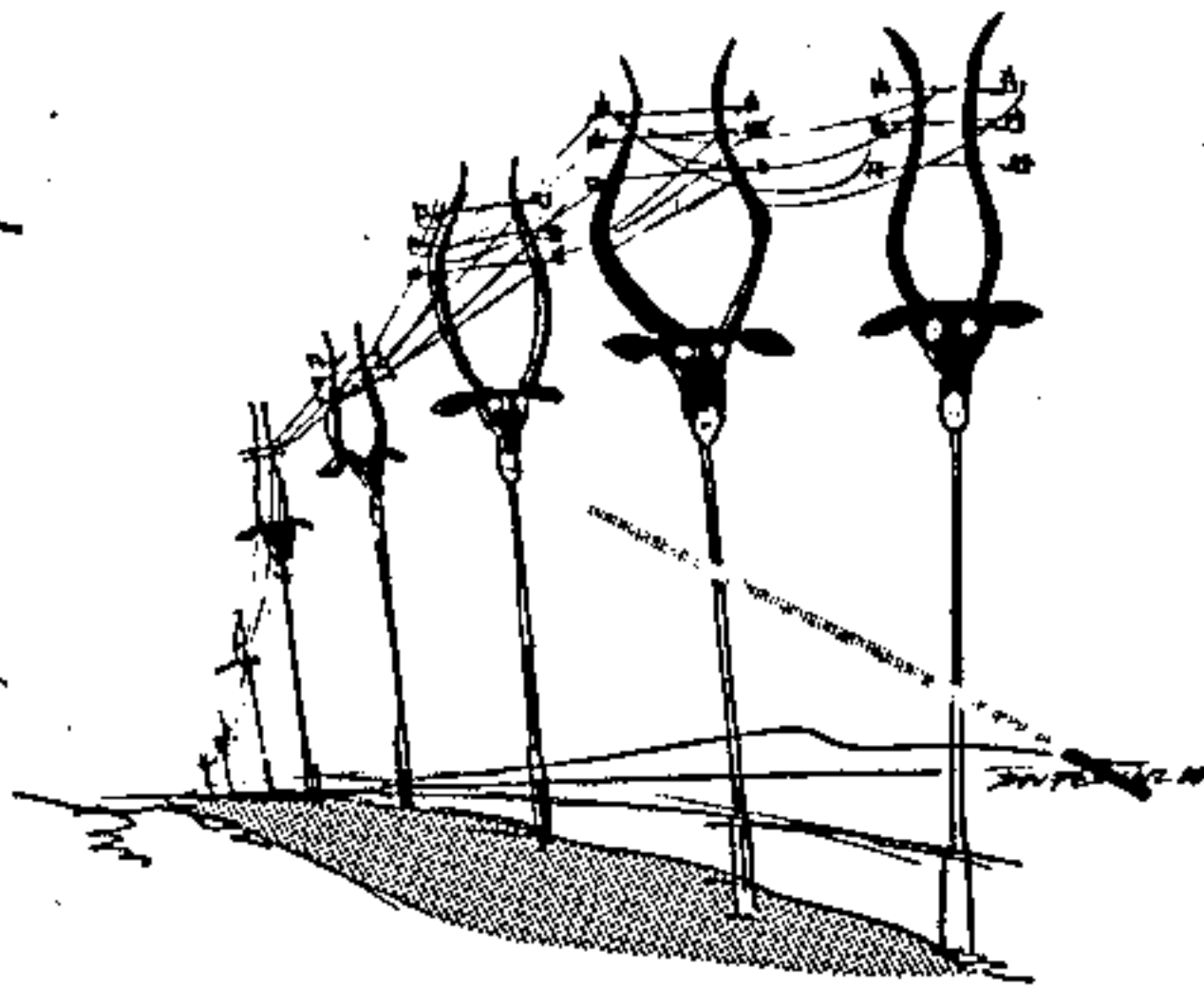
The next step would be to decide what components or systems are ripe for import substitution — either "with reasonable potential viability" or "irrespective of viability." The industry must also identify areas of product standardisation and capacity utilisation.

The SA industry must also ensure continued technology transfer from overseas, and decide on local research into alternative technologies and materials. It must then ensure it has the resources to carry out its intentions by encouraging greater technical skills among the population.

It needs closer collaboration between employers, universities and research organisations — and money. Only by paying more for the necessary skills will SA halt the skills drain from the country, says Eskom.

It says there are three basic requirements for an industry strategy to succeed: "Both the manufacturing and user industries to generally accept the need for a common framework; improved liaison at high level between equipment suppliers and users to give commitment and direction to implementing agreed plans; and, active and co-

8/7/88 Ray



tion and sanctioned imports."

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ordinated participation from institutions and research organisations with government support as required."

The potential is there, says Eskom — all it needs is the will. With Eskom's muscle, it's hard to see anyone being brave enough to refuse. ■

J

Maritzburg electricity branch comes to light at long last

By SIBU MNGADI

MARITZBURG'S Imbali residents can kiss the dark ages farewell in two months - the Maritzburg Electricity Department has promised to install power by the end of September.

At a meeting with department officials on Monday, journalists were told of difficulties which have made it "impossible" for the electricians to meet the first deadline they announced last year after the Press highlighted the residents' plight.

They have been waiting for electricity for more than two years.

Officials partly blamed the current political violence for the delay in finishing the job.

"Members of our staff were not prepared to go into the area which was submerged in violence, and needed protection each time they went to Imbali," an official said.

Another reason cited was the shortage of

skilled technicians. Other areas were also in desperate need of power, and the demand had to met, officials said.

At least 95 households in Imbali had paid fully for installations, the officials added.

The two new complexes started at Unit 13 a few months ago had been completed, and power had been installed in almost all the houses whose owners applied for it. At Unit J - a complex established last year - there have been no electricity problems.

People whose houses were built by Besters Construction at Unit 18 should collect forms from the department at 111 Havelock Road, as this construction firm had left the city, the official said.

Other residents should approach their contractors to arrange for installation of power to homes. For further details telephone Mr Jackson at (0331) 56122.

CS ~~SECRET~~ C/Pers 10/7/88



THE NEW YORK TIMES

have common objectives with us to

Oil-rig claims to exceed \$1bn

CS
Blair
11/17/88

LONDON — The world insurance market was awaiting record claims exceeding \$1bn from the North Sea oil-rig disaster, London underwriters said at the weekend.

"This is quite clearly one of the most serious single losses in the history of insurance," said David Palmer, chairman and chief executive of leading London brokers Willis Faber, which arranged 80% of the insurance on platform Piper Alpha.

Fire danger and bad weather forced veteran Texan oil blaze expert Paul "Red" Adair to postpone attempts yesterday to cap oil leaks on the Piper Alpha.

Winds approaching 70 km/h were making the sea rougher and one burning oil well was still flaring up on the North Sea platform where 166 men died after gas explosions on Wednesday night.

The disaster will have an impact all insurance markets of the world, but particularly on Lloyds and the London market because of their dominance in energy and marine insurance.

In Aberdeen, a spokesman for the platform's owners, Occidental Petroleum, said Adair was meeting company management on board the support vessel, Tharos, alongside Piper Alpha to decide their next

course of action.

"They are not going on board until the well settles a bit," she said.

Their first priority was to clear debris from what remained of the platform before leaking oil wells could be capped.

Adair said he had not been able to pinpoint the cause of the first explosion, which ripped through the crew accommodation area as many slept.

But he would stay as long as it took to clear the decks and cap three or four wells which were still leaking.

Only 64 men survived, many of them with bad burns or other injuries after jumping into the sea from as high as 65m. Only 17 bodies have been recovered so far.

An Occidental spokesman denied accusations by a former safety officer that standards on the platform were lax.

Former Occidental loss protection officer Jack Donaldson told the Observer newspaper the platform was overloaded, placing the six legs anchoring it to the seabed under strain and the crew accommodation was a fire risk.

An Occidental spokesman said: "That is just flat wrong. Everything was up to standard and the charges are wrong." — Sapa-
Reuter-AP.

Spend a night

IN BRIEF
2 die in Israeli clash

Anger over cuts

SS
Sundown
11/7/88

THERE was an outcry yesterday from Soweto residents whose electricity has been deliberately cut off by the Soweto Council as punishment for not paying rent.

Most of the people who were furious were those who were up-to-date with their accounts but were being punished because of the fault of others. They endured a bitterly cold weekend and the weatherman has predicted a further cold wintry spell for the next two days.

Some of the affected people used unprintable four-letter words to vent their anger at the council's action.

The townships that are hit by the power cuts are Pimville, Emdeni Extension, Naledi and parts of Chiawelo Extension 3. These areas were earmarked by the council as worst defaulters but more areas are to be switched off in the coming weeks to force them to pay up.

The head of the electricity department of the Soweto Council, Mr R. E. du Toit said the council was in the red to the tune of R92-million because of unpaid electricity bills. It was losing revenue at the rate of R4½-million a month.

Cold snap, so Soweto power is on again

COLD weather was the reason town clerk N Malan cited yesterday for the Soweto City Council restoring power to blacked-out areas.

Malan said the decision to reconnect was taken last Friday and power had already been restored to parts of Pimville.

Vast areas of Soweto have been blacked out by the council in response to a four-year rent boycott.

Malan said there would be a special council meeting on Thursday to discuss the blackout issue.

(SS) Alday 12/7/88
SUSAN RUSSELL

But, until the weather became warmer, power would be restored whether or not consumers had paid, he said.

He said the council was working as fast as possible but power could not be restored where meter cubicles had been damaged.

Where the cubicles were unsafe it took up to three weeks for the council to remove, reinforce and replace them.

There were no cubicles to replace those too badly damaged to repair.

Reacting to a report that Transvaal Administrator Danie Hough had been asked to intervene personally by PFP MP Helen Suzman, Malan said he had told an official from the Administrator's office that a decision had been taken on Friday.

A spokesman for the Administrator said yesterday the Soweto City Council was autonomous and the province could not interfere with its decisions.

Star 12/7/88.

By Dan Side

The Soweto Council had attempted to restore power to certain parts of Soweto since Friday, the township's town clerk, Mr Nico Malan, said last night.

(SS) ~~12/7~~
"We began to act as soon as we heard the forecasts for colder weather on Friday night," said Mr Malan.

"We decided that where we could recon-

'Vandals blocking township power'

nect, we would reconnect and power was restored to most of Pimville."

However, he said that two zones of Pimville, plus the suburbs of Emdeni and Naledi, could not have power restored to them because of "extensive" damage caused

by vandals to the meter cubicles.

"To restore power," said Mr Malan, "we have to remove the unsafe, damaged cubicles in terms of the Factories and Machinery Act, repair and reinforce them for security reasons, and then put

them back — but only for the benefit of those who have paid their rents."

He explained that 1 500 of the 11 000 cubicles in the blacked-out areas had been repaired, but since Friday 300 of the replacements had been put out of commission by vandals or "persons who tried to tamper with them".

"It's a mammoth task as the numbers involved will indicate."

From MONO BADELA

JOHANNESBURG. — Parts of Soweto has been plunged into darkness in what is seen as a new bid by the Soweto City Council to break the two-year-old rent boycott.

The Mandela household — preparing for the world's most talked-about birthday of Nelson Mandela — switched to a generator to keep their lights on.

Several essential services were also affected. The ambulance and fire department had to rely on generators.

Electricity to Pimville clinic was shut off and nursing sisters borrowed gas stoves to sterilise syringes.

A professional football match at Orlando Stadium the previous week had to be cancelled at a last minute. Even the headquarters of the Soweto Police at Protea switched to a generator. The power blackout also affected shebeens and

Rents blackout

business men in the townships.

The blackout left many of the 40 percent of residents who do pay rent without electricity.

The council's decision has caused an uproar and already the African Consumer Co-operative Society has called in its lawyers.

According to the society, residents are not paying because of irregularities that occur in the drawing up of the bills.

The administration of electrical services should be handed over to a non-profit community organisation.

On his return from America, mayor Nelson

Bottle launched strategies to solve the two-year-old rent boycott which this month led to the Soweto City Council's decision to cut the electricity.

ceded to earlier demands from residents' organisations that councillors - often regarded as "part of the system" - should not be present at the meeting.

The council is to meet this week in an attempt to resolve the impasse.

Botile has tried many ways of breaking the boycott which has cost the town council more than R100 million.

This week in a press statement he offered to meet residents or any organisations representing them.

Soweto community leader Dr Nihato Mollana has rejected this offer. "He can't be serious." Residents wanted to talk to Town Clerk Nico Malan, Mollana said. More areas were plunged into darkness and those affected include sections of Pimville, Naledi, Emdeni, Orlando East and West and the newly built Protea North township.

Greetings to

Nelson Mandela

Among those without electricity were Winnie Mandela, wife of the jailed African National Congress leader. Mrs Mandela is using a generator for lighting and the United Democratic Front's co-president Albertina Sisulu. The Soweto Council has been losing about R6 million every month since the boycott began more than two years ago.

14-20/78

South

By Stan Hlophe

Residents of Soweto's blacked-out areas yesterday heaved a sigh of relief when electricity was restored after the intervention of Mrs Helen Suzman, PFP spokesman on black affairs, and the Transvaal Administrator, Mr Danie Hough.

FREEZING

This follows an appeal by Mrs Suzman to Mr Hough to instruct the Soweto Council to restore the electricity flow.

She said it was "absolutely inhuman to deprive people of lights and electricity in the middle

Power restored after PFP call

of this bitter cold winter".

Residents of Pimville, Chiawelo, Orlando West, Naledi and Emdeni were relieved to find their electricity supply restored on Tuesday afternoon after freezing for periods ranging from two months to two weeks.

Mr Hough promised to give attention to the issue after a plea from Mrs Suzman to resolve the matter.

However, she pointed out that she was fully aware of the "unacceptable" situation of people not paying their rent.

The PFP has suggested a high-level conference between the Soweto Town Council and representatives of community leaders to solve the rent impasse.

Chief electrical engineer Mr R E du Toit said 80 percent of residents have not paid their bills,

and as a result the council had incurred a deficit of R90 million.

Mr du Toit said vandals were responsible for damage done to electrical boxes which cost the council another R54 000 a month to repair.

NEGOTIATE

Soweto mayor Mr Nelson Botile said the council had implemented a system whereby residents could negotiate the monthly amount they could afford to pay.

He said his 'door is open' to residents and their representatives, including the Soweto Civic Association.

Blackout of Soweto ends ⁵⁵

The Soweto Town Council decided at a special meeting yesterday to restore the electricity supply to blacked-out areas which have been switched off due to the rent boycott.

The council announced that the areas which have been without electricity for periods ranging from two months to two weeks would be reconnected as of yesterday. The decision was taken at a special meeting called by Soweto mayor Mr Nelson Botile, who recently returned from a world conference of mayors in Washington.

● See Page 5.

It's switch on again as Helen calls Heunis

Weekly Mail Reporter

SOWETO's Director of Housing, Estelle Bester, says for her department the big Soweto electricity "switch on" means business as usual.

The Soweto Town Council last week confirmed it was punishing rent boycotters by cutting electricity to certain areas of the township. However, at the intervention of Progressive Federal Party parliamentarian, Helen Suzman, electricity was reconnected to all the boycott-hit parts of the township this week.

Bester said the electricity department was entirely separate from her department. "As far as my work is concerned I am going on as usual: issuing notices to people who don't pay rent, visiting them early in the morning, calling them to our offices. If they do not respond and will not sign agreements we take legal steps."

Suzman says the "freezing weather and the thought of all of those thousands of people shivering in the dark" had prompted her to phone Minister of Constitutional Development and Planning Chris Heunis on Sunday night. Heunis referred her to Transvaal Administrator Danie Hough who said he would "do something about it" although he stressed the Soweto Town Council was autonomous.

Suzman said she had told Heunis and Hough that although she realised people had to pay service charges, it was "absolutely inhumane" to cut electricity during the winter.

W/ Mail

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152/17/88

Power is restored to Soweto residents

STAR 16/7/88

STAN HLOPHE

SOWETO residents whose electricity supply has been restored after two months welcomed the council's move — but urged the council to start negotiating with community leaders to break the rent impasse.

A meeting of the Soweto Council called by the mayor, Mr Nelson Botile, after his return from World Council of Mayors meeting in Washington, found that residents who were up-to-date with their payments were suffering because others were in arrears.

The meeting resolved to restore electrical power even to those who had not paid their accounts.

But residents maintained the council should negotiate with the representatives of the community and refrain from bureaucratic measures.

● See Pages 2 and 10

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ELECTRICITY SUPPLY

The price of paying for power

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Technology could provide part of the solution to the vexed question of non-payment of electricity bills, as well as providing consumers with greater control over their consumption of electricity.

Soweto residents were provided with electricity during 1982 and 1983 at a cost of more than R200m. However, little effort was made to give them any control over their power consumption. There are no individual meters in homes and neither are there circuit breakers.

Power is distributed from the main substations to mini-substations and the meters and circuit breakers are located in those mini-substations. There is also a central metering system which was designed to cut out the need for large numbers of meter readers. But, say members of the electricity industry, the system doesn't work properly.

One idea that could contribute to the solution is the use of "prepaid" meters. The prepaid meter has evolved from the old coin meter which was used in large numbers in the UK. The problem with coin meters is that somebody has to collect the money from the machine. Also, having a money box attached to the meter provides a temptation to thieves.

Users of prepaid meters pay in advance for either tokens or cards which, when inserted, "load" the meter. The consumer can then use power to the value paid for. When this runs out, power is cut until another token or card is inserted into the meter.

There are several advantages to using such meters. Not only is the consumer able to control expenditure on electricity, but the supplier is ensured of receiving payment. There are also cost savings: the need for meter readers is eliminated as is the need to send out bills, thus cutting administration costs.

On the other side of the coin is the extra cost of the prepaid meters and the fact that consumers are asked to pay in advance.

The usual meter costs about R60, but imported prepaid meters would cost between R500 and R600. There are, however, moves to design and manufacture a low cost unit locally. According to Randolph Forbes, Eskom GM for distribution and marketing, early estimates are that this could be done at a cost of about R250 a meter.

The government has formed a committee to promote local manufacture of a suitable unit. Eskom is making its facilities available to aid development and there are a number of local manufacturers involved. But, says Forbes, it is pointless looking at the prepaid meter purely as a solution for black townships. Instead, prepaid meters must be used

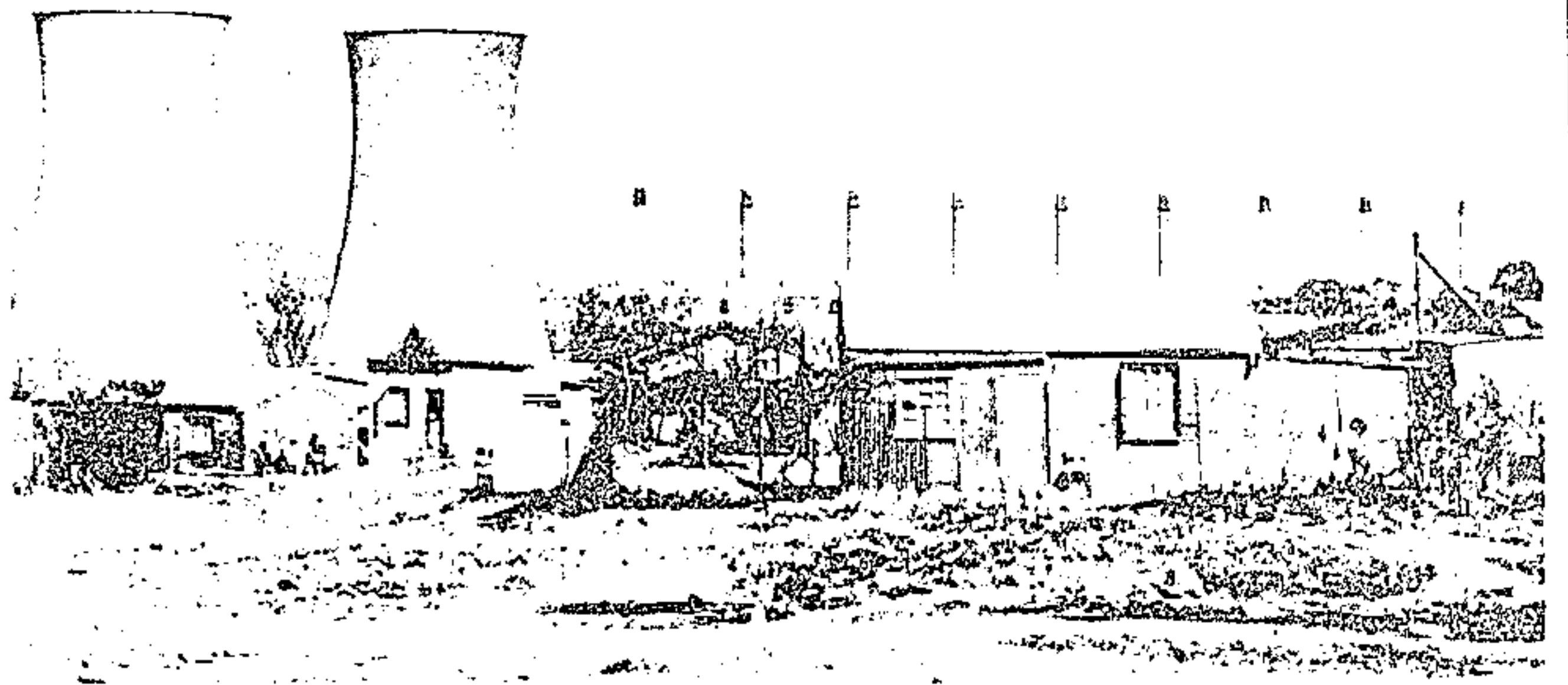
across the board. He says it will be necessary to get the user involved in and on the side of the new technology.

Cullinan Electrical CE Ed Polkinghorne agrees that the introduction of the prepaid meter is a sensitive issue unless it is done across the board, but notes that Cullinan's overseas parent has been very successful marketing its unit, particularly in the UK. Another advantage to the supplier, he points out, is that vandalism is reduced. Each unit is installed inside the user's house and there is no money in the meter. Thus damaging the meter serves only to cut power to the house-

fitted with a separate meter.

The question of discrimination is the most difficult obstacle to the introduction of any system involving prepaid electricity. Unless all users are charged in advance, then blacks will quite rightly be offended. Perhaps the answer lies in the use of both systems. With the OCB being used in lower income areas and the prepaid meter in higher income areas, regardless of race. Cost savings on meter reading and administration would be the final deciding factor.

Neither of the above methods would, of course, prevent arbitrary power cuts in black



Electricity ... cash in advance

holder.

However, Polkinghorne suggests another — lower cost — solution to the problem of consumer control. An overcurrent circuit breaker (OCB) could be fitted which would limit the electricity supply. If the consumer is using too much power, such as having both a stove and a geyser on at the same time, the OCB would trip, cutting off power. This works well in certain areas, he says. Consumers would be billed on a flat rate, eliminating the need for meters and meter readers and they could be charged in advance as the amount would be pre-determined. However, Polkinghorne says, this would work only in lower income situations and where all the consumers were using roughly the same amount of power. The cost of installing OCBs would be about R100, including — for safety reasons — an earth leakage unit.

Forbes says OCBs are being investigated and he agrees that such a system could work well in certain circumstances. Also, if an individual user had a higher power demand than usual for the area, the house could be

townships as a means of attempting to force residents to pay rents and rates. Thus, until there is a solution to the political situation which has given rise to the boycott, Soweto residents must either pay their bills and face the consequences from other members of the community, or have the Soweto Council cut off their electricity. And in some cases they face both; some of those who claim to have paid the council say they have suffered power cuts.

LISTINGS

Strong silent type

Computer hardware and software distributor Micro & Peripheral Distributors (M&PD) is emerging from the shadows to reveal itself as one of the country's major computer companies with a projected turnover for the year ending June 30 1988 of R155m and consolidated after-tax profits of about R10m — a turnover almost 30% higher than the 1987-

Traders hit by power cuts

5
SOWETAN
Reporter
Sowetan 22/7/68

SOWETO shopkeepers are upset at the recent electricity blackouts which have cost them losses of thousands of rands.

They have now decided to hold a general meeting tomorrow at the Jabulani Standard Bank hall to discuss what steps to take if blackouts are repeated.

The meeting starts at 12 noon.

Convener of the meeting, Mr N L Nkosi, who is an executive member of the Soweto Independent Shopkeepers Association, said yesterday that many traders, especially in Emdeni, Zola, Naledi and Pimville, were adversely affected by the switch-off.

Separate

After discussions with the Soweto Council's electricity department, on separating electricity supply to shops from those of houses, the businessmen were told about a new scheme where they would have to buy electricity direct from Eskom through a metered card that would cost them R700 to install.

They rejected this on the grounds that they were forced to pay for a service that eventually would benefit the council.

Shopkeepers can contact Mr Nkosi at 936-1398 between 7am and 10am for further information.

Power struggle

Eskom is attempting to counter changing electricity demand patterns.

Traditionally, SA demand has been more constant than in most advanced countries, because mining and industrial demand predominates. Domestic use, which peaks strongly morning and evening, constitutes such a small proportion of the total that it has a limited impact on overall demand patterns.

That is changing. As urban and rural

customers increase domestic usage, the daily pattern of demand will become more typical of an industrial country.

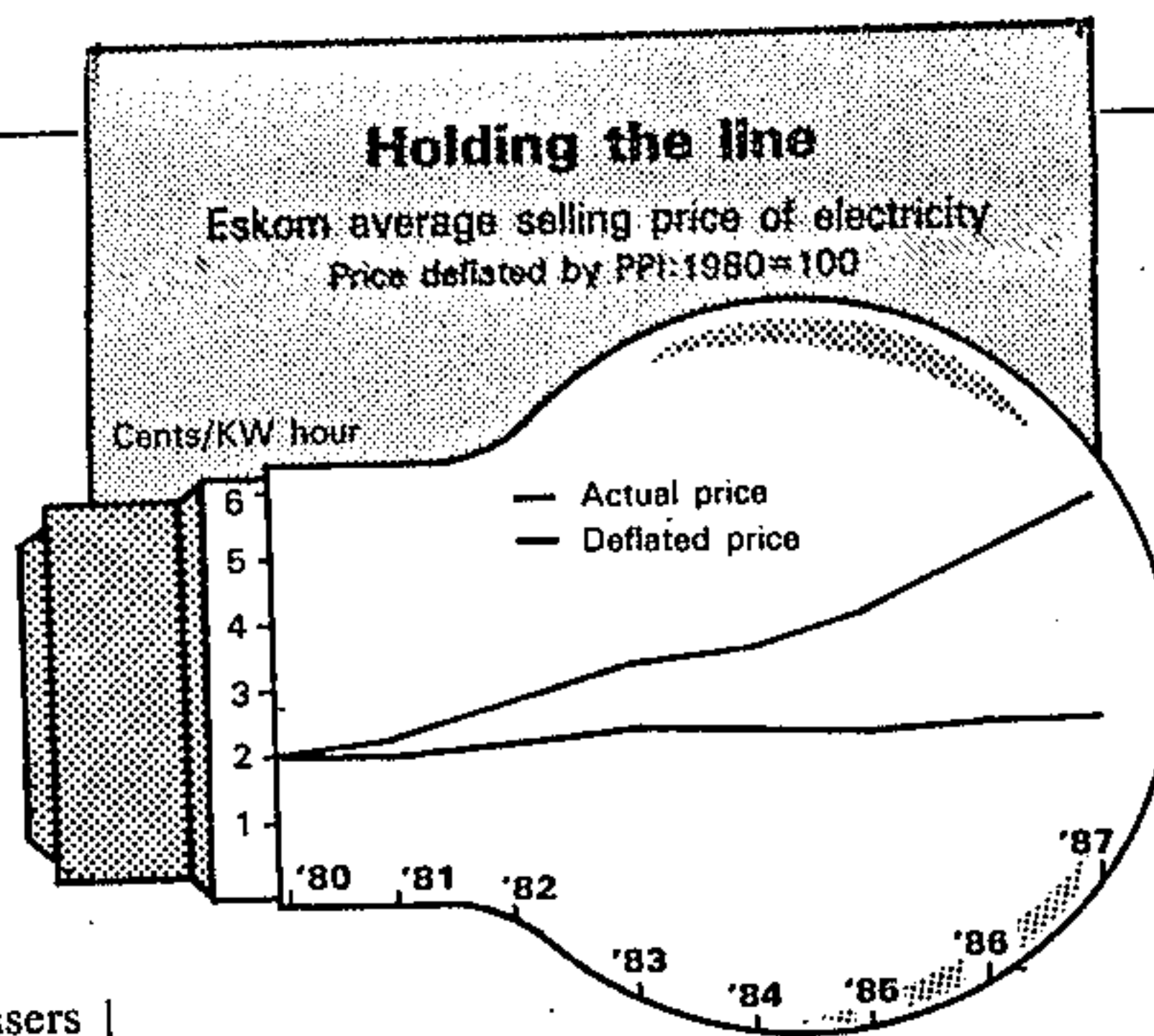
In addition, Eskom is sitting with a surplus of generating capacity — because growth in demand for power in recent years has fallen below forecasts — so there is room for a marketing effort to promote electricity use.

Distribution and marketing GM Randolph Forbes says these issues are addressed in Eskom's revised approach to tariff structures.

A new tariff option (tariff E) was introduced in 1986 to encourage bulk users to draw requirements outside peak periods. By avoiding peaks, industrial users — many of whom operate around the clock, anyway — can take advantage of an electricity price discount.

Forbes claims considerable initial success for the new scheme: more than 160 large users of power have signed up.

Eskom has also negotiated favourable



rates to large municipalities with their own generating capacity (five have signed up), to promote the use of additional electricity while the surplus capacity endures.

"While we have excess generating capacity, we are also prepared to discuss with large energy users, special rates to promote growth and additional sales which would not

have materialised under normal cost and tariff structures," says Forbes.

Eskom is also having another look at the entire rural tariff structure. The number of rural customers has grown "by leaps and bounds," and their greater density could result in a "more equitable" tariff structure.

The present tariff structure has an option designed to encourage efficient use of power by "low load factor customers" like irrigation farmers. They — like factory owners — can be encouraged to draw power outside peak periods.

Forbes explains Eskom's tariffs generally are based on two components — a "demand charge" related to maximum power requirements and capital-related costs and an "energy charge," which is a flat rate per kilowatt used and is related to fuel and other operating costs.

The Eskom tariff for domestic users also takes account of these costs but is structured on an average cents-per-kWh-used basis. ■

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SP/PP/85

SA set to sign nuclear treaty with IAEA

Political Correspondent

CPT
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12/88

SS

SOUTH AFRICA appears to be set to sign the Nuclear Non-Proliferation Treaty (NPT) to avert suspension from the International Atomic Energy Agency (IAEA).

Foreign Minister Mr Pik Botha and Economic Affairs Minister Mr Danie Steyn are in Vienna for discussions with several countries on the matter.

Their visit follows a statement last year by President P W Botha, on the eve of a Soviet-backed move to have South Africa suspended, that he hoped South Africa would be able to sign the NPT soon.

However, he said, that would depend on the outcome of the 31st General Conference of the IAEA at which the Soviets were expected to call for South Africa's suspension. The move failed, but there are new fears of another attempt.

If the government does sign, it would mean that the country's nuclear installations would be open to IAEA inspection, clearing up once and for all whether South Africa does, in fact, have a nuclear bomb.

Eskom wants power for all South Africans

12/8/88

Star

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Eskom wants the Government to place a higher priority on electricity. This would then lead to the total electrification of South Africa — at a cost of R7 billion — and vastly improve the quality of life for all its peoples.

The utility — which supplies 60 percent of Africa's total electricity — particularly wants rural electrification to be actively pursued. It says that 80 percent of the country lacks electricity.

Eskom's chief executive, Mr Ian McRae, told The Star in an interview: "It will not be difficult to get the money for such an undertaking. Project financing from Europe and possibly the United States would be a distinct possibility."

Mr McRae said the State, as well as Regional Service Councils and local authorities, viewed electricity at such a low profile that it was harmful to South Africa, in general.

"What we have noticed, and found, as far as the Regional Service Councils and many local authorities are concerned, is that electrification is not of a high priority rating," he said.

"Money, skills and administration are problems for some of these authorities, who tend to see roads, food production and water as coming first. We say they should turn it around."

"You need power supply. The energy base is vital ... more focus should be placed on energy."

Mr McRae said that a year ago, Eskom — the fifth largest electricity utility in the world — had "tried to bring home to South Africa, and particularly the decision-

BY NORMAN CHANDLER

Power to the people ... Eskom believes electricity is a key to a better life for South Africans.

makers, the need to consider electrification of both urban and rural areas.

"We tried to show the economic benefits, and these are considerable.

"We advised that electrification would open the door to development of small industries and individual entrepreneurs. In other words, it had the potential to open up the marketplace and also to improve the quality of life."

The financing of a major electrification scheme covering the whole country — "80 percent people in South Africa lack electricity" — was an enormous undertaking but it was not an impossibility.

"There are a number of possibilities in regard to financing. One is from the Government if they accepted the high priority rating we give electricity; another is through the Regional Services Councils, which also does not place high priority on this commodity; and the third is through the Development Bank of Southern Africa.

"I believe, too, that it will not be difficult to get project finance for such a massive undertaking. We could, I believe, raise the money in Europe, and possibly the United States as well. As it will be used to improve the standards of the Third World sector of this country's population, there may even be a case for soft loans." Mr McRae said.

(S) M 12/18/88

Increased pressures

Eskom will find it difficult next year to beat inflation as convincingly as in 1988 — the latest increase in the price of electricity, on January 1, was 10%. If inflation this year is 14%-15%, as predicted in Eskom's latest annual report, the tariff increase will have achieved a remarkable margin of 4%-5%.

However, Eskom chairman John Maree points out that it will not be possible "to continue indefinitely with price increases so far below the inflation rate."

Among other things, the price will be driven by the sharp increase in short-term interest rates. From 8%-9% last year, the



Maree ... beating inflation

price of short-term money has risen to 14%-15% — a large proportionate increase.

Fuel is another major input to Eskom's cost structure. The price of coal, in turn, is largely influenced by labour costs as well as by the adverse influence of bringing new mines on stream. A new mine is likely to have an initially higher cost structure, partly because of technical teething troubles and because it may not produce at full output.

This is precisely the case at Kendal power station, where the first of six giant generating sets is being synchronised. Only when at least three are spinning and consuming coal will the colliery be able to realise anything like its full economies of scale. Until then, the effect of bringing in a new power station will be adverse for costs.

The next hike is likely to be 1%-2% below 1989's possible 13% inflation rate. This suggests industrialists would be prudent to budget for an increase in electricity prices of, say, 11%-12% at the beginning of 1989.

When is the public likely to hear the news? A decision on the tariff for 1989 should be announced in the fourth quarter of the year, perhaps as early as the beginning of October, as Eskom has committed itself to giving adequate notice of increases (as well as to making only one change a year). ■

(S) M 12/18/88

Palmiet hydro-electric scheme gets top award

CAPT. T. J. J. 13/1/88

Staff Reporter

SS' (S)



THE new Palmiet River hydro-electric and water scheme yesterday received the SA Institution of Civil Engineers annual Outstanding Achievement award at a function in Johannesburg.

The R300-million project, started in 1981 and completed this year, will add 400Mw capacity to Eskom's national power grid and will augment the water supply to the Cape Town metropolitan area by 140 million cubic metres annually.

The two dams incorporated in the project were designed by the Department of Water Affairs while the mechanical and electrical portions were designed by Eskom.

The engineering companies involved were Ninham Shand, Van Niekerk Kleyn & Edwards, Electrowatt Engineering Services, Clifford Harris-Marti Tunnelling and Phillip Holzmann.

The Institute of Landscape Architects gave environmental consultants Ekonosult a Merit Award for Excellence in 1986 for their care in minimizing disturbance to the sensitive fynbos ecosystem of the area.

The main purpose of the hydro-electric scheme is to supplement the supply of electricity during peak hours by storing surplus energy available during times of low demand.

This is achieved by pumping water from a lower to an upper reservoir during the night and weekends, and drawing on the water thus stored to generate power for peak hours.

Other purposes of the scheme are to act as an emergency electricity supply and to help regulate voltage and frequency.

These functions are particularly important in view of the great length of the transmission lines from Eskom's major power stations in the Transvaal.

The two dams are Koggelberg on the Palmiet River immediately to the south of Grabouw and Rockview on the watershed between the Palmiet and the Steenbras rivers.

The scheme also comprises a surge tank believed to be the biggest of its type in the world. The tank is required to moderate sudden water pressure changes when the generators are switched on and off.

LOOKING UP . . . The new Palmiet hydro-electric and water scheme viewed from the lower Koggelberg reservoir, past the power station to the surge tank — believed to be the biggest of its kind in the world — with the Rockview Dam at the top.

Picture: ESKOM

200 (55) CAP-TALKS 15/8/88

We can produce own nuclear bomb — Pik

VIENNA. — The Minister of Foreign Affairs, Mr Pik Botha, admitted on Saturday that South Africa is able to produce a nuclear bomb — "if we want to".

Mr Botha's statement represents the highest level of confirmation that this country has the ability to produce a nuclear device. Several weeks ago, a government official made a similar response in reply to charges in the United States that Pretoria had a nuclear weapon.

Mr Botha was in Vienna for two days of exploratory talks — which South Africa initiated — on whether the government may sign the 1970 Nuclear Non-Proliferation Treaty. He said no decision has been taken yet on whether to sign it.

"We support the objectives of the NPT," Mr Botha said. "We are not obliged to sign. It's a free decision of each government."

Asked if South Africa possessed nuclear weapons, Mr Botha replied: "We are in a position to manufacture them, if we want to".

"South Africa has acted responsibly so far and has not supplied (nuclear) technology to anybody else," he said. — UPI

OLD TRO SPEAKERS. President Ronald Reagan speaks from the podium at the New Orleans Convention Centre during a welcoming rally for the Republican national convention. Behind is a bust of former President Dwight D Eisenhower.

Pik's 'nuclear bomb' remarks take Washington by surprise

The Argus Foreign Service ^{Argus 15/8/88}

WASHINGTON. — South Africa's admission for the first time at the highest level that it has the ability to produce nuclear weapons has taken the United States government by surprise.

US officials cannot understand why Foreign Minister Mr Pik Botha has decided to reveal South Africa's nuclear capability now, and the revelation is likely to increase congressional pressure to impose all-out sanctions on South Africa.

South Africa is believed to have been able to build a nuclear bomb for almost a decade and a senior Pentagon official remarked: "Anybody who has nuclear reactors can build a nuclear bomb."

Mr Botha's comments were made in Vienna after meetings with American, Soviet and British officials on the possibility of Pretoria signing the 1968 Nuclear Non-Proliferation Treaty.

REPORT BACK

Mr Botha did not say whether South Africa would sign. However, he said today he would report back to the government this week on the Vien-

na discussions, the Argus Political Correspondent reports.

Asked at the Vienna Press conference whether South Africa had a nuclear bomb, Mr Botha said: "We have the capability to make one ... We have the capability to do so should we want to."

Pressed on whether South Africa already had the bomb, he said: "I'm not going to enlarge on that statement."

ACKNOWLEDGEMENT

That was seen by some Western commentators as an acknowledgement that South Africa has already used its capability to stockpile nuclear weapons.

Mr Botha's statement was also the clearest indication yet of the extent of South Africa's nuclear programme after years of semi-official allusions.

On Thursday the House of Representatives voted by 244 to 132 to ban all trade with South Africa, apart from US imports of strategic minerals, and Mr Botha's revelation is likely to increase US pressure to impose all-out sanctions.

American researchers reckon that South Africa now has between nine and 23 weapons.

Pretoria has always refused

to sign the Nuclear Non-Proliferation Treaty.

But last year the Nigerians, backed by East European countries, threatened to expel South Africa from the International Atomic Energy Agency (IAEA) because of its failure to sign. Russia and the US said they would support this move if Pretoria did not sign.

In Vienna the head of the IAEA yesterday welcomed the possibility of South Africa signing the treaty.

Director-general Dr Hans Blix was responding to comments by Mr Botha, who said he believed Dr Blix "doesn't want us to be part of the agency".

However, Dr Blix quickly responded by saying: "I would welcome a South African adherence to the treaty ... The agency would administer the safeguards in South Africa in the same way as in other countries."

South Africa already allows safeguard inspection on two plants with French and US technology.

However, it does not allow the agency's inspectors access to the Pelindaba uranium enrichment plant which can make materials for nuclear weapons.

CPK Links 17/8/88

SS

Govt spells out stand on nuclear treaty

By BARRY STREEK
Political Staff

SOUTH AFRICA will only sign the Nuclear Non-Proliferation Treaty if it has full participation in the accord, including the right to trade in uranium and the exchange of nuclear technology.

Unless South Africa is given these guarantees, it will be difficult to be a signatory to the agreement.

This was confirmed last night by the Department of Foreign Affairs after reports yesterday about South Africa's stand at the talks last week in Vienna, between a South African delegation and representatives of the major nuclear powers, the United States, the Soviet Union and Britain.

Full participation would include South Africa's right to exchange nuclear technology internationally, no discrimination against it in the buying and selling of uranium, of which South Africa is one of the major producers, and access to nuclear plants world-wide.

South Africa would then have to undertake not to produce nuclear weapons, open its nuclear facilities to international inspection and exchange its own research and technology in the field.

The government's approach to the Nuclear Non-Proliferation Treaty was welcomed yesterday by the Progressive Federal Party.

The PFP spokesman Mr Roger Hulley, MP, said South Africa should do everything possible to participate in the international scientific community.

"Our long delay in not being a signatory has jeopardized our position and cast suspicion on our activities and motives in the past," he said.

The National Democratic Movement leader, Mr Wynand Malan, also said South Africa should sign the international agreements.

Govt spells out stand on nuclear treaty

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"Our long delay in not being a signatory has jeopardized our position and cast suspicion on our activities and motives in the past," he said.

The National Democratic Movement leader, Mr Wynand Malan, also said South Africa should sign the international agreements.

The fuel tax has been increased by 3c/l, while the retail profit margin — which has been under severe pressure and was last adjusted in February 1987 — goes up by 0,6c/l. The margin, says George Bartlett, Deputy Minister of Economic Affairs and Technology, is calculated on a pre-determined “economically viable” turnover for the average service station.

Pump prices have been held constant, explains Bartlett, during an extended period of high inflation. This has resulted in sharp falls in the real prices of petrol and diesel (see graph 1). In June the under-recovery was 7,8c/l for 93 octane petrol.

This has led to “accumulative withdrawals” of R331m on the Equalisation Fund. Without the price increase, the fund would have been exhausted by early September — so a price increase was needed regardless of other important factors.

While demand for diesel is mostly determined by the level of economic activity, demand for petrol is highly elastic in relation both to real price and real disposable personal income. Official figures indicate the real petrol price has dropped by 45% since 1980!

The most serious impact of the recent surge in petrol sales has been, undoubtedly, on the trade account. We are not permitted to know how much foreign currency is spent on crude oil imports, but an educated guess is in the region of R1,5bn-R2bn a year.

A 10% increment, say, to liquid fuel demand would nearly double the percentage of crude oil imports (assuming Sasol provides a little less than half current requirements and produces at capacity at all times).

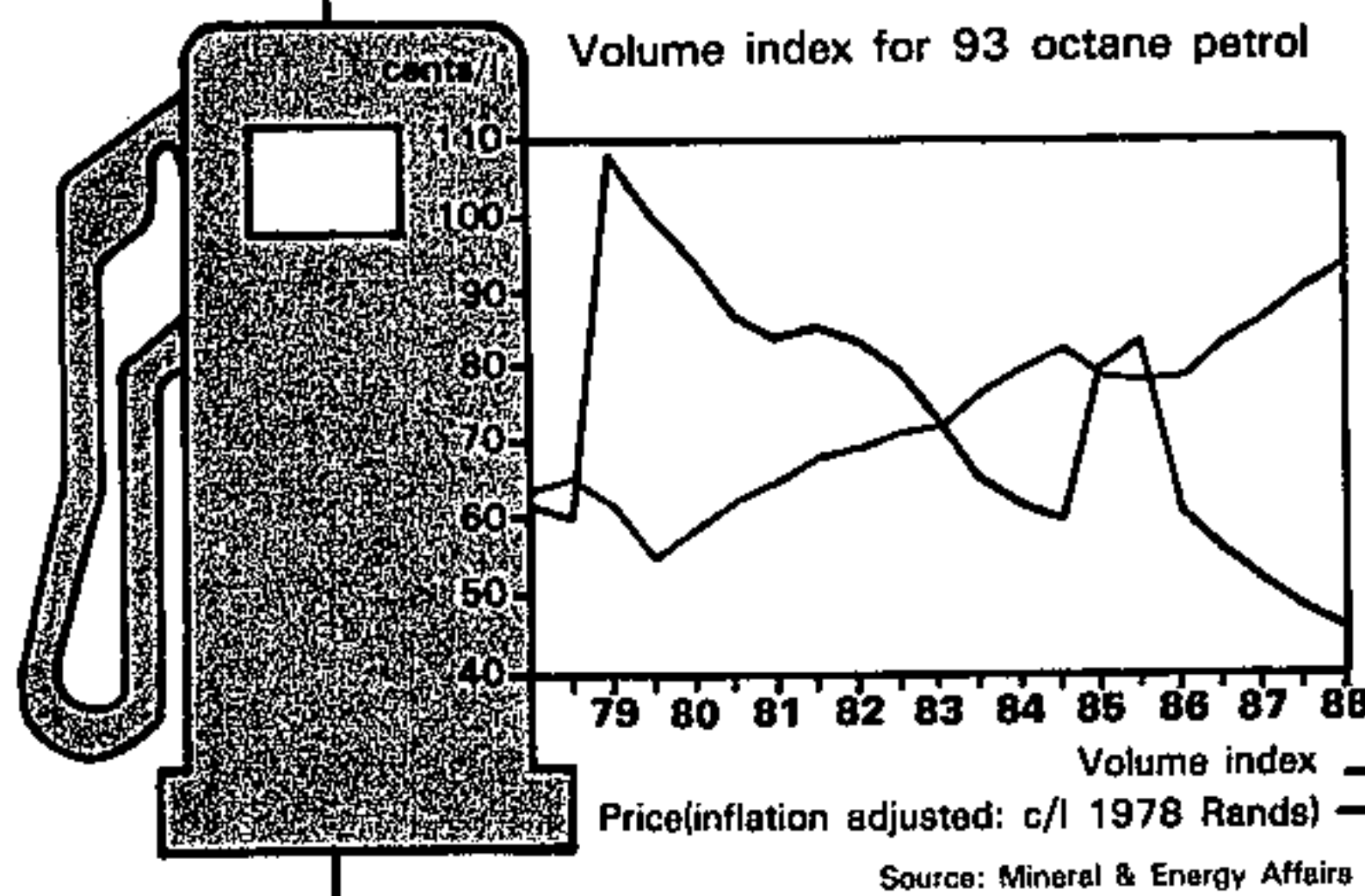
Bartlett makes the point, moreover, that a significant increment to oil imports reduces the degree of self-sufficiency considered necessary for strategic reasons.

Further, relatively cheaper fuel for road haulage has placed additional pressure on highway and public transport systems, and has decreased utilisation of rail transport.

Bartlett claims fuel prices, both before and after taxes and levies, “still compare favourably with other countries” (see graph 2). Table 2 shows the detailed components of the PWV price of 95c/l for 93 octane petrol.

Government has to walk a tightrope be-

Unwanted stimulus



FUEL PRICES

The axe falls

The long-awaited blow of higher liquid fuel prices, effective on September 1, has finally fallen. The recent fall in the rand has forced up the cost of both imported crude and (through the landed cost formula) the price paid to Sasol for its output.

The price of 93 octane petrol goes to 95c/l in the PWV area, and 87c/l at the coast; 98 octane (coast only) goes to 92c/l and 87 octane to 91c/l (PWV); while diesel goes to 87c/l in the PWV and 81c/l at the coast.

PETROL PRICE

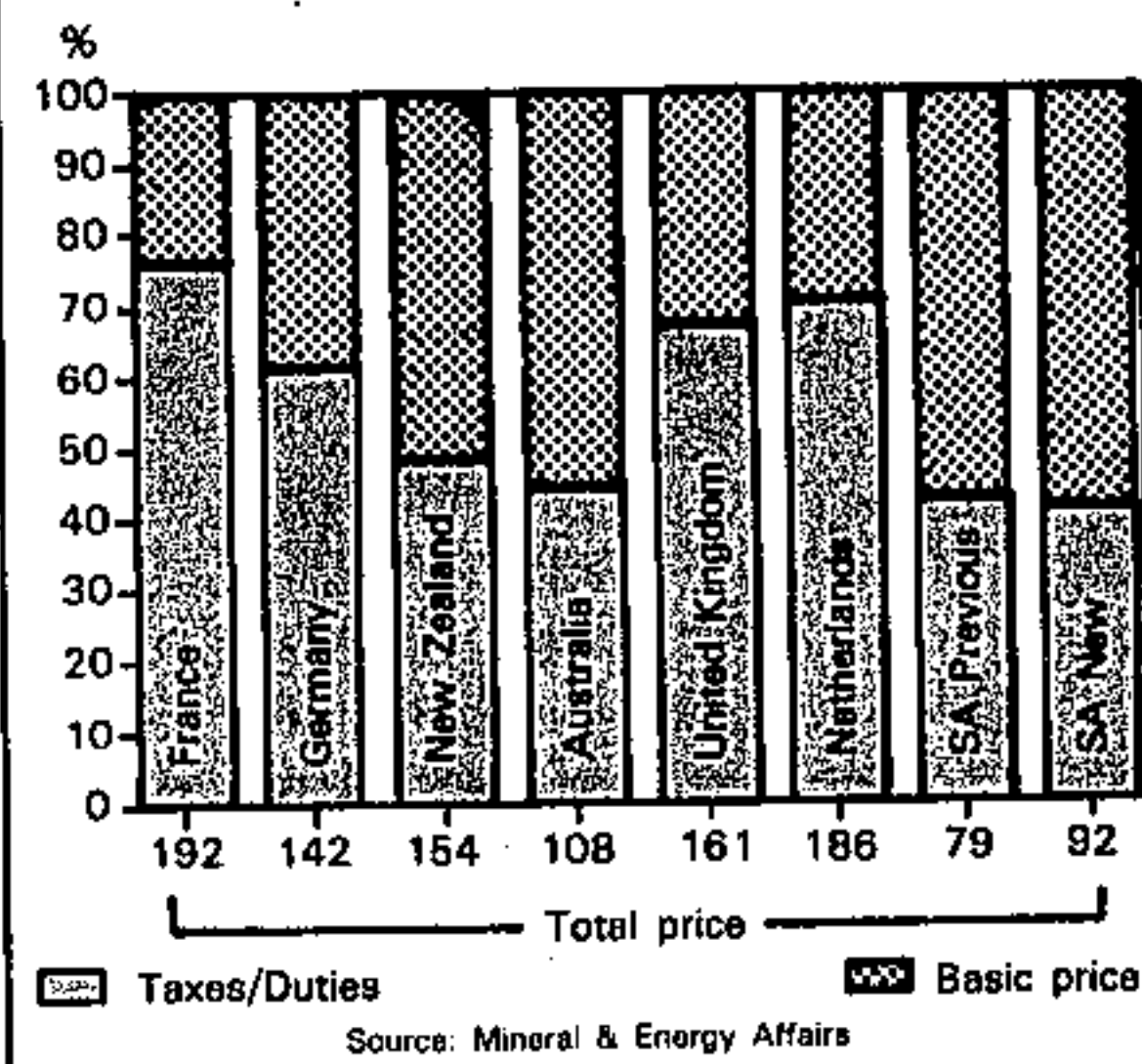
93 Octane on the PWV area

| | cents SA |
|---------------------------|---------------|
| International price | 34,442 |
| Zone differential | 7,8 |
| Customs & excise | 4,0 |
| Equalisation fund | 7,0 |
| MVA | 3,6 |
| Tax | 22,9 |
| Delivery difference | 1,9 |
| Wholesale margin | 5,558 |
| Retail margin | 7,8 |
| | 95,000 |

Source: Mineral and Energy Affairs

A taxing issue

International pump prices



tween balancing the national books for liquid fuels and adding to inflationary pressures. Private-sector calculations suggest the increases could add around 0,6% to the inflation rate. On the other hand, any move to reduce pressure on the current account could ultimately be anti-inflationary.

The biggest losers from the increases will be the oil companies, which have, for some time, had the benefit of increased loadings on their refineries.

Longer term, the trend in liquid fuel prices will continue to be determined by the minuet of international oil prices measured in dollars and the dollar value of the rand. While the oil price has neutral to bearish prospects as the Gulf war ends, sentiment about the rand remains gloomy.

But the restored margin for the Equalisation Fund should enable the new line to be held for some time, even if the net result is a continued increase in rand oil prices. ■

19/8/88 PW 55
 19/8/88 PW 55

55



SA'S NUCLEAR CAPABILITY

A political flash

SA has come closer than ever before to admitting that it has a nuclear arsenal. The indications came from Foreign Minister Pik Botha — on his way to discuss proposals on non-proliferation with the leading "depository" states which are party to the Nuclear Non-Proliferation Treaty (NPT): the US, UK and Soviet Union.

Botha told the media that SA had the capability to make nuclear weapons if it so wished. The purpose of Botha's visit is to discuss issues relating to the NPT with the three depository states. Should SA accede to the NPT, it would become obliged to open to the inspectorate of the International Atomic Energy Agency (IAEA) its uranium enrichment plant at Valindaba, as well as make the obvious commitment not to manufacture nuclear weapons.

The NPT, which was initially drawn up by the "Nuclear Club" of nations which already had nuclear weapon status to prevent the further spread of military nuclear capability, obliges new signatories to renounce attempts to develop nuclear weapons and to open all relevant facilities to inspection (so-called "Full Scope Safeguards"). The quid pro quo is access to nuclear technology strictly intended for peaceful purposes, as well as to the flow of information on such issues, notably safety matters.

Last September, State President P W Botha reacted to political efforts to expel SA from the IAEA (which is a much wider grouping than the body of signatories to the NPT), by stating that SA would consider signing the treaty.

Certain press reports have recently alleged that Botha has indicated the price for SA's accession to the NPT would be the issue of undertakings by its depository states guaranteeing protection against further efforts to expel SA from the IAEA for the usual political reasons. However, well-informed sources say that these reports are inaccurate and that Pik Botha's visit to Vienna is only the start of a long and complex negotiating process.

Recent press reports indicate that SA would insist on the right — untrammelled by sanctions — to buy and sell uranium internationally (including, undoubtedly, enriched uranium for power generation), plus full participation in international exchanges of nuclear technology, before it would be prepared to sign.

At present, all the nuclear facilities associated with the Koeberg nuclear power plant at the Cape are open to international inspection. Moreover, the terms of the contract for the construction of Koeberg bar SA from undertaking any re-processing of fuel elements locally. And any plutonium extracted

from spent fuel may not be returned to SA.

In any event, it would be a formidable scientific undertaking (in terms of radiation and chemical toxicity hazards as well as complexity of chemical separations), to re-process spent fuel elements from a nuclear power plant to extract the plutonium content for bomb manufacture.

Moreover, the mix of plutonium isotopes extracted from spent fuel elements is not at all satisfactory for making a plutonium bomb — which requires Pu239 rather than the Pu240 isotope, which is mainly produced in the mode in which a power plant reactor functions.

On the other hand, SA has thus far refused to let international inspectors anywhere near the Valindaba uranium enrichment plant, which officially is enriching natural uranium for the future use of Koeberg.

It has to be explained that natural uranium contains only 0,7% of the active isotope U235, the vast preponderance being the isotope U238, which, although radioactive, is not spontaneously fissile. The type of power reactor used at Koeberg requires enrichment to a U239 level of around 3% (some four-fold).

But SA years ago announced that it had produced, at Valindaba, enough uranium enriched to 45% of U235 (and used that uranium to fabricate enough fuel elements to charge the nearby Safari research reactor at Pelindaba). As the *FM* commented at the time, the military implications were obvious. To go from 0,7% U235 to 45% represented a degree of enrichment of over 60-fold.

A uranium bomb requires "weapons grade uranium" — that is material containing around 90% of U235, or only twice as much as the content of the quantity reported on. Clearly, the announcement was intended as a signal that SA could, quite easily, achieve the further twofold degree of enrichment required to make weapons-grade uranium.

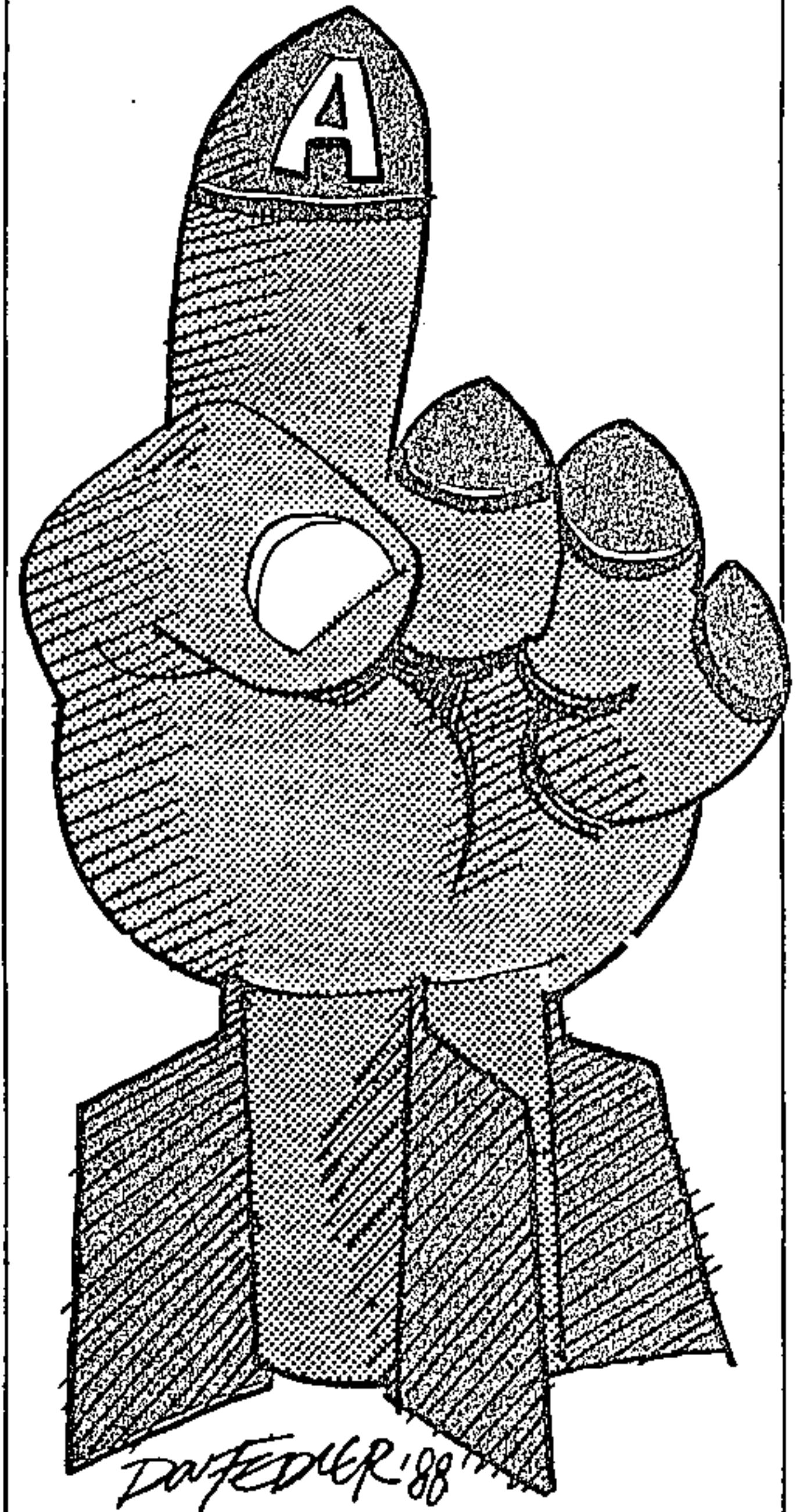
Of course, to make an actual bomb involves further steps, notably the triggering mechanism. But no one has ever seriously doubted that SA possesses a sufficient level of expertise to make a bomb, once it had created a stockpile of weapons grade uranium.

Over the years, various reports or rumours have surfaced pointing in the direction of efforts to develop a nuclear weapons capability. It was reported that SA had built a suspicious looking tower in the Kalahari desert, to which the Soviets drew American attention, claiming that this was evidence that SA was planning to test a bomb.

Then there was the vexed issue of the

"double flash" of light observed in the southern Atlantic in 1979, which experts said was the characteristic "signature" of a nuclear explosion. But no radiation from the supposed explosion was ever detected. And there have been repeated allegations (strongly denied by SA) that this country and Israel work hand-in-glove on nuclear weapons research.

The British *Sunday Times* recently quoted American experts as attributing to SA a



nuclear arsenal of between nine and 23 bombs, deliverable through artillery, aircraft, or even ballistic missiles.

It is an easy guess that SA is making strenuous efforts to improve its international image, through attempting to appear very reasonable both on the terms of an Angolan-Namibian settlement and on the vexed question of nuclear weapons.

Whether the depository powers to the NPT can effectively deliver the guarantees that SA requires to justify its adherence remains to be seen. At the very least, we may suppose that SA has had to give certain

commitments to the outgoing Reagan administration as the price for assuring a presidential veto of the Wolpe-Dellums sanctions Bill, if it overcomes the hurdles of a hearing and a vote in the US Senate.

There might also be the hope that SA could fortify itself against one element of sanctions by signing the NPT while it is still in office, which would confer all sorts of tactical advantages in the supply of enriched uranium if Michael Dukakis wins.

Linkages exposed

If SA, against the odds, were in the NPT by next January, the linkages between American abstention from uranium sanctions and SA's abstention from bomb manufacture would be fairly clearly exposed, even to the most obtuse US legislators.

On the other hand, sceptics (or perhaps cynics) might argue that it is relatively cheap to make offers *in principle* of this sort, knowing that even the Reagan administration could not effectively assure SA's supplies of enriched uranium at this stage in the US political process — so that SA's offer would, in principle, boil down to a gesture.

The FM remains cautious: it is difficult to believe that SA would readily be prepared to sign away its ability to create (or perhaps augment) a stockpile of nuclear weapons for the sort of gains achievable through membership of the NPT (with an assurance of continued membership of the IAEA thrown in for good measure).

After all, the possession of a modest, but credible nuclear deterrent must have enormous political/military value, through vastly reducing the probability (itself admittedly not large) of an invasion of SA by either

superpower.

Plausibly, we will not discover how much SA is really prepared to give away, at least until after the American presidential election in November. ■

(S)

19/8/84 FM

SS STimes 28/8/88

By Robyn Chalmers

Climatic changes raise the risks

ONE of the most serious threats to future short-term insurance profits is catastrophes caused by climatic changes.

SA Insurance Association (SAIA) chief executive Rodney Schneeberger says storms are "possibly the most worrisome to the industry".

"The Natal storms last year, which cost insurers R400-million, were not as meteorologically freakish as many think. They could easily happen again and not only in Natal.

"SAIA has directed its special perils committee to review the situation."

Crosshead

Munich Reinsurance seismologist and meteorologist Gerhard Berz expresses similar ideas in Insurance and Finance.

"The increasing frequency and intensity of weather-related incidence resulting in damages constitute a risk that has not yet generally been taken seriously.

"In addition to the increased value concentration and the pushing ahead of man and industry into danger zones which formerly were not or hardly populated, this must be seen as associated with a definitely more apparent change in the earth's climate."

Mr Schneeberger says one of the major problems is that SA's population has grown.

"If a heavy storm took

place 15 or 20 years ago it could easily have hit open land. Nowadays the chances are that it could easily strike a built-up area."

Dr Berz says "agriculture and forestry have reshaped the picture of the earth's surface."

"Think of the enormous clearing operations -- formerly in the middle latitudes, today also in the tropics -- which have reduced the forestry area from 36% to 25%.

"The use of fossil fuels changes the composition of the earth's protective gas envelope.

"The carbon dioxide released during these combustion processes has increased by nearly 30% since industrialisation started, and will at least double in the next century."

Dr Berz believes that change in climatic conditions will be accompanied by an extraordinary accumulation of anomalies which as a rule will turn out to be catastrophes.

Mossel Bay sticks to familiar fuel conversion method

THE process for Mossel Bay's gas-to-petrol project will be the same local synthol technology as used by Sasol.

Mosgas projects director Bob St Leger added that they would not be using Shell's recently disclosed direct method.

Sapa reports Shell announced in the Netherlands its new direct method to produce diesel, kerosene and petrol from natural gas.

HELOISE HENNING

St Leger told Business Day various processes were looked at before the Mosgas project was started but confidence in SA's well-proven synthol method, used by Sasol, was adopted.

When the decision was made the Shell method was not ready.

He added that it would not be feasible to discontinue the Mosgas project to reinvestigate Shell's technology

and it would have to be established that it would be available to SA.

SA is one of the few countries to adopt a gas-to-petrol/diesel project. New Zealand manufactures gas-to-petrol. British Oil transfers gas from the North Sea and feeds it directly into a nationwide grid.

The Shell development is, nevertheless, considered important because world crude oil reserves are

dwindling as more natural gas fields are discovered.

The method of transporting natural gas is costly and dangerous. Liquefied natural gas has to be placed under high pressure. Shell's method converts natural gas directly into another fuel.

Shell is negotiating with Malaysia to build the first plant based on the new process, Sapa reports.

INDIFFERENT SDDP two-stage plan for total trade embargo

HOUSE OF DELEGATES

Minister of National Education.

†Indicates translated version.

For written reply:

General Affairs:

Own Affairs budgets: formula for transfer of moneys

26. Mr M RAJAB asked the Minister of Finance:

- (1) Whether his Department has determined a formula for the statutory transfer of moneys to the budgets of own affairs departments; if so, (a) what is this formula, (b) how was it determined, (c) for how long has this formula been applied and (d) who had the final say in approving this formula;
- (2) whether the Ministers' Councils of the three Houses of Parliament were consulted before the formula was finalized; if not, why not; if so, with what result;
- (3) whether this formula is applied in determining the financing requirements of the three Departments of Education and Culture; if not, (a) why not and (b)(i) what formulae were used in respect of the past two financial years, (ii) how were they determined and (iii) which own affairs administrations approved them;
- (4) whether he will make a statement on the matter?

The MINISTER OF FINANCE:

- (1) Regarding education, the Minister of Finance has already given his approval for the application of a subsidy formula for education proposed by the Minister of National Education. This formula was used as reference in finalising the budget allocations for education in the current financial year, but has not yet been approved as general education policy by the

Minister of National Education.

Formulae for welfare services and housing do exist, but are not yet being applied as such; they are however, taken into account as a guideline for budget allocations.

(a), (b), (c) and (d) fall away.

- (2) Yes, as far as education is concerned. The National Policy for General Education Affairs Act, 1984 (Act No 76 of 1984), determines that the Minister of National Education must consult with the Ministers of departments of State responsible for education before determining general education policy. This consultation has already taken place in respect of the subsidy formula for education which is already being used as reference in determining the budget allocations for education. Final negotiations are taking place in order to approve these formulae as general education policy.

The formulae for welfare services and housing have been approved by the Ministers' Councils of the three Houses of Parliament.

- (3) (a) The formulae for welfare services and housing are not yet being applied, since proposals made by the Administration: House of Assembly in consultation with the other two Administrations for the refinement of the existing formulae are still under consideration. Legislation to authorise the Minister of Finance to determine these formulae after consultation with the relevant Ministers in the three Ministers' Councils, will be tabled during the 1989 session of Parliament.
- (b) Falls away.
- (4) No.

HOUSE OF ASSEMBLY

†Indicates translated version.

For written reply:

General Affairs

RSA diplomatic missions: alien staff members

1303. Mr C J DERBY-LEWIS asked the Minister of Foreign Affairs:

- (1) What is the policy of his Department in regard to appointing aliens to serve as members of the Republic's diplomatic missions abroad;
- (2) whether any aliens have been appointed as staff members of such missions; if so, (a) in what capacities do they serve, (b) what percentage of the total staff complement of his Department do they comprise and (c) in respect of what date is this information furnished;
- (3) whether any tasks currently performed by such aliens can be performed by South African citizens; if so,
- (4) whether he intends replacing the aliens concerned by South African citizens; if not, why not?

The MINISTER OF FOREIGN AFFAIRS:

- (1) Aliens are not appointed as members of the Republic's diplomatic missions abroad.

- (2) It is not in the country's interest to furnish this information publicly.
- (3) and (4) fall away.

Electricity consumption

1355. Mr A E NOTHNAGEL asked the Minister of Economic Affairs and Technology:†

- (1) What (a) was the total consumption of electricity in South Africa in 1987 and (b) is it estimated to be in 1988;
- (2) what in respect of (a) each of the independent Black states, (b) each of the self-governing territories, and (c) the (i) municipal areas (excluding the Coloured, Indian and Black residential areas in such

Handwritten: *Handwritten* and circled **55**

- areas) and (ii) (aa) Coloured, (bb) Indian and (cc) Black residential areas in such municipal areas of Pretoria, Johannesburg, Vereeniging, Bloemfontein, Durban and Cape Town, respectively, (aaa) was the consumption of electricity per household in 1987 and (bbb) is it estimated to be in 1988;
- (3) what (a) was the total (i) industrial and (ii) other consumption of electricity in South Africa, (aa) including and (bb) excluding the independent Black states and self-governing territories, in 1987 and (b) is it estimated to be in 1988?

The MINISTER OF ECONOMIC AFFAIRS AND TECHNOLOGY:

- (1) Electricity sales (consumption) in South Africa
 - (a) 1987 : 124 597 GWh
 - (b) 1988 : 129 855 GWh
- (2) (a) Independent Black states (1986 GWh)
 - Transkei 85
 - Bophuthatswana 1 806
 - Venda 54
 - Ciskei 191
- (b) Self-governing territories (1986 GWh)
 - Lebowa 135
 - KwaZulu 293
 - Kangwane 27
 - Ndebele 13

These figures do not reflect the total consumption in these relative countries since some of them partly generate their own electricity and these figures are not available.

| (c) (i) Municipal areas | Electricity sold by municipalities (1985 GWh) (for household, commerce and industry) |
|-------------------------|--|
| Pretoria | 3 805 |
| Johannesburg | 5 143 |
| Vereeniging | 351 |
| Durban | 5 850 |
| Cape Town | 3 057 |
| Bloemfontein | Not available |

Husband

Husband

Husband

Husband

(ii) (aa), (bb) and (cc):

| | (aaa) |
|---|---------------|
| Average annual electricity consumption per household (1905 KWh) | 9 413 |
| Pretoria | 16 996 |
| Johannesburg | 11 730 |
| Vereeniging | 7 665 |
| Durban | Not available |
| Cape Town | Not available |
| Bloemfontein | Not available |

The subdivision of these statistics by population group is not available.

(bbb) Average annual consumption per household is almost constant in established areas but rapidly increases in areas which recently have been electrified. Detailed data is not available.

(3) Total electricity consumption (GWh in 1986)

| (a) (i) Commerce and industry 63 743 (Not yet separately available) | Other: |
|---|--------|
| Residential | 17 644 |
| Mining | 29 942 |
| Transport | 6 156 |
| Agricultural | 2 863 |

Statistics for 1987 are not yet available, but projected, it will be approximately 3,5% higher.

Voters: race and age categories

1357. Mr A E NOTHNAAGEL asked the Minister of Home Affairs:†

According to the latest available voters' lists, how many voters in respect of each specified race group fall in each of the age categories particulars of which have been furnished to the Minister's Department for the purpose of his reply?

The MINISTER OF HOME AFFAIRS:

According to the voters' lists as at 31 July 1988 the required information is as follows:

| | Whites | Indians | Coloureds |
|-----------|------------------|----------------|------------------|
| 18-20 | 211 283 | 38 956 | 93 619 |
| 21-25 | 397 118 | 88 087 | 279 188 |
| 26-30 | 393 146 | 87 733 | 300 006 |
| 31-35 | 347 683 | 87 186 | 248 392 |
| 36-39 | 251 808 | 66 690 | 154 001 |
| 40-45 | 345 065 | 86 117 | 170 098 |
| 46-50 | 236 093 | 56 179 | 115 064 |
| 51-55 | 198 254 | 42 709 | 96 962 |
| 56-60 | 181 277 | 33 752 | 77 313 |
| 61-65 | 156 730 | 24 757 | 57 146 |
| 66-70 | 135 379 | 17 444 | 43 590 |
| 71-75 | 107 211 | 10 759 | 29 413 |
| 76-80 | 80 001 | 5 841 | 20 912 |
| 81-85 | 47 799 | 2 455 | 10 789 |
| 86-90 | 16 867 | 1 017 | 13 633 |
| 91-95 | 6 740 | 232 | 1 483 |
| 96-100 | 1 926 | 64 | 664 |
| 101-older | 563 | 25 | 359 |
| | <u>3 114 943</u> | <u>650 003</u> | <u>1 712 632</u> |

Ostrich skins: RSA/Bophuthatswana trade agreement

1427. Mr C J DERBY-LEWIS asked the Minister of Agriculture:

Whether there is a trade agreement between the Governments of South Africa and Bophuthatswana regarding the tanning of ostrich skins; if so, what are the relevant details?

The MINISTER OF AGRICULTURE:

No.

Own Affairs:

Agricultural colleges: student numbers

179. Mr R J LORIMER asked the Minister of Agriculture and Water Supply:

(a) How many (i) White, (ii) Coloured, (iii) Indian and (iv) Black students (aa) had applied for admission to and (bb) were enrolled at each specified agricultural college under the control of his Department as at the latest specified date for which figures are available and (b) (i) what was the capacity of, and (ii) how many vacancies were there at, each such college as at that date?

The MINISTER OF AGRICULTURE AND WATER SUPPLY:

| Agricultural College | (a) (i) Whites | | (a) (ii) Coloureds | | (a) (iii) Indians | | (a) (iv) Blacks | | (b) (i) Capacity | (b) (ii) Vacancies |
|----------------------|----------------|------|--------------------|------|-------------------|------|-----------------|------|------------------|--------------------|
| | (aa) | (bb) | (aa) | (bb) | (aa) | (bb) | (aa) | (bb) | | |
| Cedara | 173 | 73 | — | — | 3 | 2 | 90 | — | 75 | — |
| Eisenburg | 203 | 100 | 2 | — | — | — | 9 | — | 100 | — |
| Glen | 122 | 75 | — | — | — | — | 28 | — | 80 | 5 |
| Grootfontein | 106 | 61 | — | — | — | — | — | — | 64 | 3 |
| Potchefstroom | 142 | 95 | — | — | — | — | 80 | — | 95 | — |

Information as on 1988-08-24

Note: Vacancies arose as a result of students who withdrew from the course.

By Janet Heard

Service stations on the Witwatersrand were quiet this morning after last night's last-minute rush by motorists to fill their tanks before the petrol price increase.

In a snap survey, all garage owners who spoke to The Star reported a very busy night last night and all but one said they had had virtually no petrol sales today.

"Last night was an absolute madhouse, but by midnight it died down. Today, we may as well pack up and go home," said Mr Joe Bishop of Kensington

'Fill 'er up' rush drops ^(CS) to a trickle this morning ^{SMA 11/9/88}

Gardens Service.

Mrs Jenny Laas of M and M Service Centre, Randburg, said that since 6.30 am no-one had called for petrol. Yesterday she had had at least double the normal number of customers.

Mr Sid Miller of Probus Service Centre in Bertrams said: "I don't think we we have sold a litre today. We were very busy last night and extended our

trading hours to cater for the demand."

Mr Kobus Swart of Lonéhill Service Station said: "There has been quite a steady flow of customers this morning buying at the new price."

Two service station owners said they had difficulty getting their normal deliveries over the past week, but only one said he ran out of petrol yesterday.

Air ace not guilty ^{AR 64 S} after long secret trial

By VERNON BRENT
Staff Reporter

KOREAN war air ace and arms dealer Brigadier Johann "Jannie" Blaauw was today acquitted of fraud, extortion, corruption and contravening the Nuclear Energy Act.

The acquittal ended a year-long secret trial in the Supreme Court, Cape Town, from which the Press and public were barred.

Mr Justice Friedman ruled that only the charges and verdict be made public.

"The charges are so inter-related that it is not possible to deal with any one of them without revealing the identity of the complainant in the attempted extortion, or contravening a ministerial notice in terms of the Nuclear Energy Act which ordered the trial be held in camera," he said.

"Much of the evidence dealt with State security matters, which it would not be in the public interest to disclose."

The judge said Brigadier Blaauw was accused of four offences.

The first was attempted extortion, relating to an alleged attempt by Brigadier Blaauw to obtain certain rights for himself by bringing unlawful pressure to bear on a person in public office.

In the second count it was alleged he fraudulently obtained possession of a document dealing with nuclear affairs.

It was alleged that he contravened the Nuclear Energy Act, alternatively the Atomic Energy Act, by possessing the document.

He was also alleged to have given money to a civil servant as a reward for obtaining certain benefits. He was charged with corruption.

Millions in SA battle with ancient sources of energy

By Norman Chandler

It's a back-breaking task trekking 10 km most days collecting wood to heat a home, boil water or cook over a fire.

But that's what half the country's black population is doing every day — because they do not have access to electricity despite South Africa having the largest power grid on the African continent and supplying electricity to Lesotho, Botswana, Swaziland, Namibia and Mozambique.

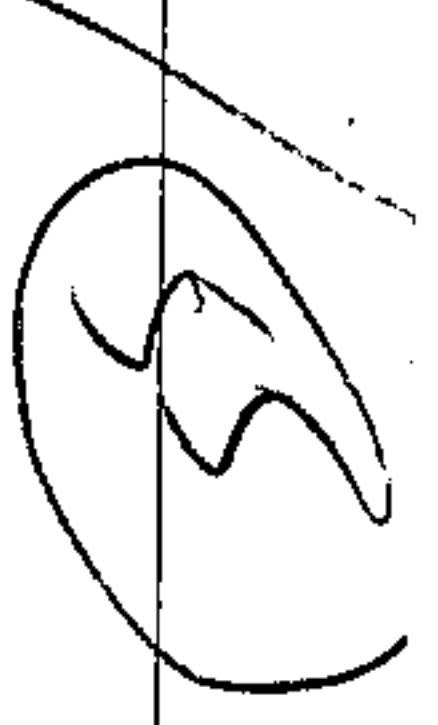
There are 9,3 million blacks in urban areas and on farms, as well as another 12 million in the homelands, who are unable, at the flick of a switch, to cook, read, study or watch television... which most people take for granted.

It is estimated that it would cost about R9 400 million to bring electricity to the 2,5 million homes in which these 21 million people live.

Government statistics now show that about 92,6 per cent of black homes in Natal, 87,4 per cent in the Cape, 95,4 per cent in the Free State, 37,5 per cent in the Rand and Vaal Triangle areas and 78,5 per cent in the rest of the Transvaal are without electricity.

This means there are 3,3 million people living in metropolitan areas, 1,5 million in peri-urban areas, and 4,5 million on farms who use wood, paraffin, candles and coal as an energy source — plus double that number in the homelands.

The latest developments on the generation of power in South Africa back up a statement made to The Star recently by Eskom's chief executive, Mr Ian



McRae, who said that 80 percent of the country was without electricity and that efforts were being made to rectify the situation.

Dr A A Eberhard of Eskom's energy research unit in Cape Town says that only 1 percent of people in the homelands, 14 percent on farms, 3 percent in villages and small towns, and 29 percent in townships have electricity.

Villagers spent a hard-earned R197 a year on finding wood and buying candles, paraffin and coal for heating purposes, while in peri-urban areas the same commodities cost up to R403 a year. In kwaZulu "the back-breaking task of collecting a 40 kg load of wood sometimes requires a round trip of 10 km and takes up to 150 million man hours a year."

Dr Eberhard says that electrification of homes would be a major improvement in virtually all spheres of life.

Pollution

He backs up research done by Mr Charles Dingley of the University of Cape Town's energy research unit, who says it is cheaper to have electricity than to use wood as an energy source — "an open fire provides 5 percent energy and the remaining 95 percent of wood is wasted". Energy availability from electricity is between 30 and 36 percent.

"It is safer than candles or lamps. In Cape Town alone, 100 houses a year burn down because of this," Mr Dingley said.

Dr Eberhard lists a reduction in urban pollution, increased security and improvement in the quality of

life as well as informal sector productivity as some of the benefits of electricity.

It also provided greater job opportunity, as well as increased agricultural productivity and decreased environmental degradation and deforestation.

He says that while Eskom has excess capacity at present and is capable of supplying electricity to meet southern Africa's present requirements, it needs new customers be they local purchasers or neighbouring states.

And if the capacity is used up, then co-operation between southern African states could mean that South Africa may buy energy from countries such as Zimbabwe, Swaziland and Botswana in the short-term, and from Malawi, Zaire, Zambia and Mozambique in the long-term if coal resources and potential hydro-electric opportunities were exploited.

The Government's statistics show that some townships near major urban centres are almost totally without electricity.

These include Lamontville (near Durban) and townships near Port Elizabeth, Grahamstown, Bloemfontein and on the West and East Rand.

There is a virtual total black-out in the Natal interior and townships in a huge area of the southern, eastern and north-eastern Cape are not on the national network.

The Lebowa government has asked Eskom to supply electricity to 97 000 homes and 200 businesses, and 2 600 prospective individual customers are waiting for the power grid to reach kwaZulu's hinterland.

SA stays in nuke agency

B/day

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SP

VIENNA — African states yesterday backed down from a bid to oust SA from the International Atomic Energy Agency (IAEA) after the Soviet Union failed to support the move for the second year running.

23/9/88

African diplomats said the Nigerian-led group withdrew a call to delegates at the IAEA's conference to suspend Pretoria after Moscow indicated it wished to keep SA in the UN body.

The group said it had withdrawn its resolution until next year's conference after Soviet delegates indicated they be-

lieved Pretoria would soon sign the 1970 Nuclear Non-Proliferation Treaty (NPT).

DIANNA GAMES reports that Foreign Minister Pik Botha and Mineral and Energy Affairs Minister Danie Steyn met in August in Vienna with US, UK and Soviet Union representatives to discuss SA's concerns regarding membership of the NPT.

Sources said there was not total conformity of views on the issues and another SA team went overseas earlier this month for more talks. — Sapa-Reuter.

Business Staff

ANOTHER oil and gas project in the Mossel Bay area could get off the ground in the next few years.

This is the conclusion to arise from the latest drilling results announced by Soekor, taken in conjunction with recent technological developments.

During the past 18 months Soekor has revealed several oil strikes. In March last year, the E-AAI well, with a flow rate of 5 000 barrels of crude oil a day and 6-million cubic feet of gas, was discovered about 120 km south west of Mossel Bay.

In May, a much more exciting discovery was made in the form of the E-ADI well, which is 5,5 km south east of E-AAI. This well has a flow rate of 7 000 barrels of oil a day and 58-million cubic feet of gas.

Last week Soekor announced that two more small oil deposits had been discovered nearer to the Mossel Bay coast.

The importance of these discoveries should be assessed in the light of technological developments in the global oil industry — in particular, Shell's recently-disclosed new method

discovered for converting natural gas into oil.

Indeed, the near-monopoly held by crude oil in providing the world's transport fuels is about to be broken by schemes underway at major oil companies to produce petrol and diesel from natural gas.

Shell and BP, the world's second and third largest oil companies, are pushing rapidly ahead with development of the schemes, which could be producing commercially within 10 years.

The plans, which would facilitate the exploitation of the world's vast but largely untapped reserves of natural gas, have been made possible by technological break-throughs which have markedly reduced the costs involved in processing natural gas into liquid fuels.

The technologies promise to increase the availability of relatively low-priced petrol and diesel fuel at a time when the grip of Opec oversupplies of oil to the non-communist world could otherwise become as strong, if not stronger, than prior to the first oil crisis in 1973.

Shell is in advanced negotiations with Petronas, the Malay-

sian state oil company, to build a gas conversion plant at Bintulu in the Saranak province to produce high quality middle-distillate products used in diesel and aviation fuel.

The plant, which could be operational in 1993, would have a capacity of 12 000 barrels a day and cost about \$500-million.

BP similarly claims to have developed a new conversion process. Although the details are being kept secret, the process would manufacture ordinary petrol from natural gas. And it claims that it would be competitive even with oil prices at less than \$20 a barrel.

The company plans to start construction of a demonstration plant for the process next year that would allow it to test the process on a relatively large scale before moving to full commercial development.

The Mossel Bay project, which is due to come on stream in 1991, is one of the few in the world which incorporates a gas-to-petrol and diesel process. It is based on the same local technology as that used by Sasol to convert coal into oil and is called the synthol method.

FUTURE PROJECTS

It would not be practical to discontinue the Mossel Bay scheme to take advantage of Shell's technology, even assuming it were available.

The Shell development could nevertheless be relevant to any future gas-to-petrol projects established at Mossel Bay.

With the Mossgas project, natural gas is to be converted into liquified form — a costly process. If the Shell process is cheaper, it could materially improve the prospects for the development of a much larger synfuel industry exploiting the oil and gas deposits off the Cape coast.

Mossel Bay strikes oil & gas looks a winner

w/c ARG 24/9/88

SARAWAK STATE PRESS 24/9/88

Husband

2271

WEDNESDAY, 28 SEPTEMBER 1988

55

2272

HOUSE OF ASSEMBLY

Indicates translated version.

For written reply:

General Affairs



KwaNdebele: civil claims against police force

1069. Mr F J LE ROUX asked the Minister of Constitutional Development and Planning:†

Whether any civil claims were brought against the police force of KwaNdebele during the period 1 January 1986 to 31 December 1987; if so, (a) how many such claims were (i) brought and (ii) disposed of, (b) what total amount was involved, (c) what did the legal costs amount to and (d) what total amount has already been granted by the court against this police force?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

The police function was transferred to the KwaNdebele Government on 1 April 1986. I am not in a position or prepared to reply to questions regarding matters which fall under the jurisdiction of another government.

(a), (b), (c) and (d) fall away.

KwaNdebele: civil claims against Government

1070. Mr F J LE ROUX asked the Minister of Constitutional Development and Planning:†

Whether any civil claims were brought against the Government of KwaNdebele during the period 1 January 1986 to 31 December 1987; if so, (a) how many such claims were (i) brought and (ii) disposed of, (b) what total amount was involved, (c) what did the legal costs amount to and (d) what total amount has already been granted by the court against the Government of KwaNdebele?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

Civil claims brought against a government is an internal matter of that government.

I am not in a position or prepared to reply to questions regarding matters which fall under the jurisdiction of another Government.

(a), (b), (c) and (d) fall away.

Husband

2273

WEDNESDAY, 28 SEPTEMBER 1988

2274

By the Provincial Government of Transvaal:

(f) Meetings are held between members of the Executive Committee and the Administrator and Mayors and Executive Committee Members of local authorities, to address the issue, i.e. Soweto, Lekoa, Dobsonville, Jouberton and Ratanda.

(g) Councils which do not attempt to bring its financial matters in order, are moved from office and administrators are appointed, i.e. Diepmeadow, Embalehle and Tokoza.

(h) In the case of Soweto the Dr. Simon Brand Working Group has been appointed to address the financial problems of Soweto. Recommendations of the Working Group will be applied to other local authorities.

(b) ± 13 months.

Beaches: open/reserved

1179. Mr C J DERBY-LEWIS asked the Minister of Constitutional Development and Planning:

(1) Whether there are any beaches on the coastlines of the Cape Province and Natal that are open to members of all race groups; if so, which beaches;

(2) whether any beaches on these coastlines are reserved solely for use by (a) Whites, (b) Coloureds, (c) Indians and (d) Blacks; if so, (i) which beaches in each case, (ii) in terms of what statutory provisions and/or regulations and (iii) what are the penalties for contravening these statutory provisions and/or regulations?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

This matter vests in the Administrators of the Cape Province and Natal and they furnished the following information:

NATAL

(1) Yes; all beaches are open to all members of all race groups except Durban's South Beach, Addington Beach and Anstey's Beach; and Richards Bay's Alkant Beach.

(2) (a) Whites, yes

(b) Coloureds, no

(c) Indians, no

(d) Blacks, no

(i) Durban's South Beach, Addington Beach and Anstey's Beach; and Richards Bay's Alkant Beach.

(ii) Durban

In terms of the Durban Beach Bylaws published in terms of the Local Authorities Ordinance, No 25 of 1974.

Richards Bay

In terms of the Reservation of Separate Amenities Act, No 49 of 1953.

(iii) Durban

As prescribed by the Durban Beach Bylaws made in terms of the Local Authorities Ordinance No 25 of 1974.

Richards Bay
As prescribed by Section 2(2) of the Reservation of Separate Amenities Act, No 49 of 1953.

CAPE PROVINCE

(1) Yes. It is, however, not possible to provide a list of the open beaches. Local authorities were until recently responsible for demarcation resulting in that all information is at present only available from the different local authorities. The Cape Provincial Government is presently obtaining the information.

(2) (a), (b), (c), (d) and (i) Fall away. (See (1) above.)

(ii) In accordance with the reservations of Separate Amenities Act, Act No 49 of 1953.

(iii) As prescribed by the Separate Amenities Act, Act No 49 of 1953.

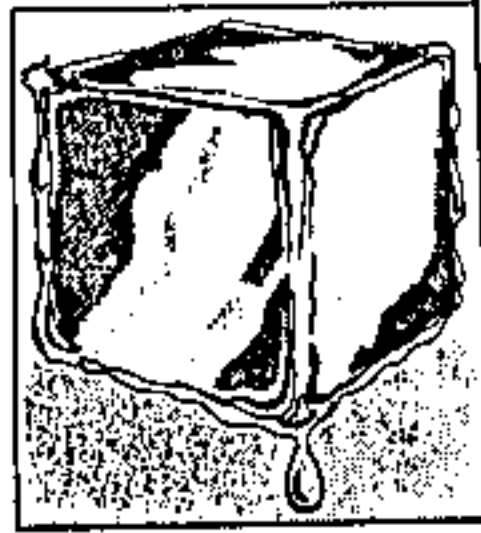
Black communities/townships: resettlement

1206. Mr K M ANDREW asked the Minister of Constitutional Development and Planning:

(1) (a) How many Black communities or townships remain to be removed or resettled in each province, (b) what is the (i)

Saving time

■ The power giant is matching output to need — painful, but rational



Eskom's plans to shut down or mothball 13 power stations — and delay completion of the giant Majuba plant by up to five years — have provoked some surprising reactions. Why all the

fuss? It is a market-related move.

Comments from the unions — expressing bitterness at the loss of members' hitherto "safe" jobs — were to be expected. Less predictable has been others' reaction.

It's been a private-sector rallying call for years that inefficiency and over-staffing in the public sector is costing the country billions of rands. Privatised or reduce staff — preferably both — and we'll all be better off, according to conventional wisdom.

Eskom has not privatised yet, although the appointment of chairman John Maree three years ago to oversee the introduction of harsh private-sector realities to the corporation was the first step. Since then, staff has been cut by more than 14%. If the latest cuts are carried through, Eskom's payroll will have fallen from 66 000 to about 52 000.

The decision to close down or mothball uneconomic stations is part of the same process of cutting costs — which suggests a degree of hypocrisy in some of the criticism levelled at Eskom since the announcement. After all, the critics include those who have been most vociferous in support of more cost-

effective State activities.

That's not to say Eskom's cutback programme is flawless. By no means — it is simply unavoidable. If it can operate more efficiently with fewer people and fewer power stations, it must do so. The alternative is for Eskom to continue subsidising 13 500 unnecessary workers and a handful of uneconomic stations.

Ultimately, of course, it is not Eskom which is doing the subsidising, but the consumer through higher electricity tariffs. Generation GM Paul Semark estimates the latest job cuts will save Eskom about R650m in the next five years. Without those savings, he says, Eskom can't keep to its intention of maintaining annual tariff increases at 2% below inflation.

The main problem facing Eskom, in deciding how to cut costs, is historical. From taking a decision to build a new station, to bringing it on stream, takes about 12 years.

At the time Eskom was planning its huge power station programme for the Eighties, electricity demand was expected to grow by 8%-9% a year until the end of the century. Reality just hasn't kept pace with expectations and growth has fallen to about 4,5%, with little prospect of recovery in the years ahead.

Electrification of black townships, expected to be the mainstay of Eskom's market growth, is proceeding at a snail's pace.

CE Ian McRae largely blames international sanctions against SA and their impact on the country's economy — both urban and industrial — for the slow growth. That may be one reason; but political uncertainty, economic mismanagement and high inflation are at least as important.

In the event, Eskom found itself sitting on an enormous over-supply of electricity. Delaying the commissioning of new power stations for the last two years put off the problem, but didn't send it away. The decision to permanently close two stations — only a year ahead of schedule, mind you — and mothball several others became inevitable.

Current Eskom generating capacity of nearly 30 000 MW (see graph) exceeds demand by nearly 50%. Without mothballing, potential capacity would rise to more than 36 000 MW by 1991 and demand to less



Semark ... the alternative is tariff hikes

than 23 000 MW. Were Majuba to become operational on schedule and other plant continue as planned, 1995 capacity of 42 400 MW would outweigh demand of 26 200 MW.

And that's without taking Mozambique's Cahora Bassa hydro-electric scheme into account. It can supply SA with a further 1 400 MW — at cheaper than average domestic costs, even though, according to Semark, "it must prove itself. We have to run it for a couple of years to see if it's dependable. At this stage, it doesn't figure in our calculations."

The cutbacks are not as drastic as they might at first appear. Total capacity to be closed or mothballed amounts to about 4 000 MW — the equivalent of a single new power station like Kendal or Majuba. The delay in commissioning the latter will reduce potential by a similar figure.

The mothballing will also permit Eskom to keep its mid-range plants going until well into the 21st Century. Closures will allow technicians to modernise and add a potential 25 years to their life — at a fraction of the cost of new replacements.

"It would probably cost R6bn to replace that 4 000 MW at the moment," says Semark. "We think we can go through a comprehensive refurbishment for about 20% of that."

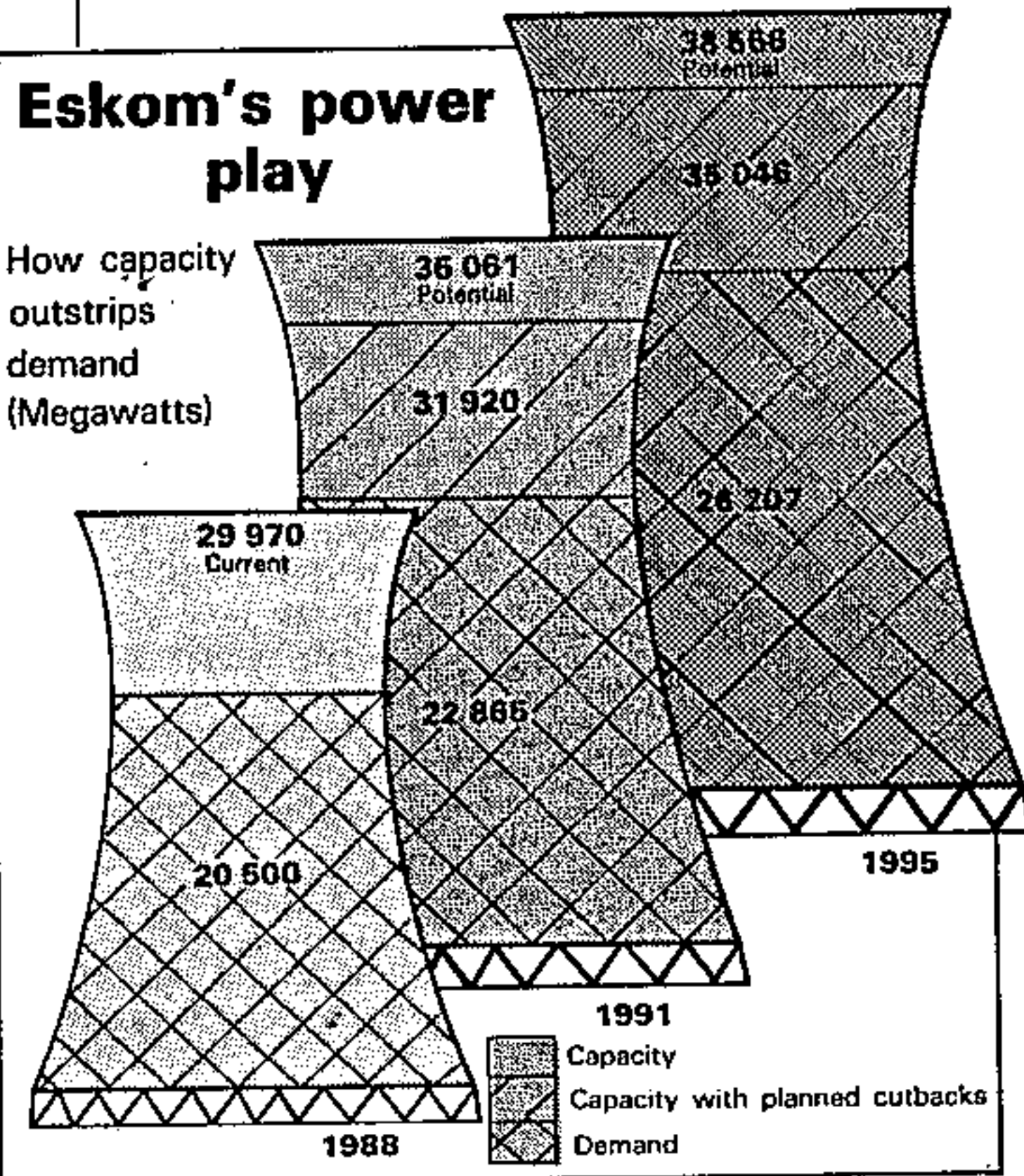
The latest job-cutting programme is the third since 1985. The first cut numbers from 66 000 to 57 000. The second, in March this year, made redundant another 500. The current scheme will account for another 4 800.

However, Human Resources GM George Lindeque stresses that the numbers apply to positions rather than people. Many of those whose jobs have disappeared have been redeployed elsewhere in Eskom. Resignations and retirements have accounted for thousands of people; others have accepted the corporation's early retirement package; and a moratorium on appointments from outside has reserved vacancies for existing employees.

Lindeque says that of the 9 000 job losses in 1986-1987, only 1 500 were the result of forced retrenchment. He expects a similar proportion this time — unions permitting.

Eskom's power play

How capacity outstrips demand (Megawatts)



Lindeque will meet union representatives on September 22 and again on September 29, when he hopes for final agreement on the terms of the programme.

Once again, part of the reason for over-manning is historical. At the time Eskom was planning its huge power requirements for this decade, it was seen by government as a suitable area for job creation.

However, Semark insists that the fact that

so many jobs are expendable doesn't mean Eskom had become a bloated bureaucracy. Some jobs were unnecessary, but others became redundant as Eskom introduced more modern and efficient power stations.

Of the latest jobs under threat, just under half are unskilled or semi-skilled. Lindeque says professional victims include architects and civil engineers.

A difficult problem — and one which

Eskom hasn't come to terms with yet — is the effect of remote station closures on the communities that have sprung up around them. The closure or mothballing of these will cost these communities their very livelihood.

Eskom officials say they sympathise, but there is little they can do. And even there, they are selective. The greater sympathy is reserved for towns for which the station is an

Lights in every black home would cost \$50 little

IF Eskom were to provide electricity to all the South African households presently without it, it could use a quarter of the excess generating capacity which has resulted in its decision to mothball 13 power stations.

An estimated 20-million South Africans have no electricity and a total of 1 000 megawatts would be required for electricity supplies to be extended to every home in the country, Eskom's chief public relations officer Peter Adams told the *Weekly Mail* this week.

But Eskom has 4 000 megawatts more capacity than South Africa needs — hence its recent announcement that it will rationalise power stations, saving R650-million over the next five years but cutting 5 000 jobs in the coming three years. The move could also affect jobs in Eskom's suppliers — such as the coal mines.

Eskom has tried to sell electricity supplies to townships and rural areas for some time but has had limited success. Writing in the South African Institute of Race Relations' *Social and Economic Update* earlier this year, researcher Elaine Cosser concluded some progress was being made in the electrification of townships but "progress is still limited — largely by funding constraints on lo-

Eskom produces far more electricity than South Africa needs. Every black household could have electricity and there'd be energy galore to spare. HILARY JOFFE reports

cal authorities and the government's reluctance to fund electrification directly".

She added that even where townships had been electrified, the quality of services was often inadequate because local authorities are unable to recover enough funds from residents to maintain infrastructure.

"Low income levels in the townships mean there is little prospect that local authorities will be able to maintain adequate services if they rely only on income from residents," Cosser wrote.

Adams says, however, that the problem has been with Eskom's approach. It's always supplied electricity on the "First World" pattern where consumers pay their accounts in arrears. It could have been more successful with a different approach: it is, for example, considering prepayment with plastic tokens which allow households more control over usage.

In a statement condemning the power station closures, the National Union of Mineworkers said: "The decision to close and mothball various stations is a disgrace and unacceptable when thousands of South Africa's black community still do not enjoy electrification in their homes and continue to live in dark townships."

The National Union of Metalworkers, which blamed the government and private sector for the "waste of the wealth of our country" said: "The failure of the government to develop the infrastructure in townships and rural areas, especially provision of electricity has also, both directly and indirectly, aggravated the problem."

But even if the government gave high priority to electrifying townships and black rural areas, this would not solve Eskom's overcapacity problem. Households use a relatively small proportion of total electricity generated. The industrial users and the mines make up the bulk of demand.

Eskom has blamed the oversupply on slow economic growth, with chief executive Ian MacRae citing sanctions as a major factor. In an advert in last weekend's newspapers, he stressed power stations could take up to 15 years to plan. Representatives

for the corporation have denied the decision was a result of bungled planning by Eskom management.

By 1978 demand for electricity had been growing at an annual rate of 7.5 or eight percent for 30 years. Having projected the increase in demand on this basis, Eskom was "caught short" in the early 1980s, Adams said. The corporation is now planning for four percent annual growth.

Adams acknowledges the 15-year time horizon is an extreme case, for very complex projects (10 years is the normal maximum construction timescale, with six to eight years more usual, says one industry source). But, Adams says, the power stations Eskom now builds cost R6-billion. Before the project starts, contracts have to be negotiated with dozens of contractors to prevent expensive delays. There are expensive penalties built into the contracts. The Majuba power station project, which was scheduled to come on stream from 1991 to 1996 but has been delayed so the first unit will only start operating in 1994/95, has been stretched out as far as possible without incurring penalties, Adams said.

Some industry sources question whether Eskom's strategy — building six-unit power stations which can generate around 3 600 megawatts — has been the right one. It has been justified as saving on costs but now it seems, the argument goes, that planning and building incrementally might have been less costly for the country.

Adams says, however, that building big is far more efficient and it has been Eskom policy to bring in generators in a new power station only at 18-month intervals.

He denied the mothballing and closure of the 13 power stations as represented resources lost to South Africa. Eskom's argument is it has shut the very oldest, smaller capacity power stations, most of them run long past their official limit. The delay in new power station projects is a "notional cost", Adams said.

SS Times 2/10/88

Moss gas gets cover for billions

By Udo Rypstra

PLACEMENT of insurance covers totalling several billion rands in sums assured for the Moss gas project has started and is to be completed by the end of the year.

As the project is the first of its type in South Africa, it has presented the local insurance industry with several new and exciting challenges.

Petrogas Insurance Brokers (PIB), a wholly-owned subsidiary of the Priceforbes Federale Volkswaerdes (PFV) group, has been appointed the construction project broker.

Chairman Ian Douglas says: "Moss gas is not only huge in monetary terms, but there are risks and exposures that local insurers and brokers have not previously encountered. In 1985, we sent men overseas to draw on the experience of offshore projects in the UK, US and Australasia. This knowledge will remain in South Africa for the future benefit of our oil and energy industry."



IAN DOUGLAS
Risks and exposures

He says the offshore side of the project in particular represents new territory for the local insurance industry and he understands the reluctance of some insurers to underwrite in an area where they have no previous risk experience to guide them, nor appropriate reinsurance facilities.

Capacity

However, Lloyds and members of the Institute of London Underwriters have met the insurance needs of the world's oil and gas field owners and operators for many years.

"For the offshore part of the project we accessed selected international markets during 1987 to secure maximum capacity for both the construction phase and the maintenance period. We therefore placed cover under construction policies until such time as the future production policies are agreed and actually in force. It is non-cancellable and has built-in provisions to extend the period of cover should this be required. This is particularly relevant in view of the recent Piper Alpha catastrophe.

Mr Douglas says the Piper Alpha drilling platform disaster is possibly the greatest maritime loss in monetary terms ever suffered by world insurers, who are believed to be facing claims exceeding \$1.25-billion.

can history, it offers a tremendous boost for the local industry in financial terms if it can come up with innovative ideas and competitive rates. It will also be a great challenge to the industry in terms of technical know-how.

"But there are vast amounts of money involved, local capacity is limited and many types of insurance covers are required, so overseas involvement is also essential," Mr Douglas says.

Risks

"Cover for the massive onshore earthworks for the refinery has already been placed by PIB. This cover is led by the local market with only a portion of it going overseas. Similarly, the local market has been able to provide riot and associated risks cover through the South African Special Risk Insurance Association (SASRIA), which was able to accommodate complex requirements arising from the numerous contractors having to start and finish on different dates.

"The placing of cover for the onshore refinery is currently under consideration and it is hoped that local insurers will be used to the fullest extent of their capacity," Mr Douglas says.

"In talking to underwriters and brokers in London recently, it appears that the full effect of the tragedy on the insurance industry will not manifest itself for some time, but it is generally felt that capacity will reduce and premium levels will increase.

Safety

"The Piper Alpha disaster has understandably caused the oil and gas industry to review aspects of safety standards and procedures. The platform design and construction methods for the South African project already incorporate the latest technology, but further safety audits are being continually undertaken."

The Moss gas offshore policy cover includes the onshore fabrication of component parts, towing out and installation at the gas field off Mossel Bay, plus the hook-up, testing and commissioning. It

Plan to make representations to govt

(55)
Stacy
4/10/88

Oil companies to seek rise in petrol margins

THE nine major oil companies based in SA are planning representations to government to increase petrol margins by 2c/l, says Shell oil division MD John Drake.

World oil prices have fallen and the retail prices increased this month, but the price which SA companies pay for crude oil is based on the hypothetical import cost of refined petrol. This rate — the "landed cost" — has not been adjusted for several months, Drake says.

When world oil prices fall faster than the pegged rate, an 'over-recovery' accumulates to the slate fund, says a National Energy Council spokesman.

Several oil companies have already written letters to the council voicing concern over reduced margins, he adds.

Drake says margins have been squeezed because price increases at the pump damp volume growth and operating and refining costs are rising with inflation.

GERALD REILLY reports that a national energy council spokesman said

CHRISTOPHER TUCHER

motorists in the PWV area underpaid 4,806/l for 93 octane fuel in August.

This shortfall, with the shortfall on the prices of the other octane ratings of petrol and fuel was debited against the under-/over-recovery (slate) account.

The negative balance on the slate at the end of August was settled by an equalisation fund payment.

The August exchange rate was \$1 to R2,4532 compared with the rate in July of \$1 to R2,3932.

REUTER reports that crude oil prices in New York saw Brent crude for October delivery drop to \$11.75 a barrel yesterday, compared to Friday's European close of \$12.10.

The latest Middle East economic survey (Mees) said Opec's price committee thought the group's output pact was virtually defunct and a price collapse would follow if members did not act to halt over-production.

But dealers said they thought Opec would act on production restraints to avert a crude oil price collapse.

SA businessmen urged to invest in informal sector

Stev 5/10/88

SA

By Michael Chester

SA

Investment by business in black education and housing should be matched by investment in the informal economic sector, Mr Lawrence Mavundla, president of the African Council of Hawkers and Informal Businesses, told a conference in Johannesburg at the weekend.

"Unless more blacks are given an opportunity to become economically independent, they will forever rely on the formal sector to provide housing and bur-saries for them," he said.

"If a man has a means of earning his own living, not only can he provide housing and education for himself, but he also has the choice of deciding where he wants that housing and education to be, rather than be forced to depend on the choice tied to the requirements of the sponsor."

Addressing an "Update" conference run by the Aiken and Peat firm of accountants, Mr Mavundla said investment in the informal sector could offer businesses a positive profit return by exposure and entry to new and widening markets for their products and services.

He quoted estimates by Professor Brian Kantor, head of the business school of the University of Cape Town, that the informal sector now contributed 40 percent of the national economy over and above the official measurement of gross national product.

In 1984, he said, there were said to be 7.2 million black students at school, but an independent survey had found that accommodation at third-tier level was limited to only 15 900 a year.

This compounded the problem of unemployment, which Cosatu's unemployed workers' co-ordinating committee believed now stood at 6.5 million.

The solution lay in black economic independence.

Travel agents set for Perth

South Africa will be represented at the 22nd world congress of the Universal Federation of Travel Agents' Associations (Uftaa) in Perth next month, which takes place with the blessing of the Australian government, says Uftaa director Mr B Singer.

Oil firms will ask for more

By Claire Robertson
Pretoria Bureau

Stev 5/10/88

SS

SA

Major oil firms operating in South Africa are to approach the Government to ask for a larger slice of the petrol price should profits be threatened by a drop in demand following a recent retail fuel price rise, according to Mr John Drake of Shell.

Mr Drake, who is the managing director of Shell's oil division, said the oil companies were concerned that a number of factors could affect their margin.

These included a possible drop in demand, rising inflation and a sudden change in prices set on the international market.

Oil firms received about four percent of the price paid by the consumer. They did not share in the recent retail price increase and had not had their portion of the price increased for about two years.

Mr Drake said he did not foresee an increase in the consumer price if the adjustment was granted by the Government.

Oil firms' results had been helped by a buoyant demand before the recent increase but were hindered by inflation and could be further harmed if demand dropped.

BUSINESS TIMES SURVEYS BUSINESS EFFICIENCY



MPPS products simple, reliable, effective

THE weak rand and the new surcharges on imported equipment have helped focus attention on locally manufactured UPS systems.

Mr Neill Schreiber, marketing director of Meissner Power Systems, says local manufacturers now have more opportunities than before to prove the worth of their products.

"South African thinking has traditionally been that imported is better," he says. "Fortunately, this attitude is beginning to change and many local manufacturers have shown their commitment with products that are

proving the equal of those supplied from other countries.

"In some instances," he adds, "the local product has been proved superior."

MPS recently invested more than R1-million in research and development, and plant equipment to develop a new range of UPS systems designed for the booming small mainframe market, currently growing at more than 20%.

Mr Schreiber says the marked swing by large South African businesses to decentralisation of computer operations has primarily led to

this sharp increase in demand for UPS in small mainframe installations.

"Suburban and regional branches of many companies are installing smaller mainframe computers for autonomy of operation, while retaining their ability to link into the head office central mainframe when necessary.

"Medium-sized businesses are also relying more and more on mini-mainframe computers, stimulating demand for three-phase UPS units."

The new range of Meissner units, the MP series, covers both single and three-phase

power supply and is totally South African designed and sourced. In introducing the new range, Meissner is also catering to the swing among computer manufacturers to three-phase power supply.

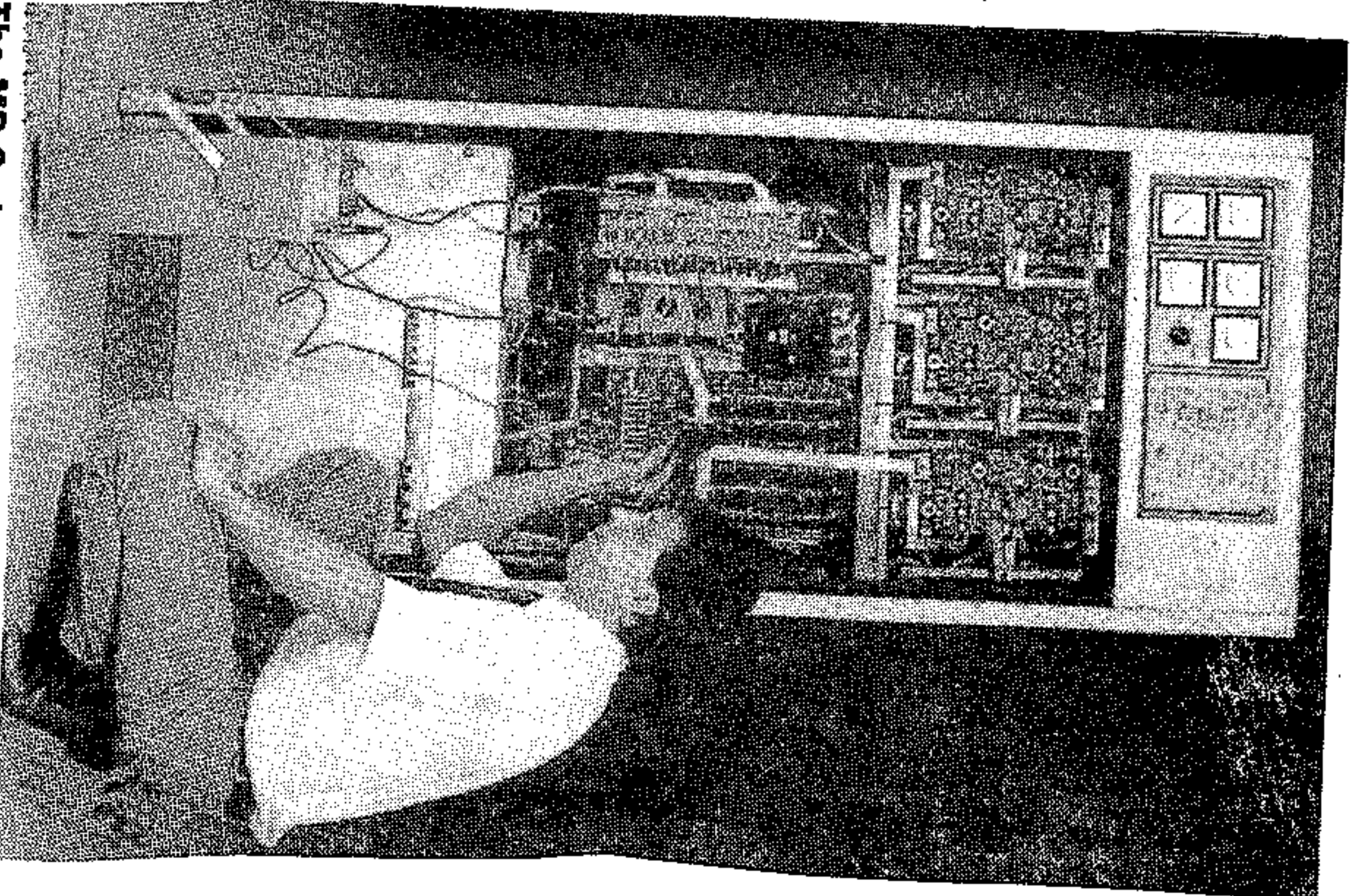
Mr Schreiber says that although single-phase power is declining in the computer industry, it is being extensively used in industrial process control systems, industrial automation and other sensitive electronic monitoring systems.

"The MP series shows deliberate simplicity in design to offer high reliability and low noise levels which allow

installation of the units in computer rooms," Mr Schreiber says. "Eight months of exhaustive trials were carried out before the launch of the new range which is being manufactured to rigid in-house quality control standards.

MP units are now operational at a wide variety of installations, ranging from small mainframe computers to electronic signalling stations on railway lines.

There are eight models in the new series, extending from 10kVa single-phase up to 60kVa three-phase.



The MP Series was designed to ensure reliability

Mixed views on power price rise

The price of electricity will increase by 10 percent from January 1.

Eskom's chief executive, Mr Ian McRae, said in Johannesburg yesterday the increase was substantially lower than the current inflation rate — as Eskom had promised in 1986.

This was despite the fact that inflation had been higher than expected and sales of electricity in money terms had been lower than foreseen.

Eskom recently announced it would mothball or close 13 of its power stations and reduce staff by 5 000 over the next three years.

Electricity consumers on the Reef may face increases of up to 8 percent next year.

Johannesburg's city electrical engineer Mr Ron Leigh said the municipality would increase tariffs by 5 percent as it bought only half of its electricity from Eskom.

Sandton's Mr Tony Hugo forecast an increase of about 8 percent and Randburg's Mr Max Clark estimated an increase in the

region of 7 percent.

The price increase has elicited both praise and criticism.

Yesterday Assocom said that while it was concerned at the increase it did not consider it unduly high.

The Consumer Council was seriously concerned and said standards of living would erode even more.

The consumer price index was often misused to excuse a price increase.

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The South African Federated Chamber of Industries commended Eskom for keeping its increase below the current inflation rate, but was concerned at the continued impact on inflation of administered prices.

Star 5/10/88
Staff Reporters

SS

Sister, brother see parents die

Oil firms

Stev 5/10/88
will ask

for more

By Claire Robertson
Pretoria Bureau

Major oil firms operating in South Africa are to approach the Government to ask for a larger slice of the petrol price should profits be threatened by a drop in demand following a recent retail fuel price rise, according to Mr John Drake of Shell.

Mr Drake, who is the managing director of Shell's oil division, said the oil companies were concerned that a number of factors could affect their margin.

These included a possible drop in demand, rising inflation and a sudden change in prices set on the international market.

Oil firms received about four percent of the price paid by the consumer. They did not share in the recent retail price increase and had not had their portion of the price increased for about two years.

Mr Drake said he did not foresee an increase in the consumer price if the adjustment was granted by the Government.

Oil firms' results had been helped by a buoyant demand before the recent increase but were hindered by inflation and could be further harmed if demand dropped.

Mixed views on power price rise

Star 5/10/88

Staff Reporters

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The price of electricity will increase by 10 percent from January 1.

Eskom's chief executive, Mr Ian McRae, said in Johannesburg yesterday the increase was substantially lower than the current inflation rate — as Eskom had promised in 1986.

This was despite the fact that inflation had been higher than expected and sales of electricity in money terms had been lower than foreseen.

Eskom recently announced it would mothball or close 13 of its power stations and reduce staff by 5 000 over the next three years.

Electricity consumers on the Reef may face increases of up to 8 percent next year.

Johannesburg's city electrical engineer Mr Ron Leigh said the municipality would increase tariffs by 5 percent as it bought only half of its electricity from Eskom.

Sandton's Mr Tony Hugo forecast an increase of about 8 percent and Randburg's Mr Max Clark estimated an increase in the

region of 7 percent.

The price increase has elicited both praise and criticism.

Yesterday Assocom said that while it was concerned at the increase it did not consider it unduly high.

The Consumer Council was seriously concerned and said standards of living would erode even more.

The consumer price index was often misused to excuse a price increase.

The Consumer Union could not praise any increase in a basic commodity but would wait to see how much of the increase would be passed on to the consumer and what would be absorbed by municipalities.

The South African Federated Chamber of Industries commended Eskom for keeping its increase below the current inflation rate, but was concerned at the continued impact on inflation of administered prices.

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Within limits

On the face of it, Eskom's announcement this week of a 10% electricity price increase in 1989, is the straightforward result of following forecasts made in 1986 — that increases would remain below the inflation rate for the next three years at least.

In fact, Eskom management is keen to point out, increases could not have been limited without the widespread rational-

7/10/88

isation that has been taking place at Megawatt Park for the last two years.

They add that the organisation still intends keeping future price increases below the inflation level.

CE Ian McRae says cost reduction has been the key policy of 1988. Staff cuts, delaying new power stations and other capital projects, as well as the shedding of marginal projects have contributed to a far healthier cash position which McRae sees as a cushion against significant price rises.

The alternative, explains finance MD Larry Harper, would have been increased borrowing, creating unnecessary pressure on local markets. As it is, he says Eskom is more than happy with its internal financing, which is over the 40% goal for 1988.

Despite the current mothballing of a number of its stations, a capital expansion programme in excess of requirements is still under way, says McRae. The decision to bring new projects on stream has been justified by estimates of demand growth into the next century.

By the same token, adds McRae, mothballed installations are to be upgraded while in retirement, giving Eskom assured capacity until well into the next century. ■

Mossgas ushers in Cape coast property boom

APT Times 8/10/88

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FOCAL POINT: Mossel Bay — operational base for the giant Mossgas project and focal point of the boom in the property market in the southern Cape.

Picture: JOHN VAN DER LINDEN

FRESH interest in residential and holiday homes along the Southern Cape coast and a mounting, Mossgas-related demand for business and industrial premises at George and Mossel Bay have given new impetus to the property market in the area.

A measure of the progress made in a decade at Mossel Bay, to be the base for the government's massive synthetic fuel project, is that the value of building plans passed by the municipality has soared from just under R1 m for 97 plans in 1977/78 to R30 m for nearly 600 plans in 1987/88.

In July/August this year alone, 121 plans worth R3 640 550 were passed.

The rateable valuation of property in the Mossel Bay municipal area has risen from just over R31 m in 1978 to about R210 m in 1988.

The town's average growth-rate since 1975 has been a remarkable 6,2%.

Figures obtained from centres along the Garden Route show that in the first eight months of 1988, 800 properties were registered at Mossel Bay, 620 at George, 156 at Sedgefield, 430 at Knysna and 320 at Plettenberg Bay.

While resorts closer to Cape Town, such as Hermanus, are relatively quiet, those on the coastal strip between Mossel Bay and Plettenberg Bay are surging ahead, with demand exceeding supply in most places.

A high proportion of the inquiries is said to be coming from up-country and overseas.

Southern Cape property agents contacted by Top of the Times this week all reported they were busier than usual at this time of year, and agents at George claimed that theirs had become the fastest-moving

The property market in the Southern Cape is riding high. ROGER WILLIAMS found the reason is a huge renewal of interest in residential as well as business and industrial property in the fast-developing stretch of the Garden Route between Mossel Bay and Plett.

growth point, not only in the Cape, but also in the Republic.

They said the recent hike in bond rates and steeply rising building costs had not slowed the momentum gathered by the property market in the past few years.

The Cape Town-based firm Pam Golding Properties has announced that the strong revival of interest in residential and holiday homes in the Southern Cape has induced it to open two branches in the Knysna-Sedgefield area recently, and that it plans to open offices in George and Plettenberg Bay within the next 18 months.

Mike Bisset, the firm's executive director, said: "Things are really on the move there. There's a sense of development throughout the Southern Cape, with a lot of young people moving in and starting a wide range of businesses.

"We are finding that the resurgence of interest in the Garden Route is attracting buyers mainly from Johannesburg and Cape Town, with ever-increasing interest from Natal.

"Recent increases in building costs have contributed to a heavy demand for existing homes rather than plots."



Critical loads need a reliable power source

THE reliability of the power supplied to critical loads can be guaranteed only when a UPS system is an integral part of the whole installation.

This is the view of Mr Pieter Heydenrych, technical manager, Power Supply Systems, Siemens.

"UPS systems ensure that voltage fluctuations, short interruptions and supply failures have no adverse affect on the loads, irrespective of whether the faults are irregularities in the milli-second range, or power failures for minutes at a time," he says.

"Only when the availability of all components is assured, can full benefit be obtained from optimised work sequences."

Mr Heydenrych adds that this requirement applies not only to data processing equipment, but also to instrumentation and control systems, factory automation

systems, communications systems, protection equipment and medical equipment.

The reliability of UPS systems has been proved over the years and this reliability can be laid down to the minimum use of moving parts such as relays and contactors in the equipment.

When looking for a UPS, potential buyers should watch out for particular features, says Mr Heydenrych. These include:

- High operating efficiencies which are attained at all levels of output power, thereby resulting in minimum electrical energy costs, as well as spin-offs such as minimum air conditioning.

- Thoroughly contemplated positioning of components and sub-assemblies minimise the physical dimensions without compromising access for maintenance and repairs. This leads to the saving of expensive accommo-

dation space and minimum inconvenience and costs resulting from inaccessible parts.

- A fully-equipped mimic panel — or "window" — is fitted to each UPS which pictorially indicates the status of the equipment. Coloured light-emitting diodes and a digital display which indicates parameters such as voltages, currents and frequency indicate the operating points of the machine.

- High battery compatibility and flexibility ensured by the high quality of the different voltage levels, current limits and charge timer circuits maximise battery life.

- The reliability of UPS systems can be increased by connecting units in parallel, thus obtaining what is called redundancy.

- Quality assurance throughout the production, installation and commissioning stages are essential.

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S. Times 9/10/88

BUSINESS TIMES surveys BUSINESS EFFICIENCY

UPS — may the power be with you

AT last uninterruptible power supply (UPS) systems have come to the fore, gaining the recognition suppliers have been striving for — that these machines are crucial in any installation that needs power protection.

Whether the installation is a data processing department with large mainframes, a hospital theatre, or a small businessman running his company on a PC — any situation where the loss of power can mean the difference between life and death, profit or loss, bankruptcy or business survival.

In simple terms, a UPS system consists of a rectifier, an inverter, a static bypass switch and a battery. The rectifier converts the three-phase mains voltage into a DC voltage. This is re-converted into a new single-phase or three-phase system by the inverter, which supplies the connected load with constant voltage and frequency.

In the event of mains failure, the battery, which is connected in parallel to the DC link, supplies the required energy for the inverter. The power supply to the critical load is thus provided without any interruption.

When the mains supply is reinstated the rectifier automatically resumes operation supplying the inverter and simultaneously recharging the battery.

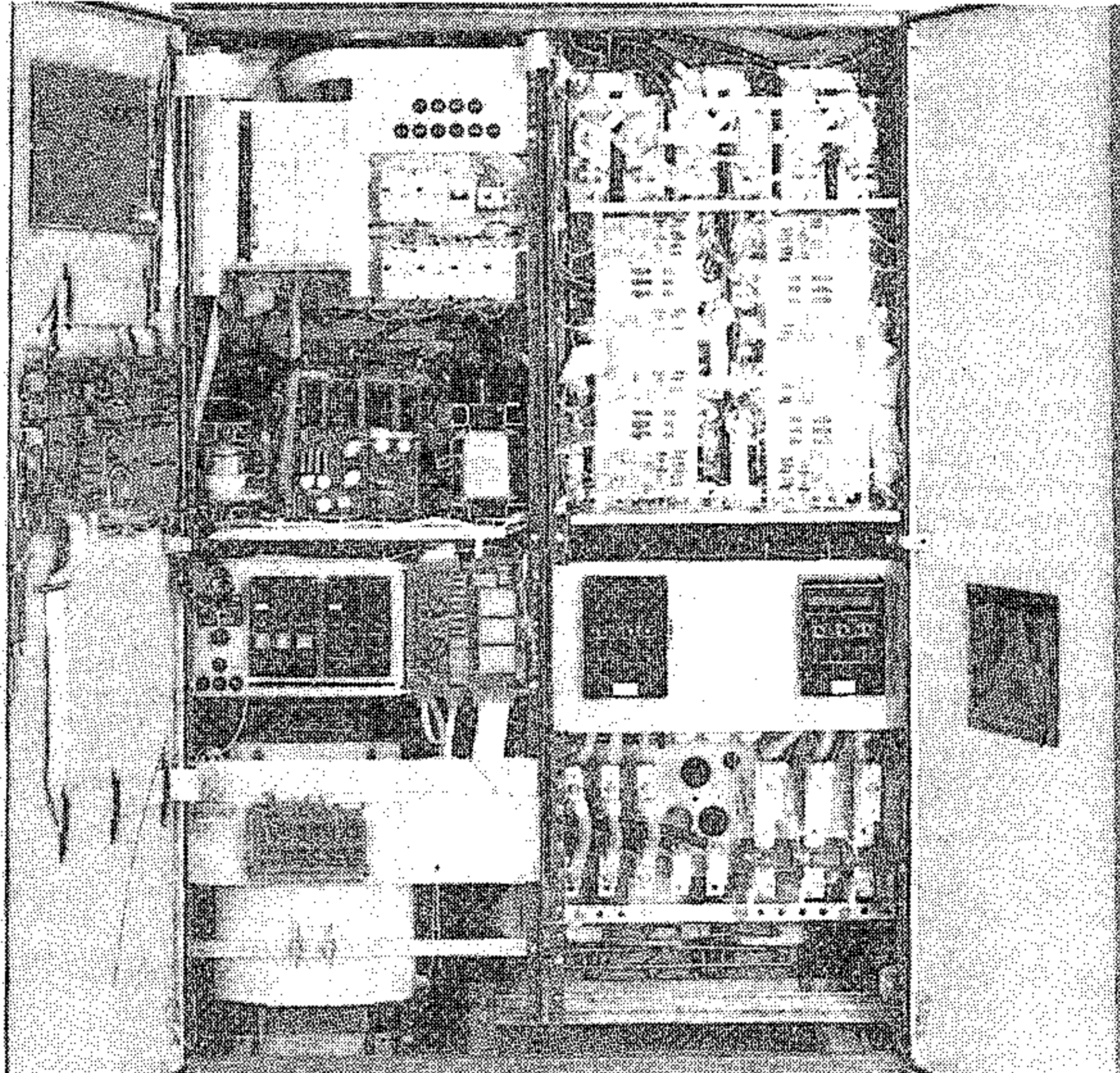
If the inverter is overloaded or malfunctions, the static bypass switch transfers the load without interruption to the mains supply. After the fault has been eliminated, the inverter resumes supplying the load.

Protected

Through the use of a UPS system, sensitive equipment such as computers are protected from problems like mains failure, short breaks in the power supply, distorted mains voltage and frequency deviations.

Since 1984, the UPS industry in South Africa has gone from strength to strength. The market is estimated to be worth between R40-million and R60-million a year with a growth rate of about 20%.

This healthy future is further endorsed by the fact that there is a high level of local manufacture of UPS systems, more particularly in the small and medium ends of the market, and many of the companies involved in



The inside of a UPS system featuring a simple design and a minimum of moving parts to ensure reliability

this are exporting their units.

Yet despite the credentials of the suppliers, and the increased market awareness of UPS systems, many organisations and people still regard them with suspicion.

"Many people are still suspicious that UPS is riding on the back of computers," says Mr Kirk Mallett, managing director of Engineering Data Systems (EDS). "And people who have not invested in power protection want conclusive proof that it really is needed. Although many of the larger corporations have changed their views on UPS, there are still many that do not see the necessity."

"The main thing is that whether you are running a scientific application where you could have serious problems without protection, or whether you are a company whose whole business depends on computers, you have to decide how impor-

tant it would be if you did not have these facilities for 24 hours.

"There are cases of insurance companies, particularly in Europe, that build two computer sites so that if one goes down, the other can still run the business. UPS makes a situation like this totally redundant," Mr Mallett adds.

Leader

EDS specialises in large UPS systems from 500kVa up to 800kVa which are supplied by Piller, a world leader in these large-scale systems.

"What we have found on the local market is that the only people who seriously look at Piller equipment are those companies that have a 10 to 15-year project in mind.

"A lot of people look at UPS systems with the view of getting a two-year return, or similar, on their investment, but UPS equipment today is

so reliable that you may only see the returns in five years.

"There are Piller machines in Germany that were installed in 1961 and are still running," he adds.

Mr Mallett adds that the systems have 18 month warranties, with a five-year warranty on the motor alternator, and a three-year warranty on the cells of the battery.

"The latter warranty is more important when one considers that about 30% of the total system cost lies in the batteries," he says.

Although about 75% of UPS market is orientated towards the computer industry, this is not the only area in which they can be used. Mr Mallett says: "Many large installations end up paying high penalties when they encroach into maximum demand, but in the 50 hertz arena, we can provide systems that subsidise the mains

power and keep down the cost of running these types of installations."

Large systems — in the 400 hertz range — are also widely used at international airports as ground power sources for aviation and passenger facilities.

"This is a very specialised area of UPS, requiring special cabling and so on," he says. "There is a very strict tolerance in aviation systems."

Mr Pieter Heydenrych, technical manager, Power Supply Systems at Siemens, agrees that the applications for UPS are varied. "Sure, a lot of UPS systems are used by computer users, but looking at our customer base, a lot of systems are going into industry," he says.

"We have installations at places like Sasol, cotton mills and hospitals. Saying that UPS systems should only be for computers is not quite correct."

Valves

"If you look at Sasol, for example, they are running computers off the UPS system, as well as valves and other essential aspects of their plant."

"I think a lot of people regard UPS as solely for computers, but more and more people in other industries are realising what these systems can do for them."

"At the end of the day everyone wants to save money, cut down costs, and I think there are a lot of potential users in this country outside the computer industry," Mr Heydenrych adds.

A trend that has emerged with large UPS systems is that many potential users are scared of putting all their eggs in one basket by buying one large system.

Mr Mallett says that users need not fear installing a large system. "There are a number of large sites, not only internationally, but also in South Africa, which are running without any hitches. The largest system in the world was installed at AT & T in the US by Piller and consists of 14 500 kVa machines running in parallel."

SS B/day 11/10/88

Effect of oil price on inflation queried

NEW YORK — Opec disarray and weak petroleum prices suggest that recent fears about inflation in the global economy were overdone, but the economists' message is, don't bet too soon on that.

"If the drop in oil prices sticks, it will lower inflation temporarily," said Carl Palash, senior economist at McCarthy, Crisanti and Maffei Inc in New York.

But Bill Dudley, at brokerage Goldman Sachs and Co, said: "I think that oil prices are going to be like the rise in grain prices during the drought — a shock that won't last..."

Economists are rethinking their forecasts of inflation in the US in the light of the recent slide in crude oil prices to their lowest in 26 months.

US inflation is the big worry, since higher US interest rates to pinch off inflation in the US eco-

nomy could be matched elsewhere.

Such a trend would particularly concern the Third World. At the recent IMF/World Bank annual meeting in West Berlin, Third World finance ministers voiced anger at how rising interest rates were pushing up the cost of servicing the developing nations' \$1.2-trillion of debt.

Excess

Because of the oil price slump, Stacy Kottman, research co-ordinator at the Economic Forecasting Centre at Georgia State University, has shaved his US inflation projection to between 3.5% and 4% for the six months beginning in October, down from a 4-4.5% forecast.

Crude oil has dropped about \$3 a barrel since the middle of last month due to excess Opec production.

The latest factor to weigh on the oil market has been a threat

by Saudi Arabia, the biggest exporter, to raise its output following widespread violations of cartel-mandated quotas by other Opec sellers.

But many analysts of the oil scene reckon the Saudi goal is simply to force the others back into obedience to cartel rules, with the result that prices could rise again by year-end.

The issue will be addressed when leading Opec ministers meet in its price and long-term strategy committees later this month.

Brian Fabbri, chief economist at Thomson McKinnon Securities Inc, said the odds were no more than 50-50 that prices would remain below \$15 a barrel.

The economists said cheaper oil would probably not inspire the Federal Reserve Board — the US central bank — to loosen its anti-inflationary monetary policy. — Sapa-Reuter.



Cuba's Castro ... Russian restraints choking

14/10/88
5

dom wishfully running well ahead of events.

What actually happened was that high-level negotiators such as US Assistant Secretary of State for Southern Africa Chester Crocker and SA embassy staff from Washington joined their opposite numbers from Luanda and Havana in agreeing that a Cuban troop withdrawal of some kind could still be achieved by the November 1 date when UN Resolution 435 is to be implemented in establishing the independent nation of Namibia.

This is not to say that Cuban troops might not be out of Angola by some time in 1990, but it is not the same thing at all. Indeed, as the deadline for a free Namibia rushes closer, two disturbing truths come through. One, the basic decision to reach a final agreement has not been reached either by SA's President P W Botha or Havana's Fidel Castro. Two, the longer such a decision is delayed, the further Castro finds himself beyond the reach of the Soviet Union to force him to such an agreement.

It may turn out to be ironic that the strengthening of Mikhail Gorbachev's *perestroika* movement within the Soviet Union may be the very force that drives Castro to one last act of senseless adventuring — a defiant decision to stay on in Angola. However, so long as Angola's President Dos Santos refuses to cut a deal with Jonas Savimbi, his dependence on Cuban protection against Unita remains.

It is well known that the Cuban economy is dependent on a US\$3m a day cash subsidy from Moscow to keep its trade books in balance and its dormant economy from turning into a disaster. What is less well understood is the billions of dollars of additional subsidy Castro's brand of State socialism receives because of the concessionary deals

the Kremlin has forced on other satellite nations which buy Cuban sugar, tobacco, citrus and farm products at well above market prices to even further enhance Havana's status.

But Comecon, the Iron Curtain copy of the European Economic Community (EEC), is cracking up even before Gorbachev's eyes. Hungary has signed a trade treaty with the EEC; Yugoslavia is in internal disarray largely because of inflation; Estonia and Latvia are chafing at other Russian restrictions; and Poland and other countries in the Soviet sphere consider propping up Castro's Third World adventures to be a rapidly descending item of priority when measured against their own troubles at home.

Then there is Gorbachev's own explicit signal to Washington and the rest of the West that *perestroika* spells a halt, albeit temporary, in Russian challenges to the stability and control of less developed nations around the world. To Castro, long sure of his role as the 20th century Simon Bolivar of Latin America, the feel of Russian restraints must be particularly choking.

What was frustrating the American negotiators at last week's round-robin talks is the growing conviction that while the Cubans, South Africans and Angolans taking part in the talks are undoubtedly sincere in wanting a final settlement soon, their masters in Pretoria and Havana are not nearly as close to signing on the dotted line.

The Americans believe this is equally so on President Botha's part because of his own preoccupation about SA's elections. Their fear is that even as the SA authorities come round to agreeing to a final timetable, the pendulum for agreement will be swinging the other way for the Cubans.

Will the Russians be required to intervene in some way to force Castro to sign? That would be costly to Gorbachev and presumably require some concession on another front from President Ronald Reagan. Since the Americans are faced with their own election distraction, they shudder at what Moscow's price might be.

All that really emerged from last week's talks is that the Cuban troops will stay on in Angola for the foreseeable future after SA troops begin their withdrawal from the border area, and the UN teams go in to create a democracy where it has never flourished.

The next formal meeting is to be held in Brazzaville. Despite there being no firm agreement on a final date for all 50 000 Cuban troops to leave Angola, US mediators in the talks have said more important questions of detail have to be resolved. Among them are synchronising a phased Cuban withdrawal with the initial steps of R435 in Namibia; at what latitude in Angola the Cubans will withdraw once that starts happening; and how to verify it all.

A measure of the fluidity of the situation is that the four parties are maintaining telephone consultations — the Americans and the SA embassy in Washington; the Angolans and Cubans in New York. ■

ANGOLAN PEACE TALKS

Over to Castro

In New York last week Angola, Cuba, SA and the US did not "agree that all Cuban troops should be withdrawn from Angola within 24-30 months." That quote from the New York Times reflected a common wis-

14/10/88
51

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Sasol earmarks cash for change of course

17/10/88
SS R/10/88
SASOL

SASOL'S earnings growth has suffered in recent years due to overdependence on its synfuel operation which has an uninspiring performance.

Management is beginning, however, to shift Sasol's emphasis from synfuels by looking at areas of greater business opportunity where value can be added and it could have competitive advantages.

The synfuels operation accounts for nearly 75% of Sasol's total business while generating less than 50% of the group's operating profits. Due to the lack of near-term growth prospects from this source, however, management is taking the bold step of making substantial capital outlays within its chemical and coal operations.

About R500m is earmarked for a new coal mine, which will increase Sasol's

coal production by approximately 20%, and should eliminate the need to buy coal. This was the case recently when Sasol mines could produce only 88% of requirements due to Sasol 2 and 3 running at above design capacity.

Sasol's four mines in Secunda are the largest collieries in the world.

Within the chemical division, Sasol is to spend R300m on a new polypropylene plant. It is also to be located in Secunda and should be completed by 1990.

The SA market now uses about 56 000 tons of polypropylene a year and this is expected to grow to 70 000 tons by 1990. Converters are now experiencing a shortage so polypropylene must be imported at great cost. Polypropylene represents one of fastest growing markets for plastics and its growth rate on world markets is estimated to be 10% a year.

Sasol's fertiliser division has made its first contribution to group profits during the 1988 financial year. Sasol is involved in this industry since it is a large producer of ammonia, a major ingredient in fertiliser. The recently announced

ANALYSIS: STEPHEN RICHTER

sale of a portion of Sentrachem's fertiliser assets to Sasol should benefit this division's profitability considerably.

With conditions in the synfuel division leaving a lot to be desired, on top of rising interest rates, Sasol's timing of the expansion programme may be puzzling. Looking at the group's balance sheet over the past few years, however, both long- and short-term debt have come down considerably.

Fluctuate

In June 1986, Sasol had long-term liabilities of R797,2m, which have been reduced to R393,0m, while short-term loans have dropped from R377,3m to a mere R26,9m during the same period. The group will be able to finance this expansion programme through cash flow.

What seems difficult to understand is that Sasol's income from synfuels fluctuates in line with the internationally quoted product prices — east of Suez — rather than the local pump price of petrol, as would logically appear to be the case.

The prices Sasol receives for its products are closely tied to the international oil market so its share price appears to fluctuate in line with movements in this commodity.

Major support appears to be building below the 700c level, which has been proven again this past week as Sasol's price has advanced from a low of 685c on Tuesday to above 750c by Friday.

In spite of its advance the share still provides a dividend return in excess of 6%, which is difficult to find among blue chip industrials.

As management plans for the company begin to fall into place, it seems the shares are offering value at current levels and seem suitable for long-term investment.

Trek keeps ahead on record profit growth

(55) B/low 18/10/88

TREK Belegings has maintained its track record of profit growth,



notching up earnings of 90,2c a share in the eight months to end-August. A dividend of 52c (70c) was declared.

Attributable profit of R18,3m translates into a growth of 19% when the full year to August 1988 is compared with the previous year's figures to end-August.

This gives a *pro forma* return on shareholders funds of 19,2% as against the 17,8% at the December 1987 year-end.

The financial year-end was changed to end-August to coincide with that of Gencor/Malbak, which owns 52% of the group.

Operating income increased by 57,4%, which includes the abnormal income derived from the recovery of transport costs incorrectly charged in 1987. Excluding this, income gives an increase of 39%.

LINDA ENSOR

Operating margins increased from 3,5% to 4,7%, but total investment income of R12,4m — which includes interest received plus income from associated companies — for the 1988 *pro forma* year decreased by 12,7% due to the decline in lubricant refining margins. The slate was in an over-recovery

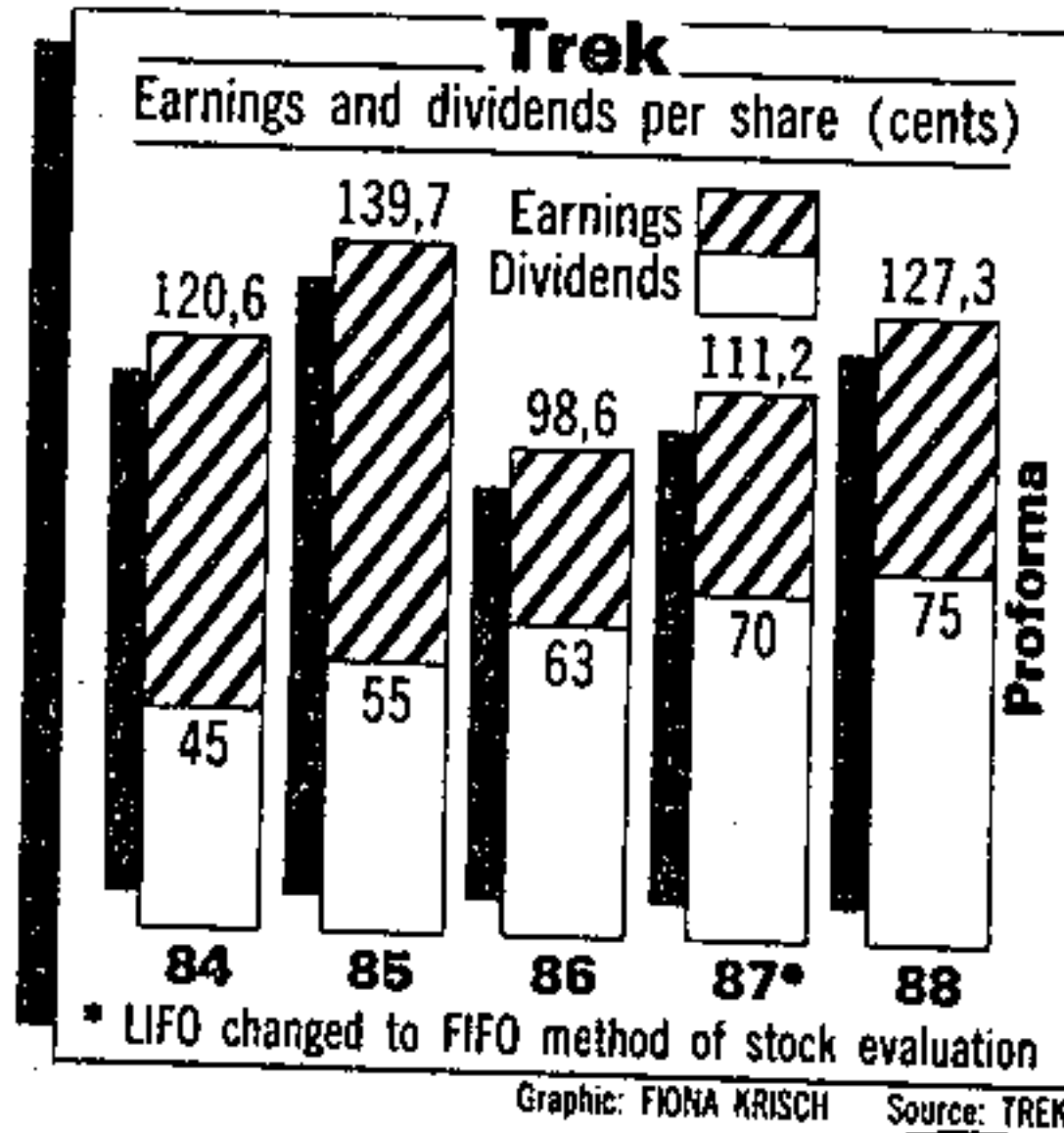
situation to the amount of R0,7m at the end of August 1988, as it was at the December 1987 year-end. This has not been included as income for the eight-month period as it will be offset against under-recoveries of the slate which may occur in future.

Outstanding capital commitments as at end-August were R10,6m and will be financed from internal sources.

MD Sarel Steyn says that while Trek has maintained its good track record of profit growth and return on shareholders' funds, a decline in demand for petroleum products is expected over the short term as a result of the price increases on September 1.

"We do, however, foresee an increase in demand over the long term and expect a modest growth in sales for the 1988/89 financial year.

"Against this background, and bearing in mind our exposure to movements in the international crude oil and refined product prices as well as in the exchange rate, I am confident that Trek will continue to show satisfactory growth in profits and return on shareholders' funds in the new year," Steyn says.



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MOSSGAS TENDERS

Not up to scratch

The Moss gas project team is unhappy with the calibre of local tender applications on the Mossel Bay project. It now plans to hold a series of seminars to inform the local engineering fraternity of its requirements.

The seminars will focus on most likely areas for local content — including rotating machinery, pipes and fittings, structural steel, air coolers and electric motors.

Says onshore project director John Bengel: "Even in the present depressed economy, some identified suppliers declined to bid and many of the bids did not come up to the required standard.

"We are committed to a policy of maximum SA content and hope to come close to 80% on the onshore side. But we cannot jeopardise such a large investment if quality is not up to our requirements."

Moss gas is now operated as a division of Gencor, which has a 30% shareholding. The Central Energy Fund holds 50% and the Industrial Development Corporation 20%.

Dorbyl group MD Dawid Mostert says at least 75% of mechanical engineering input can be locally produced.

Mostert says while Moss gas has been sympathetic to local companies so far, the project must operate under business constraints and cannot be expected to pay unrealistic prices for local work.

The Steel and Engineering Industries Federation estimates the project will create 7 000 jobs in the construction phase and at least 1 800 jobs subsequently.

Though the two largest onshore tenders so far, both worth R200m, have been awarded to West German companies — Lurgi for the air reformer and Linde for the air separation plant — considerable sub-contracting to local companies is expected.

Says Lurgi project manager Ken Dixon: "The air reformer, which will convert natural gas into synthesis gas, will be designed by Lurgi GMBH in Frankfurt. But the detailed engineering and the procurement will all take place locally, unlike many earlier capital projects." ■

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MOSSGAS TENDERS

Major boost for industry

The Moss gas project is going into top gear. Tenders valued at more than R1,8bn have been awarded so far out of a total anticipated project cost of R5,4bn. A further R2bn, mostly for the refinery and infrastructural work, is expected to be contracted out in 1989.

The project is a major boost for the local steel, stainless steel, engineering and construction sectors. It could help underpin economic growth in the country well into the Nineties.

SA Federation of Civil Engineering Contractors executive director Kees Lagaay expects civil projects worth at least R200m to come through in 1989, compared with about R50m thus far.

With the express policy of "maximum SA content" and the possibility that local groups will get at least 80% of the work, the rewards will be handsome for industrialists who make the grade. But, warns procurement manager Gert Strydom: "Price is not the only consideration — quality and safety are, if anything, more important. We don't operate a price differential in favour of local companies."

But local companies are rising to the occasion. Strydom cites Iscor's development of special steel for the platform as a case in point. And in spite of the hi-tech nature of the project, there will be plenty of contracts in the more mundane areas like roads, housing, water supply and electricity.

The scheme will be a boon for local employment. Moss gas CE Bernard Smith estimates 8 000 jobs will be created on site for the onshore project and almost as many again off-site for the building of the offshore platform and modules.

Although tenders have been awarded to European companies, notably the German Lurgi and Linde, they have stipulated in their contract that as much of the work as possible should be contracted out locally.

Moss gas is offering "package deals" to local companies which provide bulk purchases or a range of services, which should minimise costly individual contracts.

But it's a case of "don't call us, we'll call you" — in most areas there is no open tendering as Moss gas has decided to assess companies and invite them to tender. Strydom says Moss gas can't take any chances with a project of this magnitude, and the tendering process itself can be very expensive.

Costing will be an important factor. Moss gas will try to get fixed contract prices where possible. But the total project cost looks certain to exceed R5,4bn, estimated at 1987 prices and rates of exchange.



Moss gas' Smith... creating thousands of jobs

Moss gas is also hoping for substantial foreign exchange savings through counter-trade deals. It has tried to include a counter-trade clause in all overseas contracts, but owing to the sensitive nature of the project keeps the exchanges "low-key." However, it is openly courting exporters who are willing to join in the deals and has sought guidance and assistance in this respect from government.

"They need not be in the engineering field. We'll approach our suppliers in the petrochemical industry, but export possibilities for SA petro-chemical companies are limited. Anybody who wants to export products, goods or services should get in touch."

The Moss gas management team has become particularly cost-conscious since Gencor took over the running of the project, in which it has a 30% stake. Gencor has contributed R30m to the project so far but will not invest any more until it's convinced of the financial feasibility and "robustness" of the project — which may not be until 1993.

Even then it could still pull out, leaving the taxpayer holding the baby. ■

R150m-a-year field struck ⁵⁵ at Mossel Bay

By **JIM FREEMAN** and
JOHN VAN DER LINDEN

A POTENTIAL R150-million-a-year oil field that could herald the end of South Africa's dependence on foreign oil has been struck off Mossel Bay.

A reservoir capable of producing 10 200 barrels of oil and at least 22 million cubic feet of gas a day was recently struck 120km south-west of the town, the Minister of Economic Affairs and Technology, Mr Danie Steyn, announced yesterday.

The find, by the government-owned Soekor prospecting company, was "the most promising to date" off the South African coast, said Mr Steyn.

"It has been determined that the lower zone can yield about 4 800 barrels of oil and condensate and 22 million cubic feet of gas a day, whereas the upper zone can deliver 5 400 barrels of oil and a substantial quantity of gas a day," he said.

Given the benchmark (selling) price of \$16 a barrel for light crude oil drilled in the North Sea, this gives the find — known as the EAR1 — a potential value of R148,92m a year.

The director of the Institute for Strategic Studies at the University of Pretoria, Professor Mike Hough, said the find could nullify the effects of the oil boycott imposed on South Africa by the Organisation of Petroleum Exporting Countries (Opec).

"Oil will always be a commodity that is in demand and, if production costs remain low and there is a guaranteed continuity of flow, the oil could be a valuable export.

"Transport prices to Africa would be lower than if the oil was shipped from the Middle East, but it must be remembered that oil is produced in Angola and Nigeria," said Prof Hough.

The main value to South Africa would be the end of the premium prices the government had to pay to backdoor suppliers who were prepared to circumvent the Opec ban.

To page 2

P.T.O.

ONE TON IS 5/10/100

OIL
FIELD
DISCOVERED
AT
MOSSSEL BAY

REZU

Oil bonanza

CAP- Tuit 5/11/80 SS

"At the moment, we have to take oil from whoever is prepared to sell it to us at their black market prices," he said.

"With this find, the premiums would not only fall away but South Africa would become much more self-sufficient in meeting its energy needs."

The find is the fourth in the area over the past few years. It was made on an undisclosed date not too far from the site where the major gas strike which led to the Mosgas project was made, said Soekor spokesman Mr Mike Leibbrandt.

Research had shown that the two finds, although in close proximity, were not from the same source and each yielded different rates and pressures.

Further drilling needed

Mr Leibbrandt said that although the well had the most prominent rate of flow of all the wells drilled so far, there was not yet talk of production.

He said extensive seismic and geological research and further drilling was needed before the final scope of the reservoir could be established.

Mr Leibbrandt said the strike in March last year at EAA1 had yielded a potential daily production of 5 000 barrels of oil and five million cubic metres of gas.

In March this year EAD1, about 6km from EAA1, had yielded 7 000 barrels of oil and 58 million cubic metres of gas a day.

The drilling operations on the West Coast had not yielded much oil and the rig Nymph's AJ1 well had an output of only 200 barrels a day.

Previous West Coast wells yielded only dry gas and were not viable, Mr Leibbrandt said.

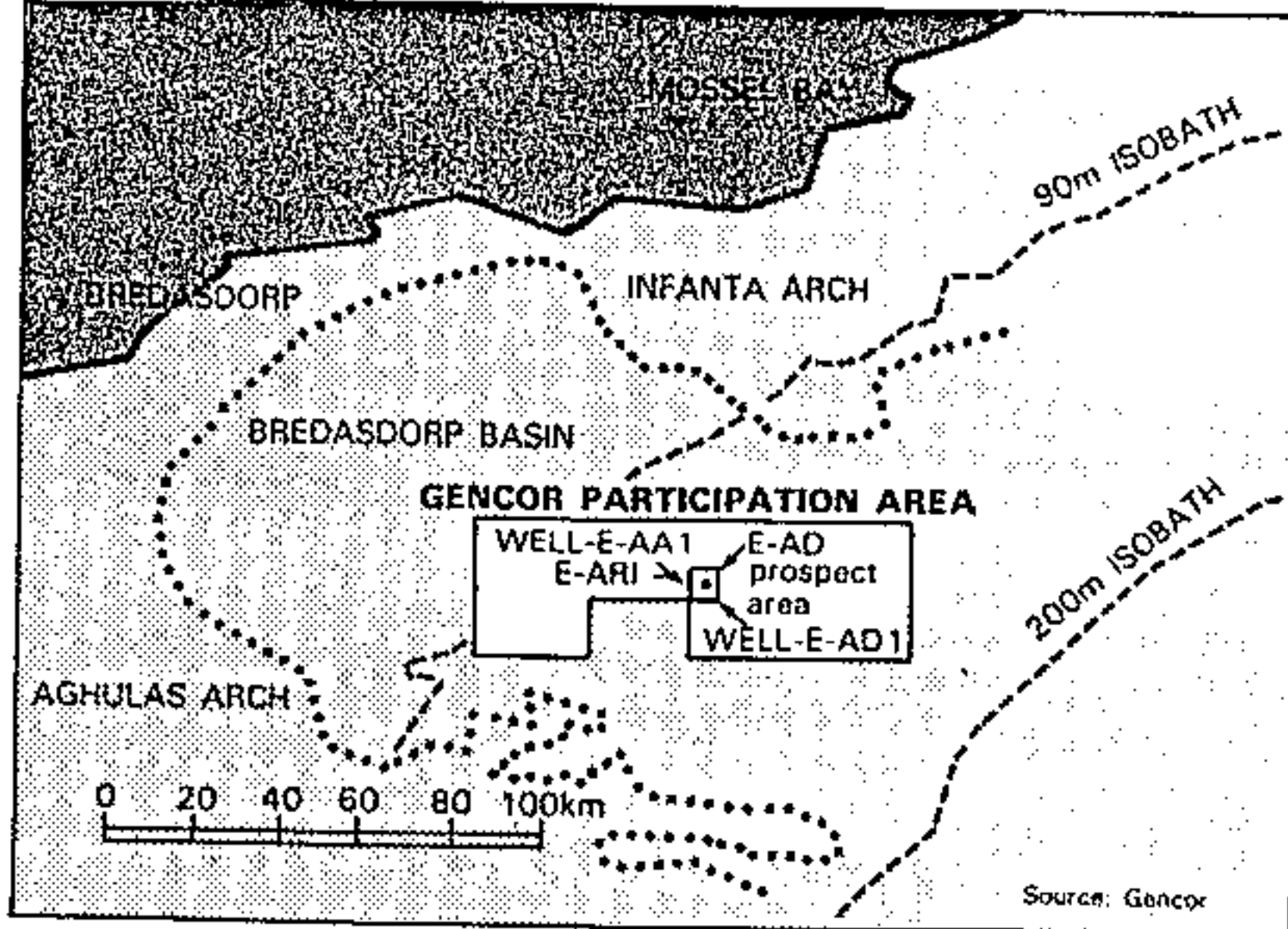
The best yet

PM MAIL 11/11/88

Speculation about the early development of a feasible oilfield off Mossel Bay is still premature — even though Soekor is delighted with its new exploration well with a combined test yield of 10 200 barrels per day (BPD).

(55) PM MAIL 11/11/88

Prospect for oil



“complex.” This implies that the three discoveries made so far are in separate reservoirs, and cannot yet be described as proper oilfields.

Another two years will be needed for a full evaluation of the latest discovery. Factors that will affect the total amount of oil which could be produced, and therefore the real commercial potential, include the porosity and permeability of the strata, and the extent of the oil-bearing zones.

Off-shore oil production is more expensive than on-shore facilities, which means that more prolific fields are required for commercial exploitation.

Government has disclosed that the lower of the two zones uncovered (from which oil tested at 4 800 BPD), also yielded 22m ft³ of gas per day.

Soekor liaison officer Mike Leibbrandt says the discovery well is in the same area as two earlier promising oil strikes (about 120 km south-west of Mossel Bay), which are “about 8 km-10 km apart” (see map). The formations are not part of the strata forming the resource base for the Mossgas project.

Leibbrandt says the geology of the area is

tation.

But the development of new techniques like floating production platforms, which avoid the enormous cost of fixed production platforms, makes it more attractive to exploit smaller off-shore finds. These technical developments offer hope that pockets of oil such as those now being discovered could, one day, collectively make a meaningful contribution to SA’s energy demands.

Likewise, additional gas now being discovered could one day augment the reserves available for the Mossgas project.

Mossel Bay projects a shot in the arm for UME

By DICK USHER
Business Staff

THE Mossel Bay oil from gas project is expected to pay considerable benefits to UME, the Bellville-based steel trading company.

The company, the largest in its field outside the Witwatersrand, had a 70-percent profit increase to R5,75-million for the year ended September 30.

A final dividend of 6c a share was paid, bringing the total for the year to 10c, a 25 percent improvement.

Higher export sales — more than twice the previous year's volumes — made a significant contribution to a 55,6 percent increase in turnover, but lower margins on overseas sales, together with pressure on domestic margins, diluted the rise in operating income to 17,7 percent.

Commenting on the current financial year, joint managing

director Mr Peter Smaller said the Mossgas and Mossref projects, now very much under way, would be of considerable benefit to the company.

"The Mossgas oil platform is being fabricated in Saldanha Bay very much within our market area — while three modules of the Mossref project will be built in Cape Town.

"Further, the export market is most favourable with the weak rand working particularly well for us," he said.

"With the domestic and the international markets both looking buoyant, I am confident that we will once again achieve a substantial increase in earnings during the current year."

● Improved international demand for steam coal, and stable or rising export prices should enable Withank Colliery to show satisfactory growth in profits next year says chairman Mr Allen Sealy in the

company's latest annual report.

As a result, he does not expect any further cuts in dividends in spite of the high level of capital expenditure envisaged for next year, expected to be well over R100-million.

On the export market the price had been at its lowest level for many years at the start of the financial year.

But the Chinese failure to meet their commitments, frequent strike-action on Australian mines, a cutback in production in both South Africa and Australia and higher demand the price had moved up.

Mr Seale warned that "the excessive inflation rate and the high rail rates charged by South African TS are eroding the competitive advantage we have enjoyed in international markets".

The high inflation rate was also taking its toll on the local market and hampering invest-

ment in increased productive capacity.

The threat of further sanctions was also playing an inhibitive role in increased investment, said Mr Seale.

● General Mining Union Corporation (Gencor) increased taxed profit by 16 percent to R475-million for the eight months to August, the group's new financial year-end.

Helped by sharply increased earnings from Malbak, Genbel and Samancor, the increase was achieved despite a R37-million drop in earnings from gold and coal.

A dividend of 180c (the second final in eight months) was paid, 8 percent higher than last year's pro-rata payment of 167c.

Chief executive Mr Derek Keys was optimistic about the year ahead and said Gencor should show another real increase in earnings.

PREFACE

Gas users need not worry

14/11/57 Municipal Reporter (55)

Johannesburg gas consumers have been reassured by the city council it will continue to supply their needs even after it stops producing its own gas.

Mr Melvyn Watson, director of the Water and Gas Department, said the decision will have no effect on the consumers as the total gas requirements will still be purchased from Gascor, the council's usual supplier.

In fact new customers are being sought in areas where the gas network is virtually complete such as Parkview, Norwood, La Rochelle, Kensington and Observatory.

Anyone wishing to know more about installing gas and whether it is available in their area can telephone assistant director (distribution) Mr Andy Anderson at 726-3138 or write to him at P O Box 3112, Johannesburg.

Natal nuclear site probe under way

DURBAN — A high-powered R1,5 million project is under way to assess the impact a nuclear power station would have on Natal's North Coast.

In a mammoth project, commissioned by Eskom and co-ordinated by Maritzburg's Institute of Natural Resources, over 100 academics and conservationists will collect data over the next few months to determine the feasibility of siting a nuclear power station somewhere along the 120 km stretch of coastline between Salt Rock and Port Durnford.

Academics from Natal University, the University of Durban/Westville, as well as conservationists from the Natal Parks Board, kwaZulu Bureau of Natural Resources and the Wildlife Society will combine to evaluate the impact of a nuclear power station on coastal dunes, wetlands, archaeology, farming activities and settlements.

The project outline states that if there are suitable sites in this region, construction of a nuclear power station could begin "in 10 to 30 years' time".

Mr Marius Rautenbach, head of territorial communications for Eskom in Natal, said Natal was the third area in South Afri-

SS Own Correspondent

ca being investigated for nuclear power.

Should initial research prove successful, he said, the project would move into its second phase — the identifying of specific sites along the coast.

The project is earmarked for completion by April next year.

According to the project outline, the initial power station would be designed for four reactor units, each with a life of between 40 and 60 years and would be similar in design to that of Koeberg.

The brief states that Eskom would locate nuclear facilities in self-governing territories or proclaimed nature areas "if required".

Over the next few months academics from UDW will conduct surveys of black and white attitudes towards nuclear power, while Natal University's Centre for Social Development Studies will study the economic ramifications of a major nuclear plant.

This week divers will assess the sea bed near the Tugela mouth while a drilling team is evaluating rock types along the coast.

that they are either poor
or very good.

Cap Training 21/10/85

New training centres for Eastern Cape

PORT ELIZABETH—
Special training centres
for the Mossel Bay oil-
from-gas venture will be
set up soon in the East-
ern Cape, South Western
Districts and Natal.

In the next four years,
10 000 people will be
trained for the project—
at an estimated cost of
R100m.

The training pro-
gramme is a joint ven-
ture by the recently
formed SA Fabrication
and Construction Train-
ing Trust Fund and the
government's Central
Energy Fund.

Levy on water, power expected

FOR the first time, the Central Witwatersrand Regional Services Council (CWRSC) is expected to place a surcharge on water and electricity prices, and the East Rand and Pretoria RSCs are expected to follow suit.

A CWRSC official said the CWRSC had the choice of increasing business levies, or putting an "oncost" on water and electricity. The former would become a "political hot potato", so the CWRSC

EDYTH BULBRING

was expected to recommend the latter.

RSCs financed their projects through turnover and salary levies on businesses, projected to amount to R120m-R140m by the end of next June. The official said he did not think the levies would match the approximate 24% increase in con-

● To Page 2

B/day

55

24/11/88

Surcharge on water and power expected

struction costs next year.

To finance the projects, it was expected the CWRSC would recommend a tariff on water and electricity from July 1.

He expected the Executive Committee to make a recommendation to the full council before the end of June. This would have to be approved by Transvaal Administrator Danie Hough, he said, but this was usually a "rubber stamp".

Financing RSC projects was costly and with the rate of inflation, was expected to increase.

The estimated cost of water from the Rand Water Board from July 1988 to June next year was R94m, the spokesman said. The CWRSC billed each of the 14 local authorities according to the estimated usage, and the money was then passed on to the RWB.

Eskom supplied 75% of the electricity

← ● From Page 1

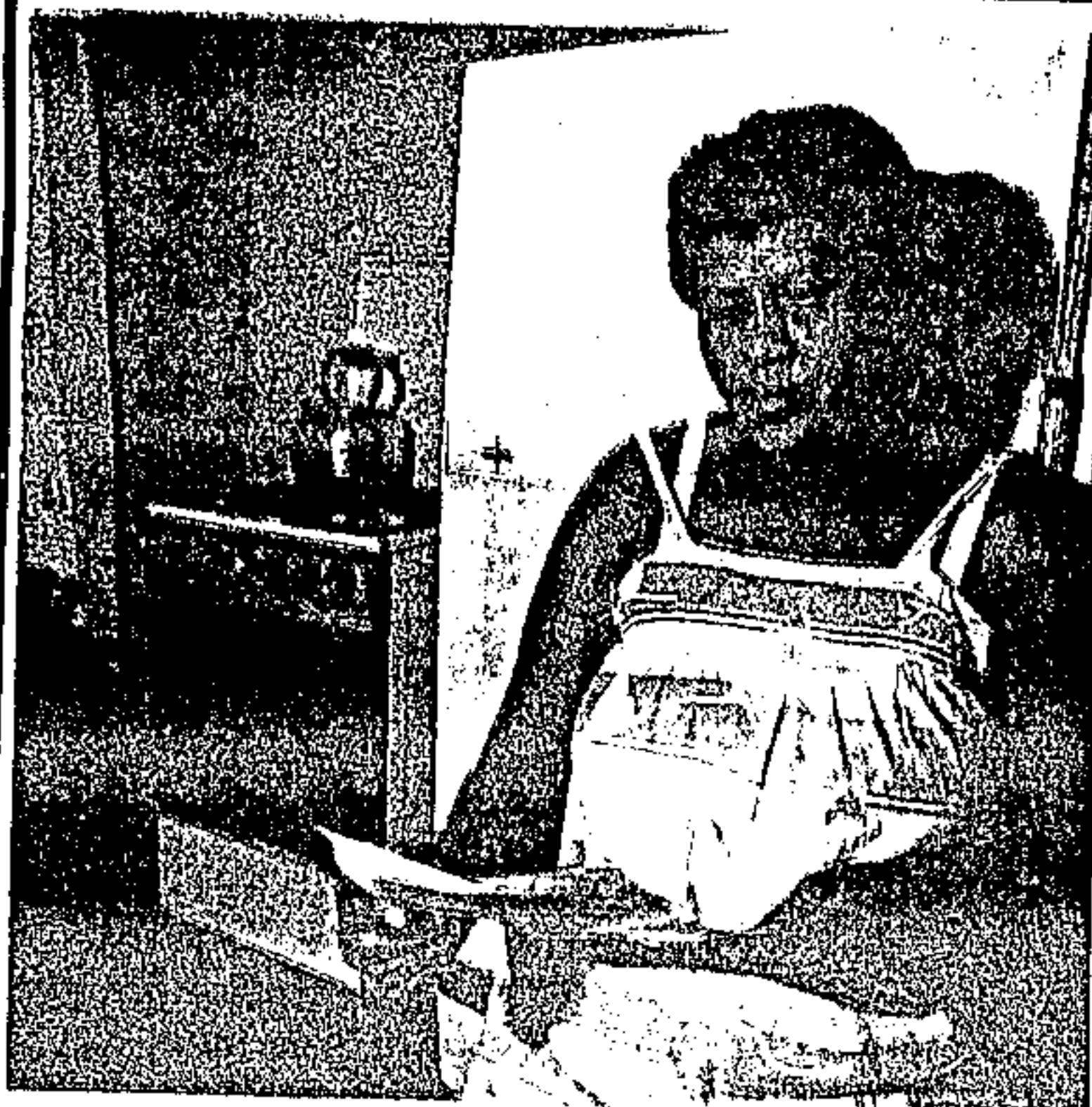
to the region, at a projected cost of R351m by next June, while the Johannesburg City Council supplied the balance. The councils were once again billed and the money transferred through the CWRSC to the supplier.

Although the CWRSC had not profited from these transactions, it had acted as "indirect bridging financiers" for the black local authorities who were unable to pay the full amounts to the suppliers.

Since 1987 Soweto, Dobsonville, Diepsmeadow and Alexandra had been R50m in arrears regarding water and electricity, and R6m regarding sewerage.

The advantage was that the RWB and Eskom did not "sit with bank overdrafts, which could result in increases in prices on water and electricity".

55
B/day
24/11/88



STANDING in front of her new fridge, Maria Lindoor of Sementdam looks at her first Eskom electricity bill.

Weekend
Argus
SPECIAL
REPORT

by VIVIEN HORLER
Weekend Argus
Reporter

Pictures:
ANDREW INGRAM,
Weekend Argus

KITTY Ruiters's sitting room, like thousands in the Cape, has a television set and a hi-fi. But there is no electricity.

The television and hi-fi run off car batteries, the cooking and water-heating is done on gas, the iron, an old flatiron, is heated on the gas stove, and the lighting is from paraffin lamps and candles.

The laundry is done by woman-power, which means Kitty stands over an old enamel bath in the backyard of her Bellville South home for a couple of hours, doing the washing by hand twice a week for a family of seven including a 17-month-old toddler in nappies.

Kitty lives in an area known by its inhabitants as Sementdam. According to the Bellville Residents' Association, 300 houses in Sementdam are without electricity and there are 200 in the neighbouring area, dubbed Tupperware by its residents after the way the houses are stacked down the streets. Yet all around them there is light.

In fact electricity recently became available to the residents of Sementdam who wanted it and were prepared to pay to have it installed. There is no electricity in Tupperware at all, and even those who are prepared to pay, like the Swarts who moved from an electrified area and whose appliances are useless in their new home, cannot have it.

Or, according to the Bellville Municipality, cannot have it until February next year.

No electricity means tinned milk, no way of storing perishable food, daily trips to the shops, no easily available hot water, no good light, no wash-

ing machines, the drudgery of doing by hand the work machines can do in minutes, the ever-present danger of fire.

And, no electricity costs money!

The regular cost of recharging a R100 car battery to power the television and hi-fi, plus the cost of gas — for cooking, heating water and ironing — paraffin and candles adds up to about R120 a month.

Mrs Ruiters's two sons, Henry, 18 and Matthew, 17, are still at school and study by candlelight. Henry, who says he uses two candles an evening, was told last week he would have to get spectacles.

Vivvy Daniels, 51, is the former chairwoman of the Residents' Association and an outspoken woman. She has lived without electricity in Sementdam for about 20 years.

"Everyone wants electricity to make life convenient. But if we want it we have to get R1 000 — about R250 for Eskom and the rest to have the house wired — and I don't have it. We have been wanting electricity for a long time and in 1983 we went to see the Minister of Community Development, Mr Pen Kotze, about it. He said the government didn't have the money for electricity everywhere.

"Eventually this area got electricity this year, but now we can't afford to have it installed. I think we should get a grant or a subsidy from the Bellville Municipality for it. We live in the town, not the rural areas. We're like people

IN THE DARK

No lights a switch off in Seme



KITTY Ruiters and her granddaughter Lesley-Anne Beerwinkel watch as Kitty, left, and Matthew, add distilled water to the batteries that power the television and hi-fi.

on the farm, you wouldn't believe we live in Cape Town. Isn't Bellville a city?"

Mrs Daniels, known as Aunty Vivvy, said she was worried about the danger of gas bottles in a kitchen with an open gas flame. "It could be dangerous. I heard of a woman who had a gas fridge that exploded. I wouldn't have one, I'm too scared. Anyway they cost over R2 000.

"You've got to laugh. What else can you do? You get used to things, but there comes a time when you think things must change. Some days I feel 70 years old. Why should I sukkel? Why should I have to do the washing and the rinsing and the wringing all by hand?"

Aunty Kitty says: "We used to live in Oakdale and we had electricity there, but then we were put out with the Group Areas Act and had to come here. So we've had no electricity for 27 years."

The Swarts family moved from a council house in an electrified area into Tupperware when they had an opportunity to build their own house. The house, which cost R31 000, is wired for electric-



ELSIE Kayster of Tupperware lights a candle — the family's only source of light.

ity and ceiling.

But hi-fi, battery, gas stove and a . . . Ellen S fitted a clean work so by hand ing mac I've len cause t here."

Maria mentda her hous to Esko obtaine lights, a fridge, and an . . . but is s her gas placed comes a

"My changed, no can clothes, at night, to the sb

"Befor get the charged

THE DARK

a switch off in Sementdam



er granddaughter Lesley-Anne Beerwinkel watch as Kitty's sons Hen-
ew, add distilled water to the batteries that power their television
and hi-fi.



ELSIE Kayster of Tupperware lights a can-
dle — the family's only source of light.

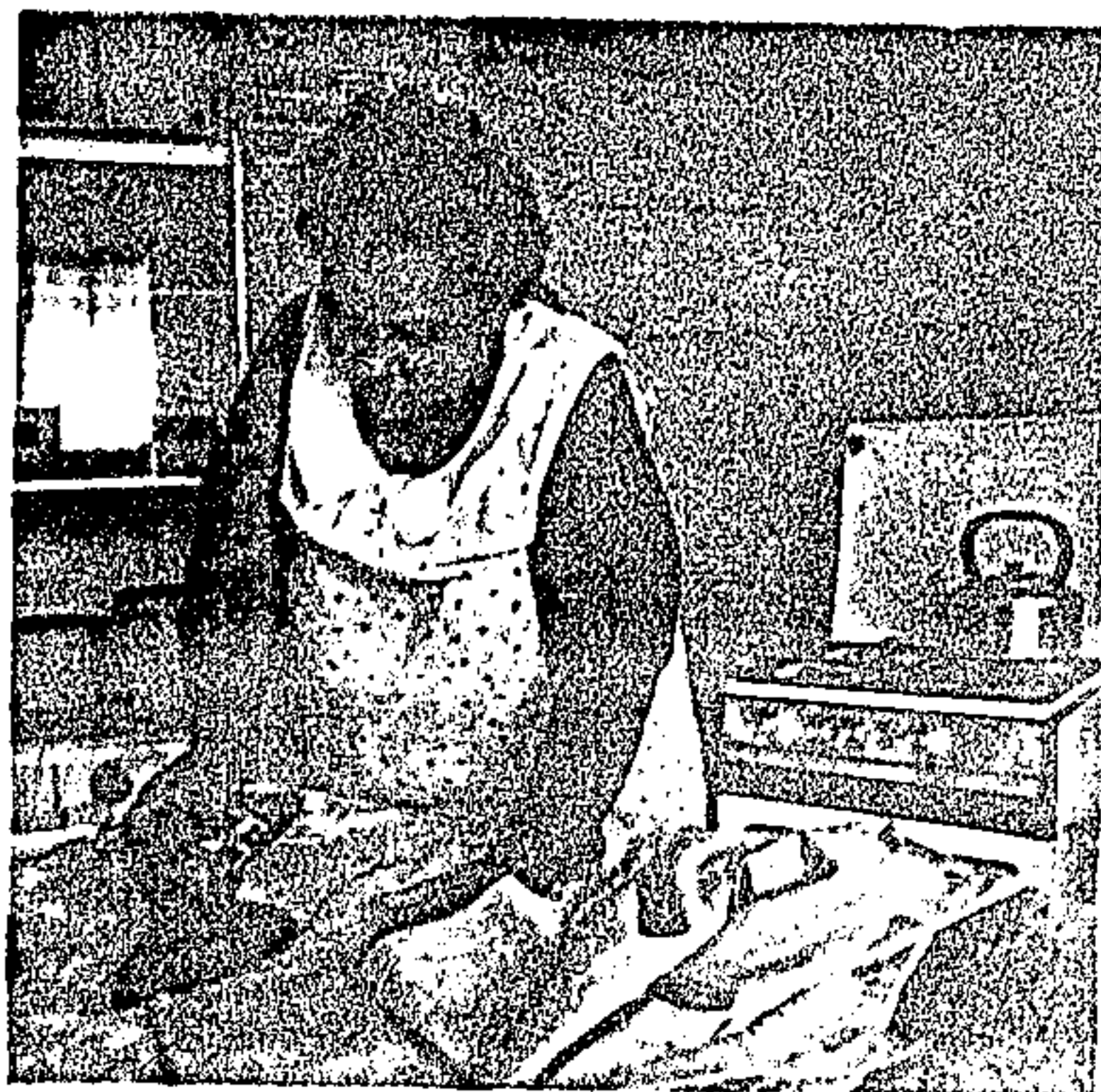
ity and a light hangs from the ceiling.

But the television set and hi-fi, both wired up to a battery, give the game away. "We had to buy a new gas stove when we came here, and a new kettle," says Mrs Ellen Swarts, 31. "We've got fitted carpets but my vacuum cleaner of course doesn't work so I have to brush them by hand. I've also got a washing machine and a fridge, but I've lent them to friends because they're no good to us here."

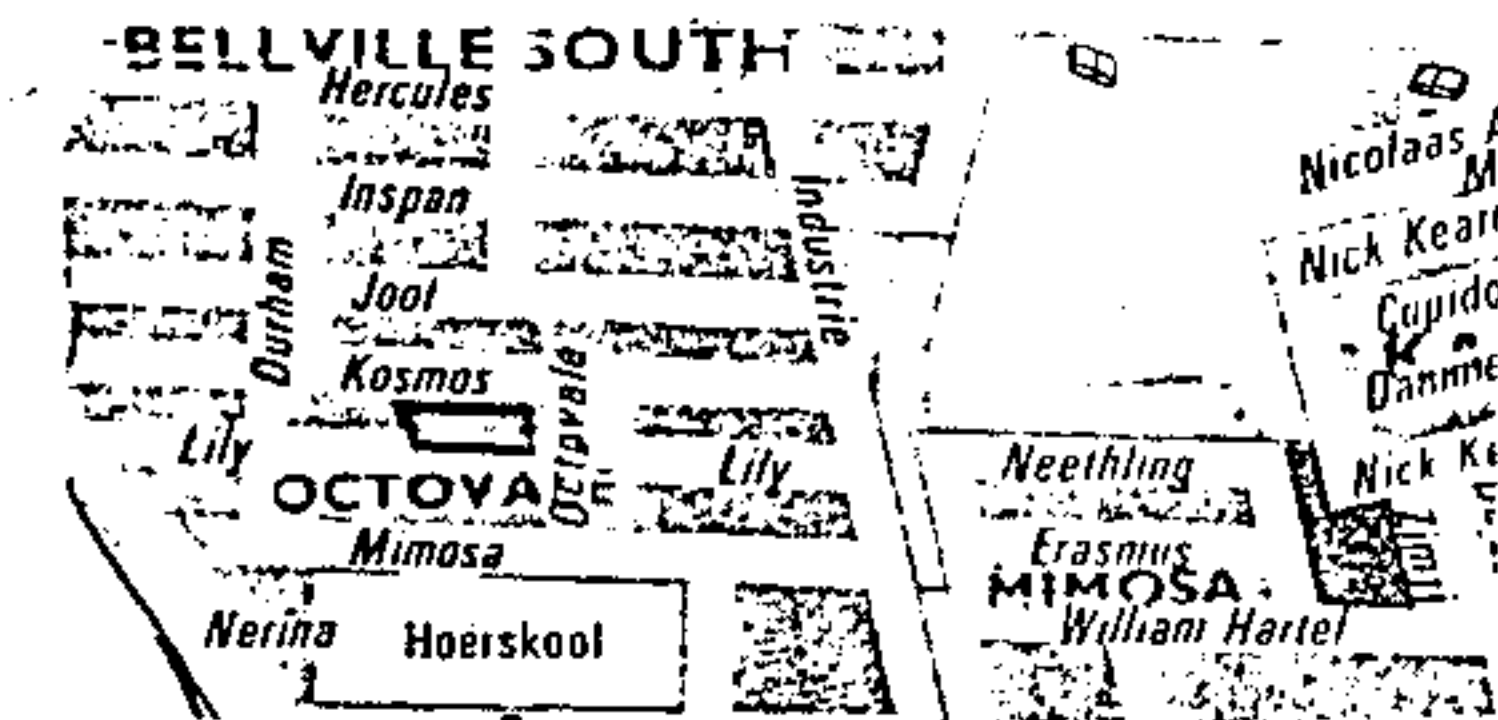
Maria Lindoor lives in Sementdam and recently had her house wired and linked up to Eskom after her husband obtained a loan. She has lights, a hotwater geyser, a fridge, a washing machine and an electric television set, but is still making do with her gas stove. That will be replaced when the money becomes available.

"My life has completely changed," she said. "There is no candle wax on your clothes, you can see properly at night, and I only have to go to the shop once a week now."

"Before we used to have to get the television battery recharged three times a week.



VIVVY Daniels gets on with the ironing —
19th Century style. Hard work, this with
an ancient iron.



SEMENTDAM (officially Octovale) and Tupperware (officially Mimosa) in relation to Bellville South.

Now you just plug it in — and switch it on."

Her first electricity bill from Eskom, R78 for two months, was well below what her usual energy expenses.

Bellville Municipality spokesman Mr Steve Gouws said the electricity network would be completed in the Tupperware area by February, when Bellville is due take over the task of selling electricity from Eskom.

It was not council policy to provide subsidies or grants for people who wanted electricity in their homes, but the council was prepared to pay the cost of installation in the form of a loan. This amount would then be added to bond repayments for those who had bought their houses from the council, and to rentals for tenants.

"This policy means that anyone who wants electricity can have it with no initial capital outlay, except for the deposit, for just a few cents a month."

Telephoned in the Residents' Advice Office, Aunty Vivvy was sceptical. "If it's so easy, why haven't we all got it? This is quite confusing."

Eskom spokesman for the Western Cape region Charles Cooper said Tupperware and Sementdam were two established residential areas built at a time when it was not compulsory for houses to be electrified. They were surrounded by more recent developments that were electrified.

Two years ago a deputation of residents had approached Eskom for electricity. Enough people in the Sementdam area were interested to provide money, deposits and guarantees, and the area was electrified, said Mr Cooper. But not enough people came forward from Tupperware.

Mr Cooper said in cases like this individual houses could still be electrified, but then the householder would have to pay an amount, which he could not specify, over and above the normal service charge and cost of the units.

Eskom's standard connection fee was R200 and a deposit of R120 was also payable. On top of this people would have to pay to have their houses wired.

"It has been Eskom policy to provide a service if enough people are prepared to commit themselves. It has nothing to do with colour — to Eskom all people are green."

In this case, why was it that of the 20-million people in South Africa without electricity, almost all were black?

"There have been wrongs in the past," said Mr Cooper, "but they are slowly being righted. Eskom is now taking the lead by lowering standards — still within safety limits — lowering costs and egging on local authorities to provide electricity."

"One solution is to provide basic wiring consisting of nothing but a board on the wall with just two plugs and a couple of lights."

Only 10 percent of city blacks have electricity

w/le MBAS 26/11/88 (85-310)

POWERLESS!

by VIVIEN HORLER

Weekend Argus Reporter

ONLY 10 percent of black households in greater Cape Town have electricity — yet South Africa has the equivalent of five Koebergs of spare generating capacity.

More than 66 percent of South Africans have no electricity at home — and the alternative power sources they use, such as paraffin, wood and coal, are expensive, dangerous, inconvenient and polluting, says Mr Charles Dingley, a lecturer in electrical engineering at the University of Cape Town.

If every house in the country was electrified, there would still be the equivalent of 2,5 Koebergs to spare.

Mr Dingley told a conference in Johannesburg that at least 20 million South Africans had no electricity — and, almost all of these were black. While white urban areas were fully electrified, as were almost all white rural areas, “almost no black rural dwellers have electricity”.

Most (90 percent) of the electrified black households in greater Cape Town are in Langa and Guguletu. Only about 10 percent of Nyanga houses have electricity and slightly less than 10 percent in Khayelitsha.

Most Cape Town areas zoned coloured are completely electrified, but there are still pockets which are not, including parts of Lotus River, Grassy Park, Valhalla Park, Elsie's River and Bellville South.

Mr Dingley said: “Of course, many areas have been electrified, but the households are still without electricity because the residents can't afford the cost of having their houses wired and connected up.”

The city's white areas have been fully electrified for about 50 years.

Mr Dingley said a government study showed that non-electrified households in Soweto spent 1,6 times as much on energy as electrified homes. It had also been estimated that in rural areas fuel cost an average 10 percent of household income.

The total cost of electrifying all existing unelectrified houses in South Africa would be about R8-billion, he said. However, innovative designs could reduce these costs by as much as half, according to Eskom.

South Africa's peak demand for electricity is 20 000 megawatts, while existing plant capacity in the country is about 30 000 megawatts. The spare capacity of 10 000 megawatts is equivalent to five Koebergs.

Full electrification of all existing houses would increase the peak demand by 5 000 megawatts, just half the available spare capacity. According to Eskom, full electrification would add just 13 percent to the national consumption.

Move to fund govt salaries

SS 8/day 2/2/88

Petrol to go up 10c a litre in January

THE petrol price is to rise by 10c a litre from January 16, 1989, to contain the deficit before borrowing and fund an increase in transport tariffs.

This was announced last night in a joint statement on fiscal policy by Finance Minister Barend du Plessis and Economic Affairs and Technology Minister Danie Steyn.

Only 1c of the increase will go towards funding the hike in rail and pipeline tariffs, with 9c going towards financing additional state spending, mainly on salaries and wages, and slowing down economic activity.

The statement, which came on the eve of a meeting between senior bankers and Reserve Bank Governor Gerhard de Kock to discuss the economy,

GRETA STEYN

sought to clarify confusion over fiscal policy.

It said uncertainty about government finance had put upward pressure on interest rates.

"Extraordinary estimates are doing the rounds as to the supposed dimensions of the deficit before borrowing and the total financing requirement in the current and the coming fiscal year."

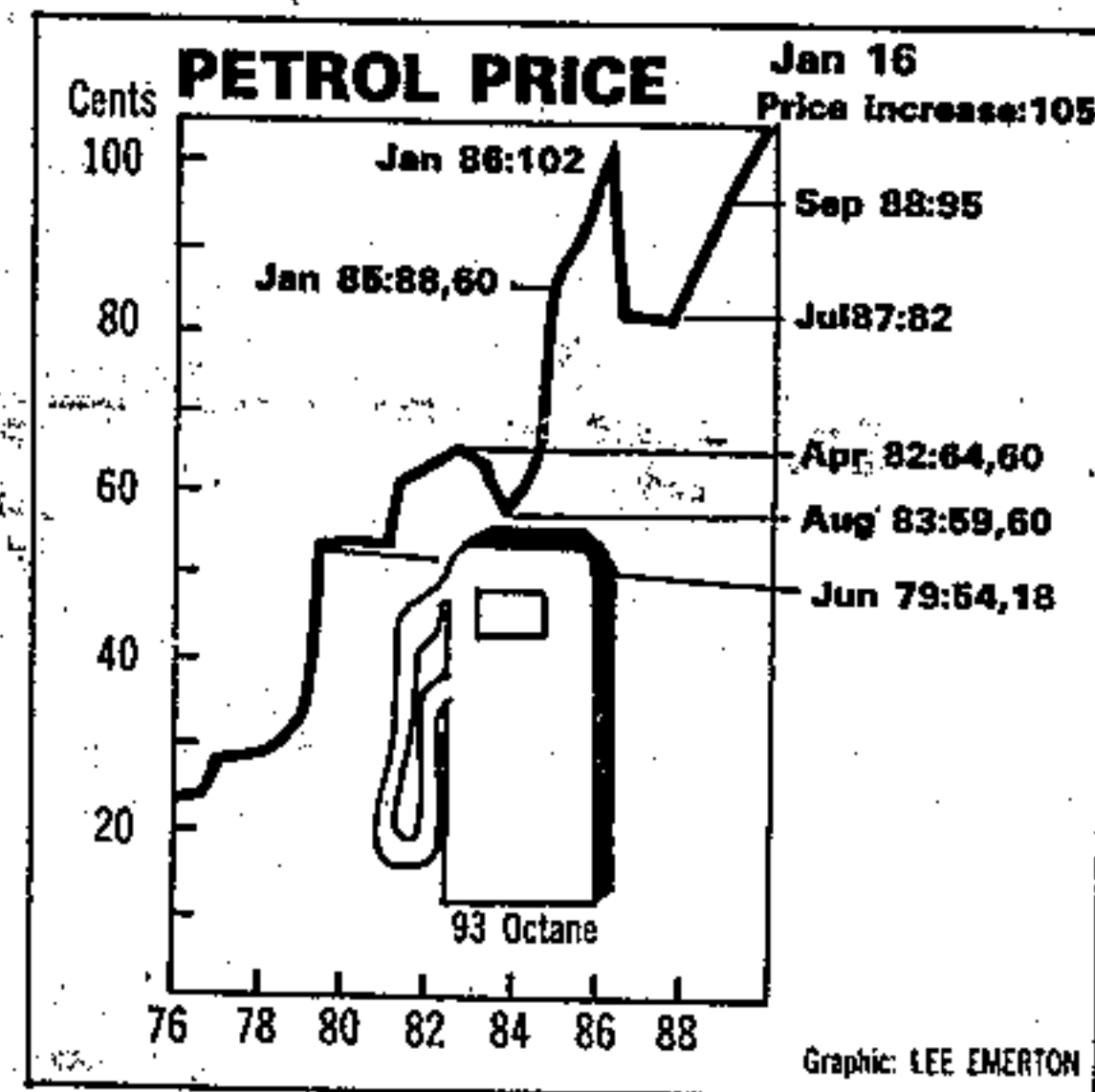
This fiscal year would see net additional spending of R2,5bn, of which salary and pension increases were R1bn and interest payments were R0,4bn.

However, the state's financing requirement for this fiscal year was not likely to be much greater than was estimated in the main Budget and could even be lower.

The higher fuel levy was estimated to yield an additional R260m for the fiscus. The additional revenue, together with savings on approved spending, indicated the deficit should exceed the original estimate of R9,9bn by R0,7bn at the most. The R600m income from Treasury's sale of its shares in Iscor had also to be taken into account.

□ Sapa reports the Automobile Association (AA) said it was disappointing that the petrol price increased at a time when the crude oil price had been decreasing and the rand had been gaining strength.

It pointed out, however, that a large petrol price deficit had built up prior to the September price increases.



Moss gas contract to provide 900 jobs at Babcock

From PAT CANDIDO

PORT ELIZABETH. — Jobs for about 900 people will flow from the fabrication here over the next two years of four large steel modules for the Moss-gas production platform.

Babcock, the company recently awarded contracts totalling nearly R100-million for fabricating the modules, says engineering companies in the city will also receive a boost.

The company says it will be fabricating the process, wellhead, power generation and utilities modules and a new company, Babcock Mossel Bay Contractors, has been formed with an overseas company to carry out the work.

Local skilled and unskilled labour will be employed and Babcock will be making use of the services of the Eastcape Training Centre to train people.

A 10ha site on the Charl Malan Quay is to be used for the fabrication of the modules.

Several Babcock engineers and managers have already moved to the city and a temporary office block is being erected.

The modules will be fabricated from 2500 tons of special 50e grade Iscor steel and 8km of stainless steel and carbon steel piping. The work on the modules will include the installation of 1200 tons of mechanical equipment.

W/E Moss
3/12/81
SS

"We increased stock levels, retaining the need for a link with big buying power."

Costly petrol fuels inflation

S/Times 4/12/88 55

THE Government's inability to manage the Budget has been attacked by labour organisations, farmers and economists.

Their wrath was prompted by this week's announcement that the price of fuel will be increased by 10c a litre from January 16.

The Bureau for Economic Research at the University of Stellenbosch warns that the

By Don Robertson

higher fuel price will add 0,54 of a percentage point to the inflation rate. It will also have ripple effects. The BER has lifted its estimate of inflation in 1989 to 16%.

The increase comes after two months during which an overrecovery on the so-called slate was experienced in the sale of petrol. In other

To Page 2

Petrol uproar 55
S/Times 4/12/88
From Page 1

words, motorists paid more petrol than they should have. The September overrecovery was 1,557c/l and 2,625c/l in October. This was credited to the slate.

For political reasons the Government supported the price of fuel to the tune of R551-million since last December.

Koos du Toit, chief economist of the SA Agricultural Union says the farming fuel bill is about R800-million a year. Farmers will pay an additional R100-million next year.

Higher interest rates, increased licence fees and dearer imported machinery will add pressure to profit margins and could result in higher consumer prices.

The Federated Chamber of Industries (FCI) expresses concern at the fuel-price rise and attacks the use of administered prices as a fiscal instrument.

"This decision will undoubtedly exert an inflationary effect on the economy as fuel constitutes an important cost element in industry," says executive director Ron Haywood.

Assocom questions whether a higher fuel price is the best way of keeping State financing sound.

"Assocom is particularly concerned at the persistent failure to control State spending effectively, as this can only mean a continued heavy tax burden and additional levies on the private sector."

The Houswives League of SA says: "Fuel prices ripple through the economy and affect every service and all goods purchased by the consumer."

National president Lyn Morris says: "The Government is a lousy housekeeper, incapable of budgeting and managing the funds entrusted to it. Now it seems hell-bent on bankrupting the rest of us."

matterprufe ted and Placor

IS ALMOST THREE TIMES LARGER AND THE POPULATION IS 100-MILLION

drag on
all Street

SS

PETROL PRICE

For all the wrong reasons

Government spokesmen seem to be ambiguous in their justifications of the pending petrol price increase. And well they may be, for none of the reasons cited is convincing.

In the first place, especially with the recent strength of the rand, there is no intrinsic cost-related need for the hike.

There is a suggestion that a higher petrol price is necessary to cut down imports because they have been rising sharply and "we must protect the balance of payments."

This, of course, is total nonsense. It is as valid as the justification for surcharges of up to 60% on other, totally arbitrarily chosen, imports. As Aubrey Dickman pointed out forcibly in the *FM* Board of Economists discussion last week, it's wrong to perpetuate any pattern of imports: if people change their import preferences, they must be allowed to.

If changed import preferences strain the balance of payments, it should be addressed at macro-level, not by discriminatory individual measures which carry all the penalties of a partial devaluation of the rand without any of the benefits.

It is also suggested that taxing petrol more heavily is almost the only effective way of gathering revenue from the black taxi industry (see *Business*). Trouble is the petrol tax,

like the rain, falleth on the just and the unjust alike. It is totally inequitable to penalise the whole society to counter tax evasion by a relatively small minority.

All these justifications are smoke screens designed to hide the fact that government finances are in an unholy mess. It is now officially admitted that the apparent fiscal restraint shown earlier this year was illusory. The Budget deficit is going to be above target (see *Economy*). Any suggestion that a settlement in Angola-Namibia could mean a reduction in defence spending has been dismissed with contempt.

The petrol tax is expected to raise R1,3bn in a full year. That will at least go some way towards paying those absurd 15% increases in civil service salaries.

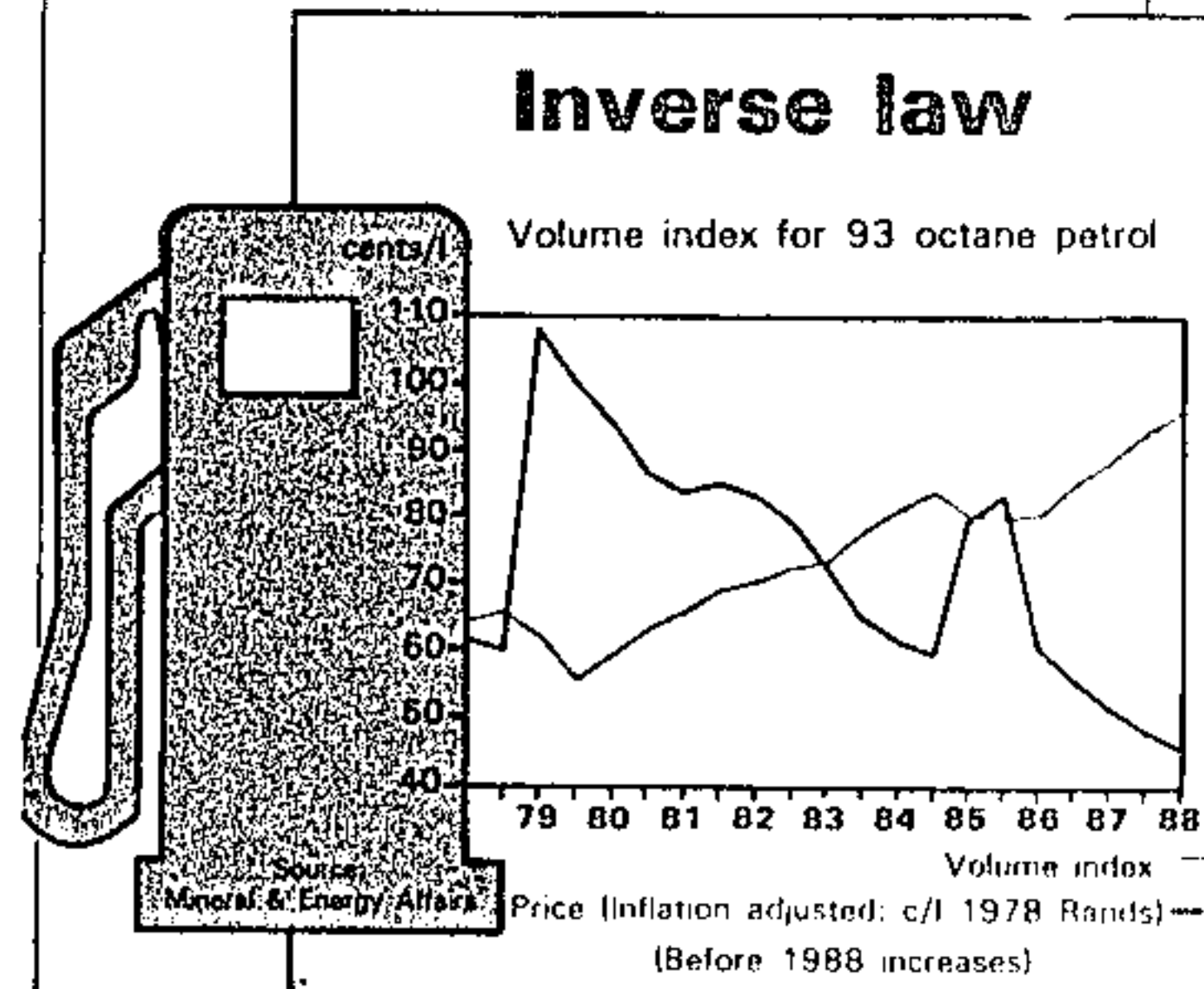
Recently, the word kleptocracy was coined by a critic of the corrupt, centrally controlled economies of the Eastern bloc, to describe how bands of officials and legislators, to all intents and purposes answerable to nobody, have entrenched themselves in power and wealth. We know how he feels.

The object of *perestroika* is to break that power. But where is our Gorbachev? Not in the Tuynhuys, alas, in spite of P W's initial promises to prune back the public sector. ■

levy on all domestic fuel sales, and 1c towards an increase in rail and pipeline tariffs.

Government estimates the fuel levy will generate an extra R260m revenue in the current fiscal year, and R1 300m in 1989-1990. Although the principal reason is to raise revenue, a subsidiary aim appears to be to curb growing imports of crude oil and so assist the balance of payments.

As Sasol (which produces somewhere under 50% of SA's liquid fuel needs) operates at full capacity at all times, any increase in fuel consumption leads to a disproportionate



rise in imports.

When fuel prices were raised earlier this year, fuel consumption had been rising under the influence of a rapidly reducing real rand price and rising personal incomes (see chart 1). It would appear this trend has not been more than dented by the earlier price increase.

UCT economics professor Brian Kantor acknowledges that most governments find taxes on petrol an attractive source of revenue, the only exceptions being the US and various oil-producing countries.

The marginal cost of collecting additional fuel tax revenue is low, and the tax is not subject to evasion. Because the price elasticity of demand for petrol is low at present price levels, an increased levy is a good revenue raiser — and will not cause a major falling off in demand.

Another factor Kantor agrees has influenced government in taxing petrol more heavily, is that it is almost the only effective way of gathering revenue from the burgeoning black tax industry. Collections of income tax and GST from black taxis are not very effective, nor can their effectiveness easily be improved.

Kantor estimates an approximate 10% increase in fuel prices will induce a 1% in-

FUEL PRICE (SS) FMMML

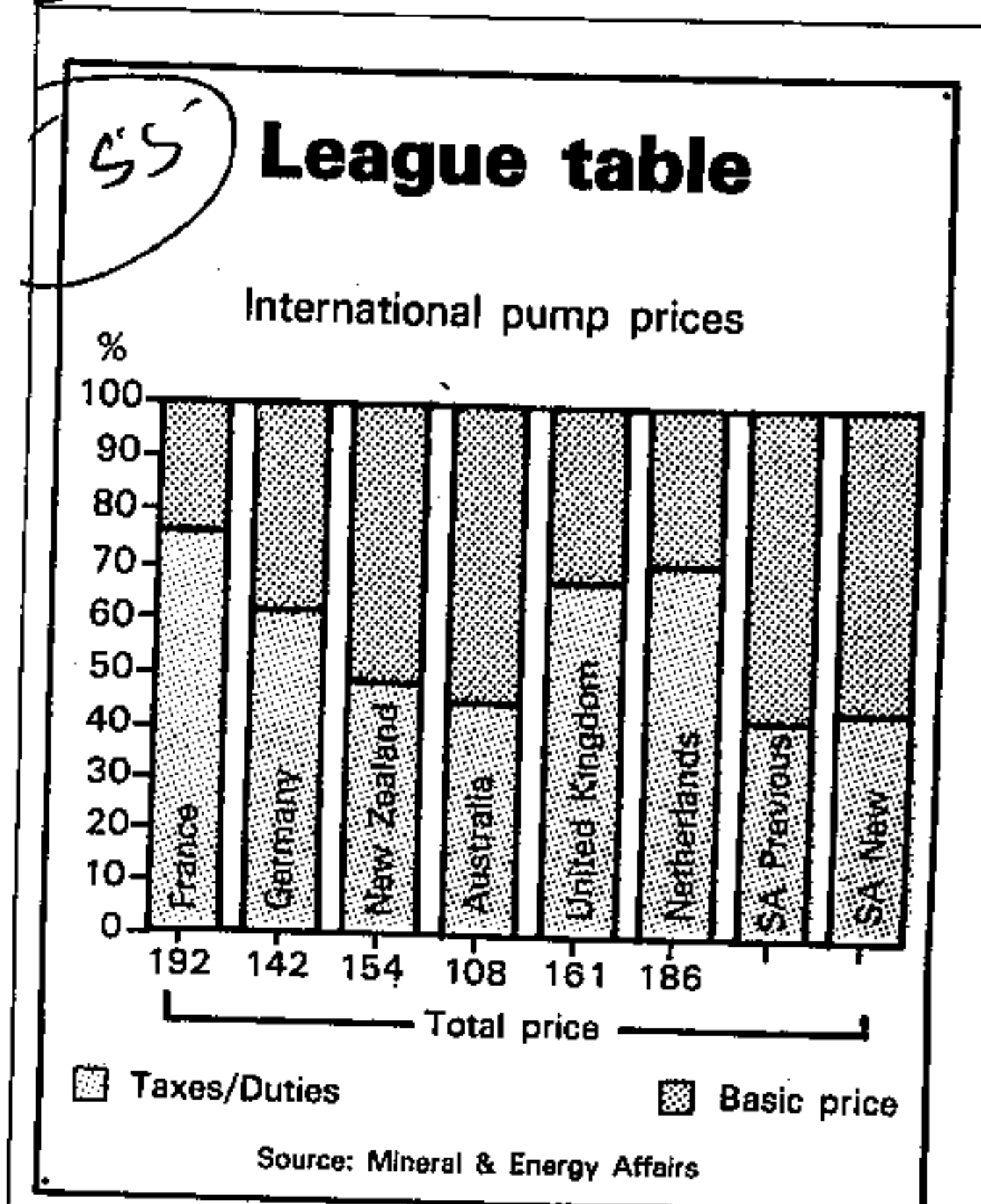
Fuel's gold 9/12/88

Motorists, a traditional target for governments in search of extra pocket money, have been singled out again.

Government's omnivorous need for additional revenue has produced a painful increase of 10c/l in the prices of petrol and diesel, effective from January 16.

A joint statement by Finance Minister Barend du Plessis and Economic Affairs & Technology Minister Danie Steyn, says 9c of the increase will go towards an additional

FMMML 9/12/88



crease in the consumer price index (CPI) over an 18-month period. Concern over the impact on CPI is shared by Assocom, which points out that announced increases in liquid fuel prices this year amount to 28%.

Assocom deplores "the persistent failure to control State spending effectively, as this can only mean a continued heavy tax burden and additional levies on the private sector."

The decision to raise fuel prices does not obviate the need for a supportive monetary policy. Assocom also deplores the absence of consultation with the private sector before the latest fuel price increase was decided on.

Mossel Bay explodes into a city

Townfolk caught up in a time warp

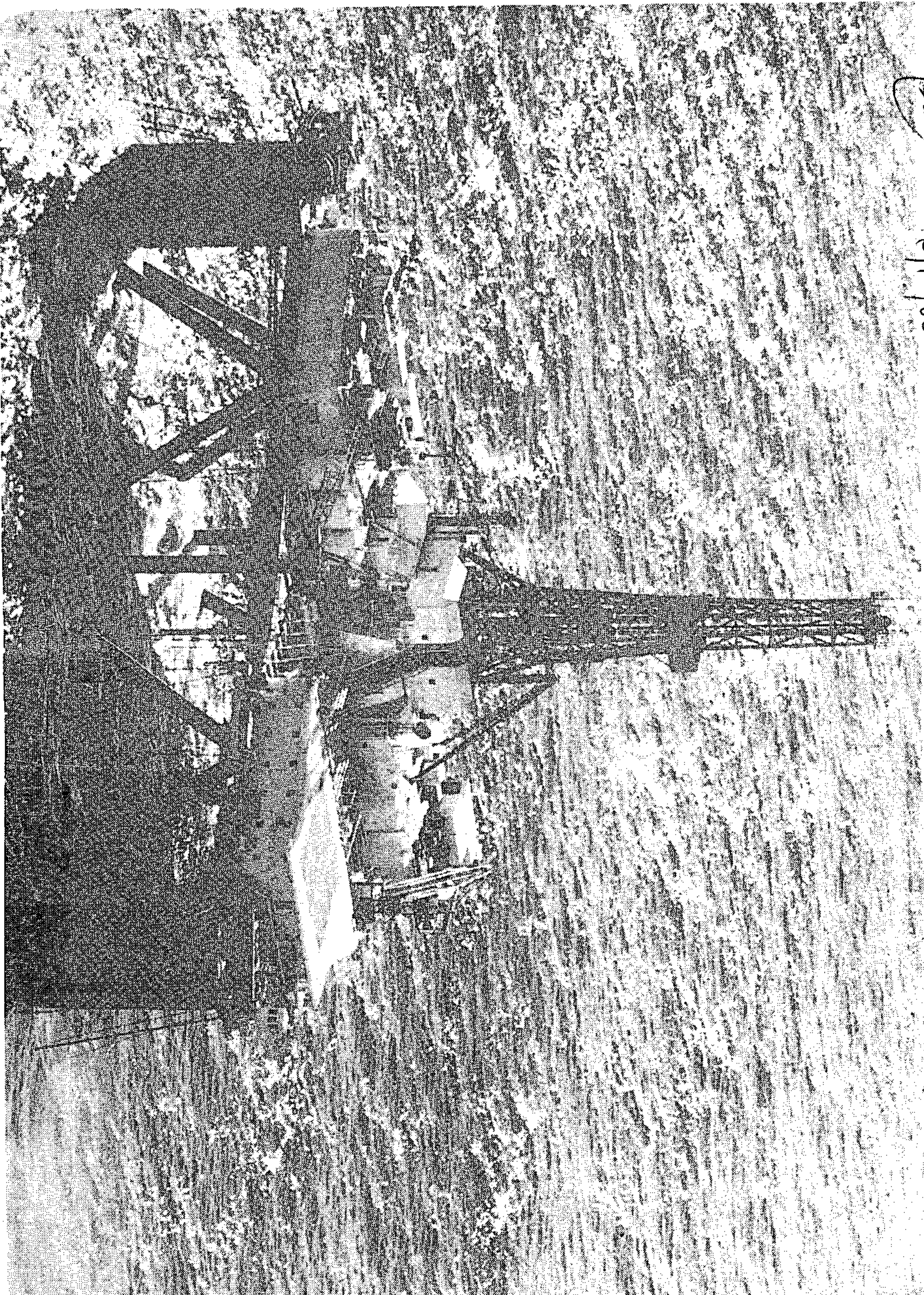
Mossel Bay is destined to become one of the country's hottest property spots in the foreseeable future as the town bursts at the seams following the discovery of gas deposits off its coastline, reports **NORMAN CHANDLER**

Star.

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16/12/83

There's a saying in the Mossel Bay area that excitement there comes around once every 500 years ... the first was the arrival on the southern Cape coast of Bartolomeu Dias and his fleet five centuries ago, the second the discovery in the last few months of exploitable gas reserves 85 km off the coast.

It is the second round of excitement that is destined to have more-lasting value for a fishing town which has literally overnight become the hottest property in the South African economic sphere since the discovery of diamonds and gold. Mosgas (the gas operation) and Mosref (the refinery) are the two projects on which Mossel Bay can rest its future well into the 21st century and probably beyond as well, because of the likelihood of more gas finds being made opposite Plettenberg Bay further up the coast. New residential areas, shopping facilities, superb roads and a magnificent high-speed freeway that curves around the rims of countless coves on a breathtakingly beautiful coast are helping to turn a one-time sleepy town into one of the country's fastest-developing urban centres.



The oil exploration rig which changed the face of Mossel Bay and the southern Cape — the Sedko K — seen off the Cape coast.

It is not being unkind to describe the southern Cape as being caught up in a time warp. Residents of towns such as Oudtshoorn, George, Mossel Bay, Blanco, Hartenbos and others have for many years lived and behaved as if they were from another century. Now they are rapidly being dragged into the 20th.

Through Oudtshoorn and over the Robinson and Outeniqua passes live people who are quite content to let the world go by, cocooned by their Church, their language, their culture and, above all, their ostriches.

It is a world in which President Botha grew up, and where he campaigned on horseback to outlying farms and settlements at the dawn of his political career ... where a man called Langenhoven composed some of this country's greatest music ... and where the ladies of fashion of a bygone age fought over a flightless bird's feathers. It is also a world of monuments — not least of them the feather palaces, grand houses in the English tradition and in which lived those who made their riches from ostrich feathers.

Today, the houses are an attraction for the busloads of German, French and Japanese tourists who flock to Oudtshoorn, the Cango Caves and the southern Cape's beaches. There are also other monuments, like the sad one high on the Robinson Pass where the South African Police last month unveiled a simple but very effective Dias Cross to recall the deaths of 15 policemen who died when their bus went over the edge of a difficult pass during the height of the Dias Festival.

The southern Cape is a world of monuments and ostriches — and people who for years were quite content to let time pass them by ... until the gas-from-the-sea project at Mossel Bay jolted them out of their complacency, reports **NORMAN CHANDLER**.

George is a town with an airport which would do any city proud. Although the airport handles only one or two South African Airways planes a day, George is the gateway to the southern Cape.

The town is still a typical "platteeland dorpie" but one that seems to be desperately reaching out for an escape from the time warp.

Down the road, at Mossel Bay, the time warp factor is very much in evidence but there is greater movement thanks to the Mosgas project which will pump millions of rands into the economy of the area and of South Africa.

Narrow streets which run down towards the water's edge make Mossel Bay a town that should really be situated on Carnarvon Bay on the Welsh coast. That's how quaint it is.

Further along the N2 lies Albertinia, long a stopping-off point for travellers between Port Elizabeth and Cape Town, and with a hotel which has built up a reputation for more than 50 years by providing some of the finest sustenance along the coast.

The lush coastal plain has become one of the key tourist areas of South Africa. The almost exclusively Afrikaans hamlet of Stillbaai has overtaken popular Hartenbos as the holiday home for top-ranking civil servants.

More than 8 000 construction workers and their families are employed on the 5.3 billion Mosgas and Mosref projects. They are expected to cost the population of the town to well over 60 000 — of whom about 40 000 are black, most of whom are currently living in a township close to the local airfield.

Apart from the billions of rands being spent on extracting the gas from the seabed and pumping it 85 km under the sea and a further six kilometres underground to the refinery site 11 km out of town, tens of millions of rands are being spent on urban development.

Mosgas officials have given anxious warnings to people not to converge on the town to look for jobs or fast-buck opportunities — but that has been to no avail.

Factories are springing up in Vooorbaai industrial area, and factory sites are being prepared right on the coastline.

On the move

Housing developers are hacking out the bushlands to provide new residential areas.

It is a town on the go, much like its "big brother", the Scottish port of Aberdeen, which went from a fishing port to Scotland's third largest city virtually overnight after the discovery of oil in the North Sea.

Most of the big supermarket chains are at Mossel Bay, the beach areas are taking on a South Seas look with attractive thatched umbrellas at intervals on the sands, and two camels provide rides for the children from December to March,

when about 80 000 people congregate in the town and at nearby Hartenbos and Bayview, as well as further up the coast.

As the biggest shopping area on the southern coast, Mossel Bay reaps the benefits — and this year, the municipality says, it will be even better because of the rapid development of the town over the past 12 months.

By the time the 1989 season comes around, at least another two shopping centres and arcades will be in place.

Mossel Bay was never built as a holiday town, let alone a major urban centre. But history has seen to it that this is to be the case.

Certainly, the town has its drawbacks.

Ask guests at a popular hotel what they think when passenger and goods trains rumble past the front door — literally 20 paces away — and the place shakes like a disco floor...

Urgent attention is, it is understood, being given to moving the railway line to enable the beachfront to take its place in the overall improvement of the town's facilities.

At the moment, the railway line extends the length of the bay, terminating at the small harbour — the site where Dias landed all those years ago and where those who followed him put their letters in a tree for collection by passing seafarers. The harbour itself is destined

to be almost rebuilt and a decision on that is likely to be made known soon, Mosgas officials say.

The lack of hotel space is also hampering developers, and the situation has got so bad that Mosgas (Onshore), the company handling the R4 billion project, has bought one of the only three hotels in the municipal area for staff accommodation and is currently busy renovating the building.

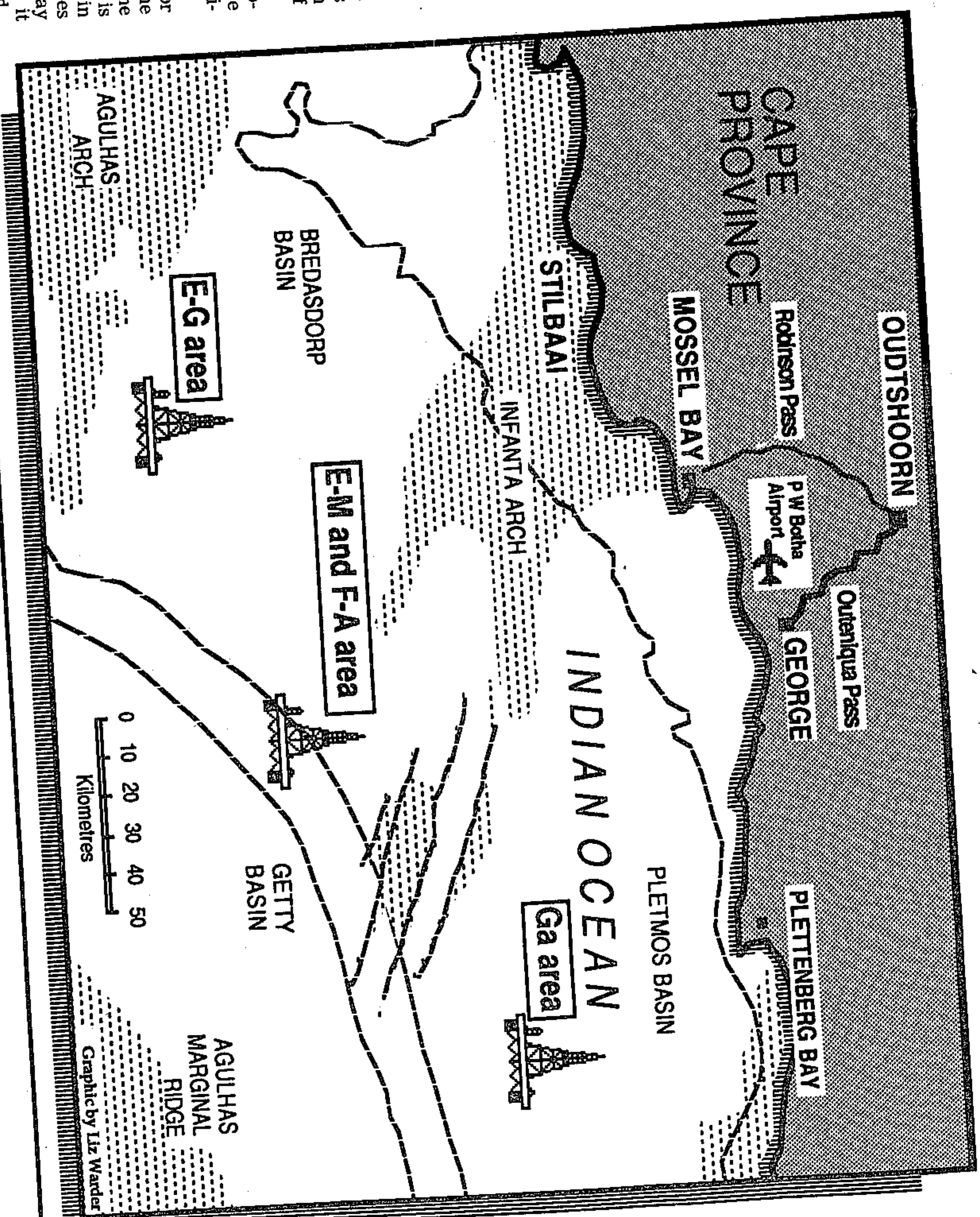
Accommodation has become a major problem with thousands of people renting holiday homes on two and three-year contracts from Transvaalers, who are reaping a fortune out of it. Johannesburg-style rents are being paid for the holiday homes and chalets.

Houses overlooking the bay are costing over R180 000.

In black townships, new houses are also being built although hundreds of families are being accommodated in temporary homes because of the chronic shortage.

Major new housing developments are expected to improve the situation for black residents during the next year.

All-in-all, Mossel Bay — for long the forgotten town at the bottom of Africa — is on the verge of great things and is quietly preparing for the day in 1992 when the first gas reaches the refinery. That's the day that Mossel Bay will realise it has entered the modern world.



Thousands of people who used to visit the Natal coastal resorts now trek hundreds of kilometres further to enjoy the southern coast. They have found a pre-1960s Natal south coast alive and well and living in the 1980s.

Old-time beach chalets at the Poort at Mossel Bay attest to that. The wooden structures are fully booked every holiday season.

Both the entertainment area as well as the beaches are zoned for whites only.

It is all evidence of the fact that the southern Cape has never shown any desire to hurry along.

The people of the region — a giant area of lush vegetation and arid veld which stretches in to the Little Karoo — are quite content to farm their cattle, sheep and ostriches... and let the world go by.

Afrikaans is the main language of the area. Whites, coloureds and blacks speak to everyone — tourist or not — in Afrikaans.

But the people of the region do speculate about what the R5.3 billion Messgas project will do to themselves and to their culture.

At the moment the talk is the pubs and in the living rooms of homes in every town and village is the record R37 million voorskot (advance) farmers have been paid by the local agricultural union.

Govt acts to cut lead in petrol

20/12/88
HELOISE HENNING (SS)

THE maximum lead content in petrol is to be reduced to 0,4g/l from the current maximum of 0,6g/l, and the 98 octane rating of petrol is to be lowered to 97 from January 1, Deputy Minister of Mineral and Energy Affairs George Bartlett announced yesterday.

Pump prices will not be affected at this stage, although the landed cost of petrol will increase on average by 1,8c/l (given the dollar exchange rate of R2,40) for the three octanes. The increase will be cushioned by the "slate" account for over/under-recovery, the National Energy Council said in a Press statement.

High octane petrol is more difficult and expensive to manufacture.

The reduction should have no effect on the performance of motor vehicles, the National Energy Council said.

University of Cape Town expert on lead pollution at the Environmental Evaluation Unit, Yasmin von Shirnding, said the measure was "a step in the right direction" but that SA still lagged behind most Western countries that demanded lead-free petrol.

'Has our support'

□ BP Southern Africa has come out in support of government's decision to reduce the maximum amount of lead in petrol, reports Sapa.

BPSA chairman Ian Sims said in a statement any move making the environment less polluted and safer for everyone "has the support of BP".

He pointed out the lower lead and 97 octane petrol would be leaving refineries only from January 1, and it would be some time before the product reached all service stations.

□ AA spokesman Fred Bothma said the reduction in the coastal high octane rating "should not affect the overwhelming majority of vehicles in any way". He dismissed fears that a long-term effect could be accelerated wear on valves.

Cahora Bassa costs leap

THE cost of restoring the powerlines from Cahora Bassa has jumped from \$32m to nearly \$60m following escalated Renamo sabotage, and the SA government's stake in the project may rise with it, Eskom MD Ian McRae told Business Day yesterday.

The original \$32m was to take the form of a government-guaranteed export credit from Standard Merchant Bank, but the signing of the agreement was postponed after last week's announcement that Renamo had destroyed not 570 but 1 200 pylons.

Yesterday McRae raised his estimate to 1 380 pylons.

CHRISTOPHER TUCHER

Now government would have to increase its guarantee or look overseas for help, he said.

Early in the new year, the three-nation committee on Cahora Bassa (SA, Portugal and Mozambique) would begin soliciting US and European governments for funds.

"There is a lot of international support for Cahora Bassa," said McRae. "It is seen to be good for the stability of southern Africa."

20/12/86

● To Page 2

Cahora Bassa powerline repair costs up

While the latest attacks were a setback for the scheme, they would not have a major impact or cause the three countries to rethink things.

McRae repeated his warning that time was running out for Cahora Bassa.

While Eskom did not need the power today — it recently placed several power stations in moth balls — Cahora Bassa would become very important in the long term, McRae said.

With electricity demand forecast to grow 5% annually through the end of the century, Eskom would have to advance capital expenditure on new stations if Cahora Bassa failed to come on line by 1991.

Time was of the essence because Portugal's mounting debt burden would soon force it to place a price on Cahora Bassa electricity more than Eskom was prepared to pay, McRae said.

Eskom had agreed to pay 1,4 cents per KW-hour for 1 450 MW (some 7% of its 20 000 MW total load).

"It's a tough basis from their point of view, particularly when (Eskom) has excess capacity in its system and power stations that operate well above avoided cost."

Sources close to the project said there was a danger that Portugal default on its \$2bn Cahora Bassa debt.

In that case, it would seek to establish that SA, through its support of Renamo, had rendered the scheme unworkable.

McRae called such a scenario most unlikely. "Portugal, through all the setbacks and sabotage, has stuck to our agreement. It is committed to the project," he said.

● From Page 1

Lead content of petrol to be reduced

Star 20/12/88

SS

The lead content and octane rating of petrol will be reduced from January 1, the Deputy Minister of Economic Affairs and Technology, Mr George Bartlett, said yesterday.

Although the change would result in a 1,8c per litre increase in the basic landed cost of petrol, the pump price would not change, he said.

Mr Bartlett said the lower lead content made it more difficult and expensive to manufacture high-octane petrol and the octane rating of 98 octane would there-

fore be reduced to 97.

"This changed octane rating should not have any influence on the performance of motor vehicles," he said.

The lead content in petrol would be reduced from the current maximum of 0,6 g per litre to a maximum of 0,4 g from January 1, in the second stage of the Government's lead-reduction programme, which was introduced three years ago.

Petrol with the lower lead content would be delivered from refineries from January 1 and it

would be some time before this petrol reached all service stations.

The 98-octane markings on pumps would be changed to read 97 from January 1.

A spokesman for the Automobile Association, Mr Fred Bothma, said the reduction in the coastal high-octane rating "should not affect the overwhelming majority of vehicles".

The reduced lead level of 0,4 g per litre would still contain enough lead to serve as a lubricant, he said. - Sapa.

Gencor shipping up to be international energy giant

By Magnus Hevstek,
Finance Editor

Financial mining house Gencor, currently the third-largest gold producer in the world, is poised to become a dominant player in the international energy market in the nineties.

The Sanlam-controlled mining house is already committed to the Mossel Bay gas project, which, should it prove commercially successful, will require an equity stake of not less than R600 million in current monetary terms.

In April this year, Gencor was granted the leading private sector role in the Mossgas project, involving, among other things, management responsibility for the project that will cost at least R5 billion.

The annual report reveals Gencor has acquired an eight percent participation stake in what is termed a major oil field in the North Sea — the Alba Field.

It is expected that application will be made shortly to the British Depart-

ment of Energy to exploit the field.

During the year, agreement was reached with coal-producing subsidiary, Trans-Natal, in terms of which Gencor would assume management control of the proposed torbanite project costing R2 billion, which involves the production of crude oil from torbanite.

The feasibility study has indicated that the total cost will be in the region of R2 billion in 1987 money terms.

The involvement will provide Gencor with a significant new opportunity in the energy market. The results of the feasibility study, carried out on an ongoing-basis for several years by Trans-Natal, are expected within the next few months.

In addition to management control of this proposed contract, Gencor has undertaken to participate in at least 31 percent of the investment opportunities generated by it.

A great deal of such a scenario still hangs in the balance, but it represents

a concrete and perhaps timeous move away from dependence on gold, very much a wasting asset in Gencor's case.

In the 1983 financial year, gold contributed as much as 41 percent of Gencor's total earnings, but a determined move into other areas, combined with a steadily dropping rate of recovery in its gold mines, saw this percentage drop year by year to reach only 20 percent in the financial year to August 1988.

The big swing in relative contributions was of course the sterling performance of industrial holding company, Malbak, and associates.

Huge losses by some of Gencor's industrial interests in 1984 and 1985 dragged down overall earnings by 11 percent and 13 percent respectively.

However, during the year under review, these interest swung around and contributed no less than R91 million, equivalent to 19 percent of the overall earnings of R475 million in the eight months to August.

In line with the other major SA gold producers, production at Gencor has been on a steady downward trend, with rising costs and declining yields.

This much is evident in the report on the gold mines, which reveals gold production in the twelve months to June was down to 89,3 tons, compared with 101 tons in 1987 and 114 tons in 1986.

The cost per kilogram of gold produced increased by 29 percent as a result of lower production and the time required to reduce labour complements.

However, the new Oryx mine outside Welkom started producing gold after the year-end and should prove to be a boost to overall production.

Gold exploration is continuing over a wide front and at an accelerated pace within and outside the traditional Witwatersrand basin.

Some encouraging results are being followed up in the Kroonstad region and the economic viability of several projects is being assessed.

Star 21/12/88

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Star 22/12/88

(55)

3c a litre fuel overpayment

Motorists in the PWV area overpaid 3,257c a litre for 93-octane petrol last month, the National Energy Council said in a news release yesterday.

The over-recovery was credited against the under-over recovery account (slate).

The strengthening of the exchange rate during November had made petrol cheaper in rand terms, and the effect had been an increase from the 2,625c a litre over-recovery that had been recorded during November, the council said.

The Government will add another 10c a litre levy on petrol next month, said to be largely to finance pay increases for public servants. — Sapa.

Mini-city in the Karoo

A PETROL company has opened a R3-million "mini-city" in the Karoo, designed to meet the needs of motorists and holidaymakers en route to and from the Western Cape and the Transvaal. The development situated at Three Sisters, is based on Shell's Ultra City concept already operating in places like Estcourt, Kroonstad and Middelburg.

The site is on the N1, 77 kilometres north of Beaufort West, 63 kilometres south of Victoria West and just 2 kilometres south of a major junction on the historic "Cape to Cairo" highway.

The Shell Three Sisters Ultra City and Truckport offers — among other things — 24-hour petrol and diesel facilities, public phones, 24-hour breakdown and workshop facilities and restaurant. (SS)

Shell's retail regional manager, Mr Tony Kallis says: "To meet our customers' needs, we have built a little city in the middle of nowhere."

The Automobile Association has welcomed the new development saying the benefits of a modern service and rest area on the busy holiday route between the Transvaal and Western Cape was a relief for motorists travelling through the Karoo. Sowetan 23/2/88

By Don Robertson

THE reduction in the lead content of petrol from January will not result in an increase in the pump price even though it will cost more to produce.

In keeping with international trends, the lead content of SA petrol will be lowered to 0,4 grams a litre from 0,6g/l. Fuel prices are based on the rand equivalent of international oil prices. The effect of less lead in petrol will be to lift the landed cost of crude oil. It will add 1,8c to the cost of refining a litre of petrol.

The additional cost will be carried by the slate — the mechanism used to finance an over- or underrecovery of monthly petrol sales.

Industry sources believe that if crude oil prices rise

5/1mes 25/12/88.

Slate carries cost of less lead in petrol

and the rand falls, another increase in the fuel price could be necessary. The next increase in fuel prices will come into effect on January 16 when a litre will cost 10c more.

At the end of November, the slate had a surplus of about R77-million. It is expected to rise to about R95-million at the end of this month, says Lourens van den Berg, director of energy supply at the National Energy Council.

Should the slate run into a deficit, it is made good by the equalisation fund which receives 7c/l from the fuel tax.

However, in terms of a recent announcement, Sasol, which produces about 40% of SA's fuel, will pay only 1c/l to the stabilisation fund. Sasol has been given an additional 2,4c/l in tariff protection, taking its total to 6c/l. It will be exempt from paying this 6c/l to the fund, so reducing the amount of money in the kitty.

The Sasol protection is retrospective to January this year and a multi-million rand lump sum payment was made to it from the fund.

Mr Van den Berg says that although the amount in the equalisation fund is not released, it is adequate to top up the slate should it fall into deficit.

The surplus in the slate has risen in the past three months because of an overrecovery of 1,6c/l in September, 2,6c/l in October and 3,3c/l in November.

At the end of August, the slate and the equalisation fund were depleted. In June last year, the slate had a surplus of R195-million, but underrecoveries from December last year to August sent it into a deficit of R98-million. This was settled by the Government-operated equalisation fund, which has supported the petrol price by R551-million since the end of last year.

Eskom in bold bid for SA to Zaire power grid

Argus Africa News Service

AKUS 77/12/81
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JOHANNESBURG. — Eskom MD Ian McRae has returned from a visit to Zaire where he made contact with government officials and discussed the possibility of linking South Africa, Zaire and other countries in a southern African regional power grid.

He said initial contacts had also been made with Tanzania about joining any power network and said these contacts would be expanded next year.

Officials of the Zairean electricity supply authority he had spoken to had shown keen interest in the possibilities of the regional grid, and about the possibility of Eskom technical teams assisting Zaire in solving electricity supply problems he said.

A team from Zaire would be coming to South Africa next February to continue the discussions and inspect Eskom training and repair facilities he added.

Mr McRae said Zaire was in a strong position to sell power in Southern Africa, with vast hydro-electric potential but little domestic market.

He said that the long distances that power would have to be transmitted posed no technical problems, but conceded that political realities would have to change before any scheme could get off the ground.

POWER EXPORT

"But that is what the visit was all about, about opening doors and making contact, and political change is happening faster than we all think", he said.

He envisaged that hydro-electric power from the Zaire River could be exported to South Africa via twin lines running through Angola/Namibia and through Zambia/Botswana, supplying development projects along the way.

Zaire already supplied power to the Zambian copperbelt he said.

Contractors named for Mosgas project

By Norman Chandler

The R5,3 billion Mossel Bay gas project — involving the extraction of gas from the seabed and the construction of a refinery — has excited the interest of a huge cross-section of local and international businesses who want to be part of the world's newest fuel project.

Many of the contracts already awarded have been given to consortiums made up of South African and international partners — particularly British and German. Other participating countries, understood to be mainly from Europe, have not been identified.

Local content for the programme — which reaches a climax in 1991 and 1992 when the first gas reaches the shore — is set at 80 percent.

The surge of activity has resulted in a welcome mini-boom for the eastern and southern Cape.

At Port Elizabeth, a multimillion-rand industry is developing around the part-construction of four modules for the first oil rig for the Mosgas project. The contract, awarded to a consortium of Babcock Africa and foreign interests, is worth almost R100 million.

It is not yet known whether modules for other rigs will be part-constructed in the city, but it is understood 900 people who will be working on the first modules have been virtually guaranteed employment for at least two years.

The under-utilised Port Elizabeth harbour is seeing a change in fortunes with a 6 000 sq m fabrication plant being built on

International and local business consortiums are extremely active in developing the first of the Mossel Bay gas fields, more than 80 km off the South African coast.

Charl Malan Quay.

At Mossel Bay, LTA Construction is levelling a huge tract of land off the N2 highway on which the giant Mosref refinery is to be constructed. Other major works are turning the town into a hive of industrial activity. A large new dam — the Wolwedans — is being built on the Great Brak River to augment existing water supplies.

DIFFICULT

The gas project is regarded internationally as probably one of the most difficult seabed operations attempted anywhere. Provision has initially been made for 21 production wells.

The gas field to be initially exploited is at a depth of 2 500 m but is viable because gas reserves are calculated as being sufficient for about 29 years of production. There are a number of identified gas fields off Mossel Bay and off Plettenberg Bay, further east.

As an indication of the confidence placed in the huge scheme — which should play a big part in enabling South Africa to be independent of oil imports — the 12 000-ton jacket and legs has a design life of 30 years.

It being built at Saldanha Bay, on the west coast. It will be towed round the Cape of Good Hope and positioned over 80 km off Mossel Bay.

A second jacket, scheduled for use in the year

2002, will also be constructed at Saldanha.

The huge platform, on which 105 men will live in three-star comfort as they exploit the seabed, will be capable of withstanding 22 m waves every 22 seconds, as well as any current thrown at it, for 100 years.

The legs of the platform are made up of six piles which will be sunk 122 m into the seabed.

A feature of the hi-tech rig is that it will be powered by the same gas it is extracting from the seabed. The daily consumption of electricity from 1991 will be about equal to that of Mossel Bay.

The gas will be tapped from the holes and then dried, using a ethylene glycol process in a specially designed unit.

The glycol will be recycled after being regenerated, and the water-dry gas will then be refrigerated to eliminate hydrocarbon.

Only then will the dry gas be pumped to the on-land refinery through more than 90 km of 450 mm pipeline laid on the seabed and underground. At the same time, the condensate will be collected and pumped into a 200 mm line.

COMPANIES

Some of the country's biggest industrial organisations are involved in the construction and development of Mosgas and

Mosref facilities.

Among main and subsidiary contracts which have already been awarded are:

Project facilities: Off-shore Design Services; Management contract: Gencor and Central Energy Fund — both South African.

Jacket support pillars: CBI Construction, Port Elizabeth, and Dorbyl Vereeniging (both SA).

Construction at Port Elizabeth and Vanderbijlpark — Cables: Aberdare Cables (SA); Earth-moving: LTA Construction (SA).

Drilling and mud-treatment modules: Bay Drilling, with sub-contractors ICAL Offshore (SA consortium: NEI Africa and International Combustion Africa). Construction is at Table Bay harbour, Cape Town.

Support structure: Genrec (SA). Accommodation module: Emso and Sandock-Austral (Gencor group) with sub-contractors Dorbyl Shipbuilders and Babcock Africa (both SA). Construction at Durban and Port Elizabeth.

Process, well-head and power generation modules: Babcock Africa consortium (SA) and unnamed foreign interests. Construction at Durban and Port Elizabeth — Refrigeration: Sulzer Bros SA; Air reformer: Lurgi GMBh (West Germany); Air separation plant: Linde (West Germany).

Control and monitoring systems: AFH Devens (SA). Platform deck cranes: NTC Trading (SA). Protective coatings: AECI Paints (SA). Reformer tube assemblies: Metallurgical Processes (SA — sub-contractor to Lurgi GMBh).