

MANPOWER - GENERAL

1992

# Many won't find jobs - economists

173  
Sowetan 7/11/92

THE joy of black pupils who passed their matriculation or obtained a school-leaving certificate could be shortlived.

Most will be unable to secure jobs due to the slump in the South African economy, according to employer organisations and economists.

They were reacting to the announcement by DET that a total of 107 830 black matric pupils passed last year's final examination registering a pass rate of 39,2 percent.

By JOSHUA RABOROKO

The South African Chamber of Business manpower spokesman, Mr Gerrie Bezuidenhout, yesterday said the results showed "an excellent encouragement" on the performance of the pupils.

"Sacob wants to congratulate all those who passed," he said.

## Proportion

A large proportion of the pupils who would be seeking jobs faced prospects of shattered opportunities because the country is currently in a recession.

He could not say how many would be without jobs but said unemployment was reaching "alarming proportions".

There were difficult times ahead and, until the economy improved, the situation would remain

bleak, even for the ordinary work-seekers.

Those who did not find work must not become despondent, but to improve themselves and obtain higher qualifications.

Employers must also play a role in this regard, he added.

Bankorp, in its latest Econovision, says unemployment could rise by 700 000 by the end of 1992, becoming a time bomb which could seriously damage South African society.

Sanlam's chief economist, Mr Johan Louw, said unemployment was getting out of hand and would affect many young matriculants.

There are tens of thousands of young people of all races in the under-25 age group who had never worked because they could not find jobs, economists said.



# Bleak future for most school-leavers

STAR 11/1/92

SOUTH Africa's lost generation is growing at an alarming rate and the latest crop of matriculants — black and white — may soon be added to the group.

Educationists and manpower experts say that less than one in every 10 of a nationwide total of 400 000 new matriculants is likely to find jobs in the informal sector. This leaves a grim scenario for the millions of unemployed South Africans.

While the future for white matriculants is not bright, black matriculants have virtually no prospects at all.

The South African Defence Force recently indicated it had received more volunteers than ever — more than it could cope with, in fact — and the South African Police has accepted only 4 000 new recruits this year out of 15 000 applications. These conditions could lead to an increase in the crime rate.

James Duncan of Anglo American's Gold and Uranium Division — one of the country's biggest employers — indicated this week that his company would recruit fewer matriculants this year than previously.

In the banking sector, conditions are the same. Dr John Verster, general manager of human resources at Standard Bank SA, said his institution had recruited about 350 matriculants, the majority of them women, since the beginning of this month. The figure for January last year was approximately 500.

He said recruitment would continue throughout the year. New recruits with a university exemption could be sent to a tertiary institution for further education.

"The banking sector is very female-oriented. We have an employers' market as there is an oversupply of matriculants. Acceptance requirements are very high," he said.

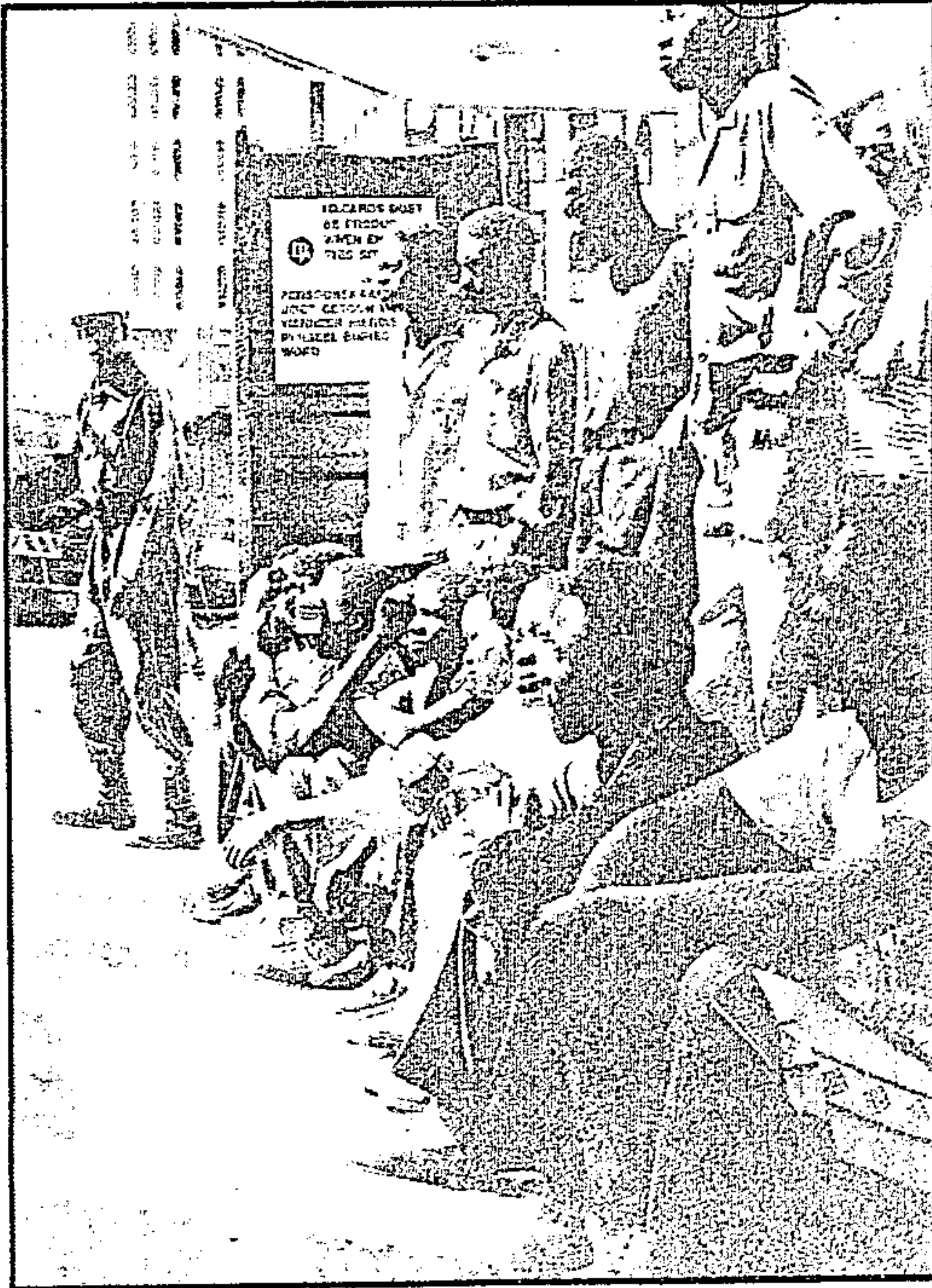
Employment agencies expect a boom in job hunters by the end of January — but their message will only reinforce the gloomy picture.

Kelly Girl MD John Dawkins said the employment outlook for matriculants was the worst in a decade. Companies simply did not have job opportunities for unskilled entrants into the job market.

Instead of hiring unskilled workers, companies were now demanding higher productivity and greater skills from existing employees.

Most of the thousands of matric students who approached Kelly Girl for job placement services were advised to study further, be it a three-month secretarial or public relations course, or a university degree.

A matric certificate no longer guaranteed entry into the workforce.



DOWN AND OUT ON CIVVIE STREET: With the economy in the doldrums, it could be a long wait for these work-seekers.

AL-AMEEN KAFAR and MANDY JEAN WOODS

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"If an employee has a choice of hiring someone with experience against a new job-seeker for the same money, chances are they will choose the person with experience," Mr Dawkins said.

Each crop of matriculants would produce a body of unskilled, unemployable people.

"The Department of Manpower does offer free training courses at various technikons but the skills taught there are so rudimentary, they won't really give job-seekers entrance into the job market," he said.

Hersey Brooke, branch manager of Churchill Personnel in Hyde Park, said the past few years had been difficult for matriculants seeking employment.

Those who found a job did so mostly through friends or family in the workplace. Since the beginning of the year, Ms Brooke's agency had managed to secure just one position — for a woman who recently completed a secretarial course.

"We mainly deal in secretarial and clerical positions. For women there is a little bit of movement because there is always a need for a secretary or a receptionist. But men find it very difficult to get employment."

"For matriculants it is never easy to find a job because most companies demand at least one year's experience before they hire anyone," she said.

But while a tertiary education

seemed to aid job-seekers in their search for employment, it appeared as if the quota of students enrolling at institutions this year is more or less the same as in 1991.

University of the Witwatersrand media spokesman Lyrr Thunzi estimated that this year's first-year entries could be even slightly lower than last year.

She said the entry requirements for the various faculties had remained more or less the same.

Peter Mahr, public relations officer of Vista University, said entry requirements had been tightened and a full matric exemption was now needed for entrance to its faculties.

Mr Mahr said he expected roughly the same number of students to enrol at the Soweto campus as last year.

But despite the gloom facing new matriculants, the option of entrepreneurial spirit was still left to them.

Dawie Crous, head of Johannesburg's Small Business Development Corporation, said he had advocated a total change in economic vision for the last 10 years. He said formal education was not worth much if a candidate was unable to secure employment.

"We will have to create positions ourselves by putting our hands in our pocket and using the skills we have. We have sympathy for the school-leaver who is unable to find a job."

"If they can produce a feasible business plan, the SBDC would strongly consider supporting them financially in their ventures," he said.

But retired educationist Dr Franz Auerbach said youth employment needed to be addressed at national level by the Government, employers and community organisations. A national policy should be devised to address the issue without waiting for the restructuring of the education system.

"Currently, emphasis is on school-leavers with certificates, while others who could contribute greatly to the economy are ignored. We need to set up employment opportunities for people leaving school, not just the ones with papers," he said.

Lloyd Vogelmann, director of the Project for the Study of Violence at Wits University, said the inability to secure formal employment would lead to frustrations which could be expressed in different ways, one of which was crime.

A higher unemployment rate would add to South Africa's deteriorating social conditions.

He said many youths had become dependent on crime — and there were enough examples that crime did pay.



they would accept her title, she says

# They beat the system <sup>(173)</sup> but they'll battle for jobs

w/mat 10/11 - 16/11/92

A DRIVER'S licence is worth more than a matric certificate these days, a prominent educationist once said of the South African post-1976 era.

That assessment may be a little dramatic, but employment prospects are decidedly bleak for those matriculants fortunate enough to have beaten the system last year.

This week, the Department of Education and Training announced a 39,2 percent pass rate in its final exams — slightly up on last year's 36,4 percent. Ninety-seven percent of candidates passed in the schools run by the House of Assembly's Department of Education and Culture, 82 percent in the House of Representatives and 95 percent in the House of Delegates.

"The reality is that only about 10 percent of those with matric certificates get jobs," said Sheila Sisulu of the Joint Enrichment Project, which has commissioned a national profile of the millions of youths marginalised by socio-economic and educational disadvantage.

South African Chamber of Business (Sacob) economist Ben van Rensburg was reportedly even more pessimistic, saying that only seven percent of black matriculants were likely to find work in the formal sector.

Sacob labour affairs manager Gerrie Bezuidenhout said though that a slight economic upturn was expected — a 1,5 to two percent growth rate for 1992/3. Those who could not find jobs should prepare for this by studying further or acquiring work experience, even if informal, he said.

"Over the past 20 years the labour absorption rate has decreased steadily because of lower economic growth rates and population increases," Van Rensburg said. The public sector, he added, was virtually saturated because of the government's cash squeeze. He advised those who were unsuccessful on the job market to improve their qualifications with more marketable skills, especially in commercial and technical areas.

*Only 39 percent of black matric candidates passed their exams — but even they will have a tough time finding jobs. PORTIA MAURICE looks at the bleak prospects for matriculants*

A glance at the classified section of any newspaper illustrates the extent to which matric certificates have, in fact, been devalued. There are very few opportunities for straight school-leavers and specialised experience is in demand.

Sisulu pointed out that, although it was useful, a matric certificate was no guarantee for black students against losing out.

Black teenagers were often criticised for lack of forethought about the future, she said, but severe demoralisation had set in. "Writing matric for them is like a gamble these days, and you don't plan on the basis of luck," she said.

For the 276 487 candidates who failed, the DET has promised supplementary exams (for those with over 25 percent average) in March, and in May/June for those below 25 percent. There will be no space for them to receive the extra tuition they need in already overcrowded classrooms. At a press conference this week, Education and Training director-general Dr Bernhard Louw encouraged students "of mature age" to use adult education centres. "Our first responsibility now is to the new students," he said.

The DET matric pass rate has declined steadily from 55 percent 10 years ago to an all-time low last year. Education organisations — among them the South African Democratic Teachers' Union, the National Education Co-ordinating Committee, Project Matriculation and the Azanian Students Convention — blamed the poor result on the inadequacies of apartheid education.



# Bring back Roosevelt to give the jobless jobs

w/m  
17/11-23/11/92

(173)

**C**ALL it what you will: an army of reconstruction, development brigades, a community service corps. Now is the time to start on a project to get the jobless working.

The idea is not radically new. Nedcor chief economist Edward Osborn, for instance, has for a while now been advocating this as a way of tackling unemployment.

"It is the only possible part solution," he says. "It is by no means a panacea, but as a contribution to solving the problem it will alleviate the depth of distress we are seeing."

Late last year Bankorp's economists in their *Econovision* publication put forward their ideas for a "national community service corps" for South Africa.

At the same time support for the idea came from the Labour Research Service, and was discussed at a Congress of South African Trade Unions workshop on job creation. The LRS in one of its pamphlets last year advocated a public works programme which drew on the unemployed.

What should convince even the most sceptical is that hardship is changing attitudes in the bastion of free enterprise, the United States.

As recession tightens its grip in the US memories of the Great Depression and its solution have been evoked.

Suddenly, after a decade of free-market, largely monetarist solutions to macro-economic management nostalgia has arisen for Franklin Roosevelt's interventionist New Deal.

Though few are looking at a replay of the New Deal, they are looking for inspiration to extricate themselves from their economic quagmire.

In the US, the 1990s slump and the 1930s depression differ markedly. But the one great similarity is that then and now the gloom just won't lift, despite a drastic lowering of interest rates.

For South African observers there is some irony. South Africa's long and shallow slump has proved even more persistent than that now gripping the US and other English-speaking countries.

And while the unemployment figure which sent waves of despondency through America is around seven percent, South Africa's jobless figure has been estimated at 40 percent or more of the potential workforce (there are no accurate statistics). It may not be that high, but even halving the figure leaves an unemployment rate which would immediately throw any Western government out of power.

South Africa's unemployment problem is structural, a term that understates the human tragedy of so many people being faced with never having a job. Recession may add to the pool of unemployment in South Africa: economic recovery barely makes a dent in the problem.

A simple equation lies at the root of the unemployment quandary. Population growth is estimated to be around 2.5 percent a year. So just to keep pace with population growth annual economic growth has to match that figure. To make any difference to unemployment eco-

*Remember your history?*

*Public works programmes,*

*as in the United States'*

*New Deal of the 1930s*

*could provide a partial*

*solution to South Africa's*  
*huge unemployment problem.*

By **REG RUMNEY**



**Development corps ... jobs for 500 000?**

conomic growth has to be much higher than that.

Whether high growth rates of eight, nine or 10 percent are achievable remains to be seen. Historical experience suggest growth rates of two to six percent might be all that is possible. But it would be foolish to wait for surging economic growth.

Moreover, South Africa's joblessness is compounded by a lack of skills. Decades of Bantu education and years of school boycotts have left the workforce seriously under-educated and unable to reach the productivity level demanded of a modern, efficient economy.

The jobless are also young. *Econovision* notes that of those unemployed 90 percent are estimated to be under 30 years old. Of those swelling the pool of the jobless in the 1990s, more than 95 percent will be younger than 25.

So a more accurate name for the unemployment crisis is the youth unemployment crisis.

*Econovision* sketches some prerequisites for a national job creation programme. It stresses the programme should focus on improving the long-term productivity of the economy by providing basic practical skills to unemployed youngsters, and by improving the country's social and physical infrastructure.

Ad hoc projects should be avoided, and the programme should concentrate on improving deprived communities and regions.

In other words, the workforce would build roads in rural areas and black townships, dams, playgrounds, parks, and community centres.

Leaders of all groups should be involved in shaping the programme and putting it into

action. And local communities should be consulted.

Osborn, noting the importance of identifying sufficient tasks for the corps, believes a separate government department should be entrusted with controlling such a programme.

*Econovision* comments that the programme should not be seen as a handout to the unemployed, and it should reward initiative and hard work. Bankorp's economist also believe it could slot in with such existing institutions as the Development Bank, Small Business Development Corporation and Independent Development Trust.

The details would still have to be worked out. The corps could be voluntary or based on conscription. It could incorporate a military component, or it could be entirely civilian.

Also, the labour movement might not be entirely happy with the idea, since there is always the danger that such a corps could be seen as threatening the jobs and wage levels of those already employed. For instance, construction workers would not be happy to see low-wage workers building roads construction companies could be building. Here the idea of a social compact and union involvement in framing and monitoring the programme becomes crucial.

What of the cost?

*Econovision* reckons the corps could employ close to 500 000 people at an estimated cost of R3-billion a year or one percent of gross domestic product (the main measure of economic growth, that is the total value of all goods and services produced by the economy).

The LRS calculates that paying workers R10 a day, plus spending R10 a day on administration, would mean a cost of R5-billion to employ one-million workers for a year.

Criticism will no doubt be levelled at the idea as being inflationary.

Bankorp economist Nick Barnardt says: "Spending is inflationary if adding strongly to demand without contributing to supply." But if the public works programme is aimed at those areas which increase productivity it will not be inflationary, he contends.

Where will the money come from? The LRS looks simply to higher tax.

Barnardt suggests that to some extent the economic benefits arising from greater stability and new infrastructure would offset the cost in the medium term. There will still be an immediate cost, of course.

Another solution is to divert money from elsewhere in the national Budget, such as defence.

Barnardt thinks that some money could be diverted from other areas. But a "tax surcharge" would be needed as well.

He considers most people would be willing to pay such a surcharge for a public works programme. In the four years he has been a bank economist he has never had the amount of positive comment elicited by the *Econovision* article outlining the corps.

So for once there seems the possibility of real consensus on an economic plan. The government should get a public works programme going - and smartly.



The economic recession is biting deep, and unemployed people have little or no hope of finding jobs in the usual places. Instead of academic qualifications, the emphasis is now on resourcefulness in searching for ways to make ends meet. **MBUYISELO MTSHEKETSHE** reports:

**O**PPORTUNITIES for entrants into the labour market are diminishing as South Africa ploughs through an extended recession. The overwhelming message from top economists is that it is no longer good enough for matriculants to produce their matric certificates — students need further training to find employment in the formal sector.

According to economists, nine out of 10 matriculants will not be able to find jobs in the formal sector this year.

The formal business sector is offering fewer than 40 000 new positions this year as the recession drags on and exacerbates the plight of the unemployed.

The chief economist of the Small Business Development Corporation (SBDC), Dr Ben Basson, said ingenuity would be the key to survival for jobless matriculants.

Basson said the corporation had no figures indicating how many of last year's matriculants were unemployed.

However, he said the capacity of the economy to absorb people without experience and qualifications was limited and matriculants would find it hard to find employment.

"The only sector with opportunities for matriculants in the near future will be an informal sector," Basson said.

"We still need to add more emphasis to the role of the informal sector, it has generated new jobs in the past year," Basson said.

He said studies had also emphasised the enormous potential role of the informal sector to give a new boost to the entire economy.

South African Chamber of Business chief economist, Dr Ben van Rensburg, said the number of vacan-

# 'Informal sector the only hope for jobless'

South 30/11-5/12/92



**SCHOOL'S OVER:** But it takes more than book-learning for Khaya Yapi to secure a job in the middle of a recession

cies this year would provide employment for only seven to 10 percent of all new matriculants.

He said prospects would not improve unless South Africa began pulling out of recession in the next

two years. "Students need to improve their education and develop their personal skills in order to find jobs," Van Rensburg said.

He said even university graduates

might find it hard to find a job in the formal sector during a recession.

Cape Town Chamber of Commerce human resources chief, Mr Charl Adams, said findings of a survey conducted recently by the University

of Cape Town indicated seven out of 100 matriculants would find jobs this year.

SBDC regional manager Professor Wolfgang Thomas said out of a total of more than 14-million people, between two and three million were without regular income.

He said many of them were matriculants of past years or candidates of the 1991 examinations.

"Looking at the whole group of school leavers, matriculants constitute an elite of relatively better educated labour market entrants," Thomas said.

"The value of a matric remains significant, even if the person takes some time to find a regular job.

Thomas said the rapid increase in the number of black matriculants was one of the most significant preconditions for more rapid longer-run growth of the economy.

"To face this challenge statistical games about the percentage of those who can or cannot find employment are of no help," he said.

"We need practical support in the fields of career guidance, self employment preparation, traineeship opportunities and a new perspective which sees matriculants as a valuable, long-term asset in our economic growth process."

Unemployed matriculants are urging the government to channel funds through specialised agencies like the SBDC which has created more than 250 000 new employment opportunities since it was established 10 years ago.

Mr Khaya Yapi, who passed matric in 1990 and could not enter university because of financial problems, said he found it extremely difficult to get a job in the formal sector.

"Every day for the past two years I've had to buy a newspaper and wander around Cape Town in search of work, but I have not found anything," Yapi said.

He said he found matriculants who passed matric reasonably well and those who developed personal skills found it easier to find jobs than those who had no experience like himself.

But for Miss Dideka Sigenu, of Nyanga, it is the government that should be blamed for the high unemployment rate in the country.

Sigenu passed her matric at St Francis adult education school this year and plans to enrol for a training course as a computer operator.

"We are getting to a stage where the government has to take action to improve our economy," Sigenu said.

"We cannot afford the negative growth rate of this long recession."

PICTURE BY YURIUS MOHAMED



## **NEWS IN BRIEF**

### **Govt invited to forum**

MANPOWER Minister Piet Marais said yesterday he would "carefully consider" the implications of an invitation to participate in the economic forum set up this week by organised business and labour.

He said he had not yet received an invitation from the forum, but one aspect to be considered would be its relationship to the National Manpower Commission. (173)

Cosatu pulled out of the commission last year, saying it was slow in implementing decisions.

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# Definition of jobs 'needs to change'

173  
B/day 27/1/92

SA NEEDS to adapt its definition of unemployed if the country really wants to address job creation effectively, says Small Business Development Corporation MD Ben Vosloo.

In a statement at the weekend, Vosloo said in SA, as in most developing economies, the main employment problem was the large number of under-employed people working in the informal sector.

"Many of these people work very hard in production of goods and services but because their activities are not recognised, recorded or protected, but regulated by the public authorities, most of them never progress to the formal sector where they could realise their potential more fully," said Vosloo.

The traditional Western definition of the unemployed usually implied those people between the ages of 16 and 65 who could and wanted to work, but could not find work or create self-employment within the formal sector.

SBDC economist Edwin Basson estimated that about 3,5-million of SA's economically able labour force of 14,3-million were active in the informal sector.

A further 2,8-million were either in subsistence agriculture or unemployed, he said.

In terms of the Western definition, Bas-

son said, about 6,3-million people would be regarded as unemployed giving SA an unemployment rate of about 44%.

He said that if those employed in the informal sector were taken into account the number of unemployed would drop to 2,8-million or 20% of the economically active population.

"Defining unemployment realistically is not a matter of semantics but of the utmost importance for future planning," Vosloo said.

Basson predicted that if the current growth rate in formal sector employment continued, no more than 8,5-million of the expected 20,2-million economically active people in SA by the year 2005 would have work in the formal sector.

The country would then, according to Western definitions, have an unemployment rate of about 78%.

However, Basson said if the traditional definition was to be relaxed and those employed in the informal sector considered as working, the unemployment rate would decline substantially to 22%.

"The informal sector must first be officially recognised before measures can be introduced to enable entrepreneurs to advance from this sector to the formal sector," stressed Vosloo. — Sapa.





# Trust contributes towards job creation

Sowetan 20/2/92

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By JOSHUA RABOROKO

The South African Housing Trust is again contributing towards community participation and job creation, according to a spokesman in Johannesburg this week.

The SAHT's annual Design Competition and its Builder of the Year Competition are furthering its efforts to serve lower income communities.

This year the Design Competition and the Builder of the Year Competition will both be hosted for the fourth time.

SAHT promotes and facilitates the provision and funding of low-cost housing and security of tenure for low income communities of South Africa.

Community acceptance and participation are foremost in the minds of the SAHT management for this year's design competition for a multi-purpose centre for entrepreneurs.

The Corporate Communication Division's Mr Hennie Crowther said: "The aim of the competition is to produce a design for a multi-purpose centre for entrepreneurs in a newly created or already existing informal residential neighbourhood."

He said that was in line with the Trust's approach to address the broader living environment on its projects, and not only the direct housing needs.

Entry submissions for the competition are required to research the general needs for which such a centre for entrepreneurs should cater. In addition, provision must be made for design flexibility allowing for a high degree of community participation in the decision-making process leading up to the centres implementation.

This R350 000 multi-purpose commu-

nity business facility is earmarked for a newly established or developing neighbourhood in a rapidly expanding urban centre.

He said: Planning of the building was done in such a way that it can be adapted to the community's changing needs.

The national winner receives an award of R10 000 and the runner-up get R2 500. The prize winners will be announced during November 1992.

Referring to the Builder of the Year competition, he said it was the only annual showcase for local builders who specialise in affordable housing for low income communities.

He said: "The housing trust is in the unique position of providing employment opportunities in the areas most in need of both homes and jobs in the low income communities.

By January 1991 about 1848 labourers, 485 artisans, 115 contractors and 10 mini developers were involved in the trust's local builder development programme.

This resulted in the construction of 3087 houses on 17 projects, totalling approximately R570 million. The adjudication of the regional finals will be held in July, 1992.

A completed house and one under construction will be inspected in order to determine the quality of the finished product and the actual construction work. General house-keeping and the organisation and control of the different trades will be taken into consideration.

"Through this competition the trust recognises the work, skill and expertise of local builders," Crowther said.

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# Bosses blamed for staff's high stress levels

LONDON. — Bosses are to blame for some of the high levels of stress suffered by their employees because they do not praise them enough, a conference on occupational stress heard here yesterday.

(173) ET 27/2/92  
Psychology Professor Cary Cooper, said that bosses fulfilled the

roles of substitute parents for their staff.

It was vital for the self-esteem of staff that managers praised them when they did well in addition to blaming them when things went wrong.

Professor Cooper told the conference that he had studied stress

levels among more than 20 000 people and it was not only work over-load which led to stress.

Work under-load was a major cause of stress in business and industry as managers with too little to do became worried that others in the organisation would realise they were under-employed. — Daily Telegraph

# ANC govt 'would aim to create jobs not handouts'

B/004 28/2/92

KATHRYN STRACHAN

AN ANC government was unlikely to engage in extensive social security provision in the form of "handouts", the organisation's social welfare department deputy head Dali Mpfu said in an interview this week.

It would not have the resources to do so, and there were many other sectors which urgently required substantial funding, he said.

There was a limited capacity for taxation in SA, partly due to the large numbers of unemployed people, and low wages. It had also been projected that there would be a slow return to healthy economic growth rates.

Social security provision was far more likely to occur through employment-creating projects, said Mpfu.

Although the primary aim of his department would be to increase the social assistance net to help more disadvantaged people, Mpfu stressed this assistance would only be effective if, in the process, it "helped people to help themselves", thus undermining the dependency syndrome.

He criticised government's welfare system as amounting to little more than providing handouts, and said welfare should rather be seen as a mechanism for "empowering" people. The issue of welfare had to be rethought, and people had to see it not simply as expenditure but as social investment.

One way of ensuring that welfare became a means to empower people was to ensure involvement of those at the end of the line. The ANC would place far more value on "the voice of the poor" and would try to involve those affected in decision making.

Increasing the skills and marketability of the unemployed would be a

pivotal aspect of an ANC government's social welfare policy.

Unemployment would not disappear overnight, Mpfu said, and interim initiatives would have to be devised through which unemployed people could be taught skills and brought into employment schemes.

By releasing people from the welfare system, the projects would not only alleviate the burden on welfare but also serve to increase the confidence and marketability of the unemployed. One of the major problems in dealing with unemployment was that the longer people remained out of work the more their chances of finding employment decreased, he said.

Welfare would be the biggest challenge for any future government, said Mpfu. The success of the first post-apartheid government would be judged in terms of its concrete performance in eradicating the extreme deprivation of many South Africans. Whether a government could ensure that people had homes, enough to eat, schools for their children and access to health facilities would become crucial questions.

All debates on whether to adopt nationalisation or a free market economy were reduced to the same issue — which system would best alleviate poverty, he said.

Mpfu said the ANC was not sure whether welfare would receive a higher percentage of a future government's budget as there were many sectors which desperately needed increased funding. The solution lay in a better allocation of resources.

Fundamental restructuring of wel-

fare to eradicate current wasteful administration of 14 departments would dramatically increase the social security budget.

The next step would be to address the huge divide between racial groups in the present system of benefits. In the white community at present there was one social worker for every 1116 people; in the black community the ratio was one to 20462. All non-contributory schemes, such as pensions and disability schemes, presently paid out benefits on racially discriminatory scales, said Mpfu.

Rural areas, where the worst poverty occurred, had been forgotten and the imbalance would have to be addressed.

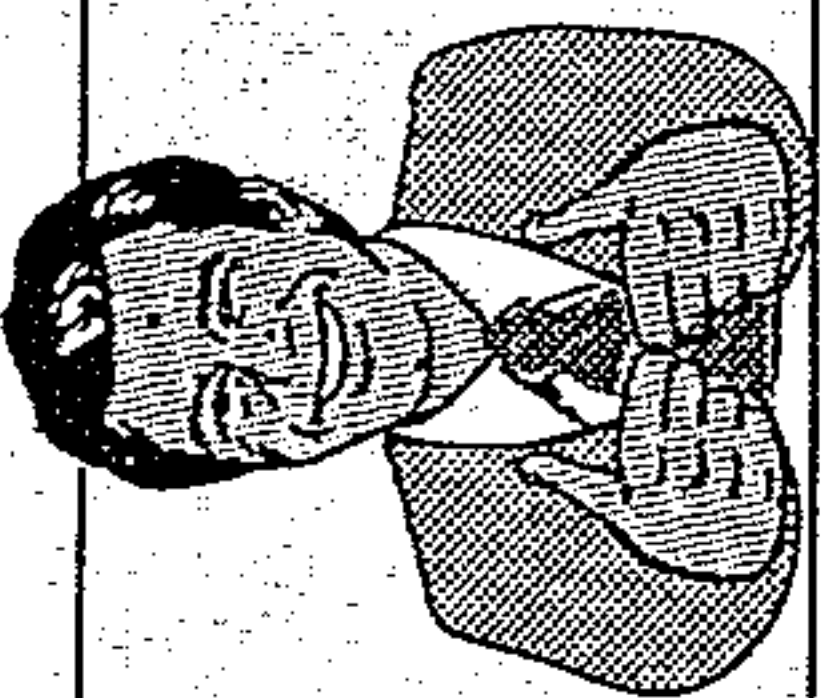
Special attention would also be paid to the rehabilitation of communities destroyed by political violence, especially in war-torn Natal, he said. It was not simply a matter of rebuilding homes, but intervention was needed to rebuild people's lives and the sense of belonging to a community. The integration of thousands of political exiles into society, which involved most of the department's efforts at present, would continue.

As the state could not carry the full burden for welfare, the private sector would be encouraged to pay more attention to social responsibilities.

Companies did far too little in extending their social responsibility beyond the workplace, he said, and it was time they realised it was in their interests to alleviate poverty, which contributed to political instability and crime.

The department would also propose that companies employ a certain quota of disabled people, Mpfu said.





Start Your Own Business Survey

Survey was written and compiled by Susan Ramwell in consultation with leading figures in the industry.

# 'No shortage of ingenuity'

The South African economy's ability to provide jobs for new entrants into the job market has steadily declined since the '70s. From 82,7 percent absorption of new job seekers from 1970 to 1975, it has fallen to only 7,5 percent absorption of new job seekers in 1989 to 1990, according to figures compiled by Dr Edwin Basson, Economist, Small Business Development Corporation.

Along with retrenchment's and linked to negative growth in Gross Domestic Product, it is not the major employers but rather new small businesses that can hope to work towards reversing these trends. Business initiative, from grassroots-level developing upwards into the formal sector as well as a thriving small business sector, will play an important role, Dr Basson believes.

Some 210 000 people faced retrenchment during 1991, about half of whom found work elsewhere. A conservative estimate of job opportunities lost during 1991 is about 102 000. Dr Basson

says this is not as big a threat as the growing number of young entrants to the job market who want work and cannot find it. If it was not for employment in the informal sector, official statistics would suggest that as much as 43 percent of our economically active age group is unemployed.

Thanks to informal sector employment, the portion of SA's potentially economically active population which receives no income is cut to about 20 percent. Unemployment as a percent-

age of the total population is about 6,5 percent, each earner having an average of four to six dependents. The SBDC refers to what it calls SA's "Development Gap" — the gap created by too few jobs and too little money for infrastructural development for too many people.

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Dr Basson believes the informal sector alone can be no panacea for current predicaments, but that business initiative in the informal and small to me-

dium sized business area holds great hope. "While the informal sector does much to provide subsistence income levels to people who would not otherwise survive, its contribution to employment can only be significant for the country with upward growth to formal business activity."

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But one of the most important aspects of the informal sector, he believes, is that it is a wonderful training ground for entrepreneurs in natural free

market principles that cost the taxpayer nothing. "They have to do well, or they don't survive. That's the best way to learn business lessons," says Dr Basson.

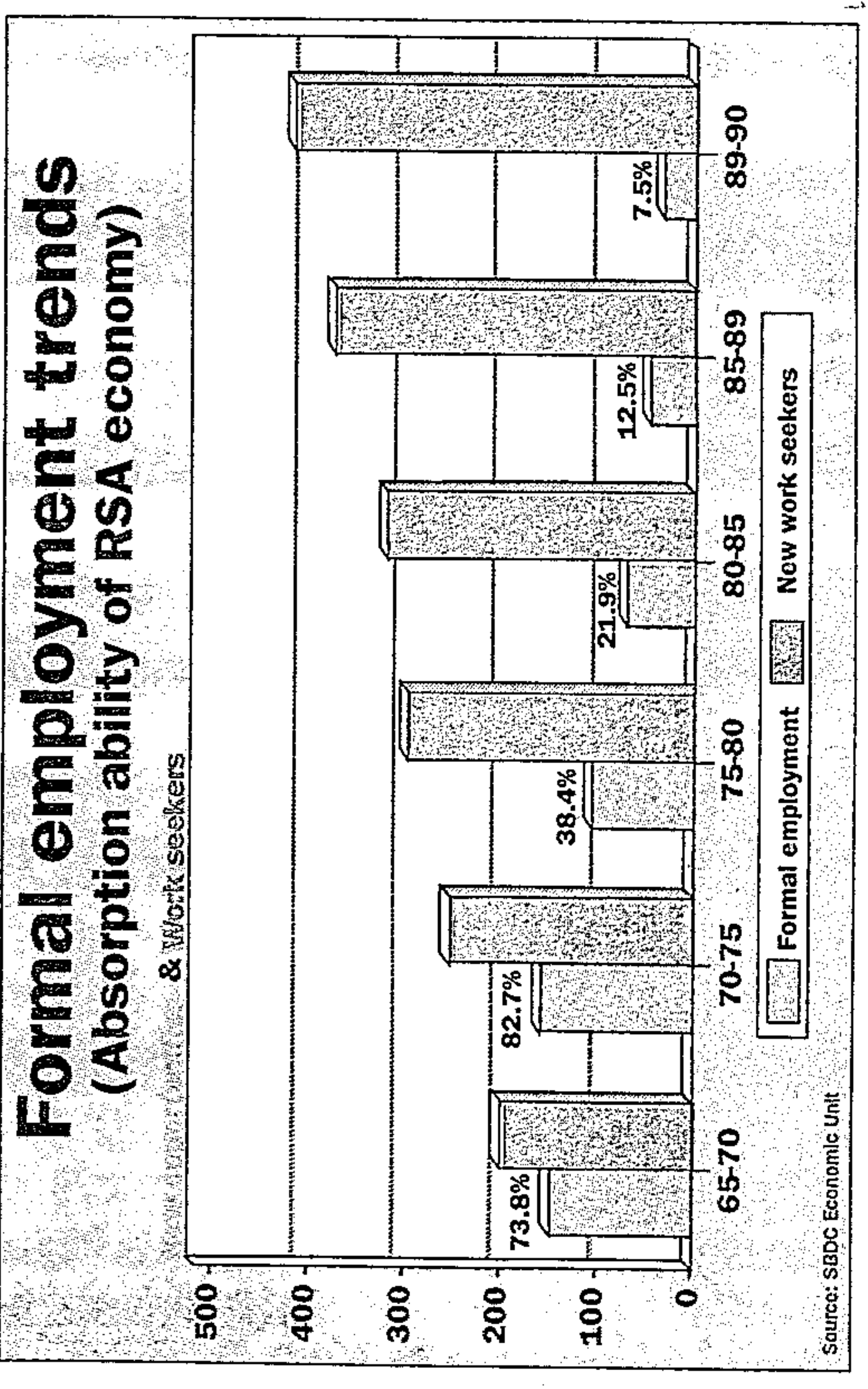
The formal small to medium sized business sector contributed 45 percent of SA's Gross Domestic Product during 1991, compared to the large business sector's contribution of 32 percent. The informal sector contributed a further 13 percent and is an important area — particularly in providing subsistence income to families who would otherwise be destitute.

Looking at the 683 000 new employment opportunities created over the last 10 years, we see 19 percent (130 000) of these came from the formal small to medium size business sector. A further 250 000 came from the Government.

The blooming of the informal sector can be seen on any city street in South Africa, with the growth in pavement hawking. "We may have a shortage of funds for grassroots development and alleviation of poverty but I don't think we should underestimate the potential for individual ingenuity that exists."

"There are other forms of assistance than financial, such as marketers approaching informal entrepreneurs to help distribute their products in rural areas and townships," he says.

Since its inception in 1981, the Small Business Development Corporation has played an important role in enhancing South Africa's small business sector. It has helped to create some 300 000 jobs in the past 10 years and has granted loans amount-



ing to R1 246 million to 33 675 applicants. It receives approximately 1 000 inquiries for small business assistance each working day. It has succeeded in making a profit from what most bankers would find to be high-risk low-return investment.

The failure rate of its clients has been a relatively low 20 percent, representing 10 percent of its loan portfolio.

The organisation's six main support services are: information and advisory services; manpower subsidy scheme; rebate programme; mentor advisory programme; training services; subcontracting and marketing assistance.

There are 18 consultants at the SBDC's industrial hives around the country, 46 part-time offices in rural areas, and 39 regional branch offices.



A recent personal financial planning article described the world as divided into two types — those who save first and spend later and those who spend first and can't afford to save.

The writer went on to say that the first group tended to control the lives of the second.

Entrepreneurs should be in the first group — but with many new businesses, starting out with little capital and risking much against future earning power, they fall into the second group — and stay there.

Jeremy Hollis, a trustee of the Small Business Performance Trust, says:

"For a business not to prosper is just as bad as failure. I would estimate that as much as 70 percent of small businesses are just surviving, not progressing. I believe it is possible to

# Cutting that failure rate

STAR 2/3A2

significantly decrease the percentage of business failures through the streamlined, affordable methods of planning for profit we have developed."

To back his argument, in comparison to the national average of new business failures within the first two years of over 70 percent, SBPT clients reflect only a 20 percent failure.

"Imagine if we could reduce the national average of new business failure to just 20 percent. This method works and I would like to see it adopted widely and we are happy to share our formula with larger organi-

sations than ourselves that could make it available more widely than we can."

The method is called Profit Plan — a streamlined financial management reporting system specially geared for the small to medium sized business at a price of just R395 a month.

The company spent seven years adapting, standardising and streamlining accounting systems to a level of efficiency so that it could be profitably marketed at a price affordable to the small business and managed to halve its costs last year.

The SBPT offers all the fi-

ancial management and marketing advice normally made available by chartered accountants to the major corporate sector — at a fraction of the price and served in an easy-to-read manner.

The company signing on with the Small Business Performance Trust receives a special system for simple manual book-keeping. The SBPT trains someone to do this. The training costs just R200 and telephone back-up is free.

At the end of every month, the details are sent to SBPT which processes it on computer,

analyses it, and gives an easy to read comprehensive report with highlights, comments, suggestions and often, encouragement.

The SBPT is available for consultation with clients on any financial or business planning matter at rates of between R100 and R150 an hour — considerably less than most major accounting firms would charge.

A sample report for a garage owner contains remarks such as "Suggest you check your job cards. Are the mechanics issuing parts used?", "Not really satisfied. Spares should be 1 1/2 times labour sales plus a bit for

over the counter". "Your margin is still not right."

Through the reporting and analysis of figures, a driveway scam was picked up. Losses were controlled and profits were improved.

Comments from clients using Profit Plan are interesting.

"Our books were in a terrible state and we did not know how the company was doing or what it was worth... our systems have been regularly improved by you and the management reports expanded so we know on a daily basis the financial health of our company."

"At any time we require information or an explanation Profit Plan is there with an answer. We can at any time approach the bank with these reports," writes the director of Bryanston company.

Jeremy Hollis is confident of the potential of Profit Plan to revolutionise the success rate of small business. He believes organisations such as the Small Business Development Corporation and even the major banks would be well advised to duplicate it, resulting in an ability to lend money in greater safety, lend to more entrepreneurs, and lend with different lending criteria that will go further in meeting the challenge facing South Africa in stimulating the small business sector as the fastest growing sector of the economy.

Developing the Right Formula for Life

Teaching the

BUSINESS SKILLS

# 'Lost' group growing

(173)

ET 25/3/92

**JOHANNESBURG.** — South Africa's "lost generation" — comprising millions of poorly educated, unemployed, young black people, showing a high degree of crime, violence and political radicalism — could grow by 500 000 within two years, says the latest South African Institute of Race Rela-

tions survey.

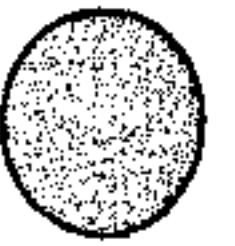
The institute reports that an increasing number of whites are doing menial jobs once done by blacks — for the same salaries.

An increasing number of blacks are also employing domestic servants, many paid as little as R90 a month, according to the survey.

Referring to the change in the racial composition of the labour market, the survey quotes a Unisa finding that the labour market had increased by almost 10 blacks to one white between 1985 and 1990. By the years 2000 to 2005 the ratio was expected to show a dramatic escalation to about 50 to one.

The survey reported that it would be increasingly difficult to provide work for new entrants to the formal sector owing to the sharp ratio of black to white workers.

A shortage of skilled and executive workers was expected in the future, the survey said. This was expected to reach 921 000 by 2005





Workers on an Anglo American farm near Vereeniging claim they have to work with highly toxic pesticides and herbicides with little protective clothing.

The workers on Ullvluucht farm told a Star investigation team that they regularly work with substances such as Temik, DB, 24-D, Lindastof, Parathion and Parquat — and the only protection they are offered is a nose and mouth mask.

"These blocks so quickly that I half an hour I can't breathe," said one worker who said he worked regularly with pesticides. He said he was issued with a new mask only once a year.

After working up to 11 hours a day spreading pesticides, he said his eyes often burn, he felt lethargic and sometimes lost

# Poison fear row rocks Anglo farm

STAR 13/3/92

the desire to drink fluids.

All workers refused to give their names for fear of reprisal. The Star found containers of all the toxic substances mentioned above near the farm offices. They had not been disposed of, as required by law.

But farm manager Louis Bester said the containers were safe because the area was fenced, and they were destroyed at the end of each season.

One small storehouse, only metres from the Vaal River, was found to be full of empty containers — some for Parathion, which has been linked to numerous mass poisonings of fish, mammals, bees and birds.

Mr Bester said the storeroom was only open because workers were planting that day. The

Star found the same storeroom open on Sunday.

Anglo American spokesman Glen Finnegan said on investigation that it was found the hatch had been damaged. It had since been repaired.

Mr Bester and Ms Finnegan

farm on Wednesday, Mr Bester angrily said photographs should be taken of the protective clothing rather than the empty poison containers. But when the Star staff agreed to take such photographs, he refused.

found on another Anglo American farm. Workers have claimed that women, with no protective clothing whatsoever, have to spread granular Temik by hand before planting.

In the case of EDB, a powerful soil fumigant, Mr Bester said no protective clothing was necessary for the driver of a tractor which towed the device injecting the substance into the ground. However, pesticide researcher Kate Emmanuel says

containers say that all protective clothing and skin must be washed with soap and water after the substances have been applied.

Ms Finnegan accused the farmworker's union the Municipal, State, Farm and Allied Workers Union (MSFAWU) of playing games after union general secretary Phil Masia originally drew the press's attention to the workers' unhappiness with pesticide use.

## Masks block so quickly I can't breathe after half-an-hour ... my eyes burn, I feel lethargic and lose the desire to drink fluids

said workers were issued with full protective clothing, but took them off because of the heat.

She asked: "If the workers take them off, do we have to run after them and put them back on?"

When The Star arrived on the

plied a photograph of protective clothing hanging in a shed.

Workers told The Star that now masks were bought last week, after a reporter had contacted Anglo American about Dieidrh, a banned and highly toxic chemical, that had been

and occupational health researcher Dr Leslie London at the University of Cape Town, causes the most fatal poisonings of all pesticides.

Mr Bester said Temik was only put into the soil by mechanical injection.

the fumigant is so powerful that it can penetrate rubber and plastic.

After The Star faxed Ms Finnegan a copy of this report, she sent a reply stating that all the chemical substances mentioned were registered for use in South Africa.

In addition, all personnel involved in the mixing and application of the chemicals had received certificates of merit in their use from the chemical suppliers, FBC Holdings.

Dr London said that the chemical, one of the components of the notorious Agent Orange, was harmful to humans —

and had been linked to soft tissue cancers and birth defects in animals.



# Trust moves mean work for jobless

26/3/92

Soweto

(173)

THE South African Housing Trust (SAHT) is again contributing towards community participation and job creation, according to the trust's corporate communications manager, Mr Hennie Crowther.

The SAHT's annual design competition and its builder of the year competition are furthering their efforts to serve low income communities.

This year both competitions will be hosted for the fourth time.

The trust promotes and facilitates the provision and funding of low-cost housing and security of tenure for lower income communities.

## Minds

"Community acceptance and participation are foremost in the minds of the SAHT management for this year's competition to design a multi-purpose centre for entrepreneurs.

"The aim of the competition is to produce a design for a multi-purpose centre in a newly created or already existing (informal) residential neighbourhood," Crowther said.

Entry submissions for the competition are required to research the general needs for which such a centre for entrepreneurs should cater. In addition, provision must be made for design flexibility allowing for a high degree of community participation in the decision.

## Needs

The R350 000 multi-purpose community business centre is earmarked for a newly established or developing neighbourhood.

"Planning of the building has to be done in such a way that it can be adapted to the community's changing needs," he added.

The national winner receives R10 000 and the runner-up gets R2 500. The prize-winners will be announced during November 1992.

The "Builder of the Year" competition is the

By JOSHUA RABOROKO

annual showcase for local builders who specialise in affordable housing for low-income communities.

Crowther said: "The housing trust is in the unique position of providing employment opportunities in the areas most in need of both homes and jobs — low-income communities.

By January 1991 some 1 848 labourers, 485 artisans, 115 contractors and 10 mini-developers were involved in the trust's Local Builder Development Programme.

"This resulted in the

construction of 3 087 houses in 17 projects, totalling approximately R370-million."

The adjudication of the regional finals will be held during July this year.

A completed house and one under construction will be inspected to determine the quality of the finished product and the actual construction work. General house-keeping and the organisation and control of the different trades will be taken into consideration.

"Through this competition the trust recognises the work, skill and expertise of local builders, and we are proud to be associated with this annual competition," Crowther said.



... value of SBDC funds stood at R798,8m as at 31 March 1991. The IDC/state had contributed R590,3m (73,9%) to the SBDC compared with the private sector's R161,1m (20,2%) contribution.

## Marais in labour talks

CAPE TOWN — Stalled talks on restructuring the National Manpower Commission and labour rights for farm workers will be addressed by Manpower Minister Piet Marais over the next 10 days.

The restructuring of the NMC will be the focus of discussions when Saccola chairman Bokkie Botha and a National Employers' Association delegation meet Marais on Thursday. (113)

A spokesman for Marais confirmed yesterday he would meet lawyers on Saturday to discuss hitches in extending industrial rights to farm workers. 8/1/92

The issue of farm workers' rights would also be taken up when Marais met representatives from the SA Agricultural Union and Cosatu on Friday. 31/3/92

Cosatu's meeting with Marais follows a meeting on March 3 when he indicated that basic labour rights could be extended to farm workers by the end of April. — Sapa.

# Talks on restructuring NMC

173

LINDA ENSOR

CAPE TOWN — Employer organisation Saccola will meet Manpower Minister Piet Marais on Wednesday to discuss the restructuring of the National Manpower Commission, Saccola chairman Bokkie Botha said last week.

Cosatu and Nactu discussed the commission with Marais a few weeks ago.

The takeover of the manpower portfolio by Marais has meant that parties to the talks on the commission's restructuring have had to once again sound out government's views. Botha said it appeared a large area of agreement had been reached that the commission be a negotiating body to reach agreements and forward them to the minister, rather than a consultative body to advise him.

It would then be necessary for participants to represent their constituencies, rather than being appointed by Marais.

While there had been much debate as to how SA's 80 to 100 national employer organisations should be represented, Botha said the current structure was probably the most representative possible, but was still under consideration.

The commission's representatives at present come from the Chamber of Mines, Seifsa, Sacob, AHI, the Agricultural Union, Cofesa (which represents public servants and companies in the northern Transvaal),

Nafcoc and Fabcos.

Regarding the economic forum, Botha said there were wide areas of agreement between employers and trade unions on its constitution. Outstanding issues included the two parties' agendas. Employers focused on the long-term framework of a future economy, while trade unions had tended to emphasise short-term issues.

Botha said the economic forum could be in operation by the end of April.

DIRK HARTFORD reports that Cosatu and Nactu have set up a co-ordinating committee to promote unity between their affiliates, according to Nactu general secretary Cunningham Ngcukana.

In an interview in the SA Labour Bulletin, Ngcukana said Nactu wanted to draw the 250 000-strong Fedsal and other independent unions into the unity process.

He said Nactu unions were merging into industrial unions. Any union that had not merged before Nactu's congress in October would be expelled.

Ngcukana said Nactu and Cosatu were discussing bringing the ANC, PAC and Azapo together as divisions between them had an effect on working relations in the union movement.



# New incentives for foreign investors

8/1 pay  
173  
10/3/92

GOVERNMENT has moved to boost job creation in SA's rapidly growing metropolitan areas by extending relocation grants for foreign companies to the PWV and Durban/Pinetown areas.

Regional and Land Affairs Minister Jacob de Villiers said yesterday the Cabinet had approved the extension of a maximum relocation grant of R1m to "foreign industrialists who want to invest in SA irrespective of the establishment location".

De Villiers said the two industrial cores were "pre-eminently capable of attracting foreign industrialists" and the extension of the grant could make a considerable contribution to accelerated industrial growth and a corresponding increase in new jobs.

In launching its new regional industrial development programme last year, government excluded the PWV and Durban areas from relocation grants and concessions, on the grounds they already had infrastructural benefits which other areas lacked.

MATTHEW CURTIN  
and LINDA ENSOR

J.J. Pienaar, the Regional and Land Affairs Department's chief director responsible for regional industrial development, said government's move reflected its concern at unemployment in urban areas as urbanisation gathered pace in SA.

Although concessions for foreign investors which were applicable to industrial areas outside the PWV and Durban would not be extended, Pienaar said government was trying to further level the investment playing field.

He said it was important that the market was the main influence in determining where and how foreign companies invested, and the extension of the relocation grant would "optimise the viability" of new investments. Johannesburg Chamber of Commerce and Industry CE Marius de Jager said last night that the chamber

□ To Page 2

## Incentives

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strongly welcomed the move.

He said Johannesburg and Durban had been concerned at their exclusion from the incentives last year at a time of massive retrenchments in the mining industry, the continued influx to the cities and the rising problem of homelessness.

Attracting foreign investment to the cities was a priority, and given the competition worldwide among countries for overseas investors, the move was one in the right direction, De Jager said.

Sacob also welcomed the move. Chief economist Ben van Rensburg said the extent of urbanisation, dramatically shown in the 1991 census figures, had brought home to government the need for job creation in the heart of the metropolitan areas.

Natal Chamber of Industry executive director John Bryce said: "Urban drift has hit inner urban areas where enormous

numbers of people have arrived believing that jobs are available." The housing problems outside Johannesburg and Durban were evidence of the scale of the problem.

Bryce said the relocation grants might bring some relief. He noted the large number of foreign trade and government missions coming to SA. He said that in considering investment in SA, foreign investors looked more sympathetically on well-known areas like the PWV and Durban than unfamiliar rural development areas.

Pienaar said companies applying for relocation grants would be judged by existing criteria, subject to certain conditions. Foreign industrialists would have to register as a company or close corporation locally, maintain a minimum equity of 35%, and have their investment plans financially and economically evaluated.

173  
□ From Page 1

By MATTHEW CURTIN  
and LINDA ENSOR

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# Govt moves to boost urban job creation

(173)

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# SA must do more with less — Godsell

USING existing human resources more effectively would help SA to multiply existing wealth four or five times, Anglo executive director (industrial relations and public affairs) Bobby Godsell said yesterday.

Opening the Instructor '92 education and training exhibition at Nasrec, Johannesburg, Godsell said SA needed to do more with less, and there was potential for adding value to the labour of South Africans.

SA needed to invest in human competence and should set itself the goal of eliminating functional illiteracy and innumeracy in at least the formally employed workforce by the

THEO RAWANA

year 2000. *Blay 11/3/92*

"If literacy and numeracy training were seen as central to employment, remuneration and promotion; if it focused on industrial needs; if employers would invest now in the expectation of a medium-term return; we could do this," Godsell said.

The other goal should be to ensure that every supervisor at work (irrespective of race) had received adequate supervisor training, had acquired some skills in achieving results through others. "Just imagine the impact on labour productivity."

Companies also needed to take technology seriously, to plan for the constant upgrading of human skills, "just as we constantly upgrade physical technology". They should also plan for labourers to become operators, operators to become artisans, and artisans, technologists.

"These are some of the challenges facing training and development professionals. It calls them to not just do more, but rather to do better; to place less reliance on imported packages and imported gurus; to acquire good knowledge and good technique. Derived from good research and good development, here is one of the richest people laboratories in the world."

# Game lodge wins locals' nod

PHINDA, the new luxury game lodge near Lake St Lucia in Natal, appears to be succeeding in achieving the most difficult of its initial aims — gaining the support of the impoverished local black population.

Phinda was opened in October last year by the Conservation Corporation, a new company headed by Londolosi's co-owner Dave Varty.

Central to the venture, Varty says, is the phrase "Care of the land, care of the people, care of the wildlife". Preserving wildlife in the colonial manner, by shutting off game reserves to resentful local blacks, would not work: the project had to have the active support of the local people.

Phinda is now six months old, and although it is hard to gauge the overall feelings of the surrounding population — the Zulu communities are very rural and scattered — all the locals involved with Phinda are full of praise.

Phinda's GM, Les Carlisle, says the Corporation is not satisfied with the old third-world investors' adage of "we're providing jobs for people who would otherwise have had no hope". The locals have been consulted on every development, from the building of fences to restocking the reserve.

The reserve employs 170 black staff, and "resource exchanges" take place between

DARIUS SANAI

the reserve and the locals, who can buy wood for basket-weaving and fire-making, leaves for beer-making, and various plants for traditional medicines.

Walter Zulu, a local farm labourer who has been appointed community relations officer by Phinda, says the reserve has made a significant difference to over 1 000 local people. "They can't stop praising the place," Zulu says. "Most of them have never earned that much". Starting salary for Phinda employees is R300 a month, compared with between R45 and R100 for farm labourers.

## Aware

Phinda is also triggering a fundamental change in attitude on the part of the locals. "The workers have never been treated well, so having staff committees, and a white management that actually comes and asks for the opinion of local people, is changing the way they think", Zulu says.

"And they are becoming aware of what game is and why it should be there; they appreciate it."

Phinda has shown local children pictures and slides of the big game which will be roaming the reserve once the restocking process is completed.

B/day 18/3/92

Zulu said most of the wild game which once roamed the area had been killed by hunters: blacks killed antelopes and warthogs for food, while whites killed predators such as lions and cheetahs.

"We also appreciate the return of lions and other wild game because they feature in Zulu mythology," Zulu says. Most of the local Zulu chiefs have only ever seen a lion at the circus or zoo in Durban.

Carlisle says his open approach has also cut down poaching drastically, without the need for expensive counter-measures and guarding. "They understand our game has a value, just like their farmland animals have a value. No white farmers explained this to them before."

To fulfill Varty's initial aims, Phinda has to become a touristic and investment success, as well as a plum for the local population. Varty said at Phinda's launch he aimed to raise about R50m from investors in Europe and the US, towards the R83,3m required in investment funds.

Carlisle said Phinda could be a pilot project for the touristic development of Maputaland, with other wilderness reserves offering the same combination of conservation, local involvement, investment and tourist attraction.

Zulu says this is the only chance for the local people.

## 'Jobless numbers to increase'

PRETORIA — SA's unemployment problem would continue to worsen for at least the rest of the year, Manpower Commission chairman Frans Barker said yesterday.

He estimated that 5,4-million economically active South Africans were unable to find work in the formal sector. However, 2,5-million found some work in the informal sector.

5/day 18/3/92  
GERALD REILLY

This left nearly 3-million potential workers without jobs and without incomes — a major reason for the country's high crime rate and the high level of violence, Barker said.

Latest estimates, he said, were that 400 000 new workers entered the labour market annually, but the overwhelming majority would look in vain for formal or even informal work.

To absorb new workers the economy would have to grow at a rate of 5% a year — light years away from

the current situation.

According to unemployment figures included in the 1991 census report released recently, 83 000 whites, 202 000 coloureds, 43 000 Asians and 1,6-million blacks were unemployed by their own reckoning in mid-1991.

On skilled manpower, Barker said when the growth rate picked up, the shortage of skilled and professional workers would place a definite ceiling on growth. Barker's views on unemployment and growth are included in a book he has just completed.

# TIME

TIME Holdings Limited

(Reg No 84/02541/06)  
("Time")

## Cautionary announcement

Shareholders are advised that negotiation of a substantial part of TIME housing division are in progress and the market price of TIME's shares. Shareholders should exercise caution in their dealings.

Johannesburg



STAR 19/3/92

# Millions for job-creation (173)

CAPE TOWN — About R1,6 billion will be spent on job-creation projects described as "special capital projects" using labour-intensive methods.

Finance Minister-Barend du Plessis allo-

cated R800 million to the Independent Development Trust, R500 million to the Department of Manpower and R3,8 million to the Small Business Development Corporation. — Own Correspondent.

# Employment is down 2,9%, says Du Plessis

CAPE TOWN — Employment levels fell 2,9% in the nine quarters of the current downturn, Finance Minister Barend du Plessis said in his Budget preview yesterday.

During the third quarter of last year employment in the private non-agricultural sectors was virtually the same as 11 years earlier.

The inability of the formal sector of the economy to provide sufficient jobs for the growing labour force reflected certain structural problems in the labour market and led to higher unemployment in spite of increasing activity in the informal sector.

The level of saving and its productive use was a critical factor in raising the potential for economic growth and job creation, he said.

Gross domestic saving, which averaged 25,4% in the 1970s before falling to 24,7% in the 1980s, was estimated to have dropped to a low of 18,8% last year.

While cyclical factors had played a role in this regard in the recent past, the trend was largely attributable to the fact that it had not been possible to eliminate the almost consistent dissaving by general government, particularly since the 1985 international debt standstill.

To reach economic growth enabling unemployment to start fall-

ing it was necessary that the savings propensity and utilisation of savings be appreciably raised, not least on the part of government.

Remedying this structural problem would have to be a priority.

Initiatives by central government and development institutions financed partly by the Exchequer to help contain unemployment directly or indirectly included:

□ Special labour-intensive capital projects totalling R1,6bn, intended to create jobs;

## Job creation

□ The carrying over of R22m from 1991/2 by the Manpower Department as a continuation of its job creation programme; and

□ The transfer of R500m by the Independent Development Corporation (IDC) to the Development Bank of SA this year following the former's restructuring.

Negotiations are under way with the IDC to enable a further transfer to the Small Business Development Corporation (SBDC) this year. The Budget provides for a transfer of R3,8m to the SBDC's development fund for maintenance and expansion of small business development initiatives.

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1913/92  
Own Correspondent



# Real job creation needed

So wefer  
2/4/92

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**DURING** the annual Conference of the British International Studies Association it was revealed that in South Africa unemployment grew by 2,5 million in the 1980s.

This would lead to a total of 6 million unemployed by the end of the decade.

A report presented at the conference further indicated that during the 1990s an additional 3,5 million were expected to be unemployed.

Industrial relations experts believe that this high level of unemployment has had an adverse effect on the gains that unions had made on behalf of their members.

Supporting the notion, the deputy director of the Industrial Unit at the University of Port Elizabeth, Ms Martheane Finnemore said: "In 1991, wage increases in most industries fell behind the rate of inflation and unions have not been able to defend their members from massive re-trenchments."

Finnemore further argues that the gains made during the 1980s by unions in large companies were offset by the drastic rationalisation of workforces.

Responding to the prevailing situation unions have in turn accused the employers of exploiting the situation and depriving the workers of job security and fair wages.

The question arising from these developments is how the situation could be redressed leading to one where the unions would continue to ensure that their members keep their jobs and earn equitable wages.

From the unions' point of view, the solution was in job creation and the improvement of labour skills level through training.

According to Mr C Ncukana the business sector in the country has the potential

**THE** South African labour movement is presently faced with the daunting task of securing jobs and raising the living standards of its members. This exerts a lot of pressure on them to seek solutions for the untenable situation.

to create more jobs. Unfortunately they invested their money in ventures which did not create jobs, he said.

"For example, the assurance companies have access to millions and millions of rands from provident and pension funds.

"They invest the income from these funds in building high-glass offices instead of looking at issues such as housing and the training of the very workers whose money they are managing."

Ncukana said job creation and skills training was the responsibility of the Government and big business. This was why the unions were calling for a National Negotiating Forum where all parties would be represented to discuss the restructuring of the economy, he said.

Meanwhile unions seem to be opposed to the tendency that job creation should entail setting up labour-intensive industries which required low skill levels.

Such industries have been mushrooming mostly in the homelands where foreign industrialists (especially from the Far East) have set up factories employing large numbers of unskilled workers at very low wages.

According to Mr Patrick Mkhize of the Azanian Workers Union, what the foreign industrialists were doing "was not job creation but a mere exploitation of local workers. These people have little regard for labour relations and are paying worker as little as R50 a fortnight."

SMALL BUSINESS


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FM 3/4/92

# Keeping the wolf from the door

The argument put forward by the Industrial Development Corp (IDC) for a greater say in the affairs of the Small Business Development Corp (SBDC) can hardly be said to be unreasonable in view of its being asked to contribute R750m of taxpayers' money over the next five years.

After all, the SBDC, while it operates on a much smaller scale, hardly lends money to the enterprises it is trying to nurture and then walks away. If it did, most of them would probably fail.

If the SBDC reasoned that it could ask for such a large sum and then have complete autonomy in its disbursement, it is out of touch with reality.

It doesn't matter that the IDC already owns half of it. The undertaking with the most resources can and should call the tune. Surely that is a business principle that the SBDC instils in the minds of its flock.

IDC MD Carel van der Merwe says such a large commitment of funds justifies asking for more control. "The IDC has no problem with the current operation and mission of the SBDC.

"But the additional financing that was considered was of such a scope and duration that we would have to account for the application of these funds within the norms laid down by the IDC."

Part of the problem is really one of identity. In a new world of fewer controls and less government, the IDC will probably not be sanguine about its future. Former UK PM Margaret Thatcher made short shrift of the institution there that it most resembled.

The objective of the IDC was to foster investment in specific industries with eco-

conomic or strategic merit. It is not there to foster employment in the informal sector. If its role is to change towards job creation, this should be the subject of careful study and decision by the Department of Trade & Industry.

Of course, to the SBDC, flushed with pride and not inconsiderable conceit, the IDC probably represents a vast repository of resources that it believes could better apply to its purpose, the creation of jobs.

As SBDC top man Ben Vosloo has oft been known to murmur, in its first 11 years the SBDC helped create and maintain about 310 000 jobs at an average cost of R9 000 a job, using R1,3bn in funds loaned to 36 000 recipients.

"Comparatively speaking, creating one job on the Columbus stainless steel project would cost about R1m," he says, referring to the State-assisted project that will cost R2bn and create 2 000 jobs.

That comparison is a dubious one. The IDC has helped create a productive industrial base with an appropriate infrastructure that has in recent years moved progressively into private sector ownership. The impetus that a resource of that size and nature can give to the macro-economy cannot be measured by the number of jobs its grassroots investments created.

It must be drawn wider.

The Democratic Party's Ken Andrew described the IDC's offer as "somewhat ominous. It would be highly undesirable for the IDC to take control of the SBDC. It would be against the existing partnership spirit between the State and the private sector under which the SBDC was created in 1981. An entrepreneurial culture is essential for the successful development of the small-and-medium-enterprise sector."

The SBDC is funded with share capital contributions made by the State and matched rand for rand by the private sector, with the State also contributing development funds. But the SBDC's board and executive committee are 75% controlled by the private sector — companies contributing R1m or more to share capital. If the IDC's offer had been accepted, it would have controlled 50% of the board and executive committee.

The controversy over the IDC's proposal may now be over, but it has highlighted an issue that occupies the minds of those who are wary of State intervention — should the State have any role in an institution as entre-

preneurial as the SBDC.

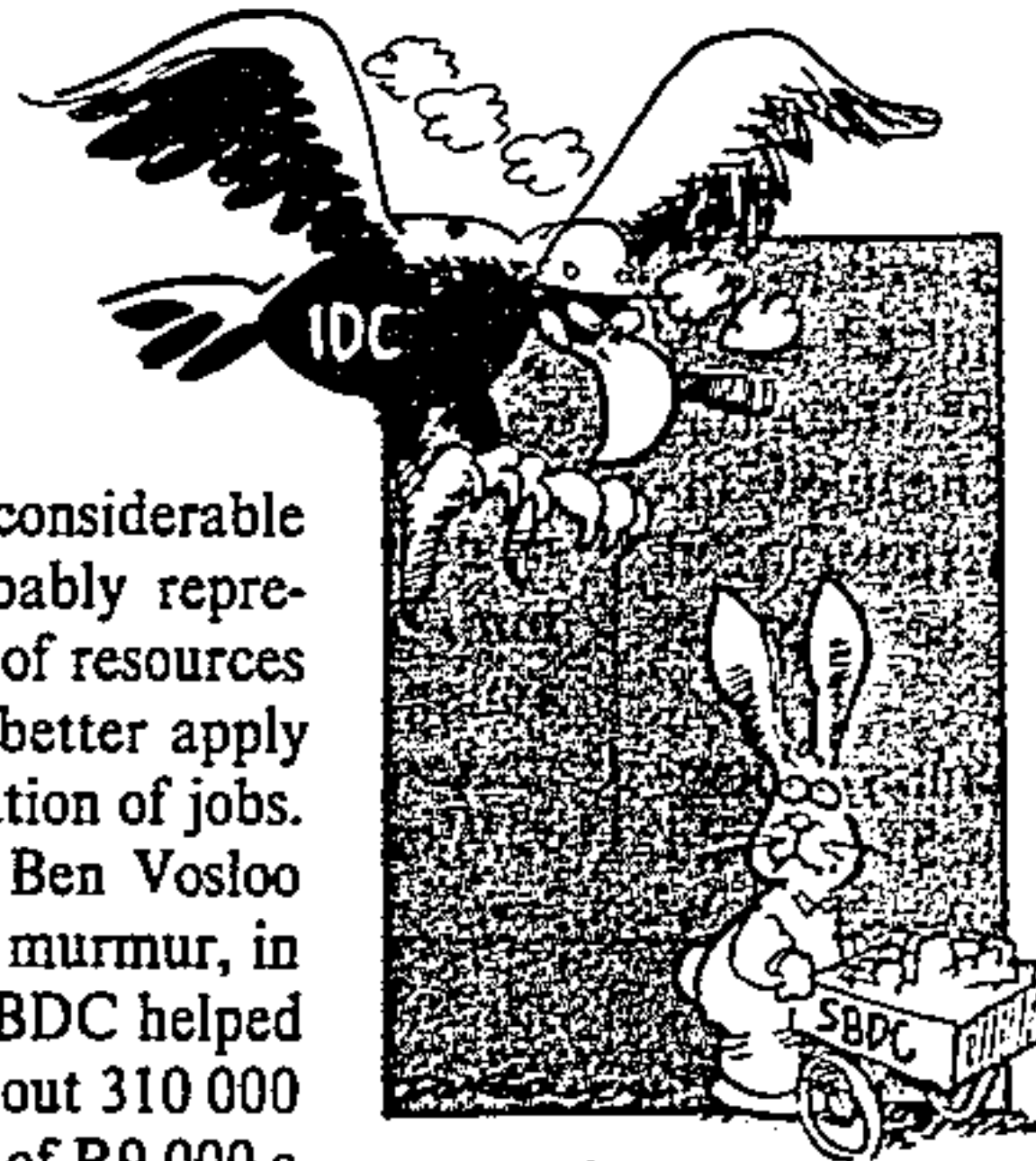
Vosloo, a political scientist not a businessman, says the State may have to decide whether it prefers a 100% State-controlled small-business development corporation, a fully privatised profit-orientated body that would not be able to finance high-risk ventures, or the existing partnership.

Another issue, says SBDC non-executive director Jurg Smit, may be whether government should be seen controlling a successful development body.

If that logic applies to the SBDC, how much more should it apply to

the IDC.

Trouble is, the SBDC may now have to turn to a World Bank agency for funds. And Washington bureaucracy may be worse than the IDC's. ■



## VIRGIN ATLANTIC

### Waiting for clearance

**Hypemaster** Richard Branson may have been slapped down a bit after he broadly announced last week that his Virgin Atlantic Airline would start flights to SA in October. He was told he first had a long line of hoops to jump through.

But Virgin may yet be able to start flying the London-Johannesburg route by the end of the year. Government apparently likes the idea of a discount airline bringing in thousands of extra visitors armed with foreign exchange. So Branson should be able to pass regulatory muster quickly.

Transport Minister Piet Welgemoed fully backs Virgin's application. In fact, he said in parliament recently that he would like to see return airfares to London cut to R1 200. But, under current regulations, he is just one of several authorities who must sign Virgin's application — and that could take months.

A fast track, however, may soon be in place.

The new aviation policy, aimed at lowering fares by breaking up the cosy oligopoly that exists on each international route, should be in place shortly. It is expected that the policy may give the Transport Minister the final say on applications for new services.

For its part, Virgin now says it plans to open a Johannesburg office by October and begin flights by Christmas. Spokesman Wil-

## CROSSED WIRES

After less than a week of public pressure, Telkom backpedalled this week and reinstated the five-minute metering period for local calls and pay-phone calls. Telkom had planned to reduce the metering period to three minutes, beginning April 1, resulting in a 91%-a-minute increase for five-minute local calls and a 67%-a-minute hike on five-minute pay-phone calls. The increases were first reported by the *FM* last week.

Says Telkom MD Danie du Toit: "We are aware that Telkom's services and costs affect the lives of all South Africans and have therefore decided to respond positively to the way in which consumers reacted to our initial announcement."



# Get Ahead aims to create 12 000 jobs this year <sup>173.</sup>

By Roy Cokayne

STAR  
6/14/92

The Get Ahead Foundation, a non-profit organisation to promote the communal and business interests of blacks, aims to create more than 12 000 jobs this year.

It is also to assist returning political exiles and former political prisoners.

Public relations officer Jenny Williams says the foundation had been approached by the ANC, the Returning Exiles Organisation and the Association of Ex-Political Prisoners for assistance.

"We are offering these returnees a package of business skills training, technical skills training and credit to enable them to start their own businesses.

"This is an entirely new aspect of Get Ahead's operations. Many business organisations will be assisting us with the use of their training premises for these activities."

Last year Get Ahead began reaching into Africa, signing a bilateral agreement with Kenya and Swaziland.

A similar agreement is due to be signed with Mozambique.

Mrs Williams says Get Ahead plans to open an office in Mozambique, and that the Kenyan operation is in full swing.

On the domestic scene, she says the creation of jobs is becoming important.

"Get Ahead is under considerable pressure to provide many thousands of these jobs and our objective for 1992 is to create more than 12 000," she says.

Mrs Williams says Get Ahead is now creating one job for every R300 it lend-out.

Mrs Williams says this year Get Ahead plans to reach out to more than 5 000 trainees in terms of the foundation's training schemes, which includes lectures on bookkeeping and costing.

A survey conducted for Get Ahead by Michigan State University on informal sector activities reveals the manufacturing sector reached levels of only about 18 percent of the total activities in the informal sector.

To address this, an entirely new section, the Technical Skills Training Division, has been started in collaboration with Swiss Contact where tuition is offered in welding, panelbeating and motor repairs.

Mrs Williams says the winter schools programme continues to provide upgrading for more than 5 000 students from various townships, mostly in the rural areas.

"The good pass rate from our students is a fine tribute to this programme, especially bearing in mind that it in fact became for many their main source of education," she says.

# Starting a business: now the head-hunting

**C**HOOSING the right people, particularly if you are operating in a service industry, is central to the functioning of your business.

In this series we will set out ways of attracting the right people, assessing their abilities and making sure you do not fall foul of the complex legislation relating to the employment of people.

You should note that you will need to make a substantial investment in choosing the right people in the form of time and/or money.

You may choose to use an employment agency to reduce the workload, but this may be expensive because agencies typically charge between 10 and 15 percent of the employee's first year's salary package as a fee.

Alternatively, you may choose to do the advertising and interviewing yourself which, obviously, will be time consuming.

From replies to advertising, draw up a short list.

Leave sufficient time for an interview. Selection is as important to the prospective employee as it is to you, especially if the applicant is entering a business with no prov-

other posts: you need to make a special effort to sell your business to him.

After the interview, follow up references by telephone if possible, but make sure you have the candidate's express permission to do this.

A key question to ask a previous employer is: "Would you re-employ the candidate?"

Send an offer letter (including detailed information about the package offered) to the successful candidate without delay.

Remember that this is likely to be the basis of a formal contract of employment so be careful about the wording and content.

After interviewing prospective candidates, politely inform those not chosen as soon as possible; you may need their help or custom some day.

You now need to make sure the staff you have enlisted are kept happy by continuing or increasing the motivation and standard of living they had at the outset.

Keep employees, especially key people, informed as to where they stand and what their progress in the company is likely to be.

A high staff turnover can create havoc in a small business and is extremely expensive.

Adapted from "Starting and Running Your Own Business", published by the private business services division of chartered accountants KPMG Aiken & Peat.

en track record.  
Prepare an outline for the interview, but be flexible.

You should have a brief set of key questions, but let the candidate talk about himself or herself. You will discover much more about him or her that way.

You should be looking for:

- The level of technical expertise in the field of your business.

- Loyalty to previous employers -- beware of applicants who have changed jobs frequently or who emphasise minor grievances about past employers.

- Current salary and how it compares with the package you are offering.

- The candidate's long-term aspirations.

The candidate probably has applied for

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# Manpower commission's future lies in the balance

GERALD REILLY

PRETORIA — The existence of the National Manpower Commission is uncertain after it became known that government was reviewing the body's structure and functions.

NMC chairman Frans Barker said yesterday the review had two main directions — the commission and its functions; and the size and functions of the secretariat.

The basic issue is whether the commission should have a secretariat at all and whether the funding of the NMC should be severely reduced.

Barker said if staff and funding were cut the work of the commission would be endangered.

The scope of its work would have to be restricted and the question would then arise — could the NMC be funded some other way, for instance by a levy on employers and employees? However, this could meet with resistance from trade unions and employer organisations.

Barker said the work of the commission was virtually suspended. The staff, however, were continuing with background investigations into projects identified by the commission at

its last meeting last November.

Barker said the future of the commission would likely be decided by government at the same time as decisions were taken on the proposed economic forum.

The commission was established in 1979. Some of its better known work included investigating amendments to the Labour Relations Act of 1991.

Another recent project was an investigation into labour legislation for farm and domestic workers.

Sapa reports the secretariat was the lifeblood of the NMC and without it the commission would not be able to develop labour law.

Barker also said he was confident that Cosatu and Nactu would rejoin the NMC. The two labour movements withdrew from the commission last year saying they could rejoin only if it could be reshaped into a negotiating forum representing key actors in the labour field.

Cosatu, Saccola and Sacob recently tabled joint proposals for an economic forum. It is envisaged this forum, if accepted, could replace the NMC.

15/11/92  
B (Deng)

173

# PROPERTY

## Dam means jobs for 300

Joubert 23/4/92

~~St. John's~~ 173

Unemployment rate in Balfour on the Far East Rand has been reduced with the creation of 300 jobs by the local municipality.

Balfour town clerk Mr T Joubert said the town council has already begun building the biggest man-made dam in the country, thus easing the unemployment burden.

The new dam will serve as a reservoir for the old one, P van der Merwe Haarhofdam. Valves will be operated in the new dam in such a way that the water is kept at a constant level in the old dam. The dam will be a little higher than the present P van der Merwe Haarhofdam which currently supplies Balfour.

The dam is being built at a cost of R8,2

Sowetan Reporter

million. Joubert said a subsidy from the Department of Water Affairs for R1,6 million, a R4million loan from the Local Government Loan Fund and R2,6 million from the Department of Manpower provided finance for the project.

The work force will comprise people from Siyathemba and the Balfour Village. The site is within walking distance. No travelling costs are involved.

The other objective in building the dam is to provide much needed water for Balfour which should attract industry to the town.



# Jobs is the thorny issue

The development of the economy, including the stimulation of small business, is an essential ingredient in the changing South Africa.

In the present climate of political change, it becomes imperative to ensure that there is parallel economic development, according to Natbev's corporate social responsibility report released this week.

The report describes some of the company activities over the past year in the fields of the informal sector, business development, education and community development.

## Problem

In the opinion of Natbev and the Bottlers of Coca-Cola, the most pressing problem facing South Africa is unquestionably jobs.

Thousands walk the streets with little or no hope of finding employment in the formal sector of the economy, the report states.

It says approximately 500 000 people enter the job market each year, of which the formal sector creates 35 000 extra jobs a year.

The remaining 465 000 unemployed are left with two options:

Join the informal sector and be self-employed; or  
Starve.

This, the report says, has resulted in the rapid growth of the informal sector and is one the most important reasons for the Coke system's involvement in this sector.

# NMC highlights job losses

W/AGJ 24/4 - 29/4/92  
 BY DREW FORREST  
 SOME 5.4-million South Africans — 40 percent of the economically active population (EAP) — lack formal employment, and the formal sector has created a mere 500 000 jobs in the past 10 years.

These startling statistics are contained in the National Manpower Commission's 1991 annual report, released this week. Virtually the only bright spot in the report is its figures on union membership: now 2,75-million in 200 registered unions, over half the EAP of South Africa and the homelands; Membership in 1980 was 808 000.

Throwing a harsh light on the country's crisis of joblessness, the report shows that only seven out of every 100 entrants to the job market currently find work, as against 97 in the 1960s.

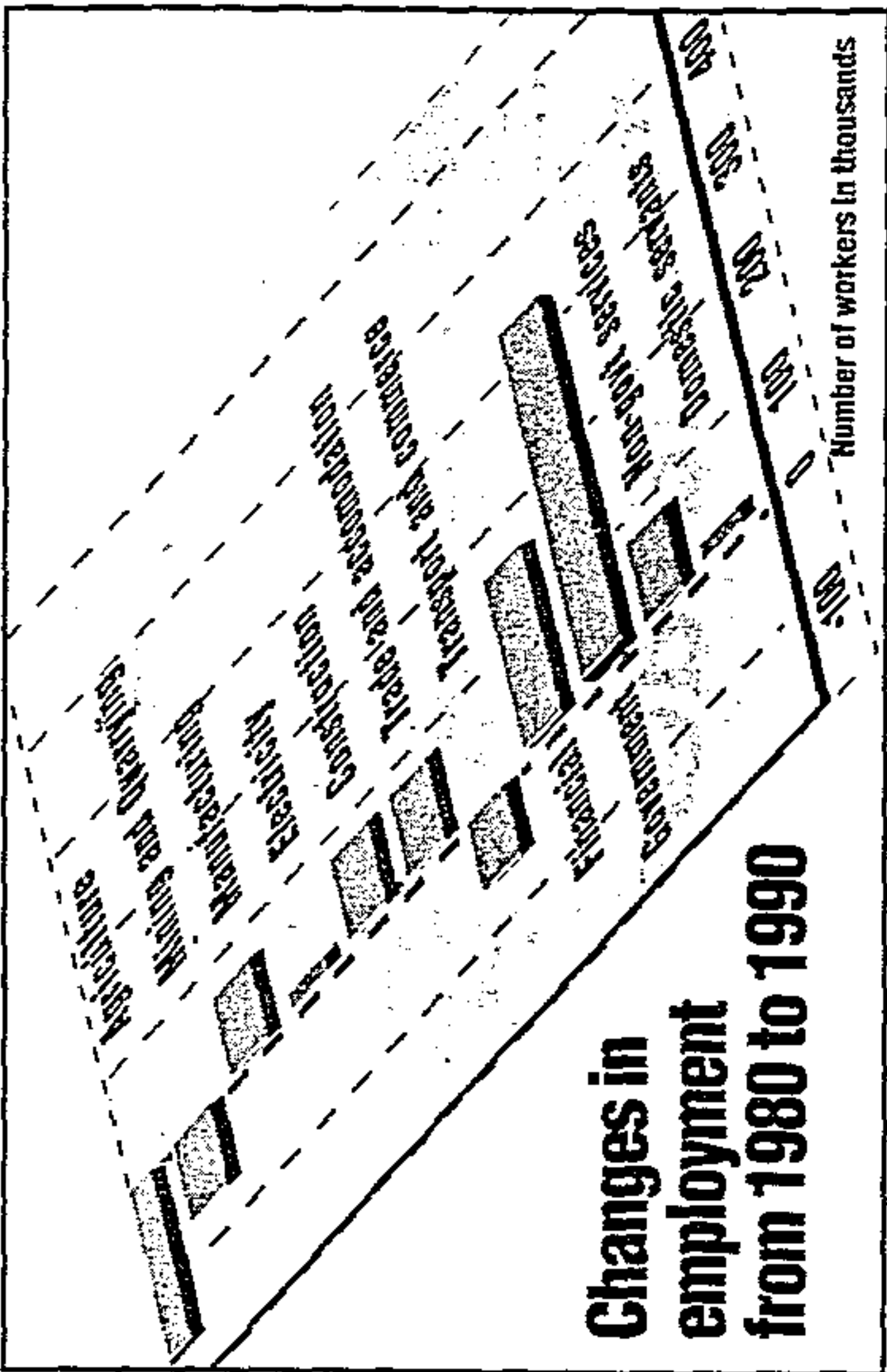
While formal employment has risen only 0,4 percent since 1981, the labour supply has grown by an average of 2,8 percent a year.

Equally disturbing is the sector registering the largest employment growth — government and services. This has swollen by 342 000 in the past decade, and more than doubled since 1970.

From 1980 to 1990, the mining, agricultural and transport labour forces all recorded an absolute fall. Agriculture now accounts for 10 percent of the total workforce, as against 28 percent in 1946.

The NMC report also highlights South Africa's abiding problem of low productivity, noting that unions generally regard this as "a management problem".

Unit labour costs in manufacturing



**Changes in employment from 1980 to 1990**

surged by 14,4 percent between 1985 and 1990, as against falls of one percent in Japan and 0,2 percent in the United States.

The NMC calls for the increased coupling of wage rises with labour productivity but notes that this will require disclosure of financial information and "the significant sharing of the benefits of productivity with workers".



# Fund 'will cope' with rise in unemployment

CAPE TOWN — About 74 000 people had claimed unemployment benefits each month this year, 12 000 more than in 1991, Deputy Manpower Minister Glen Carelse said yesterday.

There was no cause for worry that the Unemployment Insurance Fund would not cope, despite the flood of applications, he said during the manpower budget vote debate.

Contributions to the fund would be increased soon.

The maximum annual income for contributors to qualify for unemployment insurance had been raised to R53 044 on May 1 from R46 332.

A new building costing about R50m was to be built to accommodate the administration of the fund as the Laboria Building in Pretoria was too small. Construction was expected to be completed by the second half of 1994.

UIF claims were paid out within four weeks of application and delays were caused mostly by employers who did not comply with the Unemployment Insurance Act.

Manpower Minister Piet Marais said the department intended combining its job creation and unemployment training schemes.

It was decisively important that the

training of unemployed people be fitted into the country's total training structure, he said.

About 1,4-million unemployed people had been trained between 1985 and 1991. Of these, about 25% had been employed immediately and another 15% entered the informal sector or were given jobs later.

The job-creation programme had given work to unemployed people for short periods, mainly to create fixed assets for local authorities. Once the work had been completed they were left jobless.

The department had found that lack of suitable jobs created false expectations on completion of training.

The erosion of new-found skills of people who could not immediately be placed in employment raised the question of whether training funds were being spent effectively. Courses were "ad hoc" and did not contribute significantly to an individual's market value.

The department was trying to lay the ground for structured qualifications. Training for the formal sector would be based on institutional training and training on the job.

It was envisaged that it would be financed from the Fund for the Training of Unemployed Persons and from funds released by Parliament. — Sapa.

# Create more jobs, urges World Bank

ET 7/5/92 Business Editor

(173)

WORLD Bank vice-president Mr Timothy Thahane made a moving plea to business to provide more work and training to ease the grinding poverty in Southern Africa when he spoke in the city yesterday.

He told the conference of the SA Institute of Chartered Accountants that he regularly visited the village in Lesotho where he grew up and found his contemporaries "still poor, illiterate, jobless and without hope".

Mr Thahane said the World Bank realised there was an urgent need for the restructuring of the South African economy and for education, training and housing.

● Full report — Pages 13

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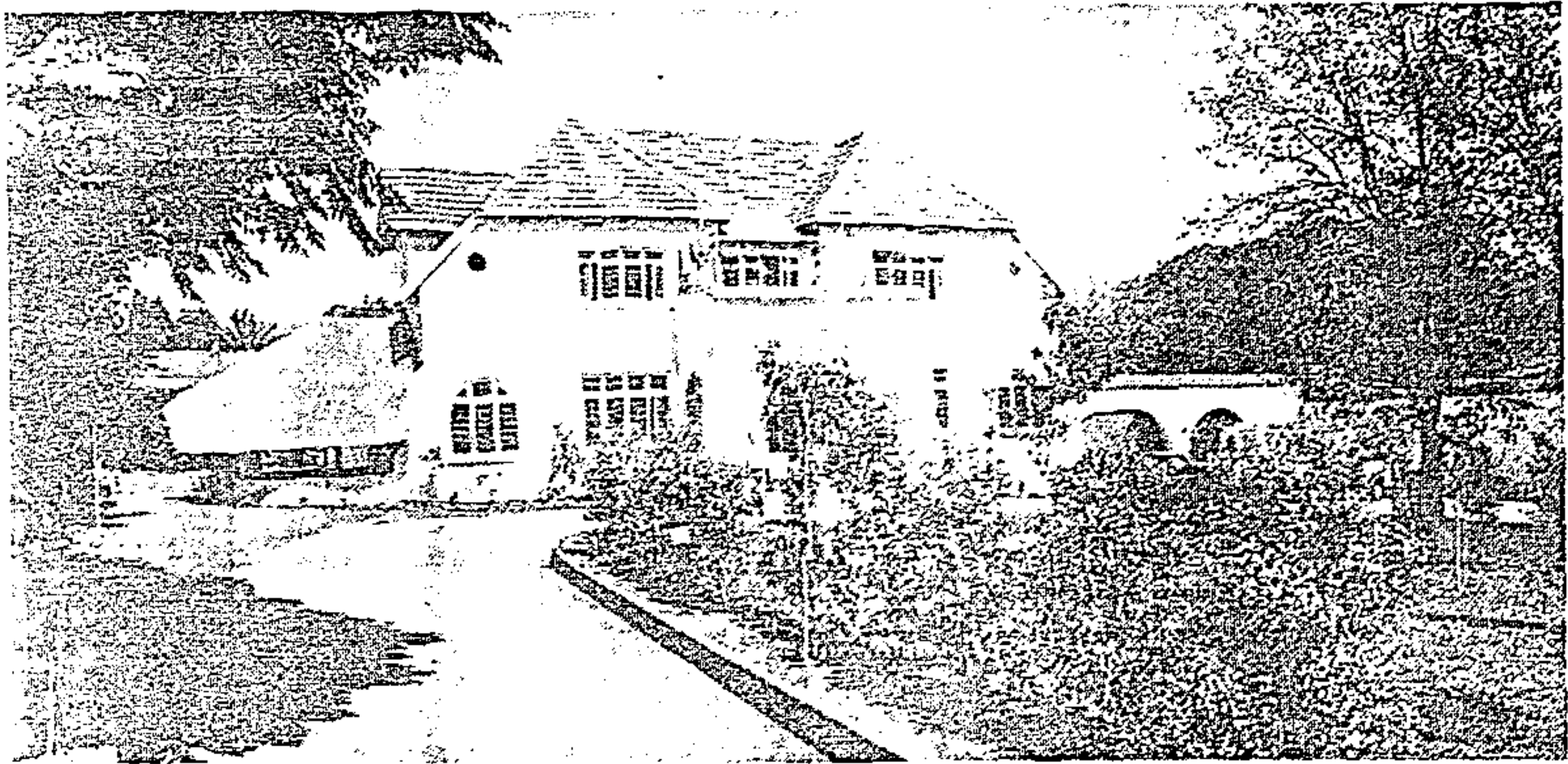
## Talks due on future of NMC

CAPE TOWN — A conference to discuss the restructuring of the National Manpower Commission (NMC) would be held on June 2, Manpower Minister Piet Marais said yesterday.

Consensus had clearly not been reached on the restructuring, he said during the Manpower vote in Parliament. (13) (13)

There were at least 13 differing stances in the commission on the issue, Marais added.

Incoming Manpower Minister Leon Wessels would continue the process towards finding consensus, he said. — Sapa.



The new Mandela residence in Lower Houghton, for which the ANC paid R500 000.

Picture: BRIAN HENDLER

**Transnet**  
*3/10/92*  
**fund invests**  
*8/5/92*  
**on JSE**

LINDA ENSOR

CAPE TOWN — The Transnet Pension Fund would invest between R500m and R1bn on the stock market and about R500m in property development this year, MD Anton Moolman said yesterday.

While R2bn was available for share investments and R800m for property investments, Moolman did not think the JSE and the property market had the capacity to absorb such large amounts of money.

He said at end-March 1992 the pension fund had invested R300m in property and R3,3bn in shares.

The aim was to have 55% of the fund invested in shares, 10% in property and 35% in cash and stocks.

The actuarial shortfall of the fund was R8,5bn at end-March 1991. Strategies to address this shortfall included partially funding the fund by issuing it with Transnet stock, increasing contributions to the fund and channelling future profit into the fund.

It would be possible to solve the problems of the pension fund by 2000.

Moolman said it was unlikely that Transnet had made a profit in the year to end-March 1992 — the figures were still being audited — and had either broken even or made a slight loss. He expected difficult conditions this year.

**Number of jobs 'will shrink again this year'**  
*173*  
*25*  
*3/10/92 8/5/92*

LINDA ENSOR

CAPE TOWN — Prospects for job seekers this year remain gloomy as employment in the non-agricultural sector is forecast to fall a further 0,9%, says Stellenbosch University's Bureau for Economic Research director Ockie Stuart in an analysis of economic trends.

This follows last year's estimated drop of 2,1% in the number of jobs.

The ability of the formal sector to absorb labour had declined from 97% in the sixties, to 72% in the seventies and to 22% in the eighties. Between 1985 and 1990 the level of absorption was 7%. Stuart forecast a growth of 0,8% in employment next year.

"Consumer spending is forecast to recover rapidly from the fourth quarter of 1992, and to continue doing so during the remainder of the forecast period (the end of 1993)," Stuart said. He forecast an average growth rate of about 0,5% for 1992 and 4% in real terms for 1993.

The upturn in world trade towards the end of the year would raise merchandise export earnings by about 12,3% in the second half of the year compared with the 4% in the first half, to give an average for 1992 of 8,8%. In 1993 export earnings were projected to grow by 22% as SA benefited from a rise in commodity prices.

Prospects for gold were bleak, with an

average gold price of \$350,00 forecast for 1992 and \$375,00 for 1993. Net gold export earnings for 1992 could be 4,1% above last year while 1993 should see a growth of over 13% due mainly to the anticipated depreciation of the rand.

A 7,6% depreciation of the rand against the dollar was predicted for this year and 4,6% for next year.

Stuart forecast a substantially smaller surplus on the current account of the balance of payments of about R4,5bn due to the need to import maize.

An average inflation rate of 14% was forecast for 1992 and 12,5% for 1993. Stuart said the estimated 14,5% increase in wages this year and 15,5% next year would contribute to the high inflation rate.

An 8,4% average decline in durable goods expenditure was forecast for this year with a substantial recovery likely early next year. A significant recovery of semi-durable goods expenditure was projected for the last quarter of 1992.

Real gross domestic fixed investment by the private sector, which showed a decline of 6,5% in 1991, is forecast to decline again this year. Next year, however, it should show an increase.

**Residents dismiss reports of Malawi coup**

JONO WATERS

BUSINESSES in Malawi's commercial and industrial city Blantyre had been ransacked by discontented workers over the past two days, residents said yesterday.

They said the looting was not politically inspired and reports of a coup in the country were incorrect. Sapa reported that diplomats in Malawi had said at least 10 people were killed in the unrest, which had spread to the capital Lilongwe. Stores belonging to President Hastings Banda were particularly targeted. *3/10/92 8/5/92*

The unrest was apparently triggered by a wage strike earlier in the week by about 3 000 textile workers at the David Whitehead and Sons factory. The situation worsened when thousands more workers took to the streets on Wednesday.

The army set up roadblocks outside Blantyre and ordered workers to return home. Sporadic shooting was heard.



# Wessels leaps into the saddle

Wimamp 8/5-14/92

(173) (988) (14) (2841)

By FERIAL HAFFAJEE

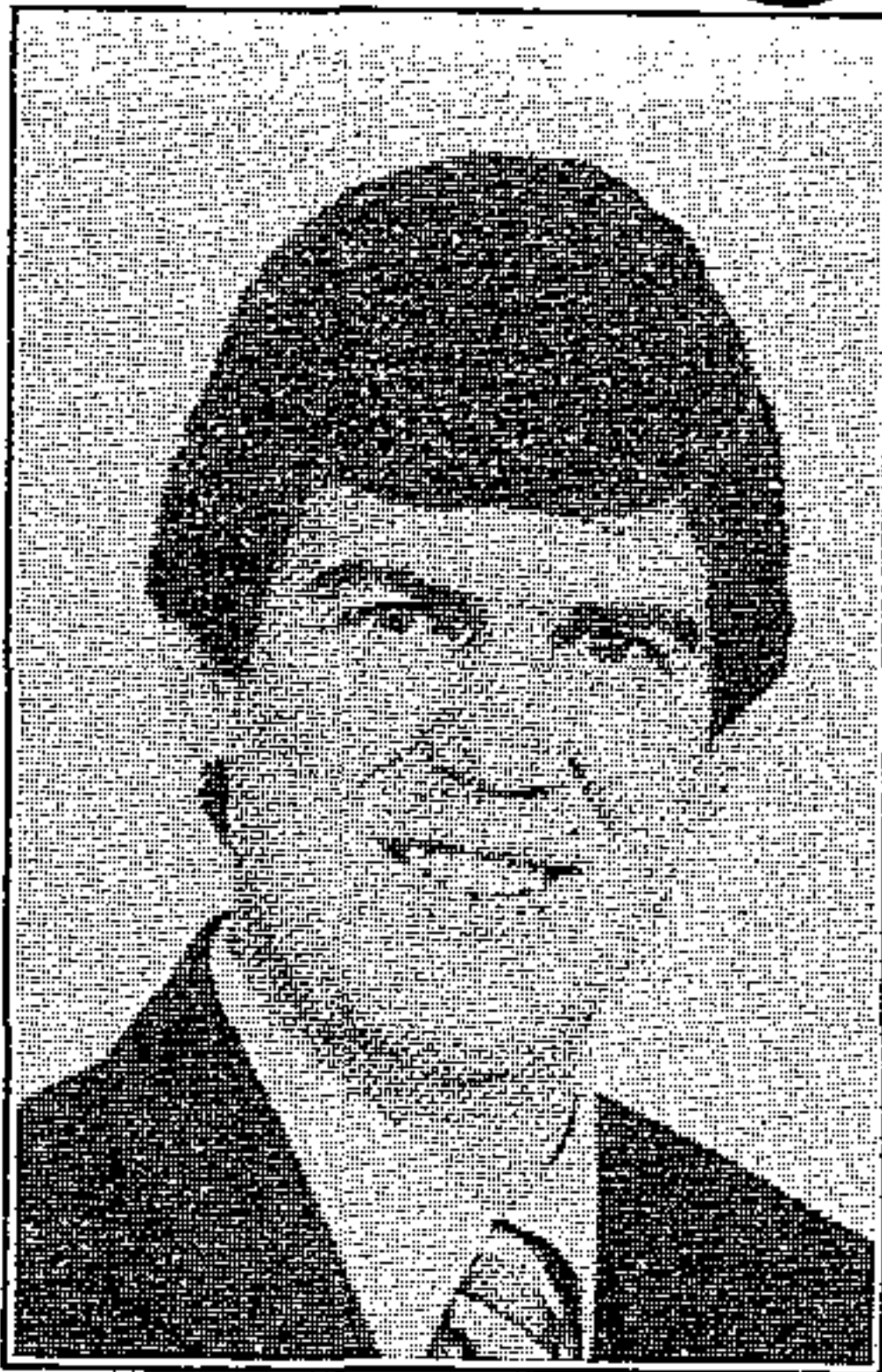
SOUTH Africa must have one of the highest turnovers of manpower ministers in the world. In just eight months this strategic portfolio has been held by four different men.

This week, President FW de Klerk chose Leon Wessels as his latest broker for the beleaguered ministry.

The Congress of South African Trade Unions criticised the appointment saying that the high turnover of ministers indicated "a lack of seriousness on the part of the government when it comes to labour affairs".

Cosatu assistant general secretary Sam Shilowa said that every time a new minister was appointed it took at least four to five months to brief him on developments and negotiations in the labour field.

At 56, Wessels is one of De



Leon Wessels

Klerk's younger *verligte* Nats destined to go places. Like Roelf Meyer, he is being promoted fast and furiously in strategic ministries.

In October 1991, he was appointed to lead the Ministry of Planning, Provincial Affairs and National Housing. In November 1991, he was given the portfolios of local government and public works to add to his workload and relieved of the easier portfolios of planning and provincial affairs.

He also served earlier terms as deputy minister of law and order and deputy minister of foreign affairs.

*The Weekly Mail* interviewed Wessels last year soon after he took over as minister of national housing. While his plans for the housing crisis did not impress, his easygoing manner and dress sense certainly did.

He hitched up his immaculate bottle green pants and sat down to chat, asking interested questions and passing the tea. His green pants matched perfectly with his green socks and green watch.

His eagerness to listen certainly earned him kudos last year when as MP for Krugersdorp he visited residents of Swanieville, in the district, who were holed up in a nearby community hall. While he could only give an hour to listen to grievances because he had to jump on a plane to Cape Town, he promised faithfully to get back to residents "even if I have to phone you from the airport".

A less-publicised history of Wessels' career is the time he spent as a mounted policeman while he worked at the Police College from 1964 to 1966. Deciding that the life of a mountie was not for him, he decided to become a lawyer and enrolled at the University of Stellenbosch in 1967 where he quickly took up leadership roles.

He was the chairman of the SRC and president of the Afrikaner Studentebond. His liberal philosophy was honed at university: he organised meetings with members of South African Students Organisation (Saso), a Black Consciousness student movement.

He was also influenced by senior *verligte* academics like Wimpie de Klerk and Johan van der Vyver.



# Venture capital 'can create jobs'

*Blair* 19/5/92  
173  
JONO WATERS

MONEY invested in venture capital funds could create 500 000 to 2-million jobs during a period of five years, Small Business Development Corporation (SBDC) senior GM Jo Schwenke said yesterday.

Schwenke was speaking at the fifth annual conference of the International Council for Small Business of Southern Africa in Johannesburg.

If long-term insurers and pension funds could be persuaded to invest 1% of their cash flow a year (R400m) in properly constituted venture capital funds over five years, it would create 4 000 enterprises and 500 000 jobs.

Schwenke also proposed that the state put R2bn a year into properly constituted development venture capital funds every year for five years.

These funds should be invested in trusts managed by the private sector so the "chances of nonsense could be totally eliminated".

About 50 000 enterprises could be created by this investment and anything from 500 000 to 2-million people would be employed, Schwenke said.

This investment, which would constitute 2.5% of the present Budget, could be funded out of deficit or through the formation of a revolving fund. The venture capital funds would be run by "competent practitioners, experts who could select wisely."

"Venture capital goes out and looks for an investment," he said.

SBDC and IDC personnel would be more suitable to run the funds than bankers.

Venture capital funds had produced healthy profits for investors in the UK and US and there was no reason this could not happen in SA,

Schwenke said.

In the UK, £6,2bn had been invested since 1985. More than £2bn was available for new investment.

However, if institutions and government were unwilling to risk the funds, they should try a pilot run with modest amounts of R50m or R200m. These investments could be deposited in two separate trusts managed by the SBDC.

Approached for comment yesterday, SBDC MD Ben Vosloo said the idea of using the country's savings more constructively was not new.

For the past 10 years the corporation had recommended that savings be mobilised to create new assets rather than refinancing existing investments.

However, the idea's time had come, he said.

"Existing markets are expanding and new markets are opening up.

"We now should be using our savings properly."

Unisa senior marketing lecturer Michael Cant said the education system's inability to equip all young South Africans with the necessary work skills meant that 7,3-million half-skilled and unskilled people would be without work by the year 2005. He expected that there would be a shortage of 920 000 managers and skilled workers.

He said there was a real need for training. The problem did not lie with education offered by universities and technikons but with individuals who did not complete their school careers.

Small businessmen had to be trained to survive. Putting abundant resources to work in the economy, was a way of solving unemployment.



Interpreter Tatrizia Neo Colombo and Famas SAS (Italy) representative Alfredo Fava Milnor, who were among delegates at the International Council for Small Business of Southern Africa conference in Johannesburg yesterday.

Picture: BRIAN HENDLER



5/10/92 12/5/92

**Self-employment call**

SA should change from a country of employees to one of entrepreneurs, Manpower Minister Piet Marais said in Pretoria yesterday.

Opening the Careers 2000 exhibition in Pretoria, he said many underqualified workseekers would be unable to find jobs in the formal sector and would have to turn to self-employment.

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# Need for change in SA's workforce

SOUTH Africa should change from a country of employees to one of entrepreneurs, Manpower Minister Mr Piet Marais said in Pretoria on Monday.

Opening the Careers 2 000 exhibition in Pretoria, he said many underqualified work seekers would be unable to find jobs in the formal sector and would have to turn to self-employment.

"The question more young men and women should ask is not 'Where will I find a job?' but rather 'How can I start my own business?'" Marais said.

"To be able to compete we will have to market goods of quality.

"If we want to compete, skills alone will not be enough.

"A country's competitive edge is determined by how people apply their training skills," said Marais.

The poor economic results the past few years had boosted the unemployment crisis, and only seven jobs were being created for every 10 new entrants to the labour market. - Sapa



# Use of temporary staff on the rise

COMMERCE and industry is turning to temporary employees in a bid to ride out the recession. (173)

Personnel placement practitioners have reported an increase in temporary placements this year, with many employers seeing "temping" as the best way of dealing with recessionary conditions.

By hiring temporary staff, companies do not need to spend money on employee benefits such as pensions, medical aid and retrenchment packages. They are less vulnerable to strikes and labour unrest as temporary workers are not unionised to the same extent as permanent workers, according to industry sources.

Grey's Personnel spokesman Ashlyn Amichan said many companies used temporary workers ranging from secretarial to professional staff as they could afford full-time staff.

"Temps are also hired to assist when the company's workload is thinly spread among too few permanent employees," said Amichan.

MICK ELLINGHAM

Drake spokesman Leezil Voudouris agreed that the industry had seen a significant rise in temping.

She said employers were less willing to train staff on the job, prompting Drake to mount a career development programme for school leavers earlier this year.

Professional Assignments Group (PAG) chairman Syd Catton said temping was a rapidly growing phenomenon which was in the interests of both employer and employee.

Temping was a worldwide trend, he said, allowing staff to contract out their skills and rise more quickly in their field of specialisation than if they worked for a single company.

He gave examples such as engineering contract workers and computer personnel who might lose their technological edge if the company they worked for failed to upgrade its equipment.

"Companies can work at the high-

est level of efficiency by retaining a core of permanent employees and hiring temporary staff as needed," said Catton.

Association of Personnel Services Organisation president John Dawkins said many companies preferred to hire temporary staff as they were adopting a wait and see attitude to staff recruitment until the hoped-for economic upturn occurred.

Dawkins, who is also Kelly Personnel MD, said: "the first ripples of increased employment are beginning to be evident with the personnel industry feeling growing optimism about the future".

The biggest development in the future of temporary employment would be "outsourcing" where companies contracted out entire departments — such as typing pools or accounting departments — to employment agencies. "The skills shortage which SA may face once the economy recovers will best be addressed by outsourcing," he said.

## 5-million 'have no formal jobs'

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GERALD REILLY

PRETORIA — The National Manpower Commission (NMC) estimated the number of people without formal sector jobs was 5,4-million — 40% of the economically active population — NMC deputy director Norman Muller said yesterday.

Speaking at a Careers 2000 seminar, Muller said about 2,5-million to 3-million of these were in the informal sector, leaving about the same number without any work at all.

He said an economic growth rate of at least 5% was needed to accommodate new entrants to the labour market. Growth of between 8% and 10% was needed to significantly lower current unemployment. About 400 000 new workers entered the labour market every year — about 1 400 every working day — between 1980 and 1990. But the formal economy could accommodate only 50 000 workers a year. *By 14/5/92*

He found statements by economists and politicians that the SA economy had reached a turning point strange and misguided.

He expected the economy to struggle for at least two years with a low growth rate — if not a negative one.

A new political era would possibly begin at the beginning of next year, and the economy might possibly show positive growth from 1994.

Muller said the Unemployment Insurance Fund was receiving 74 000 new applications every month.



# Jobless total of 5,4-m<sup>(173)</sup> the highest since WW2

STATZ 1415792  
There are nearly 5,4 million people out of work in South Africa — the highest number since World War 2, according to the National Manpower Commission.

Addressing a vocational counselling symposium at the Careers 2000 exhibition in Pretoria yesterday, NMC deputy director Norman Muller said the unemployed total had jumped from 2 million at the last census to the current level of 5,4 million.

Mr Muller said the NMC, with other organisations, was investigating critical areas of the job market in a bid to find solutions.

Get-Ahead Foundation managing director D Mac-Robert said his organisation was placing 1 500 people in jobs each month.

"People will do anything to work and we have approached the Government to lift all the red tape so that they can work," he said. — Sapa.

# The Cape's cutting edge



The western Cape economy has shaken off its Cinderella image and is performing consistently better in most sectors than the rest of the country.

A detailed socio-economic study of the region by Wesgro, a private sector-funded development promotion organisation, has been published in a book, *South Africa's Leading Edge: A Guide to the Western Cape Economy*. It shows that, while the Witwatersrand leads in some respects, the western Cape is ahead of the rest of SA in development. Unemployment is lower, education and health standards are higher, urbanisation has progressed further and per capita personal income levels are "considerably" higher.

Policies that hobbled the region's growth in the Sixties and Seventies — industrial decentralisation, high import tariffs, lack of systematic support for smaller enterprises and coloured labour preference — have largely been abandoned. Restructuring in the Eighties opened the way to an average economic growth rate of around 3%, compared with a national average of only 1%.

Though the region lacks a mining sector, it compensates with relatively higher contributions from other sectors than is the norm in the rest of SA. This means the western Cape has a broader based and better balanced economic structure than any other region and is shielded from violent cyclical fluctuations prevalent in regions with a dominant sector, such as mining on the Witwatersrand and the motor industry in the eastern Cape.

The absence of a dominant base minerals sector has discouraged the establishment of heavy industry complexes and encouraged the manufacture of "high value-low mass" consumer goods and given the small business sector scope for development. The region has not suffered the worldwide decline in traditional growth sectors such as mining, base metals, iron and steel, electricity generation and staple food export production.

On the contrary, virtually all the newer growth sectors, like hi-tech, upmarket clothing, tourism, education, printing and publishing, light industrial consumer goods, processed high-value agricultural products, financial and professional services and the informal sector are either already established or well suited to the region.

Though the population in the greater western Cape is large enough to support

existing local industries, industrial expansion is "vitaly dependent" on inter-regional and international markets. A surplus in inter-regional trade now covers the deficit in foreign trade and ensures the maintenance of a positive trade balance.

Tourism is one of the region's best bets. Direct spending in this sector in 1990 was estimated at R535m with another R1bn added through the multiplier effect.

Financial services are also important. They currently contribute a greater percentage of the region's Gross Geographic Product (GGP) than is the case on the Witwatersrand: 15,1% compared with 12,2%.

The contribution to the national figure is growing — and will probably continue to do so — while the Witwatersrand's is declining. The western Cape's contribution of 15,8% in 1970 grew to 18,6% in 1990, while the Witwatersrand's declined from 60,8% to 44% over the same period.)

The western Cape produces more business and management trainees than the region can absorb, due to the reputation of local educational institutions. But there is an urgent need for more training facilities for black managers/entrepreneurs.

Younger managers/entrepreneurs (in the 25-45 age group) tend to move out of the region to accept better offers — but expect to return at some stage — while older people aged 40-60 who value the Cape lifestyle are less willing to move even for good offers.

## Land area

The region covers 4% of SA's land area, has just over 9% of the country's population and produces 13% of GDP. Its 3,7m population is largely urbanised. Only 11% was classified rural in 1990 compared with 48% for SA. More than 85% of the people live in metropolitan Cape Town.

An average annual growth rate of 1,8% is expected to push the population to 5,2m by 2010, which will be just under 9% of SA's total compared with just over 9% at present.

The rapid inflow of migrants from the eastern Cape is reshaping the development process and poses a formidable challenge to the region. But it has the land, water and basic agricultural resources to absorb a significantly larger population.

Based on 1989 data from the Development Bank of Southern Africa, the sectors contribution of Region A (of which the western

Cape forms 90%) to SA's GGP was: agriculture 19,9%, manufacturing 11,9%, construction 11,7%, trade and accommodation 16,3%, transport and communication 16,2%, finance and business services 18,6%.

The region's contributions are consistently higher than its population share and, with the exception of manufacturing and construction, remained stable or increased in the 14 years to 1989.

Manufacturing is the region's most important sector, contributing 24,6% of GDP in 1990, according to Wesgro estimates, followed by community and social services at 19,8%, trade and accommodation 15,7%; finance, insurance and related fields 15,1%, transport and communication 9,9%, agriculture 7,8%, construction 4,2%; electricity, gas and water 2,7%, and mining 0,2%.

Of the 1,3m-plus economically active people, about 850 000 are employed in the formal sector and 165 000 each in the informal, "survival self-employment" and unemployed sectors. The annual increase in the size of the labour force is estimated at 30 000-44 000.

Towns on the fringe of the metropolis — with the exception of Atlantis, a relatively unsuccessful industrial decentralisation development — are considered well poised for major growth during the Nineties. They include Paarl, Stellenbosch, Somerset West, Strand and Wellington. Growth in these towns will centre on agriculture and agri-industries, services, tourism and light and hi-tech industry.

Wesgro executive director David Bridgman says the western Cape needs a strong "regional economic lobby" to ensure equitable treatment under national economic policy. For example, he says, the new emphasis on beneficiation neglects the needs and potential of the region, forcing it to subsidise massive capital-intensive beneficiation projects being promoted in the PWV.

He believes tourism can gain from beneficiation through initiatives such as tax breaks for new hotels. But he is concerned about the relative lack of support for manufacturers of exports and would like to see help in the form of customs privileges within an export processing unit.

He attributes the authorities' inability to formulate clear policy on such issues to "vacillation at senior level" and says it indicates the difficulty in shifting from import substitution to export competitiveness.



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# 'SA youths patriotic and materialistic'

by Gavin Du Venage  
GAVIN DU VENAGE

YOUNG South Africans are likely to be patriotic and materialistic, a Markinor study entitled Tomorrow's Values has found.

The study claims to be applicable to 2-million people aged between 13 to 24 with a total income of R9bn. Seven different segments were identified according to lifestyle, values, activities, interests and self-perception, and took into account all racial groups living in SA's major metropolitan areas.

The survey shows national pride could become a sought-after positioning for a product with broad appeal. Eight out of 10 respondents said they were proud to be South African.

"This view flies in the face of conventional wisdom which in the past has been that patriotic positioning was a double-edged sword in a country with so many adverse, sometimes antagonistic groups," Markinor chairman Nick Green said in a statement.

He said young people's agenda seemed to endorse reform, but was largely non-political. "But personal goal-setting is usually qualification and career orientated. The young South African living in formal housing is a materialist, not a Marxist."

Other findings were a consensus on the need for the races to work together to build a better future; that almost all had "towering aspirations" often irrespective of current educational levels; and money, education and top jobs rather than revolution were seen as the route to a better future.

Markinor conducted 860 interviews countrywide for the survey, and its research was developed with Hunt Lascaris TBWA.

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# 'Save jobs at all costs' warning

ARG 29/5/92

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**SHARON SOROUR**  
Labour Reporter

**EMPLOYERS** have to work at preserving jobs and find mechanisms to stem the flow of economically-active people into the unemployment market — or face dire consequences, according to the latest edition of *People Dynamics*.

An article in the official publication of the Institute of Personnel Management said South Africa's population doubled every 30 years, with the present baby boom contributing 3 000 births a day.

"Job creation is plainly the solution, since the economy's ability to absorb new entrants into the labour market's formal sector has decreased from 74 percent in 1970 to 35 percent from 1975 to 1980, to 12,5 percent from 1985 to 1989

and is less than 10 percent in 1992," said personnel consultant Mr Denis Keenan-Smith.

It was alarming to consider the cumulative effect of the current population growth, the high unemployment levels, sanctions and disinvestment, retrenchments and the rapid urbanisation in recent years which aggravated urban unemployment, crime, poverty, stress and social breakdown.

"These factors, working in combination, are likely to worsen an already fragile socio-economic situation with potentially serious political consequences," he said.

Citing job preservation mechanisms, he said retrenchments were often the result of a "mindless" response by management to the threat of an economic downturn and a panic situation had to be avoided.

Management had to be committed to accept retrenchment as a last resort and consider other methods of avoiding retrenchment before embarking on a rationalisation programme, like:

- Develop effective methods and systems of manpower planning to cope with the ups and downs of the economy.

- Retraining employees so that they can be assigned to other jobs within the same company and also equip them to cope better with losing their jobs by being able to market "multiple" skills.

- Setting overtime limits which will not only preserve jobs but create job opportunities for other workers.

- Using job-sharing to keep the workforce intact, albeit at the expense of an income sacrifice to individual workers.



# Employment prospects look bleak, says survey

*SI Times (Cape metro) 31/1/92 (173)*  
THE outlook for the employment of skilled and unskilled workers remains poor, with most respondents in the latest South African Chamber of Business (SACOB) manufacturing survey expecting to retrench staff in the coming year, says the Cape Chamber of Industries (CCI).

But it points out that wage and salary increases have dropped to more

realistic levels in recent months and this is likely to have some stabilising influence on employment levels.

Most survey respondents expect to reduce their productive capacity in the coming year, and inventory levels are also expected to drop.

It seems clear that most respondents expect there will be little improvement in business conditions before

the end of the year, says the CCI.

Despite some favourable developments on the political front in recent months, the economy continues to be "plagued by uncertainties".

As a result, says the CCI, an upturn in the investment cycle is unlikely to materialise until there are clear indications that demand levels are improving.

**T**HE year 1991 was a wasted year with respect to social policy. It should have been a period in which the social parties — unions and employers — prepared important socio-economic ground for the imminent constitution-making process. In the event, elements within the Cabinet and the Manpower Ministry, distrustful of the role of unions, contrived to block the tripartite initiative which had led to the signing of the Laboria Minute of September 1990.

In terms of that Minute, it will be recalled, government agreed to accommodate the unions in the formulation of labour policy in return for a peace obligation. However, by October last year, it became clear government had no intention of revamping the main statutory advisory body, the National Manpower Commission (NMC), and that it wished to outflank the unions in its attempts to restructure the economy.

**A** disaffected Cosatu walked out of the NMC, fell back into the familiar adversarial relations of old (which took the form of the VAT stayaway), and then decided to pitch for higher political stakes.

Now, in the middle of 1992, the NMC continues to languish while unions and employers have begun to direct their energies towards the establishment of a macro-economic forum. Unions and business have a legitimate stake in fashioning national economic policy. However, that process is convoluted, and labour is only one (and a latecomer at that) of many actors seeking a role. Labour's influence will be diffuse.

To the extent that the leap onto the macro-economic stage bypasses rather than builds on labour-specific institutions (existing and potential), the move represents a departure from a 20-year-old union strategy and is fraught with the risks typical of any top-down approach.

Unions have an entrenched presence at plant level and a significant

# Time for a rethink On unions' role in shaping policy

Clive Thompson  
1/6/92

CLIVE THOMPSON

presence at industry level. What they lack is an institutional base — statutory or independent — at national level within which to forge national labour policy.

That base is necessary if unions are to play a key role in developing broader labour and social policy; the conflictual relations which characterise contemporary collective bargaining are to be converted into more co-operative ones through the conclusion of social pacts; an active labour market policy is to be developed; and unions are to commit their constituencies as part of a wider process of economic renewal.

Under current conditions, union influence on macro-economic policy is likely to be marginal, and the costs of later disillusionment may be large. Union influence on labour (and social) policy, by way of contrast, could be pivotal.

Labour and management jointly control the major variables in the labour market, can make demands of the state, set attainable goals and, most crucially, deliver. Mainly for its own worth but also, incidentally, if the macro-economic initiative is to have any prospect of success, it is essential that the social parties, and in particular the state, invest a great deal of effort in restructuring the

NMC and the other statutory and non-statutory institutions of national labour policy.

The Laboria Minute demonstrated a fatal deficiency within the existing NMC: a body which purports to be representative of labour and business, and which wishes to negotiate its way to consensus positions, cannot be located within the labour ministry and cannot be a creature of the Minister of Manpower. To play a useful role in a changing society, a refurbished labour council will need to enjoy a different status, be entrusted with new responsibilities and be composed on a new basis.

**I**n terms of status, autonomy should be a defining feature of any new body. It should not lie within the embrace of a labour ministry but should be constituted as an independent statutory body drawn from civil society and set apart from both the state administration and the legislature. Autonomy requires financial independence and this should be achieved through a dedicated levy on commerce and industry.

Its principal function should be to advise all ministries dealing with labour matters and Parliament on la-

bour and social policy. Conversely, all state ministries dealing in a substantial sense with labour matters should be obliged to confer with the council in arriving at departmental policy. This consultative process should, ideally, be carried out in coordination with any future macro-economic forum (a successor to the Economic Advisory Council?), where unions should have a separate, though attenuated, representation.

Another function of a council would be to co-ordinate policy in respect of all other statutory bodies dealing with labour matters, such as the Unemployment Insurance Board, the National Training Board and the Advisory Council for Occupational Safety and Health. These other bodies, which are generally bilateral or tripartite in character, should play a larger role in transitional SA and should, by rights, already be receiving a substantial slice of development funding.

To mention just one example: in terms of the Manpower Training Act, provision has been made for a "fund for the training of unemployed persons" and a "manpower development fund", finance in both cases coming from (among other sources) Parliament.

Unions and employers should be

pressing for the enlargement of these funds and a role in overseeing their deployment. Some important demands relating to interim government and administration could be addressed by exploiting the possibilities in this entire area.

A council should also have a research function to enable it to discharge its obligations of advising all ministries and Parliament competently and authoritatively.

Finally, a council should play a key role in the appointment of judicial officers in the labour courts. Those tribunals must enjoy legitimacy to play their proper role as arbiters of last instance in the industrial relations system. The current Ministerial appointment process detracts from the stature of the labour courts. With regard to composition, drawing generally on European and particularly the Netherlands experience, there seems to be much merit in comprising a council equally out of employer, union and "public interest" representatives.

**T**he last category should serve as a bulwark against some of the excesses of social corporatism. Representatives here could come from constituencies such as rural workers, women's groups, small businesses and independent experts. The presence of these representatives would force the business and labour elites of the formal economy to develop policies which reach both the urban informal sector and the countryside.

Although a labour council's principal function would be advisory, one would expect the political convention to develop, over time, that ministries and Parliament would not lightly depart from a consensus position reached in such a council. Parties represented on the council would be those most intimately involved in and affected by labour policy, and this social fact should be implicitly recognised in any new constitutional dispensation.

□ Thompson is associate professor and director of the Labour Law Unit, UCT, and was a member of the NMC legislation committee.



# Small business in a crucial position

Sowetan

173  
4/6/92

By JOSHUA  
RABOROKO

SMALL business is a crucial part of economic development.

However, in South Africa small business was very limited in number and in scope as opposed to other countries in Africa such as Kenya.

Addressing a seminar on labour relations on small business, Cosatu's Dr Bennie Fanaroff said the trade union's view was that "we should achieve economic growth through redistribution".

He said that meant "we must stimulate the economy and create jobs by providing the basic goods and services which people do not have".

The two most crucial projects are housing and electrification, he added.

The building of houses and the installation of electricity must be done in a way which encompassed the community.

It must create opportunities for work and for local entrepreneurs in the community, so that both money and skills were left in the community. Building must not just be done by big companies using industrial

methods.

The electrification programmes, for example, should be able to have a spin-off of new job opportunities and there must be small business development programmes to take advantage of new opportunities created by electrification.

Fanaroff said it had been proven overseas that electrification projects create job opportunities. Local electrification projects should be done in a way which involved many entrepreneurs.

There should be self-managed work teams by Eskom. In that way the company would not only provide electricity, but would contribute to community skills.

"Cosatu, Nactu and the civic association have driven the development of the National Housing Forum and the National Electrification Committee.

"The civic association together with some unions have proposed the establishment of a Bank of Re-

construction which may be able to offer finance to small business initiatives. This bank will not be dominated by big business and Government," he said.

The unions were also fighting for a very large programme of training and skills development which must be based on modules, and there must also be adult basic education together with the technical training.

"Workers who are retrenched must be retrained so that they have skills to take into the community," he added.

Cosatu recognised the existence of small businesses. However, "we are not prepared to see a development of small businesses based on exploitation.

"The trade unions are fighting for a ban on retrenchments and against job losses. They are negotiating to restructure the industries to create more jobs.

"We believe that the time has now come for the labour movement to talk formally with small business in order to support each other instead of being in opposition to each other," he said.

'Govt (173)  
CT 5/6/92  
prepared  
to replace  
NMC'

THE Government was prepared to scrap the National Manpower Commission (NMC) and replace it with "a new structure" approved by all parties concerned, Prof Joel Fourie, NMC's director-general said in Durban yesterday.

He said it was critical that a body must be truly representative and be fully endorsed by business, trade unions and government. The NMC is currently not functioning after Cosatu's withdrawal.

Speaking at the Natal Chamber of Industries (NCI) labour seminar, Fourie said he preferred the formation of an independent negotiating forum built on "social contract basis".

He said this meant that trade unions, employers and Government would jointly establish such a structure outside the current labour legislation and should work on a consensus basis.

● Meanwhile, the International Labour Organisation's influential Fact Finding and Conciliation Commission has made a host of far-reaching recommendations for the reform of SA's industrial relations system — including the extension of the Labour Relations Act (LRA) to farm and domestic workers "as a matter of priority".

The recommendations are pitched generally and avoid being prescriptive on detail. Implementing all the recommendations would make SA labour law among the most advanced in the world.

The commission's report will be released next week along with comments by government, Cosatu and Saccola.

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B (Dany) 10/6/92

Sapoa

# A vital role played in creating employment

6/1 Dany 10/6/92

SAPOA provides employment for some 4-million people in the formal economy -- about 75% of those employed outside agriculture -- if employment in the services, retail, industrial and construction sectors are taken into account.

Sapoa president Derek Stuart-Findlay says Sapoa members therefore play a vital role in the generation of employment and international evidence has shown that only the cities can generate work on the scale required to meet the huge population rises in the

sector, which includes finance, trade, tourism, communication and government, represents 50% of gross domestic product (GDP).

"Locally, the services sector employs 1.5-million people. The office market houses this sector and I believe that our developers have acted responsibly during the last recessionary period in relation to similar conditions in many Western economies," he says.

## Distribution

An outstanding characteristic of the local economy is its excellent distribution system. In many parts of SA, competition between retailers is as intensive as anywhere in the Western world.

In metropolitan areas today there are about 16 regional centres each with a gross lettable area of more than 45 000m<sup>2</sup>, 30 hypermarkets with an average area of 20 000m<sup>2</sup>, more than 50 community centres averaging 17 500m<sup>2</sup> and hundreds of convenience and "high street" city and

town centres.

"The challenge is now to provide appropriate facilities in the less affluent suburbs. The potential is mind boggling. We face a situation where black South Africans represent some 75% of our country's population.

"Although only about 57% of this group is urbanised, their spending power already represents 41% of the total," he says.

Some 760 000 people are employed in the local formal retailing sector and there is no doubt that the retailing industry will continue to be a major generator of employment, wealth creation and distribution.

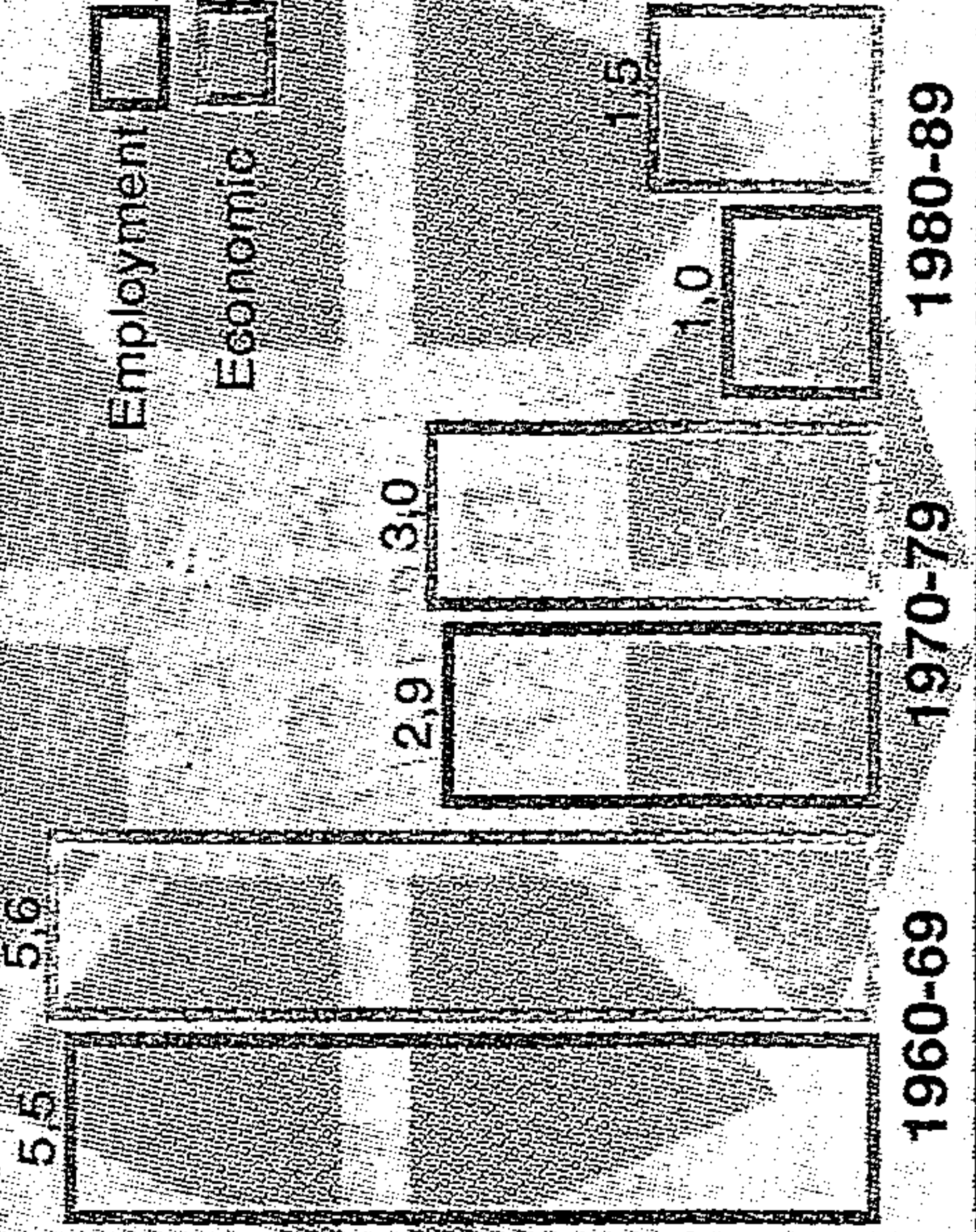


# TOILET

# Quality

# Braamfontein

## South African employment vs economic growth (%)



Graphics: RUBY-GAY MARTIN Source: OLD MUTUAL

rebuilding of gold and foreign exchange reserves, interest rates should continue to decline slowly.

"As a result, we are likely to see increased investment in manufacturing. Given a reasonable investment scenario, offshore investors could start setting up new manufacturing plants," he says.

Apart from the jobs cre-

ated by businesses housed in office blocks, retail outlets and industrial developments, the commercial construction industry is also a major employer of labour, with some 400 000 people employed.

During the 1960s, local economic performance at an average of 5.5% a year compared favourably with

the rest of the world. During the 1970s SA grew at only 3% a year compared with 3.5% for the developed countries and 5% for the developed world.

"The 1980s were disastrous for SA, which grew at only 1.5% a year while the rest of the world grew at 3% to 3.5% a year on average," he says.

Sectional title needs to change with the times



## Call for state job creation project <sup>CT 11/6/92</sup> (173)

CHRIS Saunders, chairman of the Tongat-Hulett group has added his call for the formation of a public works and job creation programme backed by the State.

He said the country's jobless situation was compounded by a lack of skills.

"There are a number of projects which can be undertaken from the tackling of soil erosion to the building of dams."

"The people concerned should be organised, housed under canvas, fed and paid a daily wage.

"A proportion of the daily wage should be deducted and paid into an educational trust fund."

"Simply I believe we have to create a 'peace corps'. To fund such an operation defence expenditure would have to be reduced, tax surcharges imposed on profits and tax incentives given to those businesses involved."



## In my view . . .

A daily commentary on current economic affairs by writers of The Star.

# Job creation will be an expensive business

173  
STAR 12/6/92  
By Derek  
Tommey

The Minister of Finance, Derek Keys, says South Africa needs to increase its savings rate by about R20 billion a year — equivalent to about 6 percent of GDP — to achieve a satisfactory level of investment.

A similar sum is being quoted as necessary, over and above the current annual investment rate, to reduce the huge level of unemployment.

This assumes that about R40 000 on average is required to provide work for each of the 500 000 people coming on the labour market every year.

An investment of R40 000 to create a job may seem high at first glance. After all, for less than R100 you can set up someone as a pick and shovel man. Unfortunately few people want pickmen these days. Machines do the job at a fraction of the price and in a much shorter time.

On a more realistic basis: starting off with a taxi can set you back about R80 000 and provides employment for possibly two drivers.

Another major problem in providing work for the unemployed is the low level of skills. The less skilled a person is, the greater the capital input has to be to ensure the worker receives what could be termed a "living" wage.

So overall, an average investment of R40 000 a job seems a reasonable figure.

One interesting question is where will all this money come from. One hopes that a large amount will be provided by overseas investors.

South Africans must expect to



provide the bulk of the money. This means we need a much faster growing economy and a reduction in the tax rate.

But here Mr Keys strikes a jarring note. He says that the Government should be responsible for half the R20 billion savings required.

If this R10 billion is to be raised by selling off Government assets, then well and good. But if the Government is planning to raise this R10 billion out of increased taxation it does not auger well for the economic growth rate.

A second cause of concern is the Government's intention to invest this R10 billion a year itself.

Perhaps there are still some areas where Government investment is vital.

But generally speaking, the less the Government has to do with new investment and the more it leaves it to the private sector, the better chance the economy has of generating the growth it badly needs.



# 18 Southbusiness

## Looking for a job? Why not become a boss?

By Johan Naude

MUCH IS MADE of the benefits of a strong and vigorous small business sector to the economy of a country. In recent years countries where an "enterprise culture" exists have been at the forefront in terms of economic growth and job creation — examples that come to

mind are, Taiwan, South Korea and Italy.

Great emphasis is placed on entrepreneurship education in order to provide the necessary skills that people are going to need for success in business.

In South Africa we have to be more successful in generating entrepreneurs — with our employment problem we need more

employers, not employees!

Most scholars and students about to enter the job market traditionally envisage themselves as being employed by someone — a government department, city council, large company or factory and in a professional capacity as an accountant or attorney.

It is apparent not enough job opportunities exist here. The self-

employment option therefore warrants serious attention.

This of course also applies to those that have lost their jobs because of businesses closing down or retrenchments.

What steps could be considered when preparing for self-employment?

Get a good basic education at school, and, if possible, at a col-

lege, technikon or university. It should give you general skills and strengthen your self-confidence.

Acquire some specialised skill, craft or profession — something you are good at in competition with others. It can be a simple craft or something requiring more practice, anything from the repair of motor cars or computers to skilful dressmaking or running training sessions.

Use every opportunity available in holidays or over weekends — at school or during training — to practise self-employment, participate in business games or learn while doing odd jobs for small businesses.

Confidence in enterprise management comes from practical learning, and diversity strengthens one's experience.

Continuously scan the market for business opportunities — once again starting as young as you can.

How do people get into business? Why are some successful and why do others fail? What makes this or that small business tick? What do you need to enter a particular business? Where can you get capital, licences, raw materials, markets, advice, etc? With whom can you exchange your dreams?

Do not discourage your idealism about a future self-employment career, but build up your self-discipline, drive and tenacity to be able to tackle the problems and challenges likely to confront you when you are on your own.

Finally, systematically build up a network of friends and contacts, bearing in mind that access to such contacts constitutes one of the most critical factors in successful business start-up.

You'll never be able to solve all the problems yourself — but you shouldn't take too long to find out where you can get help or information.

The Small Business Development Corporation offers a wide range of services which assist people embarking on self-employment. These include:

- Basic information and business advice
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- Training and consultation services
- Financing

For further enquiries call (021) 462-1910.

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For more information, contact:

Ruth Penxa, Cape Town office. Tel 462 1910 • Rubin Japhta, Philippi Centre. Tel 317 114/5  
Derek Bell, Mitchells Plain. Tel 376 1217/8

HARNESSING THE POWER OF ENTREPRENEURSHIP



## Looking for a job? Why not become a boss?



173

Scott 13/6 - 17/16/92

By Johan Naude

**M**UCH IS MADE of the benefits of a strong and vigorous small business sector to the economy of a country. In recent years countries where an "enterprise culture" exists have been at the forefront in terms of economic growth and job creation — examples that come to

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# Dorbyl takes on foreign partners in export drive

S/Times (BUS) 14/6/92

By CIARAN RYAN

DORBYL is going for the export market, signing up joint-venture deals with a string of foreign investors.

It has also inaugurated the second phase of Univel Transmissions, which makes CV joints for the motor industry.

Its 40% partner in the project is GKN of the UK. Three other factories with Taiwanese partners are at various stages of commission, pro-

ducing mirrors, fully trimmed seats and steering wheels, for the domestic and export markets.

Dorbyl is also looking at off-shore joint ventures.

Capital expenditure of more than R50-million in the automotive products division this year will boost annual sales by R70-million a year.

Exports account for 15% of Dorbyl's turnover — bol-

stered by orders for three R100-million containerised ships from Germany and Phase VI of the local content programme which encourages the export of cars and automotive parts.

Chief executive Dawie Mostert says the plan is to increase the export figure to 30%.

Dorbyl is close to signing additional ship orders and has set up a London sales office to boost European exports.

Mr Mostert says: "We have been successful in attracting foreign partners on a small scale. By forming strategic alliances with foreign partners we gain access to their technology and new export markets."

Mr Mostert accompanied Minister of Finance and of Trade and Industry, Derek Keys, on an export promotion trip to the Far East. He says he will consider opening a plant in China, but the priority is to get the domestic market moving.

"China has low-cost labour and a good work ethic which makes it suitable for labour-intensive industries. In SA, it is generally only the capital-intensive industries that can compete in a free trade environment."

Capital expenditure in the current year will be about R150-million. It will be spent on modernising the Tosa Seamless Tubes plant, which had to be redesigned, new factories in the automotive products division, a ship outfitting quay and a foundry moulding system.

## Related

A new buzz-word in manufacturing is "focused factories", a concept Mr Mostert picked up at Harvard three years ago. Focused factories are a radical departure from the old concept of diverse production where a range of goods was produced under one roof.

The focused factory concentrates on one, or a few, related products and differs from diverse production in that less work is sub-contracted out.

By switching from mass production to focused factories, productivity improved by 70% in certain areas, says Dorbyl automotive products chairman Mike Smithyman. Quality is checked at each stage of the production cycle so that faulty goods are corrected as they occur rather than at the end of the cycle. This slashes the cost of re-

pair. Stock levels are reduced to a minimum through the just-in-time order system, and production is driven by orders rather than by the need to replenish stock.

Earnings a share dropped to 133c from 160c in the six months to March 1992, but Mr Mostert expects them to improve as the export drive gets under way.



LOUIS SHILL: New look

# Sage clears the decks

S/Times (BUS) 14/6/92

By JULIE WALKER

SFS shares.

The group will still have two arms, property and life assurance-financial services. Life assurance and financial breaks down into core and other interests. The other is chiefly Absa.

Mr Shill promises that the new Sage will be virtually free of borrowings because some of the R400-million portfolio of non-core assets will be sold. Its holding in Absa (21% of Universa, which owns a quarter of Absa) will also be reduced in time because Sage's dependence on equity-accounted earnings will be cut.

Referring to the previous poor showing by the group's American investments, Mr Shill says that an option to repurchase half of the asset sold two years ago has been secured.

It took seven years to build up turnover of \$3.5-million a month, but in the past two years since Sage sold its controlling interest and wrote off a contingent liability of R50-million, turnover increased to \$60-million a month.

## Prospects

"Now we have a contingent asset, if there is such a thing," says Mr Shill.

Sage aims to expand in financial services and prospects are being investigated.

Mr Shill does not foresee any room for manoeuvre with Momentum, now 80%-owned by Rand Merchant Bank Holdings, in which Sage has a quarter stake.

The restructuring will be completed by mid-September.

## Rescue bid for NCI

TROUBLED NCI chairman Mike Clarke has until June 24 to submit written motivation to the JSE about why the company's listing should continue.

Mr Clarke is convening an informal shareholders' meeting at Bryanston High School at 9.30 am on Saturday to submit his rescue proposal. If the shareholders are interested enough, he will put it to the JSE committee.

## New job selection guidelines on way

S/Times (BUS) 14/6/92

By ADRIAN HERSCH

EMPLOYEE recruitment and selection procedures in SA will be transformed in the next few years — and are likely to be similar to those of the US and Namibia.

That is the view of Charles Tustin, who served on the SA Society for Industrial Psychology task group that has set up employee "selection" guidelines.

The guidelines will be released in September.

In the US and Namibia a certain percentage of a designated group who apply for positions are not selected, it may be considered discriminatory — depending on circumstances.

If an employer does not conform with national "selection guidelines" it is discriminatory.

Dr Tustin, of the University of SA, says that in many countries the criteria for selection tend to be far more job-related than in SA.

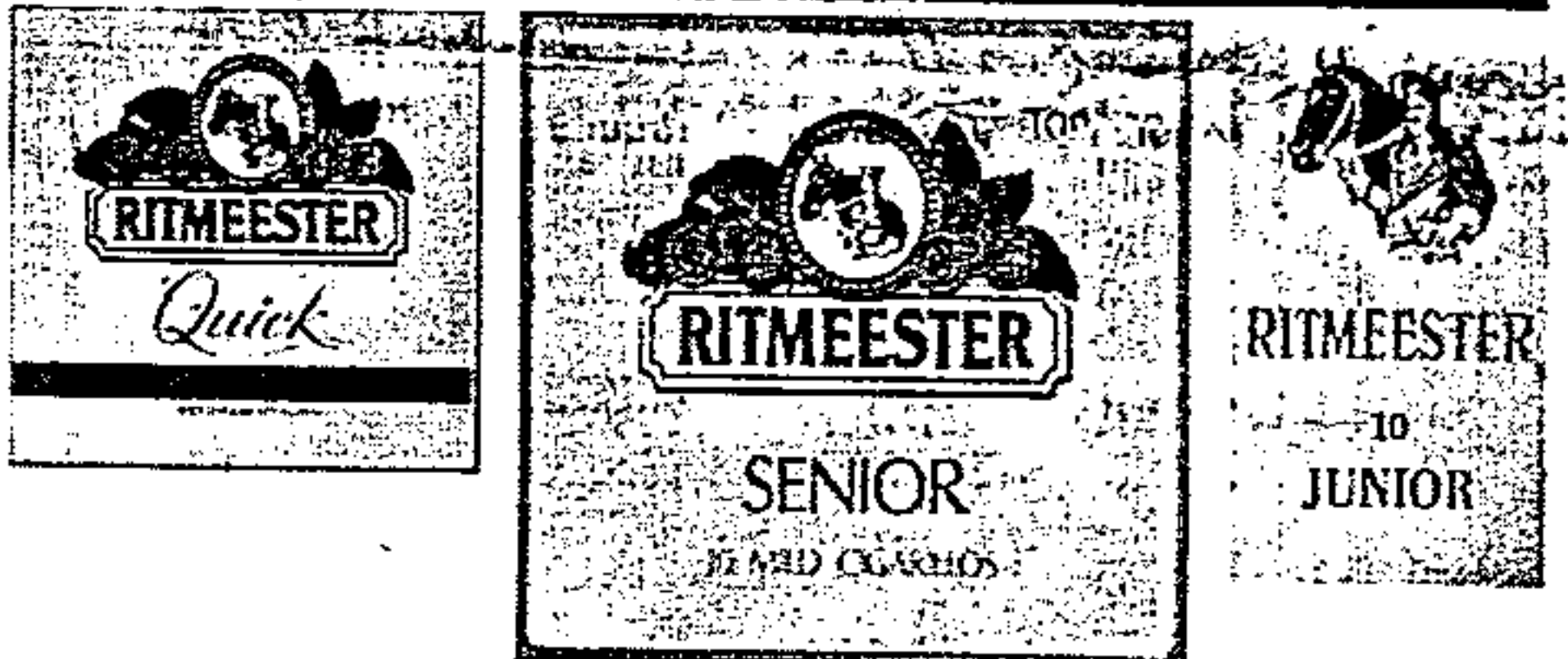
"The primary concern is that the performance in a test — or other basis for decision — is related to performance on the job or other measures of work success," says Dr Tustin.

The task group, commissioned in July 1991, was chaired by Hennie Kriek of the industrial psychology department of Unisa.

Dr Tustin says that although the guidelines will not necessarily be the final word, employers would do well to implement them.



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The Press



# Call for SA to implement national manpower plan

B10 am 15/6/92  
THE total overhaul of SA's vocational education and training system and implementation of a "meaningful" national manpower plan were needed to improve its skills base, a top Eskom official said last week.

Technical skills development manager Ryno Verster was speaking at the fourth national conference of the human resources development division of the Institute of Personnel Management in Sandton.

He said the quality of the present end-product of SA's vocational education and training system did not compare favourably with winning nations such as Singapore, Korea, Hong Kong and Taiwan.

"To become a winning nation, SA would have to restructure its vocational education and training system ... if SA wants to establish itself in the global economy, its skills base should be addressed as a national priority," Verster said.

He said the first step — as an analysis of the vocational education and training systems of winning nations suggested — should be to link economic and technological development plans to derive a "meaningful national manpower plan".

Two Wits University academics — sociology of work programme director Prof Eddie Webster and his deputy Jean Leger — told the conference that categorising workers as unskilled, semi-skilled and skilled de-

WILSON ZWANE

meant them and often downgraded the skills they did possess.

To develop skills in the workplace there was a need to recognise the existence of "tacit skills". These were 'tricks of the trade' which were essential to production but which received no formal acknowledgement — and endeavours should be made to enhance them. (24) (173)

Webster and Leger said their research showed that miners used "tacit skills" to prevent injuries due to underground rockfalls in SA's gold mines. Such skills involved knowledge of a range of precursors to rockfalls and an ability to recognise potentially hazardous conditions.

Their research into underground rockfalls had shown that white miners had learnt most of their tacit skills from black miners.

"If the skills of all sectors of the workforce are to be fully developed, it is crucial to recognise that all workers exercise skills, and to work out ways to enhance these skills."

They said artificial categorisation of miners into unskilled, semi-skilled and skilled was an obstacle to the skill development.

"A fundamental property of workers is their skill. Trade unions and employers have a mutual interest in ensuring workers' skills are enhanced throughout their life through training and career development."

# Master plan to cut unemployment

STAR 16/6/92

173

WITH unemployment at crisis levels, the Small Business Development Corporation has devised a package of proposals that it is convinced could boost the number of new jobs flowing into the labour market by no fewer than 2,5 million over the next five years.

The package envisages a two-pronged assault on the unemployment problem by the creation of more than 50 000 new small and medium business ventures by the late 1990s.

To enable a cautious initial probe of the idea, the SBDC is asking the Government and the private sector to commit no more than a relatively modest R250 million to start a pilot programme to put the proposals to the acid test — a preliminary to a full-scale launch.

What excites the SBDC are the chances of bringing more and more potential black entrepreneurs into the economic

mainstream, with an obvious significant multiplier on the creation of new employment opportunities.

At the core of the package, explains SBDC senior general manager Jo Schwenke, is the provision of a pool of venture capital funds to be made available to small businesses that show promise but are strapped for cash needed for expansion — and to finance the start of thousands of brand-new businesses by budding entrepreneurs.

Even the mention of venture capital could cause many potential investors to make a fast U-turn away from the proposals — especially in view of the long list of casualties that followed the initial launch of experiments with a venture capital market on the Johannesburg Stock Exchange in the 1980s.

Mr Schwenke knows he faces an uphill battle in bringing them round to take a closer look. But he feels that that sad

experience in fact yielded lessons in pitfalls that can be averted in new expeditions.

"Post-mortem analyses of the reasons behind many of the JSE failures of the 1980s have provided vital clues on how to avert a similar crop of errors," he says.

"Also, the tremendous economic potential of new companies formed with venture capital support has been proved in a tidal wave of successes in both the United States and Britain in recent years.

"In South Africa, the mobilisation of venture capital has become vital in view of the necessity to increase the economic tempo. A new South Africa that is expected to grow from economic stagnation could be doomed from the start.

"The creation of more business enterprises, with the promise of more jobs for everyone, is crucial. So, too, is evidence that a new generation of business

The Small Business Development Corporation has drawn up a plan it estimates could create no fewer than 2,5 million new job opportunities in the next five years — but it needs the co-operation of the Government and high finance, reports MICHAEL CHESTER.

would inject R2 billion or more into venture funds over the next five years. The result: 4 000 or more new medium-size businesses, which, if properly vetted, could show excellent profit and export potential and provide no fewer than 500 000 new job opportunities.

In the next tier the State would pump about R2 billion a year into development venture capital funds — R10 billion in five years that would fund the launch of a still bigger total of 50 000 smaller businesses, which between them could create between 500 000 and 2 million new jobs.

The difference between the

objectives of each tier would revolve around the size of returns expected on investment.

While the capital profit from institution funds could be expected to reach between 1 and 500 percent after several years, capital profits from State investments, with a different set of socio-economic aims, should be between 100 and 200 percent.

"Of course, we don't expect either the Government or the big financial institutions to act as charities in the exercise. Naturally both will need assurances of a sound expectation of reasonable returns on their investments.

"True, venture capital can be a high-risk business. And the are bound to be failures. But we are convinced we can ensure that the high number of successes will mean that the initial investments will be recouped a few years — with good returns to follow in the long



# Plan to cut unemployment

STAR 16/6/92 (173)

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entrepreneurs can be given the chance to flex their muscles." Mr Schwenke sees the new proposed strategies running on two tiers — one given a kick-start by financial institutions such as insurance companies and pension funds, the second set in motion by the State.

In South Africa, he says, the cash-flows of institutions (long-term insurers and pension funds) run at about R40 billion a year. "Think of the dramatic impact if only one percent — say R400 million a year — were channelled into properly constituted venture capital funds or into equity investment funds."

That alone, he points out, would inject R2 billion or more into venture funds over the next five years. The result: 4 000 or more new medium-size businesses, which, if properly vetted, could show excellent profit and export potential and provide no fewer than 500 000 new job opportunities.

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"True, venture capital can be a high-risk business. And there are bound to be failures. But we are convinced we can ensure that the high number of successes will mean that the initial investments will be recouped in a few years — with good returns to follow in the longer

term — if allocations are properly vetted," he says.

Mr Schwenke believes the odds on success have been proved by the experience of the SBDC in providing the finance for the launch of thousands of new business ventures — and hundreds of thousands of new job opportunities — since it started operations 10 years ago.

The corporation has refined a system to select potential winners and losers, with support services to monitor progress, he says. It is more than willing to put its experience to use and select management teams to supervise the allocation of new venture capital funds.

In a deeper pledge of confidence, it is also willing to consider acting as underwriter behind any share issues of companies seeking a listing on the venture capital market of the Johannesburg Stock Exchange, Mr Schwenke says. □



Faces an uphill challenge . . . SBDC senior general manager Jo Schwenke.



## In my view . . .

A daily commentary on current economic affairs by writers of The Star.

# SBDC plan to create jobs worth second look

STAT 19/6/92

By Michael Chester

Though there were deep frowns in many corporate boardrooms this week as computers busily calculated the cost of production losses caused by the big stayaway on Soweto Day, the general atmosphere was relieved by the relative calmness of Day One of the ANC mass action programme.

Even so, it did little to ease the pervasive anxieties of businessmen over the state of the economy.

With spreading gloom about the prospect of a third successive year of stagnation, new investment has slowed to a crawl.

As pointed out by Naas Steenkamp in a presidential address at the annual meeting of the Chamber of Mines, South Africa's investment attractions are still more than counter-balanced at present by the image of rampant violence, the unsteadiness of transition and universal uncertainties about the future scenario.

South Africa, he said, must confront the blunt fact that the horn of plenty is *not* about to flow in the form of cash injections from overseas.

"We shall have to start developing our industry and our economy ourselves," he said.

One starting point may be a strategy devised by the Small Business Development Corporation, which it estimates could create or expand as many as 50 000 or more small and medium business enterprises — and in the process create 2.5 million new job opportunities in the next five years.

The key, says SBDC senior general manager Jo Schwenke, is the



mobilisation of venture capital in a joint exercise by government and financial institutions.

He suggests an initial budget of around R400 million a year from private sector institutions (after all, equal to no more than one percent of annual cash flows in pension companies and pension funds) and R2 billion a year from government.

To allay fears in the business community at this cost, it could be launched as a modest pilot exercise with, say, R50 million from the institutions and R200 million from the government.

The SBDC, now with a 10-year track record of success with venture capital schemes, is willing to act as fund manager to select entrepreneur candidates and monitor progress.

It is a possible initiative that deserves serious examination if South Africa is going to show a bit more economic dynamism.



# Political migrant will be illusion

Sowetan 29/6/92

**BLACKS in South Africa have been making some political strides, but professional and economic barriers still make true power a long way off.**

African National Congress secretary-general Cyril Ramaphosa said: "The right to vote, even when we have won it, will remain something of a shell unless our people are economically empowered."

The ANC, the country's main black opposition group, has some power. But it put political negotiations on hold after blaming the Government for the June 17 massacre of 47 blacks.

Its leaders are an exception in a country where the five million whites have dominated 30 million blacks for generations.

More typical are 30 000 State health workers who went on strike two weeks ago for more money and benefits. The mostly black employees include hospital cleaners and porters earning R550 a month.

"Obviously that is not enough for them to meet their needs," said Vusi Nhlapo, vice-president of the National Education, Health and Allied Workers Union leading the strike.

Since President FW de Klerk took office in 1989, apartheid laws have been scrapped, black political groups have been legalised, and negotiations were launched to end white-minority rule.

South African blacks have a per capita income of more than R3 000 a year, one of the highest figures in Africa. More than a million blacks from neighbouring states work in South Africa, which offers more opportunities than other countries in the impoverished region.

But South African blacks still may not vote, and though they now have the legal right to live where they choose, few can afford to move from their violent, impoverished townships.

Blacks account for just 14 percent of the country's high-level professions, such as doctors, lawyers and accountants. They provide 96 percent of unskilled and semi-

skilled labour while holding just 143 of the top 3 239 civil service jobs.

The first two black police generals were named in March. There are two black foreign ambassadors, and just one black judge who was appointed less than a year ago.

All political groups agree there's a problem, but few offer specific solutions.

"There needs to be affirmative action, but it needs to be looked at," said ANC spokeswoman Gill Marcus. "You've got to study each sector - health, education - and pick something that's going to work for that sector."

The Government's Ministry of Manpower says there's a need for affirmative action but that employers must not be expected to employ or promote people without proper qualifications.

Black business groups, such as the National African Federated Chamber of Commerce, also stress that affirmative action should not result in lower standards.

The black-white gap begins not in the workplace but in schools and townships, where black children face great obstacles.

Although some white public schools have opted to allow blacks, most remain segregated. Black children often attend overcrowded, under-equipped schools lacking such basics as modern textbooks and desks.

Political violence often forces schools to close, as in Boipatong where schools shut for several days after the June 17 massacre.

In addition, the ANC for years staged school boycotts to protest against the fact that the government spending per student is almost five times greater for whites than blacks.

ANC leader Nelson Mandela urged a halt to school boycotts after leaving prison in February 1990, but the failure rate for black high school seniors taking their final examination is about 60 percent.

A three-year-old economic recession has added to the problem. In agriculture, the largest employer of blacks, there have been widespread layoffs due to the worst drought in southern Africa this century. - *Sapa-AP.*



Cyril Ramaphosa ... the right to vote will remain something of a shell.

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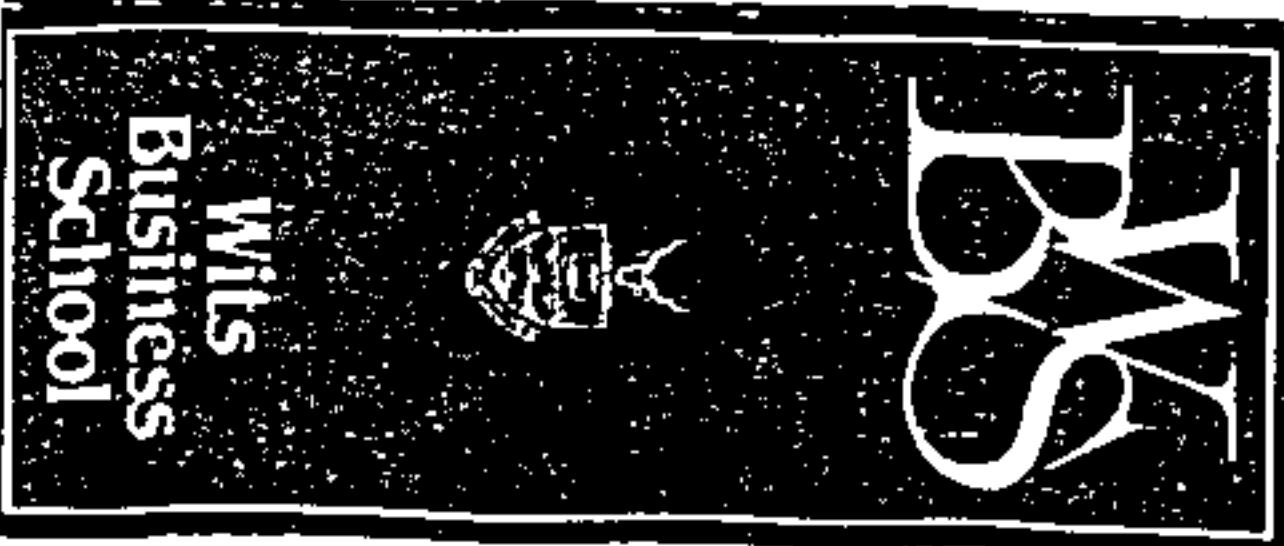
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# Hard times ahead for the jobless

*Sowetan 29/6/92*

By JOSHUA RABOROKO

THE employment situation in South Africa is deteriorating as more and more people are being retrenched, according to the latest report of the Stellenbosch University's Bureau For Economic Research.

The report, which focuses mainly on the wholesale, retail and motor trade sector, says the on-going threats of mass action, stayaways and go-slow strikes will also not contribute towards stability in the already troubled and politicised labour force.

It adds that wage negotiations between labour unions and employers are also not characterised by a large degree of consensus, which may even lead to further unemployment.

In its survey, the South African Chamber of Business says official figures indicate that employment within the formal private sector is currently contracting at a rate of about four percent a year.

According to the survey, more than 250 000 jobs have been lost during the current recession, and indications arising are that the number will continue to in-

crease in the coming 12 months.

In addition, the survey says, the widespread drought has brought added misery and hardship to millions of people, and has served to further erode prospects of growth.

The Stellenbosch report says unemployment will dampen growth in the total wage bill of the country while personal taxes will remain high.

"Coupled with an expected high inflation rate, this will keep dispensable income under pressure until the third quarter, when a drop in the inflation is expected," it says.

Consumer spending will therefore not be particularly buoyant during 1992.

"We forecast marginal growth in real terms," the report says, adding: "Per capita consumer spending is forecast to continue declining during 1992."

White consumer confidence edged up marginally, but remains relatively pessimistic.

The report notes a strong improvement in black consumer confidence.

The possible explanation to black confidence can be linked to the high publicity given to the process of political change, particularly within Codesa.

In what could be considered an indication of better things to come, wholesale and retailers have reported bigger sales volumes than a year ago.

Motor dealers continue to experience poor sales volumes than a year ago - symptomatic of an economy still in recession.

Expectations for the second quarter are not much better and a net majority of all dealers anticipate lower sales volumes.

The report says: "It now appears more likely that the upswing in the economy may only become visible well into the second half of the year.

"Retailers and wholesalers appear to be more optimistic of an improvement in business conditions in the third and fourth quarter."

Factors which may continue to dampen the activities of both dealers and consumers, include the worsening drought, excessive Government spending, high interest rates, a high level of crime and violence.

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## Help at hand for jobseekers

*B10am 30/6/92*  
A TEAM of businessmen has joined forces to provide free workshops for jobseekers on the Witwatersrand.

The workshop series, arranged by Johannesburg-based JobMark, started in Boksburg last Thursday, JobMark MD Rob Eichorn said yesterday.

JobMark, which uses a computer network to link jobseekers with employers, has opened the workshops to all unemployed people, individuals seeking career changes or promotion,

*173*  
THEO RAWANA  
graduates, school-leavers as well as those re-entering the job market.

The next workshop will be in Roodepoort on Thursday, and the rest of the series will be run until the end of August at Germiston, Kempton Park, Edenvale, Benoni, Alberton, Randburg, Sandton and at Mondeor.

Bookings should be made at WorkShop Helpline on 884-9444 or 884-6006.



## TIME RIFE FOR TEMPS

The growing belief that professional "temps" can supply high quality, flexible service suggests this will be the chosen path for many of the "best and brightest" employees in the years ahead. ADAM GORDON reports.

# Temps they are a-changing in South Africa

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**T**HE office "temp" may once have been that person who slunk quietly into the receptionist chair, watered the flowers immaculately, never knew which phone call to put through to where, and generally made "blonde" jokes look like a standing ovation.

But temps are changing. Ask the draftsmen, engineers, computer programmers, systems analysts, sales and marketing people, accountants, auditors and middle managers who make up a burgeoning yuppie informal sector in South Africa.

They sell their skills and services by the hour through personnel agencies, just like

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"Kelly Girls", but would probably break your knecaps if you called them that. It is more likely that the skilled, graduated, self-employed agent will enter the corporate door as a "consultant" or "professional assignee".

He or she will increasingly be in a position to strike an attractive employment deal with a large company in need of flexible, cost-effective staffing solutions — particularly during the recession.

And the culture of executive temping is entrenching itself so firmly worldwide, that indications are it will outlast the recession and become an essential pillar of

corporate staffing.

The Independent of London reports that strategic thinking on the part of managers will result in all major companies using professional temps by the end of the decade.

In the British accountancy job market, economic uncertainty has led many companies to fill permanent positions on a temporary basis. They are anxious not to return to the pain (of retrenchment) experienced over the past two years and are making a conscious decision to match permanent staffing levels to the troughs rather than the peaks of business, using temps to make up the difference.

STAR 1517192

Syd Catton, chairman of a large South African personnel agency, says local executive temping has "grown and grown" in economically uncertain times.

Temporary workers are cheaper because, even though their hourly rate is similar to that of a permanent staffer in a similar position, they cost the employer nothing when they are not needed.

They can be engaged and shed without long-term contractual obligations or compensation.

Executive temps are also indicated for companies who take on large cyclical, seasonal contracts or project-driven employment, where

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they need different skills in varying amounts at different times.

For example, a company contracted to build a chemical refinery will need hundreds of planners and draftsmen at the beginning, but will not have much for them to do by the time they need artisans and engineers.

The global trend to technological sophistication and job specialisation also favours the professional assignee.

Such is the rate of change of technology that a full-time corporate "generalist" is unlikely to be skilled enough or up-to-date enough in any specific field to provide a cost-effective service.

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Says Mr Catton: "Companies are 'downsizing and rightsizing'. They are asking themselves: 'What is our real business?' and are restricting the size of their permanent payroll to the core people who run it."

"Surveys show that 85 percent of all employment in Japan occurs in companies of less than 50 people.

Those companies rely on a small productive core business staff, and contract all the specialist services they need temporarily."

The professional temping industry is driven equally by the needs of employees.

It is a way of finding work in a recessionary economy, particularly for the skilled

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person who wants flexibility and cash rather than job security and benefits.

Says Mr Catton: "In corporations specialist professionals often find they spend less than 20 percent of their time doing the work they qualified for and want to do. The rest they spend going to meetings and managing other people and sometimes they turn around and find themselves in a different branch of the company.

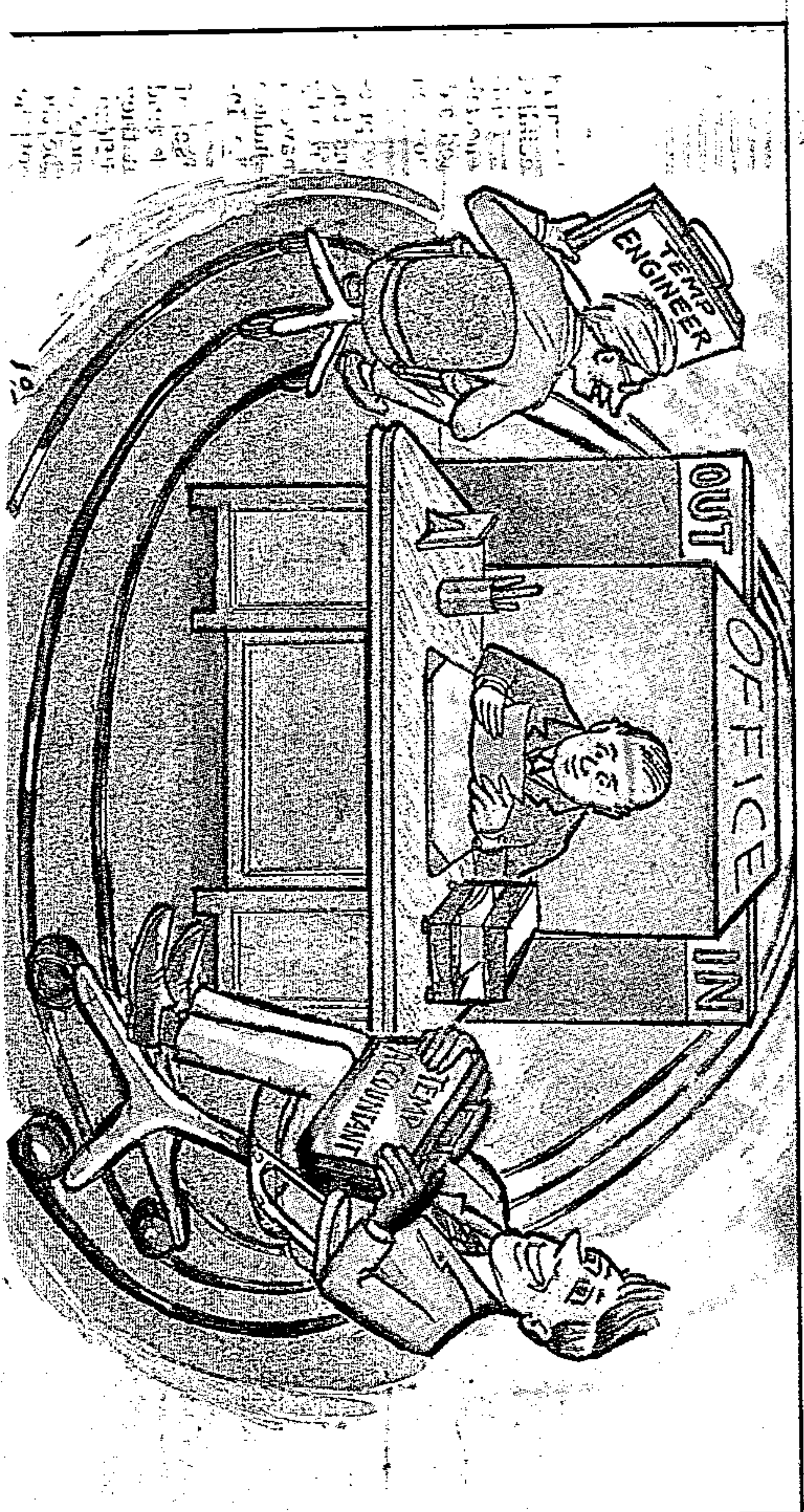
"This doesn't happen to them if they are in a project-related, time-bound contract.

"Inevitably, corporations also treat outside specialists differently. Management

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AS exiles return, the realities which have disillusioned many South Africans who remained, strike them fiercely.

One of these is unemployment, which is presently as high as 40 per cent.

Of the 12 240 exiles who have come home, few have found employment outside organisations like the NCCR or the liberation movements.

Yet many are professionals or skilled in various crafts.

For the first six months after arrival those aged 18 and over rely on the R4 250 grant from the NCCR. For the first three months they receive R800, R600 for two months and R400 the sixth month.

The organisation is a project of the United Nations High Commission for Refugees (UNHCR) and depends on donations.

"Most of the professional exiles have years of experience but find themselves in a catch 22 situation because there are certain South African standards they are required to meet in order to get jobs," explained NCCR's National Co-ordinator Mr Moss Chikane.

"For instance, doctors are required to take up internship in state hospitals before they can practise. It does not matter what previous experience they have. When they agree to do internship they are told hospitals are full.

"Engineers have similar problems. They are supposed to be registered with an engineers' association before they can be employed. But when they

# Exiles swelling the jobless queue

## FOCUS ON



## EXILES

go to the association they are told they must have worked in South Africa to

Few returning exiles have found jobs despite their high qualifications. The only for those who have not found jobs is the National Co-ordinating Committee of Repatriation of South African Exiles which is organising projects, training and negotiating with employers to consider their plight. This is the last part of a three series by **PEARL MAJOLA** on the plight of returnees.

be registered. "South African courts require a lawyer to be able to communicate in Afrikaans and most of our lawyers have a problem because they studied and practised outside the country.

"There are no decent streets in the townships but our civil engineers

have no jobs," he stated.

According to Chikane, the NCCR is busy negotiating with companies like Nampak and South African Airways in a bid to

place qualified exiles in jobs. Projects and training are already under way for the unskilled.

"We have started a project in the Transkei

where clothes are sold among exiles. The profit is theirs.

"Similar projects soon be started.



The thousands of exiles have come home, only to find themselves queue despite the fact that some of them are highly qualified.

### SOME RETURNED PROFESSIONALS:

- **Aviation personnel:** 12. Three pilots who have flown over 1 000 hours each; three flight engineers with five years' experience each; and six ground engineers. All are unemployed.
- **Nurses:** 20. All trained outside the country and are still unemployed. Negotiations are going on with the South African Nursing Council to register them.
- **Doctors:** about 50. None of them can practise before they register with the South African Medical and Dental Council.
- **Social Workers:** Five. Most trained in South Africa. Four employed and one promised a job by the ANC's Welfare Department.

# 110 000 industrial jobs lost in two years <sup>(173)</sup>

Bl DAY 17/7/92 GERALD REILLY ~~(S)~~ ~~(S)~~

PRETORIA — More than 110 000 jobs were lost in the manufacturing and construction industries in the past two years, Central Statistical Service figures show.

According to the figures released yesterday, almost 70 000 jobs were lost in the manufacturing industry between April 1990 and April this year, bringing total employment in the sector to 1 404 000.

Job losses in the construction industry in the two years totalled 42 200.

Stellenbosch University's Bureau for Economic Research economist Nic de Jager said total employment in the formal sector this year would decline by 1%.

The decline last year was 2,1%. However, employment outside the formal sector is expected to decline by 10,4%. The decline in 1993 would be about 6,2% if current trends persisted.

De Jager said the number of job seekers was increasing by 2,8% a year.

Since the beginning of the recession three years ago to the end of the fourth quarter last year formal sector employment, excluding agriculture, dropped by about 160 000. It has been estimated that the drought will cost an additional 70 000 jobs.



# Labour a Worry for Keys

By ZILLA EFRAT (173)

THE "disturbing" rise in labour costs was SA's major economic problem, Finance Minister Derek Keys said yesterday.

He told a Taiwanese Association meeting in Johannesburg that this was also the opinion of Reserve Bank Governor Chris Stals — "a warning given greater point by recent events on the labour front".

A key question was whether the new SA could improve productivity of labour and capital to the extent where a high growth rate could be sustained.

Because capital took flight easily and was highly mobile, SA would have to build up foreign confidence in its stability and make its industrial environment more "user-friendly".

Mr Keys quoted ANC leader Nelson Mandela as saying "any political settlement cannot survive unless we can turn the economy around so that it generates the jobs and the wealth which will make a rapid and visible impact on the standard of living of the black people especially".

## Labour intensive projects for Soweto

THE Central Witwatersrand Regional Services Council (RSC) has approved two labour-intensive construction projects which are worth R14m.

The RSC had been involved in funding labour intensive work to provide jobs in the townships since 1990, an RSC spokesman said.

It was hoped the projects would encourage entrepreneurship and the expansion of small businesses, he said.

In the first project, which would provide up to 100 jobs, 6km of road would be constructed in Soweto using labour intensive methods. These would include the use of interlocking concrete blocks.

The second project, involving another 50

jobs, was part of a programme to upgrade the water supply in Soweto's Naledi and Zola townships. The project would cost about R10m this year. Another R10m was to be spent on upgrading Soweto's secondary water mains. *BIDA 23/7/92*

Sapa reports that the RSC said the Soweto City Council had collected R262,4m in levies from July 1991 until June this year.

"After deducting R14,5m VAT, the council's net income was R247,9m — representing an increase of 13,35% on the amount of R218,7m collected during the previous year," it said.

ADRIAN HADLAND



**NEWS ANALYSIS** *IDT is creating jobs for many*



Toilets like these were funded by the Independent Development Trust.

# IDT projects have a positive spin-off

*Sowetan 29/7/92 (173)*

**■ MORE JOBS**

*Instead of using machines on IDT projects, the residents now reap the rewards:*



This is a further article in a regular series on how the Independent Development Trust is using R2-billion of taxpayers' money to provide a better future for the very poor of all races in South Africa. **JOLYON NUTTALL, IDT Director of Communications, reports.**

**T**REND-WATCHERS will have noted a dramatic change in recent months from a capital intensive to a labour-intensive approach to getting things made or built. Put in simple terms: machines are out, people are in.

What is more, the evidence is that, apart from creating desperately needed jobs, the move back to humans is having positive spin-offs.

I am pleased to record that this trend is becoming a fetish within IDT-sponsored projects.

First major signals about the potential for harnessing development programmes to the creation of jobs came from the construction of a substantial new primary school at Etwatwa, near Daveyton, on the East Rand.

Labourers were recruited from the community and trained on site. The school was built in 100 days. Of the total cost of R2.2-million, R800 000 went back into Etwatwa in wages.

Now examples are coming in aplenty from site-and-service development being paid for by the IDT across the country.

These initiatives are being captured in a regular IDT newsletter which is sent to more than 100 developers so they can share the experience of others. Thus, the trend is likely to spread.

At Vosloorus in the Transvaal, there is a good case being made for labour-based construction methods. Machines are being used on the 1 325 site project only where absolutely necessary. A combination of soil and dolomitic rock requires bulldozers to

turn the ground.

But manual labour is being used for site clearing, trench digging, laying of pre-cast manholes and in laying road surfaces with interlocking concrete blocks. The blocks are being used deliberately as an alternative to tar.

They are made by local labourers on site. The blocks cost more than tar but they require less maintenance.

A total of 170 local workers have been recruited.

On the East Rand, the Kallchong

**‘No fewer that 600 local labourers have been recruited. They prefer to work on a piecework basis’**

Builders Association has been formed. It has 28 members and recently completed its first contract to build 500 toilets on a nearby Moleleki project funded by the IDT.

At Stutterheim, in the Border region, about 40 percent of the work on a 900 site project has been completed, using mainly labour intensive building methods.

The project has been divided into 29 areas of about 30 stands each. Initial contracts were divided between experienced contractors doing more skilled work, such as pipelaying, and less experienced contractors doing less skilled tasks, such as backfill. Now all contractors do all tasks in a single contract.

At a 500 site project at Kokozi in the Western Transvaal, the only machinery used in construction consisted of water pumps, compressors for compacting roads, and transport for delivery materials.

No fewer than 600 local labourers have been recruited. They prefer to work on a piecework basis rather than for a fixed weekly wage. It allows them to work harder and thus increase their income.

Somehow, this momentum must be maintained. More projects must be developed, so that this newly acquired expertise can be put to further use.

The IDT is doing all it can to secure more funds, in order to achieve just that.

● Readers will note from the scorecard that the funds allocated to projects exceed the founding grant of R2-billion. This is where the interest earned on the grant starts to come in useful.

**The IDT score so far**

Projects supported to date: 331  
 Funds allocated: R2 080 520 000  
 Funds "in the ground": R611 000 000

# Seminar on job creation tomorrow (173)

SCORES of people will take part in our first seminar on business planning at the Technikon Northern Transvaal, Soshanguve, tomorrow morning.

The next seminars are at Vista University on August 8 and Turfloop University on August 15.

They all start at 8am and continue until noon. To participate phone Agnes Matimbe at Pretoria 342-2186.

The seminars are the first step in our

## ■ R90 000 available for those who want own businesses:

*Sowetan 31/7/92*

Job Creation project sponsored by Amalgamated Banks of South Africa, National Sorghum Breweries and Sanlam.

The three sponsors have contributed R90 000 to be given out as start-up funds for the nine most viable business plans at R10 000 each.

These plans must reach us by the

middle of September.

Get Ahead, which administers the competition on behalf of *Sowetan*, and a committee consisting of sponsor representatives, will select the nine best business plans.

Their prize money will be given to Get Ahead and the organisation will help set these businesses up.



# Grading the job

W/Mail 31/7-6/8/92

Weekly Mail Reporter

SOUTH AFRICAN trade unions are increasingly becoming interested in job evaluation and management may not be ready for this change of face, according to an Ernst and Young's *In Touch* newsletter.

This process — whereby employers evaluate employees for promotion, demotion or salary adjustments — has in the past been widely rejected by unions. Unions saw grading systems and job evaluation as managements' means of maintaining employees' upward mobility. It was also perceived as a mean of undermining workers' collective bargaining power and dividing workers by stimulating competition among them.

Also, says *In Touch*, employers have in the past misused job grading to "deskill" job categories by removing the more skilled elements of jobs from the grade. Also, there is little understanding of job grading and unions confuse this with upgrading.

But unions have recently realised that they can use job evaluation to prevent victimisation and discrimination, reward workers for skills as well as boost wages.

Therefore, recommends *In Touch*, employers should begin educating workers about job evaluation and dispel negative perceptions about it.

"The challenge facing management today is that of how effective involvement and participation can be achieved, while at the same time maintaining the integrity of the system," Ernst and Young comments.

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"The challenge facing management today is that of how effective involvement and participation can be achieved, while at the same time maintaining the integrity of the system," Ernst and Young comments.



# Writing your

B1004  
7/18/92

in assessing a prospective employee. But graphology can bring out factors which may remain hidden in an interview. It can also usefully be used in the pre-selection process.

A study of an applicant's handwriting can help determine whether an individual is suited to a particular position and would fit into the environment, in various respects.

It can determine the existence or lack of various qualities — integrity, the ability to cope under pressure, sales and marketing ability and persuasiveness, Pogorelsky says. It can also detect signs of dishonesty, nervousness and anxiety. It can determine whether individuals are better at working with others or would do better in a position where he or she is not required to interact much.

A properly qualified graphologist

PERSONNEL selection by graphology? Surely not, it sounds like running a business on the basis of astrology. But, according to Glenda Pogorelsky, one of SA's few qualified graphologists, it is routine in many parts of the developed world and, if she has anything to do with it, will soon be accepted practice here.

About 60% of Israeli companies have samples of prospective employees' handwriting analysed by graphologists. In the UK the figure is only 6%-8% but rising. In France, Switzerland and Germany, 80% of senior managerial appointments involve graphology testing.

Graphology, concedes Pogorelsky, is not an exact science and should not be used as the sole criterion in personnel selection. At 70%-80% accuracy, it is more reliable than psychometric testing, she claims. But, like psychometric testing, it should be used only as an aid. The interview remains the most important factor

# way into (or out of) a job

loops is less manipulative than a slow writer doing so.

This is a crucial point, Pogorelsky explains: no single facet of an individual's handwriting is conclusive in itself but must be analysed with a myriad of other factors. Cramped writing indicates introvertedness, while a spread-out style suggests an outgoing personality. The slant of the writing indicates a degree of rigidity while consistency can mean calmness. The nature of gaps between words is also significant. And the degree of pressure of the pen displays aggressiveness or otherwise.

In case anyone is becoming self-conscious through reading this, imagine how disconcerting it is for a journalist interviewing a graphologist when she observes one's note-taking and begins analysing one's best hidden secrets.



□ POGORELSKY

## ALAN FINE

upholds strict ethical principles. Pogorelsky says she would not disclose that an applicant is a drug abuser — although she is able to discern it. She would rather find another way of describing such a shortcoming — a lack of concentration, for example.

What are the tricks of the trade? Everyone, she explains, learns at school to write in the copybook method. Most people stray from that, and the variation tells the story.

For example, impatient people invariably write fast while others are slow and methodical, reflecting their personalities. Extensive use of loops could indicate a certain manipulativeness, but a fast writer using many

## REVIEW



# R100 000 sponsorship for Job Creation projects

## ■ Nine to get R90 000 as kick-start capital in this great Nation Building competition:

THE GET Ahead Foundation has taken centre stage in our Nation Building campaign.

The organisation has been appointed facilitator of our Job Creation project and marketing manager Jackie Kola, who has a business degree from an American university, is at the helm.

### Business plan

Two weeks ago he organised the first seminar on the importance of a business plan. The lecture was given by Hoechst business development manager Bernard Magabe.

Also at the seminar was *Sowetan* Day Editor Thami Mazwai, who spoke on the importance of entrepreneurial development in meeting the needs of a future South Africa.

Two more seminars are planned for

*Sowetan* 13/8/92

the Pietersburg area and Soweto.

This project, which will help to produce nine small businessmen, is sponsored by Amalgamated Banks of Southern Africa (R50 000), National Sorghum Breweries (R40 000) and Sanlam (R10 000).

As far as these companies are concerned the bottom line is: "More business people are needed if this country is to survive and prosper into the 21st century."

From the end of this month we will be asking would-be entrepreneurs to send us their business plans.

The outlay must not be more than R10 000.

A special committee will analyse the plans and the best nine, in terms of viability and potential, will each get R10 000.

(173)

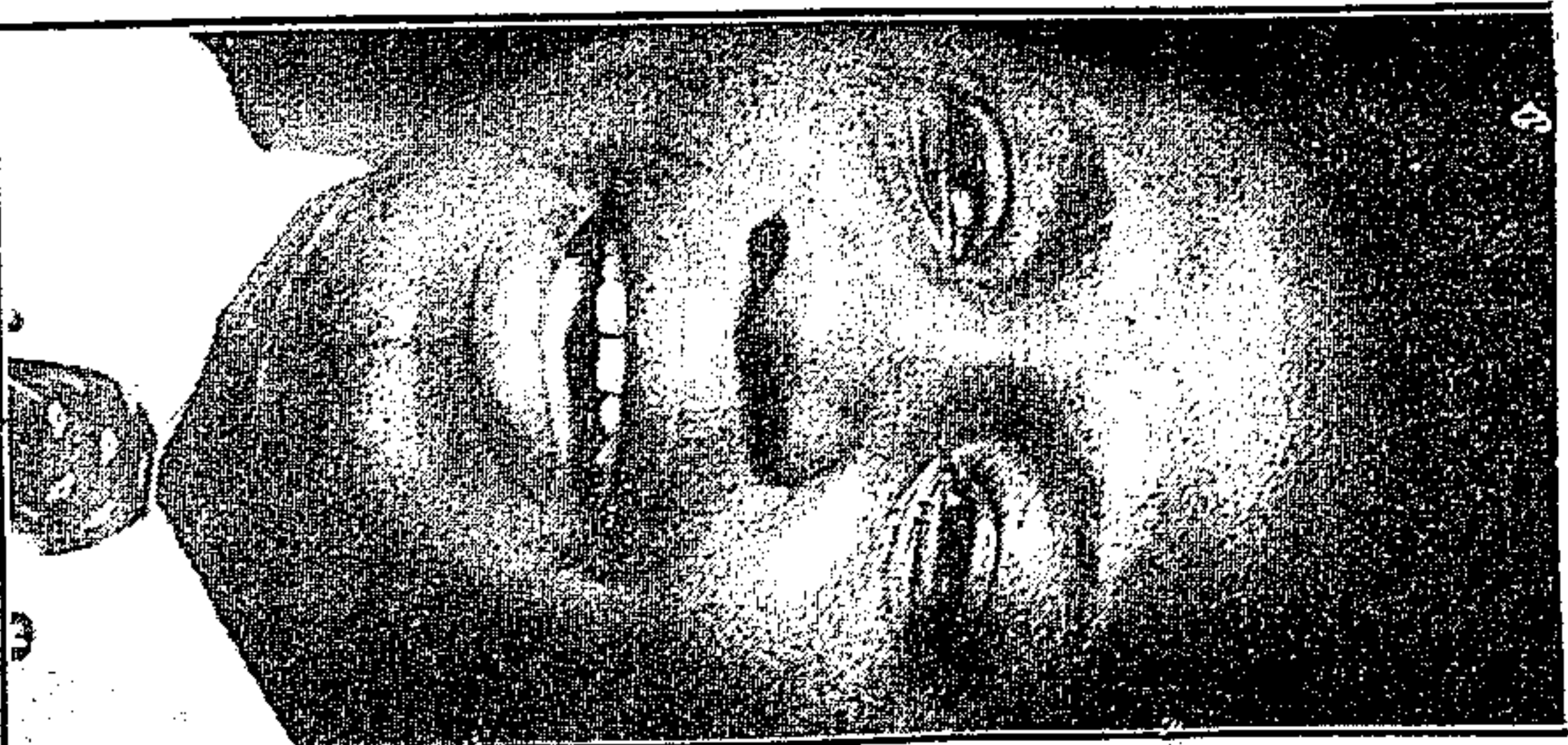
If the capital needed for the business is more than R10 000, the entrepreneur will have to find the rest of the money needed.

### Capital equipment

The R90 000 kick start, R10 000 for each entrepreneur, will be given to Get Ahead, which will then help the entrepreneur to buy capital equipment and raw material. No money will be given for personal use.

At the 1993 Nation Building campaign, the nine businesses will be evaluated. Factors that will be considered are growth, administration and control.

The best will win a trip overseas. British Airways has offered a return ticket.



Jackie Kola



# Forget bitterness of past, says Japanese ambassador

WILSON ZWANE

through a programme of affirmative action.

However, in affirmative action lay the "danger that past bitterness would dominate the issue, and that the expectation of the people for instant and drastic redistribution of wealth will not only destroy the productivity of industries, but also the incentives of the labour force to become more productive", he said.

"To prevent this from happening while an effective affirmative action programme is being formulated, it is advisable to embark on an awareness campaign to abandon bitterness and to transform it into energy to acquire knowledge through learning," Ohta said.

"If people become accustomed to the mentality that everything evil is a result of the old white apartheid regime, then they cannot humble themselves to a position of self-criticism.

"It is only when people confront their weaknesses that they can open themselves to absorb maximum knowledge and skills from those who have the expertise, be they white South Africans or the international community," he said.

Ohta also called upon the SA business community to attract Japanese investment to the country by providing information "in which prospective investors may be interested". This could be provided in booklet form.

The booklet preferably should be written in Japanese, he said.

"The investment from your side in publishing a guide booklet of this nature would be very small in comparison to the results it could yield," he said.



Japanese ambassador Masatoshi Ohta addressing the SA Institute of International Affairs in Johannesburg last night.

Picture: BRIAN HENDLER

THE prevalence of past bitterness and expectations of instant and drastic redistribution of wealth in a new SA would undermine incentives to work, Japanese ambassador Masatoshi Ohta said yesterday.

In an address to the SA Institute of International Affairs in Johannesburg last night, Ohta said it was quite understandable that during the current transitional period in SA "bitterness from the past is still very tangible".

"However, if such bitterness continues to prevail in the new SA, it will undermine incentives to work," Ohta said.

He conceded, however, that present imbalances in terms of the allocation of resources would have to be addressed in the new SA



# Millions on move in search of jobs

BIDAY 20/8/92

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RAY HARTLEY

AS MANY as 2-million South Africans are in transit between rural and urban areas in search of employment and housing at any given time, Development Bank of Southern Africa demographer Johan Calitz said yesterday.

Calitz said migration had increased due to declining agricultural self-sufficiency because of the drought in the homelands and growing unemployment in urban areas.

Nearly half the total — up to 900 000 people — were moving to and from the PWV, while some estimates said 600 000 people were on the move between the Transkei/Ciskei area and Cape Town, he said.

A further 500 000 were of no fixed abode in the Natal region.

A movement of about 200 000 people, to and from the PWV region would be considered normal under ideal circumstances, he said.

Calitz said no accurate statistics on population migration had been possible in the past because people had not told census collectors about those living on their property illegally.

On balance, urban populations were growing faster than rural populations indicating a general movement to the cities, he said.

The population of the Moloto area of KwaNdebele where many refugees fleeing the drought in the far northern Transvaal were thought to have settled, had grown five-fold to 244 000

since 1980.

Calitz said no accurate demographic information on the size and rate of expansion to settlements like Moloto was available and he knew of no monitoring group that was observing the growth of informal and squatter settlements.

The lack of accurate demographic information was hindering efforts by agencies like the DBSA to plan projects to cope with the growing influx of people.

Moloto residents interviewed yesterday said many people had settled there because survival in the homelands was no longer possible due to the drought.

The Moloto community relied on water from a single water tanker for their needs as there are no natural water resources left.

He said the number of people migrating to SA from neighbouring states such as Zimbabwe and Mozambique was growing.

The number of Mozambicans in SA now numbered about 5-million — about 2-million more than the 1985 figure. Figures for the number of Zimbabweans in SA were not available, Calitz said.

He said 2,8-million people would move to the PWV by the year 2005, and if the drought continued this figure could double.



# Bleak outlook for job seekers

PRETORIA — The country will be flooded with a record number of school leavers at the end of the year, and there is little hope of more than a handful finding work in the formal sector. (173)

SA's shrinking job market will be loaded with more than up 400 000 new workers. Most will have to find work in the informal sector or join the ranks of the unemployed.

Economists estimate that only 12,5% of school leavers found work in the formal sector last year. BIDA 24/8/92

Small Business Development Corporation MD Ben Vosloo believes the figure could fall to around 8% this year because of a shrinking economy.

A Department of Education and Training spokesman said 325 000 blacks had registered to write matric this year — up

GERALD REILLY

about 40 000 on last year's figure. Last year the pass rate was 41%.

But job-hunters will be from all school standards and not just matriculants. The state of black education means the drop-out rate will be higher than ever.

Vosloo said even if there was an economic upturn, the number of new jobs created in the formal sector would be insignificant. The only hope was for those with the initiative to create self-employment.

He said an entrepreneurship culture had to be developed in SA.

The SABC, with Nedbank and CCV TV, had launched a "business enterprise development programme" which would gain momentum in the next few months.

## Job losses increase <sup>173</sup> on economy's troubles

~~187~~ GERALD REILLY ~~173~~

JOB losses in the 12 months to end-March 1992 reflect the economy's severely troubled state, according to economists. <sup>173</sup> ~~173~~

Central Statistical Service figures released yesterday show that 80 607 jobs were lost in the non-agricultural sector in the year — a 1,6% decline.

In the mining and quarrying industry total employment in the same period shrunk by 31 070, or 4,8%. In the non-primary sectors, the job losses amounted to 49 537 or 1,1%. <sup>BIDAM 25/8/92</sup>

Average monthly salaries and wages at constant 1990 prices in the non-agricultural sectors decreased by 0,4%, and by 6,6% in the mining and quarrying sector. However, there was a marginal increase of 0,3% in the non-primary sectors.

Average salaries and wages at current prices increased to R1 524 from R1 408. At constant 1990 prices, the average declined to R1 208 from R1 293.

In the manufacturing industry, the number employed dropped to 1 409 822 from 1 441 118, and average salaries and wages at current prices increased to R1 982 from R1 725.

The construction industry was also hard hit with a decline in total employment to 378 300 from 396 300. Average earnings at current prices increased to R1 328 from R1 112.

Economists said the figures also indicated that South Africans were getting poorer with increased earnings falling behind inflation.



# Forum faces formidable task

STAR 27/8/92

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152/209

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The new National Economic Forum has finally reached the launch pad. Out of negotiations due to start next month, it is expected to spell out both short and longer-term policies, MICHAEL CHESTER writes.

**S**ETTING the agenda for the new National Economic Forum that starts work next month will bring South Africa to the moment of truth about the formidable scale of problems to be solved as it emerges from the apartheid era.

How far back it has slipped in global economic status in recent years has been measured by international studies done by the World Forum and the Institute of Management Development in Switzerland.

In the 1992 count, in terms of overall economic muscle, South Africa has been shunted towards the bottom of the scale.

Out of 36 countries, South Africa was ranked no better than 29th. Even among the smaller economies in the second league, South Africa failed to reach mid-way on the ladder. When it came to what the researchers called the people factor — items such as equal education and job opportunities — South Africa hit rock bottom.

While South Africa was wrapped in its apartheid cocoon and isolated internationally, it has been overtaken by a swarm of rivals that started from smaller and weaker bases a couple of decades ago — even former weaklings like Singapore, South Korea, Thailand and Malaysia.

How SA decides to start climbing to higher rungs on the ladder will be watched not only by researchers in Switzerland in their annual reviews.

Methods and strategies agreed upon inside the National Economic Forum will be closely scrutinised by keen eyes at the World Bank and International Monetary Fund, whose nod or shake of the head may be crucial to new flows of foreign investment needed to reach socio-economic targets.

Before they put their hands in their pockets, potential overseas investors as well as investors at home will need the assurance of practicality and coherence in the blueprints that are drawn.

"It's no use weaving fanciful day-dreams that may raise high expectations and then crash to earth in a couple of years," said one seasoned observer.

"There are no magic wands to be waved ... real progress will begin only once cast-iron determination and credibility have been tested."

The first obstacle may equal the challenge of an Everest expedition on its own: the unemployment crisis.

Dr Edwin Basson, of the



Dr Anton Rupert . . . founded the successful Small Business Development Corporation.

Small Business Development Corporation (SBDC), found that a strict economic definition put the unemployment total at 6,3 million — no less than 44 percent of the worker population.

However, what was missing in all the calculations, he found, was the role of the informal sector. Deeper research showed that the informal sector, which began its phenomenal growth in the 1980s, now had a combined labour force of 3,5 million — from hawkers and street-traders to auto engineers and high-technology experts running their own businesses.

How to bring them from the outskirts into the mainstream of economic performance?

Slashing away at government red-tape ever since its foundation by tobacco magnate Dr Anton Rupert of the Rembrandt Group under the shadows of apartheid in 1980, the SBDC today operates a nationwide network of no fewer than 40 workshop complexes known as industrial hives.

The number of individual small businesses it has created has soared above 2 700, which in turn has created jobs.

The head of the SBDC central region, Jo Schwenke, who masterminds operations, estimates combined annual turnover at R600 million or more.

Better still, in many ways, even big business has learnt to build more and bigger bridges to the small business sector and how to cut down overall production costs by handing the mini-companies subcontract work.

The value of subcontracts awarded so far has already topped R50 million. Economists agree that the potential for

big/small business contact is almost without limit. They take their cue from some Far East economies.

So far the SBDC has created no fewer than 312 000 new jobs out of thin air under its loan programmes. It believes even that impressive total could be overshadowed by new initiatives of high-finance giants.

A think-tank has worked out that an avalanche of more than 50 000 new small and medium-size enterprises — with as many as 2,5 million new job opportunities — could be provided over the next five years.

The scheme revolves around agreement between the State and big financial institutions — insurance companies and pension funds — to invest in the masterplan.

No one is following behind-the-scenes discussions with more attentive ears than millions of potential entrepreneurs now standing in unemployment queues as the recession swings its scythe.

Tuned in even closer are school-leavers, now spilling out into the labour market at the rate of 400 000 a year — and with only about seven in every 100 likely to find vacancies in the formal industrial and commercial sectors, according to estimates by the SA Chamber of Business.

But the agenda confronting the National Economic Forum does not end with the unemployment issue. Yet to be resolved is the clash in arguments about the merits of privatisation — or nationalisation.

Somehow, every time the nationalisation debate seems to retreat into the background, it springs back again. So, too, the

pros and cons of privatisation, which many private-sector economists advocate as an exercise in Thatcherism, with the Government using incomes from sales of State operations to finance more socio-economic programmes, but which the ANC has vowed to reverse.

The issue remains one of the hottest potatoes of all — and neither the African National Congress nor the National Party seems to be sure about precisely how to handle it.

In purely economic terms, also to be tackled are issues such as the future of exchange controls, interest rates and how best to attack the inflation syndrome, the missing link between productivity and wage increases.

On the agenda, too, come questions about economic power concentrations in the hands of so few corporate giants — suspicions of monopolies, oligopolies and cartels.

More barbed wire faces members of the forum over reform of the whole taxation system — sorting out equitable levels of VAT and company and individual tax rates to turn disincentives into incentives.

In turn, nerves still jangle over which decisions may emerge on which basic economic theories to pursue. Marxism? Watered-down socialism? Mixed economy? Free-market economy?

Final agreement on the launch of the National Economic Forum, as a think-tank formed to bring together business, labour and the Government around the table, was reached last week. Members are due to get talks under way in mid-September.

They are pledged to work out integrated economic strategies on issues that range from fiscal and monetary policies to labour and trade policies.

But it would be a gross error to talk above the heads of the restless mass of the population, peppering progress reports with obscure economic jargon that is supposed to impress everyone with its erudition.

South Africans also want — and deserve — a practical timetable of solutions to traumatic shortages of housing, a better education system, more career opportunities, more job creation, and higher living standards for everyone.

Mission impossible? Not necessarily so if the success formula of several overseas countries is examined in detail — rivals that set out with far fewer assets in natural and, especially, potential human resources.

Even if down-to-earth economic limitations make the trek towards an ideal new South Africa look a long and hard slog, at least the forum should be able to inspire hope by erecting a set of credible signposts.

Until such signposts are visible, the level of confidence among both businessmen and consumers can be expected to roll in the doldrums. □



**BUSINESS** Black people are not emphasising the manufacturing and service industries

# Joint plan to boost the declining jobs market

Competition will foster a spirit of entrepreneurship in the townships:

By Joshua Raboroko

MORE than one million people - mostly blacks - have been added to the unemployment pool in South Africa in the past three years.

And an additional estimate of more than 60 000 jobs could disappear this year as a result of drought, Sanlam said in its latest economic report.

In an attempt to create job opportuni-

*Sowetan*

*27/8/92*

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For that purpose Sowetan has devised a business plan competition seminar that is to be held at the National Sorghum Breweries headquarters in Sandton, Johannesburg, on August 29 starting at 8am.

Another seminar is planned to take place at the University of the North on September 5.

Those interested can contact Omi Tshabalala or Agnes Matimba at (012) 342-2186 for more information.

The competition forms part of Sowetan's Nation Building campaign which aims to develop entrepreneurial skills.

The intention is to help create job

opportunities for disadvantaged people.

Under the guidance of Mr Jackie Kola of Get Ahead Foundation, the competition will be designed to help all those wanting to enter business but have no resources.

Kola said the foundation, in conjunction with Sowetan, would run a series of lectures on how people could learn to draft a business plan.

The competition is sponsored by the National Sorghum Breweries to the tune of R40 000, Amalgamated Banks of South Africa (Absa) are contributing R50 000 and Sanlam R10 000.

There will be nine winners and prize money is R10 000 for each winner.



Jacky Kola



# Big policy change on manpower

CT 27/8/92

(173)

## Own Correspondent

JOHANNESBURG. — The government has decided to restructure the National Manpower Commission to make it the most important forum for decisions affecting every worker and employer in the country, the Minister of Manpower, Mr Leon Wessels, said last night.

The commission would be an advisory body and would give equal consideration to proposals of the state, employers and workers and would consist of 30 members — 10 appointed by employer bodies, 10 by union organisations and the rest by the minister.

The cabinet decision to restructure the commission follows proposals from a working group led by commission chairman Dr Frans Barker.

Cosatu, the country's largest trade union federation, withdrew from the commission about a year ago.

It is to be restructured within the framework of the Labour Relations Act, Mr Wessels said. It should be as

representative as possible.

If the proposals received broad support, the commission could soon begin operating as an advisory body to the minister.

He said in a statement that the commission should be representative of the most important role players on the labour front and also of the broader labour community.

Employer and employee organisations will be able to decide in their own ranks on the allocation of seats on both the employer and employee side.

All members of the commission will have voting rights.

A Cosatu spokesman last night welcomed the fact that there had been a decision. The spokesman said Cosatu's executive would examine the federation's participation next week.

Mr Wessels's announcement meant a number of changes to the commission.

Under the old system all representatives were appointed by the minister. The spokesman said Cosatu wanted the commission to have a direct input into decisions affecting labour.

**Cosatu decision soon**

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CT 28/8/92

JOHANNESBURG. — The Congress of SA Trade Unions said yesterday it would meet next week to decide on joining a restructured National Manpower Commission.



# Oil fund pays for new police stations

A PLAN to use some of the proceeds of government sales of strategic oil reserves to build 59 satellite police stations and 250 police contact points gets under way this week. *BIDAM 31/8/92*

Economic Co-ordination Department spokesman Ernst van Eck said yesterday R62,4m of the R1,08bn strategic oil funds scheme had been allocated to security services in an attempt to halt the violence.

Contractors will submit their tenders for projects this week and construction will be completed by March.

The oil funds scheme, aimed at socio-economic relief projects, was announced a year ago. The projects include building thousands of classrooms, housing sites, and clinics and community centres in "informal areas" in SA and the homelands.

Several educational and community projects are already under way.

The process of planning projects and

KATHRYN STRACHAN

consulting communities about facilities needed was almost completed and Van Eck said he expected the scheme to surge ahead. Unrest had delayed some projects.

Plans for the conversion or upgrading of hostels, for which R31m had been allocated, had stalled because of conflicting views on how the problem should be approached.

Van Eck said the scheme was aimed at special development projects, with the emphasis on creating employment, social stability and a climate for investment.

Government guidelines for selecting projects focused on creating jobs and stimulating economic growth. *(173)*

The fund would involve about 667 projects providing jobs for 59 000 people for an average period of 15 months. A sum of R20m had been allocated for a Manpower Department employment project.

# Good rewards and tough competition in R1,2bn industry

8/10 AM 7/19/92

(173)

RECRUITMENT consulting has grown into big business in the past 10 years. While there are no official figures, estimates peg the worth of the industry in the region of about R1,2bn annually.

It is a widely diversified market, with a range of consultancies striving to dominate niche markets ranging from the lucrative professional recruiting industry — financial, engineering, computers — through to the temporary placement market.

## Fierce

Although it is a segmented market competition is fierce, especially as the low entry cost into the industry and potentially high rewards ensure a lot of "fly by nights".

The market is in a state of flux, positioned as it is in a country where there is, on the one hand, a glut of unskilled labour and, on the other, a frightening shortage of educated, skilled professionals.

Says Ladrach Cozens, MD of Cozens Personnel: "The recruitment market is in a tenuous situation. With the acute shortage of skills, finding the right person for the right job is very difficult. The situation is aggra-

vated by the fact that younger managers and professionals are leaving the country, if not in droves, then in increasing numbers."

But at the same time, even taking into account the shortage, top-calibre professionals are struggling to find positions. While companies used to snap up good calibre CAs and other professional people, the attitude has changed to "recruit only if you have to" and many of the bigger companies are moving towards their own in-house recruitment.

As a result, salaries are not escalating as they used to and professionals who change jobs are no longer looking for big increases.

A trend is emerging for certain types of firms, such as auditing firms, to move into the market. Most auditing firms, for example, already assist clients in locating accountants, but many have now set up their own recruitment divisions.

The downside is that business has thinned for the majority of recruitment consultants — especially in financial recruiting. The number of agencies has been eroded. Association of Personnel Service Organisations (Apso) figures indicate that while there were

30 new listings last year, there were 45 departures.

"Our industry is adapting to a shrinking market," says Apso president and Kelly Personnel group MD John Dawkins. "One only has to look at the classifieds to work out how the market has shrunk in the past few years. Two years ago the employment pages alone used to be in the region of 30 to 40 pages — now we are talking barely eight pages."

## Optimistic

But Dawkins is optimistic, especially in Kelly's niche area — temps. "We have seen several recessions and there is always a market for people. Granted, business is down, but there is always demand for office support staff, and there will be a tremendous demand for black office support staff in the future."

Dawkins is cagey about the future. "We are faced with a period of great change and it is very difficult to know what the personnel consulting industry will be looking at several years down the road."

"However, it is an essential industry, with an essential service to provide — we intend to continue providing it."



# Job gets tougher and hours longer as market shrinks

173  
Blom 7/19/92

THE business of recruitment consulting, while it can be highly rewarding, is fraught with challenges and tensions to the point where early retirement is more the rule than the exception.

"At face value it may seem like a relatively easy way to make a lot of money — overheads are low, placements can be very lucrative and to most people the work itself seems easy," says a Sandton-based consultant.

"However, it is not all milk and honey. There is a lot of negotiating, there is an awful lot of hard and soft-selling, and, at the end of the day, there is no end of the day — it is a 24-hour job."

"The fact is that you don't see many older recruitment consultants around — the job is just too stressful," says a Braamfontein-based consultant.

## Hectic

In the financial recruitment market in particular, the job can be hectic. "Sometimes a client will give several agencies a brief to recruit a member of staff, with payment by results only. You're then in a race and you've got to try and get a candidate registered with that company under your name."

Says Cozens Personnel MD Ladrach Cozens, a relative "old timer" in the business: "At the end of the day, we are dealing with people, and with the tremendous skills shortage and depressed market and we are having trouble finding the right people for the right job."

And yet Cozens is considered one of the survivors, having been around since 1976 — the SA "gold rush" of the recruitment industry. "When we first came into the market I was placing upwards of 30 clients monthly. Now it is down to about 10 to 12 for the really good consultants."



LADRACH COZENS

## Temporary

Cozens' success rate is extremely high. Her service is also across the board, although her main thrust is towards temporary staff. "It certainly makes sense to use temporary staff — particularly when the company is under pressure."

"A very large part of our market is in supplying teams to handle one particular problem for a client," she says. "For instance, during the mass action one of our clients had a problem with getting his frozen chickens packaged. So one of our teams went in and packed their chickens — no problems."

She stresses however that it is the agency's very strict policy not to supply workers in lieu of other workers. "We will not ever cross picket lines."

# New projects set to boost job prospects

METALS and minerals projects under consideration could boost gross domestic product (GDP) by about R20bn a year and could create up to 130 000 new job opportunities, Gemmin minerals economics manager Francois Prins said yesterday.

Speaking at a construction industry seminar at Bifsa in Midrand yesterday, he said major mineral projects under consideration requiring an investment of R9bn over the next five to seven years could generate R3bn revenue a year and create between 30 000 and 50 000 new job opportunities in the economy.

The projects included the R1,8bn Moab Vaal Reefs gold mine extension with planned production around 1997, the R2,5bn Sun Project gold mine —

EDWARD WEST (173)

the plans for which were recently shelved until the gold price and the political situation improved, the R900m Namaqua Sands heavy minerals project and the R3,9bn Phlogopite project at Phalaborwa which could come on stream in 1997.

Three major metal beneficiation projects, which would require a capital investment of R12bn over five to seven years, could earn around R4,5bn a year in foreign exchange and create between 30 000 and 80 000 new job opportunities, he said.

These projects were the R5,7bn Alusaf II aluminium smelter and the R3bn Columbus stainless steel project, expected to get the go-ahead this

year. There was also the possibility of a R3bn development of a new export orientated steel mill using Iscor's Corex technology. *BIPAM*

If one considered projects associated with refinery expansions and developments for petrochemical production another R12bn in capital expenditure was involved with associated spin-offs for the economy.

SA had to compete internationally by selectively developing its natural resources which had competitive advantages. Prins pointed out that simultaneous investment was needed to educate SA's workforce to achieve higher returns to reach a stage where SA could produce selected manufactured goods.



# Help young minds with flair for business to flourish

Start 2/19/92

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**THE TIDAL** wave of 1992 school-leavers looks likely to propel nearly half a million more teenagers into the scramble for jobs by the year-end. Most of them will confront "No vacancies" notices.

Many seasoned economists fear a repetition of the dilemma faced a year ago, when fewer than one in every 10 school-leavers — matriculants included — stood much chance of finding employment in the formal business sector.

It may be even worse. As the longest and deepest recession in decades slashes into the size of labour forces, several big companies — plus the public service — talk more about retrenchments than about recruitment.

Observers follow the dramatic shrinkage of vacancies in the formal sector with growing alarm. Back in the 1960s, when the economic tempo was in full stride, commercial and industrial companies absorbed 75 percent of all school-leavers with ease. The annual intake has now plunged below a mere 10 percent.

What makes matters worse is the impact of the population explosion. The total of 1992 school-leavers, according to latest estimates, will be swollen from

under 400 000 to between 430 000 and 480 000 by the end of 1992. Will the vast majority of them be tipped into the dismal abyss of unemployment?

Time to despair? Maybe not.

Dr Ben Vosloo, managing director of the Small Business Development Corporation (SBDC), believes the headaches of the next influx into the labour market can at least be partly counter-balanced by opportunities to launch an entirely new generation of budding entrepreneurs into the economic mainstream.

"There is a wealth of talent in our school classrooms that can be explored and that deserves the chance to flex potential muscle in the business world," he says. "The first step may be what's that phrase about acorns and oak trees?"

He points to the growing list of successes scored in the vast informal sector that has been created by the gradual erosion of rules and regulations that held the brakes on entrepreneurs until apartheid started to crumble.

SBDC research shows that no fewer than 3.5 million workers have escaped unemployment by setting up their own mini-business ventures in the informal

sector — from hawkers and street traders to auto engineers and high-technology experts. The scale of operations has also been underlined by the Development Bank of Southern Africa, which estimates that their combined turnovers is now running at a phenomenal R30 billion a year.

"It has proved that big business and the formal sector don't have a monopoly on talent and enterprise," says Dr Vosloo. The SBDC has launched several new programmes to extend its search for budding new small business entrepreneurs into high school classrooms.

"It's quite a tonic to see the enthusiasm that can be kindled among school teenagers when they learn about the opportunities at their feet if they choose to mobilise their embryonic business talents," says SBDC senior general manager Tom Kedzierski, who runs the corporation's support services division.

Regular talks at several

schools have already begun to introduce pupils in matric classes to the world of small businesses.

"We have already inspired many of them to form teams where Standard 9 and 10 pupils put their entrepreneurial talents into practice while still at school," he says.

In certain instances, classrooms are encouraged to test their skills by launching an imaginary business of their own — selecting among themselves who looks the likeliest managing director, production manager, salesman, or accountant.

In a paper exercise, they try their hand with a dummy run — choose the product or service they intend to supply, estimate the demand by market research, weigh the cost of production and viable selling price levels, and follow through with the acid test of a profit-or-loss balance sheet.

"They learn their mistakes soon enough," says Mr Ked-

zierski. "But they also learn how to avoid them next time. Brick by brick, it builds confidence." Better still, the budding classroom tycoons go into business for real — making and selling handmade curios, sandals and T-shirts, washing-machine detergents ... or starting weekend gardening services or writing car-wash or window-cleaning contracts.

"At one school, the kids themselves struck a deal to take over the tuck-shop and run it as a business operation," Mr Kedzierski recalls. "They bought peanuts in bulk and packaged them into small snacks — at a profit."

One of the most successful ventures was started by a glamorous young matric pupil who recruited school chums to form an agency to provide teenage models for TV commercials and fashion shows. Young electronics wizards earn their pocket money by repairing hi-fi and TV sets.

In a current venture, the SBDC has launched a contest in which no fewer than 2 000 high schools are competing to turn out the most striking posters that extol the merits of small business enterprise.

Rewards for excellence will

go far beyond the R28 000 cash prizes and the personal computers on offer. Winners will also be invited to join special courses on "How to start your own business".

Says Mr Kedzierski: "We believe there's a chance to capture a brand new spirit of entrepreneurship among our school-leavers.

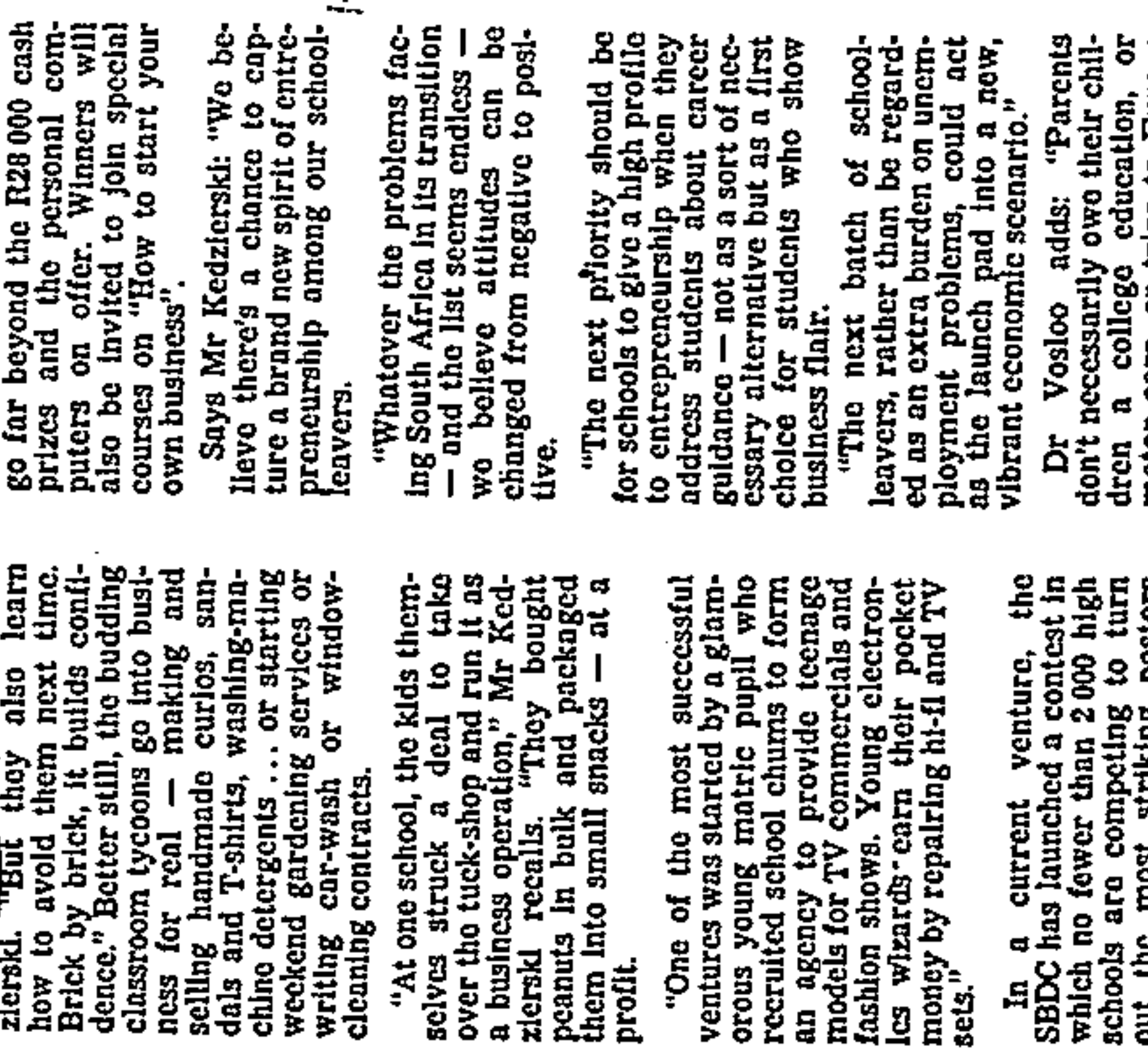
"Whatever the problems facing South Africa in its transition — and the list seems endless — we believe attitudes can be changed from negative to positive.

"The next priority should be for schools to give a high profile to entrepreneurship when they address students about career guidance — not as a sort of necessary alternative but as a first choice for students who show business flair.

"The next batch of school-leavers, rather than be regarded as an extra burden on unemployment problems, could act as the launch pad into a new, vibrant economic scenario."

Dr Vosloo adds: "Parents don't necessarily owe their children a college education, or motor cars, or trips to Europe as matric rewards," he argues. "Most of all, we owe them self-reliance." □

Countering the gloom ... with signposts to a dynamic new alternative for many school-leavers. The SBDC recently launched a schools poster contest.



Countering the gloom ... with signposts to a dynamic new alternative for many school-leavers. The SBDC recently launched a schools poster contest.

# Scheme launched for job creation in the townships

STAR 22/9/92

By Tom Hood

(173)

CAPE TOWN — A nationwide plan to "put wealth back into the townships" has been devised by the civil engineering industry.

It aims to minimise mechanisation and industry spokesmen believe employment levels could be increased if planning and tendering procedures are restructured.

Employment in the civil engineering industry has fallen from 135 000 in 1982 to 55 000 today.

The new plan could see armies of workers with picks and shovels replacing bulldozers and other construction machines.

Graham Power, chairman of four organisations in the industry, says a meeting is being organised with cabinet ministers to promote a national employ-

ment creation programme and to negotiate details, including wage levels.

"Engineers, universities and technical colleges would need to move away from traditional First-World techniques and teachings, which are largely based on mechanisation, without allowing standards to drop," he says.

"Labour-intensive projects have proved highly successful in other countries and have made a major contribution to alleviating poverty, raising levels of skill and training and in helping to revive flagging economies."

Township development and the roads infrastructure are projects that should be tackled urgently, he says.

The four organisations backing the programme are the Road Federation, the Association of Consulting Engineers, the Federation of Civil Engi-

neers and the Institute of Civil Engineers.

According to Cosatu spokesman Alec Erwin, Cosatu and the four civil engineering organisations have established common objectives.

Cosatu's interest is in the broad economic approach to employment and the organisation strongly supports the initiative, he says.

The first labour-based project, a site-and-service housing development on the Cape Flats, could get off the ground in January if current negotiations between labour unions and other groups are finalised in time.

A spokesman for the project managers believes the intention to put wealth back into the townships can be achieved.

The pilot project was initiated by the Cape Provincial Administration.



# Natal lottery to aid jobless

STAR 25/9/92 (173)  
Own Correspondent

DURBAN — Natal is to get South Africa's first fully fledged lottery, with weekly prizes that could be as high as R1 million.

Profits from the lottery will be ploughed into job creation schemes in Durban and the rest of Natal.

Details are expected to be available early next week and an official announcement will be made by Durban mayor Margaret Winter.

The mechanics for the lottery have been worked out by Operation Jumpstart, a joint venture involving the Durban City Council and the captains of business, commerce and industry.

Mrs Winter is expected to announce all the details, including the format, kick-off date for the first draws, the amounts of the cash prizes to be offered, and the distribution and prices of tickets.

It is believed the tickets will be available throughout Natal at easily accessible outlets, and the scheme is expected to create unprecedented public interest in the province.

The most modern methods will be used to make the draws, and a slick marketing programme is to be launched to ensure the lottery is an unqualified success.

The lottery comes after lengthy studies, research and consultations involving a wide range of people from political to religious leaders.

The profits from the lottery will be used to create jobs in the Greater Durban area in a determined bid to give the local economy a dramatic boost.

The communications consultant for Operation Jumpstart, Andrzej Kiepiela, confirmed that an announcement was due within days.

He said three issues were taken into consideration before making a decision to launch a lottery.

"The first was to ensure that it had maximum community support, secondly that it was run efficiently and was cost-effective and, thirdly, the profits must be used for the advancement of the people through projects which would have a lasting, positive effect."

# Regional scheme attracts R350m

BIDAM 30/9/72

(173)

PETER DELMAR

SA's new regional development programme attracted foreign investment worth almost R350m in the past 12 months, with most of it going to relatively under-developed areas.

A Board for Regional Industrial Development spokesman said 65 projects of a total 289 approved in the period were foreign funded.

The foreign investment — most of which was by Taiwanese businesses — was worth R348,3m and accounted for 10% of the R3,25bn the board calculated was involved in schemes benefiting from incentives in the past 12 months.

The spokesman said it was still too early to evaluate the success of the new incentive scheme, which was introduced in May last year and which rewarded productivity, unlike the previous system which was largely concerned with compensating investors for input costs.

For the current financial year, government had set aside R900m for decentralisation incentives. Two-thirds of this, however, was for commitments in terms of the previous system.

Natal/KwaZulu was the region with the greatest number of new projects (83), followed by the eastern

Cape (63) and the Free State (38).

The largest single number of jobs created was in the Natal/KwaZulu region — 9 100. In the eastern Cape almost 5 000 jobs were created. The 38 projects in the Free State accounted for 3 604 jobs, the board said.

New investments were in a range of industries.

Statistics supplied by the board indicate the new scheme — for which all regions qualify — has enhanced the decentralisation programme's job creation capacity.

In the past 12 months almost 24 000 jobs were created. In the previous 10 years, government claimed its decentralisation policies created 154 000 jobs at a cost of R3,2bn — about the same average annual outlay on incentives as that allocated in the current financial year to the scheme.

In terms of the new scheme, qualifying investors receive an establishment grant and a production incentive equal to 20% of operating profit. Incentive packages are to a maximum of R15m per investment.

A formal review of the incentive package was scheduled to be carried out only in about four years time.



# SMALL BUSINESS WEEK

THE quickest route to economic recovery and stemming the alarming increase in unemployment in South Africa is through the expansion of small business.

This is the view of Southern Life executive director Arie van der Zwan, when explaining the company's sponsorship of the Small Business Week for the third year running.

He says small business has now, to a greater extent than ever before, a vital role to play in the economic development of this country, if it is to restore peace and increase productivity.

The national Small Business Week — which starts on October 3 — is aimed at promoting the growth of a vibrant small business sector in South Africa.

## It's a positive way to beat unemployment

Through its sponsorship, the company seeks to make all South Africa's communities aware of the fact that small and medium-sized enterprises can make a massive contribution to the improvement of the economy.

Mr van der Zwan points out that compared to the developed nations of the West, South Africa has a low rate of self-employment. "We cannot rely solely on foreign investment to create em-

ployment. It has been proven time and again in the past that self-employment provides the main thrust behind new job creation.

"Large-scale job creation is desperately needed to combat crime and increase stability. However, the outlook for job hunters is extremely bleak, especially considering the fact that fewer than seven percent of all new matriculants can expect to find jobs. "Estimates indicate that the

entire formal sector will have fewer than 40 000 jobs on offer as the recession slashes demand for labour and this paints an extremely gloomy picture for job seekers.

"For this reason we endorse the philosophy that is being furthered during Small Business Week, namely that entrepreneurship can be a positive means of counteracting unemployment," says Mr van der Zwan.

Since its formation in 1981, the Small Business Development Corporation has been responsible for generating over 300 000 job opportunities.

Mr van der Zwan points out that it has been a major driving force in assisting the small entrepreneur.



A place of his own... many people open their own businesses because they can't find any other work.

# Public sector recession-proof

By Frank Jeans

173

STAN 2/10/92

Private sector employment has plunged to an alarming degree as the recession bites deeper, but in the public sector jobs continue on an upward spiral.

At a press briefing in Johannesburg this week, Errol Rutherford, chairman of Corobrik, the country's biggest brick producer, said:

"Employment in the public sector has risen by more than 70 percent in the past two decades, against an increase of only 30 percent in private business over the same period.

"And while retrenchments in the private sector have come in the wake of the economic downturn, other than lost jobs in the health and education sectors of

the public sector, I am not aware of any major retrenchments of public servants."

Mr Rutherford, speaking at Corobrik's media day at the Transvaal head office, said the effect of this alarming disparity in employment was reflected in the cost of government and how this was funded.

"Very little of the country's wealth is created within the public sector.

"Rather, it is the function of the private sector to create wealth and the taxes levied on that wealth creation funds the cost of government, along with the salaries of the public sector."

Where the cost of government was growing at a faster rate than

the wealth-creation ability of private business, the government had to resort to higher taxes on the private sector in order to fund itself.

"Higher taxes are a disincentive for the private sector to invest and grow, so the whole exercise becomes self-defeating."

Calling for the implementation of the De Loor Commission's recommendations on a housing strategy, Mr Rutherford said action now would be to channel energies and resources being dissipated through social unrest into vibrant growth.

"Many inhabitants of squatter camps could afford formal housing if the mechanisms and resources needed to create that housing could be brought together."



# It's not all bad news.

SOUTH Africa's economic future rests on the extent to which it is able to foster entrepreneurial activity and generate the wealth needed to uplift and educate its population.

The recession is having a significant negative impact, but there are indications that the effects are not all bad.

Toni Kedzierski, Small Business Development Corporation senior general manager support services, says the recession has led to more people entering small business.

"As more people are re-trenched so many of them have no alternative but to start up their own enterprises.

"The extent to which this is taking place is difficult to measure as most work from home and are not trading in a formal format, not registering as either closed corporations or private companies.

"There are two main types of entrepreneurs.

"If they go into business it is done as a survival measure and often they will stop doing business as soon as they are able to find a new job. Many people prefer working for someone else.

"However, some of the people who start small businesses to survive, find they enjoy running their own show and become growth-oriented entrepreneurs."

People who grow up in families which own their own businesses, often go into business — even if it is not the family business.

Others start off working for other people and see opportunities which they act upon for their own account.

Mr Kedzierski says the first two years of a small business's life are crucial and it is during this period that the greatest number of failures occur.

The SBDC is conducting an intensive study of causes of failure.

Mr Kedzierski says one of the major priorities in South Africa is to create a clear-cut small-business development policy. He notes that there are few programmes in place to promote small business.

"While the Business Act is intended to make setting up a business easier, by cutting through some of the licensing red-tape, it has not yet been implemented.

"Businesses must still comply with the housing act and town planning rules. There is a need for government to adopt policies and practices which encourage small business.

"There is still no preferential tender policy with regard to small business, and often the small business cannot even fill in the complicated tender documents."

"Another major issue is taxation. Small businesses are, generally, paying a much higher rate of taxation than

the larger firms, due to the various incentive schemes which larger companies enjoy," says Mr Kedzierski.

There are large companies which operate schemes under which they buy from small businesses. Mr Kedzierski says those schemes which function as a part of the firm's corporate responsibility programme tend to fail, while the schemes which are operated as a means of increasing the corporate profits tend to be successful.

He is optimistic about the future and believes that as more people in South Africa become involved in the decision-making process, so there should be a greater orientation towards small business.

"It is important to remember that entrepreneurial activity creates wealth and any other form of activity simply transfers wealth from one place to another," says Mr Kedzierski.

STAR 2/10/92

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**M**OST people these days don't worry about capitalism or socialism — it's survivalism that matters.

According to the Informal Business Training Trust's (IBTT) latest newsletter, "it is really a matter of survivalism for ... people who will never be able to obtain employment in the formal sector".

Self-employment might not be the ideal solution to South Africa's unemployment problem, but it is the only effective solution.

"The mass approach of IBTT is designed to make basic business training, mini-loan facilities and follow-up business counselling available to as many people as possible at the low-

# Survivalism — the new ideology

of socio-economic levels of society — people who are willing to work, but are unable to find employment in the formal sector."

Many have been trained in various technical skills such as dressmaking, leather work or carpentry. But they have never been taught how to make money from these skills and have not been able to get the generally small loans they need to start their own businesses.

"It is estimated that there are about two million of these people who were trained through the Department of Manpower over

the last few years — they have been unable to use people who were trained in technical skills due to the lack of simple business training and non-access to capital resources."

To date, nearly 5 000 people have gone through the IBTT's One-up Business Training programme, commonly known as the Township MBA.

The course has eight modules:

- using a calculator
- purchasing
- marketing

- managing weekly cash flow
- investigating the market
- costing and pricing
- working out plans and loan needs
- controlling stock

But one of the obstacles facing anyone who wants to start their own business is access to capital. IBTT has joined forces with major financial institutions to provide working capital in a mini-loan scheme.

Once trainees have started businesses, IBTT provides a follow-up counselling service to advise and help in planning, book-keeping, costing, pricing, purchasing, marketing, stock control and other matters.

## We're going places

**T**his is Safmarine's slogan. It represents

the school of thought of Safmariners the world

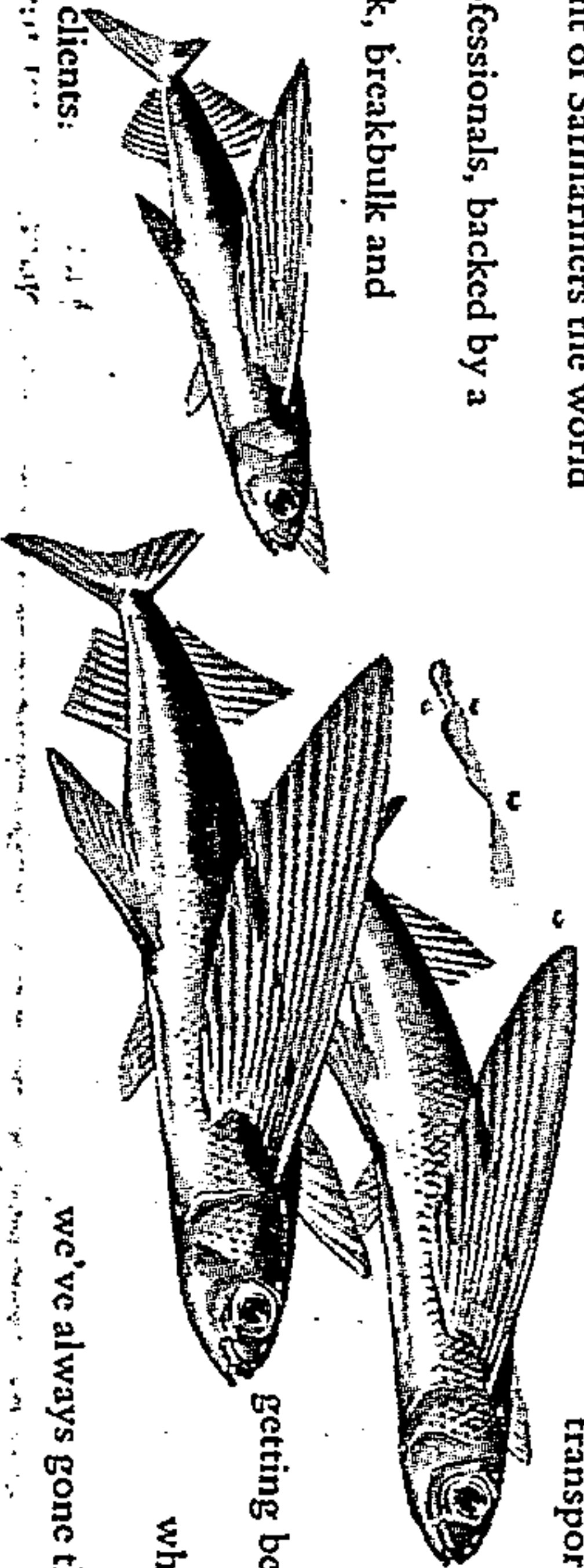
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container ships.

It represents our

commitment to our clients:



To providing them with an all-encompassing global

transport service. And

it means

we're always

getting better. Which is

why, since 1946,

we've always gone the extra mile.



WE'RE GOING PLACES

## 'Self-employment a vital necessity'

SELF-EMPLOYMENT is the cheapest and most effective way to create jobs.

According to the Informal Business Training Trust (IBTT), it takes about R100 000 to create one new job in the formal sector, but only R1 000 in the informal sector.

"Our involvement in this field has shown that, with basic business training and a mini-loan, on average each township entrepreneur is likely to employ at least one other person within six to 12 months," said IBTT.

"It is therefore possible for the existing two million survivalist entrepreneurs to provide work for about two million of their unemployed kinfolk, provided that there is a strategic intervention to facilitate this development."

"There are about six million unemployed people in South Africa today and this figure is rising by nearly 500 000 a year. For most of these people, there is virtually no hope of obtaining employment in the formal sector of the economy."

As a result, said IBTT, it is "vital that self-employment should not be seen as a quaint alternative, but as a vital necessity."



# Southern spurred on by grim job market

South 3/10-7/10/92

**S**OUTH Africa's quickest route towards economic recovery and curbing the increase in unemployment is through the expansion of small business, says Southern Life's executive director, Mr Arie van der Zwan.

Southern is sponsoring the Small Business Week for the third consecutive year.

Van der Zwan said that now more than ever, small business had a vital role to play in economic development. A recovery would help restore peace and increase productivity.

"We cannot rely solely on foreign investment to create jobs. It has been proven time and again that self-employment provides the main thrust to new job creation," he said.

"Large-scale job creation is needed to combat crime and decrease instability. But the outlook for job hunters is bleak, especially considering that fewer than seven percent of all new matriculants can expect to find jobs.

"To make matters worse, these youngsters will have to compete with the growing number of jobless in lengthening unemployment queues over the past few years."

Van der Zwan said it was estimated that the formal business sector would have fewer than 40 000 jobs on offer as the recession slashed demand for labour.

This painted a grim picture for job-seekers, he said.

"For this reason in particular, we endorse the philosophy fostered during Small Business Week."

He said the Small Business Development Corporation had helped create more than 300 000 jobs since 1981 and remained a major force in helping small businesses.

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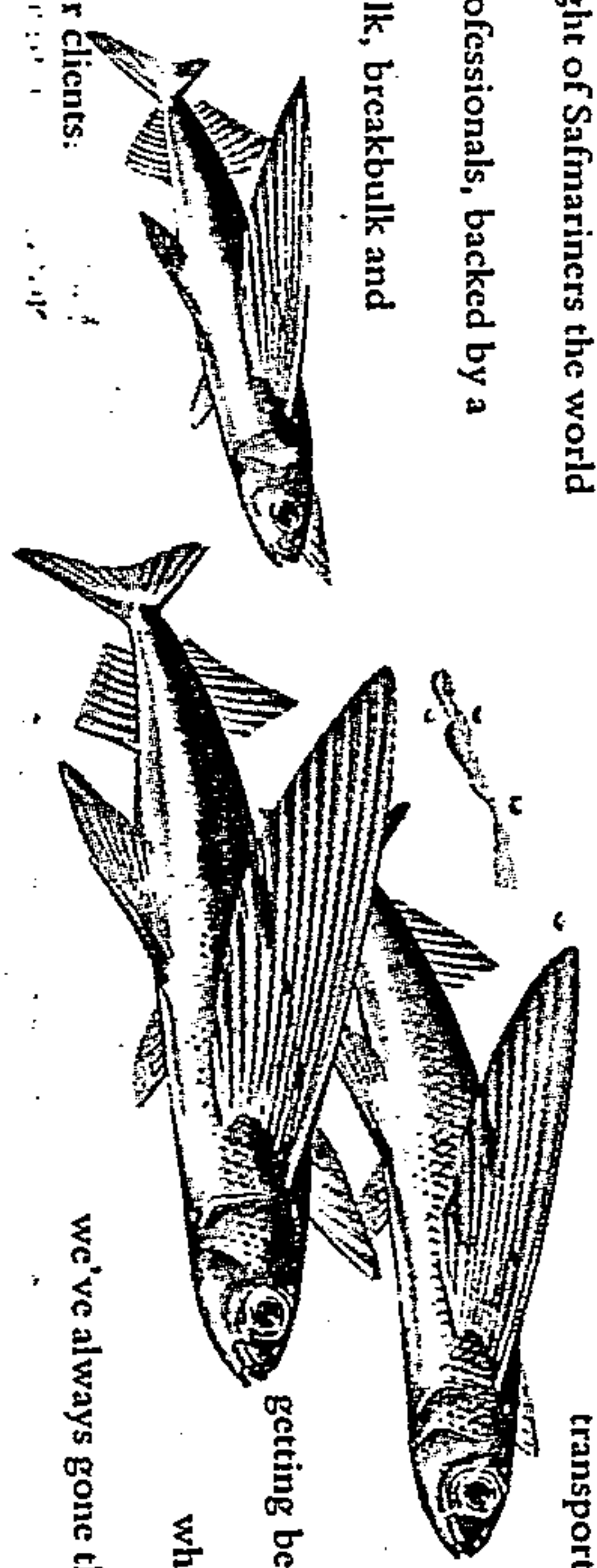
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*Safmarine*

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# R2m for Get Ahead

THE Get Ahead Foundation is to receive R3-million in German aid for job creation and black housing. (173)

This is in addition to R200 000 for training each year from the Konrad Adenauer Foundation, which distributes aid on behalf of Germany's ruling Christian Democratic Union (CDU).

Get Ahead plans to use R1-million for lending for low-cost housing in black areas and the balance for training and job creation.

Serviced stands offering water, sewerage and refuse removal will be provided under the scheme. *SI Times 4/10/92.*

Get Ahead in partnership with the Independent Development Trust Finance Corporation (IDTFC) will make loans of between R5 000 and R10 000 available to prospective house owners under a form of stokvel lending programme. Stokvels are informal savings clubs in black communities.

Get Ahead pioneered informal lending to stokvels, whose members lack the collateral required for bank loans.

Peer pressure ensures the loans are repaid.

Get Ahead has a bad-debt ratio of just 6%. It has made 12 000 loans with a book value of R10-million since the early 1980s.

The balance of R2-million aid from Germany will be used for "institution building", says Get Ahead managing director Don MacRobert.

"Rather than establish Get Ahead offices around the country — we have 22 — we want communities to elect their own representatives so that we can train them in administration, fund raising and the running of a stokvel lending programme.

"This money will have a huge impact on job creation and community living standards."

German aid to SA may be increased after a visit by Economic Co-operation Minister Carl-Dietrich Spranger later this month. About half the German aid to SA, currently more than R100-million a year, is channelled through the European Economic Community aid budget. Germany contributes 27% to it.

The other half comes through German churches and non-governmental organisations such as the Konrad Adenauer Foundation.

*Focus on skills, employment*

# Small firms' week lays foundations

C/Paper 4/10/92

**REPORTS BY  
ELIAS MALULEKE**

THE Small Business Week seminar at the Milpark Holiday Inn on Thursday will focus on skills development and job creation in small and medium-sized enterprises (SME).

The seminar is the major event for the week which started yesterday and runs until Saturday. The event is held annually and is aimed at advancing the concept of entrepreneurship and small business as an effective route to achieving a healthy economy and individual prosperity.

Various events are held nationwide during the first week of October to make people aware of the importance of small and medium-sized enterprises, as well as to encourage those who have the skills and ambition to open their own

businesses.

Some of the major highlights will include flea markets, fashion shows, competitions, seminars, workshops and training sessions.

The Small Business Development Corporation (SBDC), one of the major players in the development of small business, bankers, consultants and other small business development institutions will address various subjects including training opportunities, marketing techniques, funding schemes and tax strategies.

The SBDC estimates there are close to six million people without jobs in SA and says the figure is

173 rising daily.

The SBDC sees the stimulation and creation of small and medium-sized enterprises as one way of reducing the existing and alarming levels of unemployment.

According to the SBDC, the majority of the SA population, through years of oppression, deprivation and sub-standard education, lack necessary business skills needed to create a viable SME sector.

The seminar will explore conventional and innovative ways of acquiring such skills to enable the unemployed to create wealth through viable economic activities.

In addition the seminar will encourage big business to get involved and to highlight ways in which they can assist the growth of small businesses.



# Parallels in two nations

*St. James (Buss)*  
*4/10/92*

By CIARAN RYAN

THERE are some arresting parallels between the political transformation of Germany and that of SA, says former German Ambassador to SA Immo Stabreit.

"Both countries were divided to uphold a despised political system and both are now forced to confront the social and financial costs of reunification.

"The cost of absorbing 15-million former East Germans in a united Germany is blamed for retarding economic growth and contributing to Germany's high interest rates and the recent financial crisis in Europe.

"In SA's case, political transformation is impeded by three years of falling economic growth and escalating violence. For this reason, the major challenge facing SA is job creation," says Dr Stabreit, who left SA last month to assume his new post as Ambassador to Washington after 5½ years in SA.

"Violence is a consequence of several factors, but the most important of these is the lack of employment opportunities.

"Political violence could be stopped relatively easily. Criminal violence is not so easy to bring under control.

## Education

"Many South Africans grew up under a system which used violence to uphold a certain political system. Their response was to reject the institutions which represented the State, from the schools through to the courts of law. Unfortunately, many of these people who rejected education and training are today unemployable.

"They will have to be assimilated in the community and the State will incur the costs."

The major challenge for Germany is redevelopment of the east where unemployment is more than double the former West Germany's 6%. Most of the east's traditional markets in the former Soviet Union collapsed along with the Iron Curtain.

Dr Stabreit says: "SA is rich in leadership qualities. The problem is that people have been pitted against one another. If they could pull together, SA would be unstoppable.

"But it would be naive to think that SA's problems will be solved overnight."

Dr Stabreit arrived here in the dying years of apartheid to witness the birth of the new SA. Germany's relations with SA ranged from being cordial to decidedly frosty — particularly under the reign of former President PW Botha.

He is succeeded as ambassador by Dr Hans-Christian Ueberschaer.

## Mayor renews call for Flats job creation

Municipal Reporter

(173) AR 6/10/92

MAYOR Mr Frank van der Velde has urged the Small Business Development Corporation and the city council to press ahead urgently with job creation on the Cape Flats.

Opening the small business week, Mr Van der Velde said deregulation had entered a new era with the promulgation of the Businesses Act, with direct controls cut to a minimum.

The city council would have to reach compromises with informal sector businesses on "important side issues" like traffic control and preventing informal markets and street vendors becoming nuisances.

"Unfortunately, we have made little, if any, progress in the establishment of job creation hives on the Cape Flats, as suggested in my speech last year," he said.

But the city council was pleased about progress on a small industry hive in Retreat East, and hoped that a similar hive in Mitchell's Plain would be extended.

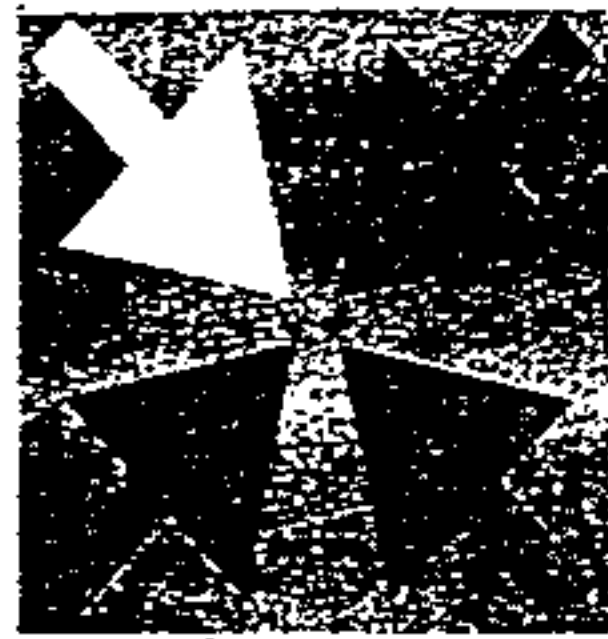
Mr Van der Velde said the city council should sub-contract more of its purchases to the small business sector.



# ANC allays fears on future of public sector

STAR 9/10/92

By Sven Lünsche



## BLUEPRINT FOR PROSPERITY CONFERENCE

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The ANC is attempting to allay fears it will swell the ranks of the public sector with its own appointees when a new government is in place.

In a speech to an economic conference, organised jointly by The Star and Southern Life in Johannesburg, ANC secretary-general Cyril Ramaphosa yesterday called for a restructuring of the economy "within the boundaries of our limited resources".

Ramaphosa, in a speech delivered on his behalf, said the rationalisation of the public sector was one of the major components of a restructuring programme.

While ruling out privatisation, he said public corporations should be subjected to competition and adopt new employment practices.

"This process may entail the reduction in the size of the public sector in ways which enhance efficiency and advance affirmative action, while ensuring the protection of consumers and the right of workers," Ramaphosa said.

A second key component of the programme involved the restructuring of the Budget by "radically revising downwards expenditure on the military and thus freeing funds to be spent on social investments".

He said the ANC's primary concern in restructuring the Budget would be to achieve equity in expenditure.

"Essentially, we propose that concrete targets be established for each area of expenditure, in line with a national development

## High price of job creation

By Derek Tommey

SA will have to invest R19 billion a year in 1985 terms in job creation if it wants to make an impression on the huge pool of unemployment.

The current total gross private fixed investment, including replacement investment, in 1985 terms, is only about R16 billion a year.

Dr Stef Naude of the Department of Trade and Industry told the conference it cost the private sector about R54 000 in 1985 terms to create employ-

ment for one additional worker.

The labour pool increases by almost 400 000 a year and to provide employment for 350 000 of these people would cost R19 billion a year in 1985 terms.

"This serves to indicate the magnitude of the challenge we are facing".

Naude said there were clearly no easy options or quick fixes. "We will simply have to scale down many unrealistic expectations and be prepared to make short-term sacrifices to reap the long-term benefits of higher sustainable economic growth."

Other vital components of the economic restructuring programme included industrial strategies, the redistribution of land and income, the deconcentration of the private sector and the development of an appropriate trade policy.

The redistribution of land could be facilitated through a representative claims court, which would also take into account the need to achieve higher levels of food production.

Ramaphosa listed two advantages in changing the currently skewed distribution of income.

It would provide the means for mass consumption and would consequently impact on the way the industrial sector responded to new patterns in demand.

"Also, redistribution of income at the low end of the scale may be an essential requirement for the growth of the labour-intensive component of the manufacturing sector."

Ramaphosa told delegates the concentrated nature of the private sector was not conducive to the development of a prosperous economy, although he stressed that large enterprises "per se are not necessarily bad news".

"Our suggested instruments in this regard will rather be anti-trust and monopolies and mergers regulations."

Turning to industrial strategy, Ramaphosa said SA needed to focus on meeting domestic demand and becoming internationally competitive.

"Years of inappropriate import-substitution industrialisation policies and blind dependence on and exploitation of primary resources have resulted in an uncompetitive manufacturing sector which, on average, is unable to integrate itself successfully into the global economy," he said.

Ramaphosa concluded, however, that the success of any economic restructuring programme depended on the achievement of a broadly acceptable political settlement.

"We must, therefore, get the politics of the country right and do so as quickly as possible."

# Outlook for jobs is bleak

S/Times [B455]

11/10/92

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**EVEN** the most optimistic of economic scenarios will not be enough to combat unemployment in South Africa, says a new study by the World Bank.

SA could grow at its fastest rate since the 1960s and yet provide only sufficient jobs in the next decade to reduce the proportion of blacks without wage employment from 50% to 40%, the study says.

"While this would in itself constitute a remarkable improvement, the urgency of the unemployment crisis in SA is such that other vehicles for black employment creation may be needed," says author Peter Fallon, the bank's economist for SA.

Mr Fallon's study is due to be released shortly as an informal working document published by the bank.

## Rocketed

SA faces a growing labour crisis. The study says that SA absorbed more than 80% of labour-market entrants in the early 1960s. This proportion has fallen to below 10%.

"Despite ongoing employment growth in the many forms of government within SA, overall employment growth has deteriorated consistently since 1970."

Whites were protected from this until 1985: "Since then white unemployment has grown significantly."

"It is estimated that the unemployment rate has rocketed upwards to over 20% of the labour force and reached a much higher level among blacks."

"Unemployment rates of this magnitude represent a considerable waste of SA's resources and are a major source of existing unrest."

The study sets out three possible optimistic scenarios, none of which will provide sufficient jobs to effectively reduce black unemployment.

A major problem is that wages are well above what jobseekers are prepared to accept.

"Employers find it against their interests to pay below some minimum wage. The result will be sub-optimal employment levels."

Mr Fallon says the Gov-

By KEVIN DAVIE

ernment should price unskilled labour at below prevailing wage rates in making future investment decisions, encourage pay restraint in the economy in general and seek ways of improving employment in the private and parastatal sections.

Four mechanisms can be used: public employment-creation schemes, the encouragement of small business and the informal sector, improving the skills of black workers and introducing employment subsidies.

## Warning

Labour should be valued at its shadow price using the informal sector as a gauge.

"The special employment scheme used by SA during 1985-86 paid much lower wages than prevailing rates, yet there was a strong demand for places on the scheme."

Because the formal economy is unlikely to absorb sufficient new workers, the informal sector is likely to be the "the only plausible route to fill the gap for many years to come".

Mr Fallon says capital-intensive industries should be investigated for distortionary influences: "The most obvious example is the redirection of investment in both the 1970s and 1980s towards strategic industries such as iron and steel and petrochemicals."

"Past strategic investments could not be justified under rational cost-benefit methodology, and there is no reason to believe that this does not apply to existing investments."

Where employment subsidies are used, they should be temporary and aimed at easing adjustments to a more labour-absorbing economic structure.

The study warns against raising minimum wages above market rates. In virtually every case in sub-Saharan Africa where minimum wages have been used, they have failed.

"Such aggressive policies were subsequently moderated over time, and minimum rates allowed to fall steadily given domestic inflation."

The study says that job security regulations discourage employment. Although the theory is that these regulations protect jobs, empirical evidence suggests that job security rules reduce employment as employers become reluctant to hire additional workers.

Four reasons are isolated for SA's slow employment growth: upward pressure on black wages, an emphasis on strategic industries, job reservation and the recessionary conditions since the early 1980s.

"Of these, only the recessionary forces may perhaps be quickly removed."

## Strikes

Unionisation increased from 1.2% of the black workforce in 1980 to 30% in 1990.

"This has been accompanied by a massive rise in both the number of strikes involving Africans and the number of mandays lost."

Although overall black unemployment has increased, union activity may have raised real black wages by as much as 15% between 1979 and 1990, the equivalent of an average annual real pay increase of 1.27%.



# UK funds Cape job creation project

18/10/92 173

By DIANA STREAK

THE British government has funded an industrial centre in Philippi, established by the Cape Town Job Creation Project, which will be officially opened by British ambassador Sir Anthony Reeve this week.

Such foreign aid will enhance local efforts to address unemployment in Cape Town, project chairman Mr Eric Ismay said.

He said political reconciliation was unlikely to endure unless it was accompanied by economic rehabilitation.

## Training

"Unemployment and the continuing under-performance of our economy pose a serious threat to political stability and the process of negotiation," he said.

The Job Creation Project is a private sector initiative designed to develop entrepreneurial businesses in the western Cape. It has been going for two years.

In that time it has established 130 new businesses to which it offers business counselling and management skills training.

The British government-funded industrial centre has 22 units which are known as "hives". A further 15 will be developed later.

The centre provides space for 21 small businesses.

# Govt funding needed to address unemployment

173  
THE state should put R2bn into development venture capital funds every second year for 10 years as part of a solution to SA's massive unemployment problem, Small Business Development Corporation (SBDC) senior GM Jo Schwenke said yesterday.

Speaking at the Institute of Personnel Management's annual conference at Sun City, he said the funds would seek out developmental opportunities that were viable, sustainable, and preferably owned by black South Africans.

A fund manager would manage the fund, seek out investments, help establish the investee and remain involved until the investee was self-sufficient and profitable.

Schwenke said this initiative could generate up to 50 000 or more new formal businesses with jobs for up to 2-million people.

He said about 44% of SA's population was either unemployed or underemployed. In addition, studies by Sacob and the SBDC had shown that less than 5% of school leavers and less than 10% of matriculants could be expected to find work in

8/10/92  
MARCIA KLEIN

the formal economy.

He said it was "frightening" that 46% of unemployed blacks were aged between 20 and 30.

Competition for a fairly stagnant number of formal employment opportunities would increase, he said, and lack of efficient schooling and dedication from pupils would leave unemployment or informal employment as their only alternative.

Schwenke said there was not one solution, and SA needed supportive government policies, specific job creation programmes, a "big push by big business" to create projects, exports and foreign exchange.

He said the state had to create an environment of law and order, followed by a fiscal and monetary policy which encouraged investment.

In the short term, big business should not retrain but retrain.

He said that the efforts of the state and small, medium and big businesses should be co-ordinated into a single medium-term strategy, with the driving force being the promotion of entrepreneurship.



# Cape is on course with new forum

THE Western Cape has taken the lead in developing an economic strategy to create jobs and prosperity in the region while the proposed national economic forum remains in limbo.

The Western Cape Economic Development Forum, which will be launched on December 3, has brought together representatives from trade unions to local government to map out an economic strategy for the region.

The national forum has become a stand-off between the government and Cosatu over the government's apparent attempts to unilaterally restructure the economy.

But the Western Cape forum seems confident such a situation will not arise here.

Dr David Bridgman, chairperson of the interim steering committee, said at the committee's report back meeting last week, decisions would be based on consensus.

Bridgman said this would prevent the forum's commissions, which will deal with specific projects, from becoming "bargaining" forums.

Local Cosatu official Ms Tasneem Essop described the move to launch the regional forum on December 3 as the

South 31/10-4/11/92

"most concrete development in the Western Cape in a long time."

Essop said there would still be differences between Cosatu and big business on priorities for the Western Cape, but she was optimistic about the forum's future.

"There are some urgent short-term demands that Cosatu might have. For instance poverty, not exports, might be the focus, but that will come out in discussions."

The forum is neither a funding nor an executive body, but will focus on strategies to:

- Improve the competitiveness of business
- Promote housing
- Improve education and training
- Encourage economic participation of disadvantaged communities
- Alleviate poverty in the short term

The forum arose from the Growing the Cape initiative started in mid-1990 to focus on the economic needs of the region.

This led to the publication by Wesgro last March of "South Africa's Leading Edge". This was the work of over 30 researchers and was edited by Growing the Cape members Bridgman, Wolfgang

Thomas and Ian Palmer.

The book was the first of a three-phase approach to explore the needs of the Western Cape economy.

The second phase was to identify existing trends and opportunities, which resulted in a 79-page report called "Growth Sectors and Key Development Issues".

The third phase, now under way, is to form a regional economic forum to implement and monitor strategies.

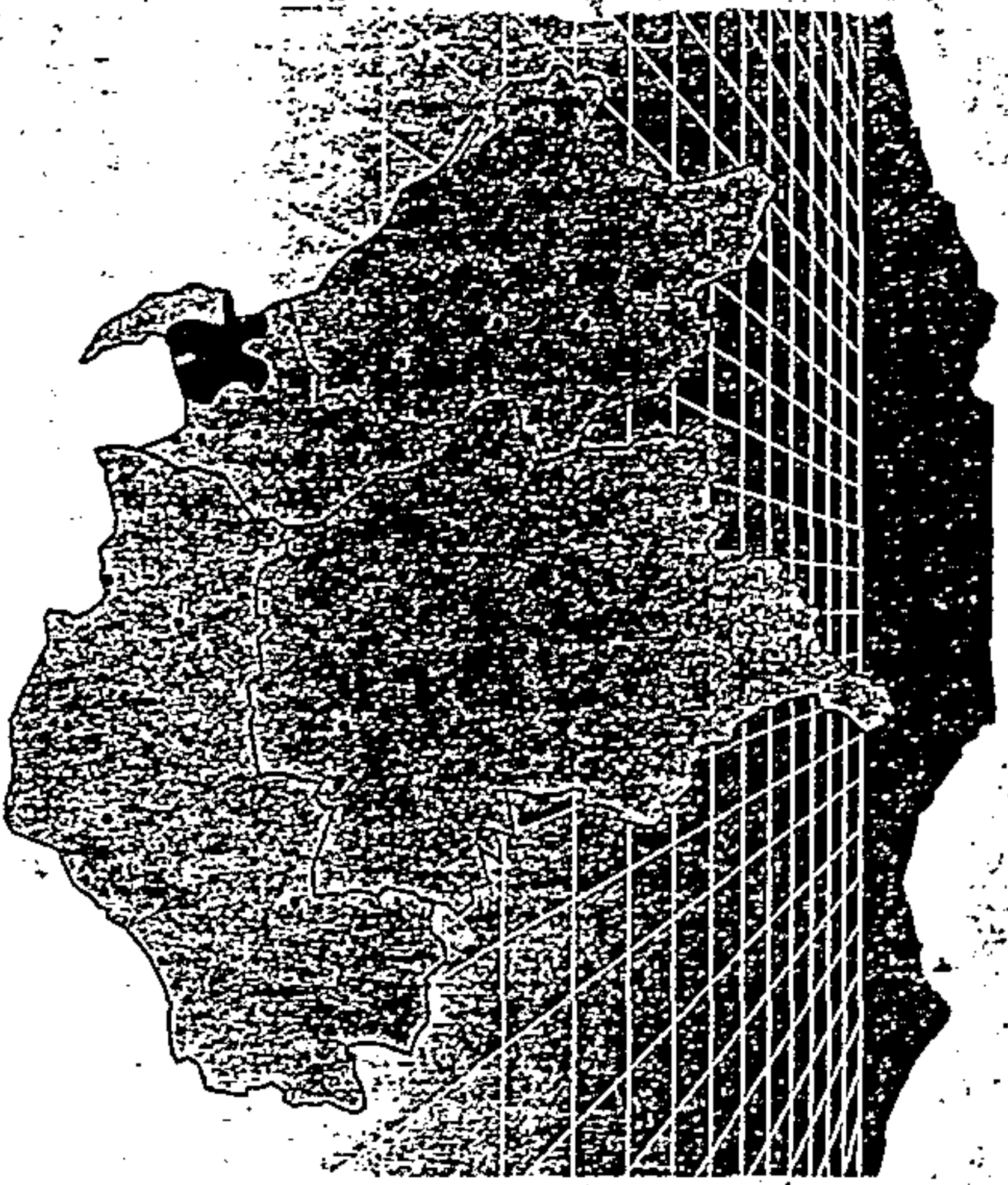
Bridgman said that the book and the document were not meant to be blueprints for the new body, and should be used as guiding documents.

In the "Leading Edge", the Western Cape is identified as pointing the way for the country as it has a relatively skilled labour force, a strong small business sector, greater access to the international economy and tourism, an established export orientation, less dependence on the mining and mineral sector and less violence during the political transition period.

Key growth areas identified by the phase two report are tourism, food and beverages, agriculture, construction and the clothing industry.

Wagheid Mshach

## South Africa's Leading Edge?



A Guide to the Western Cape Economy



WESGRO  
The Cape Modern Movement

BIPAM 4/11/92

# Far East investment should be lured

AFRICA could attract foreign investment from Far Eastern textile and clothing companies if it offered the right incentives, Hong Kong Polytechnic academic C Chan said yesterday.

He told the productivity conference the countries of the Far East were some of the world's major sources of textile and apparel suppliers but they had to move to cheaper producing countries if they wanted to remain competitive.

Foreign direct investment by Hong Kong clothing manufacturers could

## Business Day Reporter

be beneficial to up and coming Third World nations, said Chan.

While it was difficult to estimate foreign direct investment from Hong Kong, one source had estimated it at about HK\$4.3bn, of which a third was textiles and clothing.

As existing textile and clothing manufacturing countries lost their comparative advantage and protectionism by industrialised countries continued to have a restraining effect, manufacturers would con-

tinue to look for replacement sources to set up their factories.

"The African continent is the one place on earth that has the potential to host the outflow of direct foreign investment on the basis that it has abundance of labour at a relatively cheaper cost," said Chan.

Africa needed to formulate an action plan to initiate foreign investment. African countries that had started up export processing zones with incentive packages would succeed depending on politics and infrastructure including government regulation and transport.

## Generating jobs cheaply

### Business Day Reporter

SMALL business development was a low-cost generator of employment, Small Business Development Corporation spokesman Edwin Basson told delegates.

The SBDC advised 2.5-million informal entrepreneurs, employing about 3.5-million people and generating about 15% of measured GDP. The process of entrepreneurship in generating growth and creating wealth should be allowed to mature at its own pace, without government intervention, he said.



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# Labour supply outruns economy, says forecast

6/0/92 4/11/92  
A MEDIUM-term macro-economic forecast by Stellenbosch University's Bureau for Economic Research (BER) expects an average 2%-3% annual economic growth rate for the country over the next five years to 1997.

BER economist Nils de Jagger said the gloomy scenario implied the growth in employment in the formal sector would not match that of the labour force over the same period. Consequently, the growth in domestic demand would be insufficient to stimulate economic growth.

Gross domestic fixed in-

## DUMA GOUBULE

vestment (GDFI), expected to fall to 16.5% of GDP this year (from 22% in 1989), was not expected to reach 1989 levels by 1997 due to uncertainty that would prevail even after a successful political transition.

The country would have to rely on exports to boost growth prospects over the next five years, he said.

De Jagger said an economic kick-start in the form of a Marshall Aid plan or a surge in foreign investment would prevent the gloomy forecast from becoming reality.

The root of the country's low-growth problem was the low levels of GDFI — itself a function of low levels of confidence.

Meanwhile, SHARON WOOD reports that the SA bond market does not appear to offer tremendous value at current price levels and value will re-

emerge only if inflation drops to 10%, Investec Asset Management's Guy Toms says in the bank's latest Economic Focus.

But he adds the fundamentals supporting a decline in inflation to 10% are largely in place. The foreign balance is in a healthy position, the exchange rate is stable, and the depressed economy and rising unemployment are limiting wage awards to single digit figures.

One cannot, however, be confident of inflation falling to 10% in the course of 1993. Inflation inertia is still a critical and often underestimated factor in the inflation equation.

He concludes while the balance of supply and demand should continue to ensure an excess demand for bonds at the short end of the yield curve, the large fiscal borrowing requirements next year suggests a more cautious view on long-term bonds.

# NSB creates 500 000 jobs

■ Generation of wealth aimed at black communities during severe recession:

*Sowetan 5/11/92*  
**By Joshua Raboroko**

THE black-owned National Sorghum Breweries Ltd, in its fervent quest for economic advancement, has created jobs for more than 500 000 in Southern Africa.

In his annual report, the company's chief executive and chairman, Professor Mohale Mahanyele, yesterday said the jobs had been created through the distribution, sale, transportation, provision of suppliers and variety of professional services.

"The main focus of this economic empowerment through wealth generation, creation of jobs and overall economic development is particularly aimed at black communities in which we conduct our business and receive patronage," he said.

Additional opportunities have been created to further multiply these opportunities by inviting black farmers,

transporters of raw material and finished products as well as professional services organisations to enter into lasting business ventures with NSB.

South Africa had been hit by retrenchments, particularly in the mines, the reason the company had undertaken to create jobs.

"We are pleased to report that despite the very severe and adverse economic conditions and amid the worst violence and political turmoil in living memory, we performed well."

Turnover increased by 21,4 percent and generating income before investment income increased by 53,5 percent. Net income after tax increased by 24 percent resulting in an earnings a share increase of 24 percent.

The company's share offer heralded a unique concept for stokvels which was relatively unknown outside the black community. It acquired Jabula foods, a malt company and Vivo Breweries.



**NATION BUILDING** *How to start small but end up with a big future - with the Sowetan's idea!*

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# Small and walking tall



Guests at the Sowetan Entrepreneurial Development Conference.

By Joshua Raboroko

THE Sowetan Small Business and Entrepreneurial Development Conference last month was an important milestone for blacks in South Africa.

It rekindled the spirit of entrepreneurship among African participants, who were also addressed by international speakers.

Among the participants at the three-

**BIG PLANS** Conference was milestone

*in the history of the small business world:*

day summit were African entrepreneurs, Commercial and Development Finance Bankers, International Finance and Development Agencies, representatives of the Africa Project Development Facility

(APDF) and the World Bank.

The conference, sponsored by Sowetan and the Development Bank of Southern Africa, focused on how indigenous African entrepreneurs could work

together and promote and motivate the spirit of competitive business on the continent.

It suggested that "entrepreneurs will play a central role in the transforming African economies".

**Africa's future**

A consensus, increasingly reflected in policy reforms and other initiatives, was forming around that vision of Africa's future.

It was contended that while more and more policy makers and aid donors believed that future development in Africa rested with entrepreneurs and markets, there were different views on how they could effectively lead that development.

**Create jobs**

One of the speakers at the conference, APDF general manager Mr Alexander Keyserlingk, said as soon as a political settlement was reached in South Africa, "we will enter with the aim to help small business people".

"Africa needs more entrepreneurs in order to be able to create job opportunities and wealth.

"The continent will have to address the question of poverty in a more vigorous manner," he added.

**Worked on**

The APDF has worked on 23 projects in African countries. The projects in which about R144 million has been invested, are expected to result in the creation of 2 000 jobs.

In its five years of existence, it has worked on 110 projects in various countries resulting in the creation of business opportunities for more than 11 000 people.

**Victim syndrome**

"We are on the right track to economically empower the people to become job creators thus rejecting the victim syndrome and really trying to make them believe in themselves and to help growth in the country."

Speakers at this milestone conference included PAC economist Mr Siphoshe Shabalala, Nafcoc president Mr Archie Nkonyeni, Fabcos' Mr Gaby Magomola, SBDC's general manager, Mr Joe Schwenke, and the APDF's Harare-based Mr Omari Issa.



Small business is a vital part of our economy.  
Sanlam has been backing it for years.

Nearly all enterprises grow from small beginnings.

Sanlam started the same way. That is why we support entrepreneurship so actively.

The Sanlam group is one of the largest shareholders in the Small Business Development Corporation. Helping emergent business people from all parts of the country.

We also support the informal sector by sponsoring two schools of business practice - the Sanlam Centre for Small Business Management and the Sanlam Entrepreneurial and Management School.

Furthermore, Sanlam encourages on-going business initiative through competitions which recognise outstanding performance.

In the interests of growth, Sanlam is here to offer helpful guidance and advice to all who are working towards the future.

Essentially it is part of our mission. To assure a better tomorrow for you, our country and all its people.



LINTAS CAPE TOWN

# Informal sector's role will grow, says report

THE PWV's informal sector would have an increasingly important role to play in creating jobs, a Central Witwatersrand Metropolitan Chamber report has stated. ~~1534~~ (173)

The report, the Interim Strategic Framework, suggests a number of policy guidelines aimed at land-use, infrastructure and transportation planning in the region. *SIDAM 13/11/92*

The subject of months of negotiation within the chamber's physical development working group, the report is expected to have a major effect on urban planning during the interim period.

The population of the PWV will increase by 80% from 8,9-million to 16-million by the year 2010.

Of the 16-million people, 13,4-million will fall in the low income (R1 000 a month or less) bracket compared with 6,5-million at present.

In the central Witwatersrand area alone, an additional 1-million jobs will have to be created, a substantial number of which will have to be low income or infor-

ADRIAN HADLAND

mal employment opportunities.

"Almost four times more lower-income type jobs than exist at present will be required by 2010 for all economically active people to have a job."

The report says informal sector employment will have to play an increasingly important role in job creation.

It pinpoints seven strategic objectives which will allow the region to cope with urbanisation, housing shortages, transport inefficiencies and growing demands on services and infrastructure.

These include the development of vacant or underutilised land for residential and commercial use, the densification of inner city areas, the upgrading of township and informal settlement areas, improved services and the provision of an affordable, efficient transportation system.

Civic associations, local authorities and government bodies represented on the chamber have until the end of January next year to comment on the proposals.



# 500 000 jobs at risk, says consultant

PRETORIA — The immediate business outlook is bleak, with the likelihood of another 500 000 retrenchments over the next year, says retrenchment consultant Work for Life.

MD Andre van Heerden said yesterday a broad section of industry would be affected, with engineering shedding 80 000 jobs and the textile and building industries likely to shed 60 000 each.

Trade unions and larger companies with social responsibility programmes were working to overcome the retrenchment crisis but the number of jobless continued to increase.

Van Heerden said the boom in the informal sector had alleviated the

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B/DAY (193)  
GERALD REILLY  
problem for many thousands of people but the "micro entrepreneurs" received little official support.

Work for Life has a five-year plan to establish 300 productivity centres in deprived areas to provide technical training and teach business skills.

It says 500 000 small enterprises could be established, supporting as many as 5-million people.

It was hoped "this workable job creating project" would attract the support of blue chip companies, government, international development agencies, bankers and community organisations.

Van Heerden said it was clear

many SA companies were engaged in large-scale retrenchment programmes that would add thousands of workers to the ranks of the unemployed in the next few months.

It was estimated that 1-million workers lost their jobs between 1987 and 1992.

It was also estimated that 7-million South Africans had no recorded employment and official estimates were that more than 400 000 new job seekers would enter the labour market next year.

To provide jobs for them in the formal sector would cost an impossible R19bn, said Van Heerden.

The estimated cost of creating a job in the formal sector had jumped from R54 000 in 1985 to R140 000.

# Old Mutual goes the affirmative route

ROGER FRIEDMAN  
Staff Reporter

THE Old Mutual has embarked on a cautious programme of affirmative action because blacks are not adequately represented on the company's staff.

The assistant general manager responsible for human resources, Mr Theo Hartwig, confirmed that blacks were being appointed in preference to whites wherever possible, although in the current economic climate very few peo-

ple were being hired at all.

About 20 percent of Old Mutual staff were black, Mr Hartwig said.

"We believe affirmative action is important because of the changing nature of our markets. A large black middle class has been emerging over the past 10 years:

"We are trying our best to get more black people on to our staff and into positions in which they can make a positive contribu-

tion. 173 ARG 20/11/92

Old Mutual would particularly like to see more black people in management and the number of black agents had increased in the past few years.

Internal committees had been set up to monitor the affirmative action programme and the progress of those involved.

"It is our strict policy to promote people on merit, but we are trying to boost black development," Mr Hartwig said.



## 'Urgent need for job creation accord'

DEALING with unemployment through short-term strategies could boost the peace process and ensure the success of political negotiations, says the Institute of Personnel Management (IPM).

In its report titled A National Human Resources Strategy, the IPM proposes that all stakeholders negotiate a national job creation accord.

The institute says the same process used in getting the national peace accord "drafted, signed and implemented" should be used to fashion the job creation accord.

It says the job creation accord is necessary to make the peace accord succeed. If

8/10/92 20/11/92.

WILSON ZWANE (173)

unemployment is not addressed urgently "the social fabric could disintegrate to such an extent that no new political dispensation will succeed".

The IPM cites kick-starting the economy through social investment, development of a massive job and skills creation programme and the upgrading of small business as short-term strategies to address unemployment.

The accord must be driven by business and labour and could be funded by, among others, government and foreign donors.

# Bleak job opportunities for school-leavers in 1993

Learning Nation in News Nation

A critical shortage of job opportunities in 1993 for high school, technical and university leavers, has been outlined in the findings of a national survey recently conducted by the Quest Personnel Group. 2011-261192

In interviews conducted with 157 companies representing a staff complement of 135 000 people, it emerged that only 722 positions will be available in the new year.

Of these- 206 will be available for high school leavers; 231 for technical leavers and 422 for university graduates. However, prospects for university graduates are more favourable in Johannesburg, Pietermaritzburg and Durban than in any other region in the country.

The companies interviewed will offer a total of only 1 125 bursaries which embrace many the disciplines, but with greater emphasis on the sciences, engineering and technical areas. Competition for bursaries is fierce.

Commenting on the survey findings, Quest Personnel Group executive chairperson Roy Silver said: "The situation has definitely deteriorated since the beginning of 1992. Companies are running much leaner than ever before. University graduates with no working experience must be prepared to start at the bottom and reduce their expectations considerably in terms of high remuneration.

"The current economic climate is making it increasingly difficult for most people to afford any kind of tertiary education. School leavers

*"First-time applicants will have to become far more industrious in their job-hunting techniques and ensure that they have done their homework thoroughly before attending interviews," Silver.*

should think as entrepreneurs and consider starting businesses on their own. The alternative is to further their studies through practical courses, such as secretarial or technical diplomas, which will give them marketable skills.

"This critical situation is one of national concern. It is interesting to see for the first time that the affirmative action policies of a number of companies are impacting on job opportunities for white school and college leavers," said Silver.

"First-time applicants will have to become far more industrious in their job-hunting techniques, making use of all the contacts they have and ensuring that they have done their homework thoroughly before attending interviews. They should pay particular attention to the CVs and interview tactics to ensure that they make the best possible first impression. Candidates won't get a second chance," he stressed.





# Work SOUTH 21/11 - 25/11/92 prospects

## 'worse than (173) year ago' (288)

**A** CRITICAL job shortage will greet those leaving schools, technikons and universities in 1993, according to a national survey recently completed by the Quest Personnel Group.

From the 157 companies interviewed, representing a staff complement of 135 000 people, only 722 positions will be available in the new year for job seekers.

In the Western Cape, 14 companies were interviewed, representing 11 000 employees. Job prospects in the Cape are particularly grim.

The firms surveyed will be offering only 12 jobs to school, technikon and university graduates.

Commenting on the survey findings, Quest executive chairperson Mr Roy Silver said the job situation had deteriorated since the start of 1992.

"Companies are running much leaner than ever before. The situation is one of national concern," he said.

University graduates should be prepared to start at the bottom and to reduce their expectations.

He suggested that school leavers consider starting businesses of their own or that they further their studies through practical courses. —

**REHANA ROSSOUW**

# Jobless fly solo at 'hive' project

SANIT 2111-2511192

**W**HEN Mr Stevenson Tom had had his fill of working for a boss at a large fibreglass factory, he decided to quit and go solo.

"We were selling our power for nothing," he said at the official opening of the Cape Town Job Creation Project (CTJCP) in Philippi recently.

The project aims to give enterprising black businesspeople the chance to start a business and to create jobs.

Tom, aged 30, has found success at the project's "hives" in Philippi. The 22 hives, based on nature's beehive, provide cheap working space for businesspeople to manufacture their products.

Also provided are security, access to the premises seven days a week, access to markets (townships) and other forms of help such as accounting services and

With the dismal state of the economy and lack of jobs, more and more people are opting to work for themselves. **Waghied Mishbach** reports on a

successful job-creation programme:

marketing assistance.

The project has been in operation for two years and, until the opening of the hives, provided business counselling for 130 new businesses from surrounding townships including Khayelitsha, Mfuleni, Crossroads, Guguletu, Langa, Mitchells Plain and Athlone.

A board member from the project, Mr Roland Charles, said the hive would provide a "shopping mall" atmosphere where people could browse after buying what they needed.

Spin-offs would include the possibility of large companies sub-con-

tracting to the hives, thus ensuring extra income and more jobs.

The project is an Urban Foundation initiative and is supported by the private sector. Barlow Rand, Engen, Anglo American and Anglovaal each contribute R400 000 a year to the project.

Another 50 companies each give R12 000 a year. The project was also given R65 000 by the British government at the official launch.

But while funding seems stable, the onus is on the businesses to secure their future.

Tom has two partners — Mr Zanelemba Dyantha, 22, and Mr Raymond Petersen, 25 — who have also worked with fibreglass, but were unemployed when they arrived at the project.

The three men make fibreglass kitchen and bathroom sinks and fibreglass roof sheeting. After being in business for two months they made a profit of R1 500.

But as they came to the hive with few tools and supplies — the project does not provide these — they plan to pump most of the

money back into the business.

Tom is married with two children and Raymond is unmarried with "one on the way", which make both of them eager to see that the venture works.

Tom is an ANC Youth League member and a former member of the Cape Youth Congress in Khayelitsha.

"We talk about empowerment all the time. This is where it is happening," he said.

Being self-employed has also taught Tom a few things about the perspective of the "bosses".

"Our boss went on all the time about being punctual and meeting deadlines. Now I realise how important time is," he said. "Sometimes we work seven days a week and go home late every night."

Among the other businesses at the project are dress designers, radio and television technicians, welders and carpenters.

Also based there is artist Mr Monani Nokwanda, 45, whose work includes scaled-down depictions of township life. He is paid R500 a month by Gallery 709 to produce work. He also makes leather goods, bringing his profits in about R1 000 a month.

The hive concept is not a new one, as the Small Business Development Corporation (SBDC) also runs a number of its own in the greater Cape Town area.



**JOB MARKET**

# EC and UN grants

# Give work to 6 000

STILES (RASS) 22/11/92

By TERRY BETTY

THE European Community has granted R2,3-million, which together with the United Nations' R1-million donation will provide employment for at least 6 000 returning exiles.

The R1-million UN grant has since July financed 204 projects. The two grants will fund about 600 loans, each of which is expected to employ 10 people.

The loan was channelled through the National Co-ordination Committee for Repatriation (NCCR), which has contracted the assistance of the Small Business Development Corporation (SBDC).

The SBDC's experience, infrastructure and countrywide network has helped to get the projects off the ground.

NCCR head of development Archie Abrahams says: "Only people the UN classifies as returning exiles qualify for loans." The average value of each loan is



ARCHIE ABRAHAM'S: Self-help the best

R6 000, which is repaid over 15 months at 18% interest.

Mr Abrahams says there are plans to extend the repayment time to two years.

He says the NCCR has also financed capital-intensive projects costing R15 000 to R30 000 because we would like to stimulate middle-

level enterprise. There are enough informal spaza shops."

Mr Abrahams says the entire loan has to be repaid. People should be responsible for their own lives and not depend on charity.

"The repayments will go into a revolving fund that will help the successful enterprises expand later on."

About 75% of enterprises met all their repayments in the first three months, and Mr Abrahams will consider the project a success if bad debts remain at that level.

## Houses

The SBDC and NCCR screen all applications for loans and make suggestions for ideas to be improved or redirected into more profitable markets.

Mr Abrahams says that only loans that will benefit the community are granted. They are not merely for an individual's benefit.

For example, a returned exile secured a R1,5-million contract in Batshabelo, Bloemfontein, to build 400 brick houses and outdoor toilets.

Mr Abrahams says this contract will benefit the entire community. The venture provides 80 jobs and is expected to expand.

Although not every project is as ambitious as the Batshabelo one, Mr Abrahams says the NCCR gives preference to loans that will eventually employ at least 10 people.

The NCCR has project offices around the country to monitor development. However, Mr Abrahams says this is insufficient to give adequate after-care to the projects. "It would be sad if projects had to fall merely because the people lacked a little more advice."

Mr Abrahams hopes the business community will become involved and either provide office space or give practical advice. Many of the self-employed people have little business acumen.

## Limited

"We would like to have a mentor system whereby successful businessmen pop in twice a month to see how things are going, offer advice and generally help to educate people."

SBDC managing director Ben Vosloo says: "The limited number of entrepreneurs setting up businesses is a major factor inhibiting economic growth in SA."

He hopes the NCCR initiative will help fill the gap.

By A

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By ADRIAN HERSCH

IT is widely believed that about only one in 10 of this year's matriculants will find a job next year. But this need not be so, says a free market-

er. Free Market Foundation head Leon Louw says many of them can get jobs if they are prepared "to stand back from the emotional analysis and see things from a cold-blooded economic basis".

Those who delay entry into the job market and undertake tertiary education will have to choose their courses carefully. They will have to put aside what they would "like" to study and take courses which offer skills that are "marketable", say personnel practitioners.

### Inflation

Mr Louw says the "cold-blooded economic analysis" means that one has to sell one's services on the same basis as a commodity.

In the current climate of economic recession, falling inflation, and the surplus of job applicants, as with a sale of a commodity the matriculant must be prepared to start work on a "very low salary".

Mr Louw says: "Emotionally, it is difficult for people to come to terms with being placed on the same level as a commodity. But this has to be put aside. Many matriculants have

# Matriculants urged to lower their pay sights

STUDENTS (\$455) 22/11/92

much to offer. But because of several factors, including a high inflation rate — although it is dropping — unrealistic salary expectations are created.

He advises matriculants who are prepared to work hard and are keen to "prove themselves" to approach employers with a realistic salary request.

"They will then be able to get experience and have a chance of 'moving up the ladder'". Mr Louw practises what he preaches. A few months ago a matriculant, who had done manual work for eight months, was employed by the Free Market Foundation.

### Waiters

The matriculant, Stephen Humphries, says: "I help in gathering information for the research department. I am gaining skills and making good contacts. Although the salary is low, it is a sacrifice well worth making because I am building up my career opportunities."

Some matriculants are likely to be put off by low pay

rates in full-time jobs and will work part time, such as being waiters, getting a higher rate of pay but forfeiting career experience.

"Long-term interests are paramount. The temptation to seek more pay must be resisted if there is a chance of getting a job where skills can be acquired. Obviously part-time jobs provide an important stop-gap where there is no alternative," says Mr Louw.

### Starry

Personnel practitioners are at one in their advice to those considering doing tertiary education: "Keep away from the social sciences — it will be extremely difficult to get a job with qualifications in this area.

"Study the hard sciences or something with a technical bias."

John Dawkins, president of the Association of Personnel Service Organisations (Apsso), says that apart from the universities and technicians, some colleges offer courses that give skills that will enhance the job prospects of a matriculant.

Mr Dawkins, who is also Kelly Personnel managing director and chairman of the Association of Private Colleges of SA (APCSA), says required standards are maintained at APSCA colleges.

Institute of Personnel Management (IPM), executive director Dani Smith says matriculants are often "starry-eyed about what they want to do".

"Many think doing a BA is wonderful. But in terms of finding a job they have to gear their expectations to reality. The reality is that of ten a one-year book-keeping or secretarial course stands a person in better stead than the three years at university."

Mr Dawkins agrees: "There is always a good demand for secretaries and book-keepers, even in a recession. Even if not always so on a full-time basis, there is demand on a 'temp' basis."

Mrs Smith says that "contrary to popular belief, secretarial work offers scope for going into other areas of work in the company and for better opportunities".

"I started work as a secretary," she says.

Mrs Smith says that as the economy changes it is important that pupils are taught to think of starting their own businesses.

"In SA, pupils tend to think of 'where and who' will provide them with a job. The IPM would like to see 'entrepreneurship' as part of the school syllabus."

### Wide

Mr Louw says the Free Market Foundation is trying to get economics included in the curriculum of all high schools.

"Apart from a wide range of benefits, such as understanding its impact on politics, pupils would understand more about the job market — which would ultimately help them when looking for their first job," he says.

Commenting on the general state of the job market, Mr Dawkins says Apsso, comprising about 300 personnel agencies, reports that job demand from companies this year is down by about 20% compared with last year.



# Forum gets down

## to job provision

HISTORY will be made tomorrow when business, government and labour meet for the first time in a working group of the National Economic Forum (NEF) to thrash out a short-term job creation scheme.

By ADRIAN HERSCH

Public works programmes, large-scale electrification and housing are some of the issues to be discussed.

### Benefit

Cosatu spokesman Neil Coleman says: "The NEF — through its short- and long-term interest working groups — presents the opportunity for all of us to find a way of averting the crisis we are facing and establish a programme of national reconstruction.

A problem which public works programmes tend to pose is that when workers complete their stints they are not equipped with skills which are in demand. Mr Coleman agrees, saying: "In many countries these programmes have had a one-off benefit. On completion workers are unable to find jobs.

"Our aim is to provide some form of career path in these programmes." This could be difficult, given the nature of some of the work. But Mr Coleman says there is scope for career development in electrification and provision of housing where a fairly wide range of skills are required.

Dr Vosloo says that in most prosperous countries 70% of the labour force is employed by small business. "Most of those employed in this sector are not highly skilled and workers are trained on the job. These enterprises can be started with limited capital and when running tend not to be capital intensive.

"These businesses serve their markets efficiently — they are quick to identify opportunities in their own areas as opposed to centralised ones far away from areas they hope to serve. "Small and medium businesses offer reasonable returns. Bureaucracy grows with the size of the business. The law of diminishing returns ensures that as the organisation gets larger, so efficiency decreases.

Dr Vosloo says the Government has a major role to play in stimulating these businesses by doing several things, including providing easier access to capital. Cosatu research indicates that public works programmes could provide a million jobs at "below-subsistence wages" (R10 a day). The total cost would be R6-billion a year.

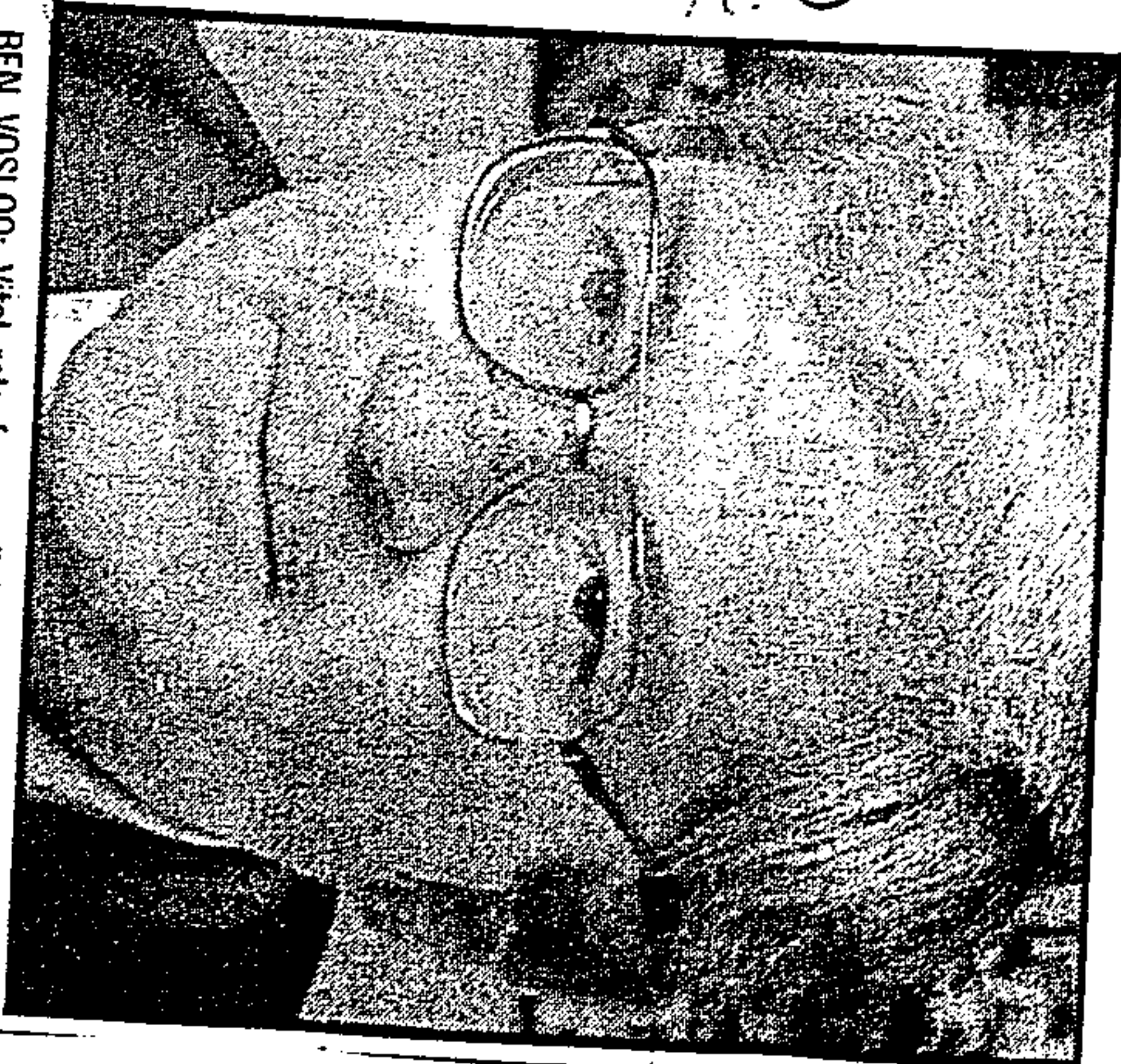
The same number of jobs at "subsistence wages" (R30 a day) would cost R18-billion — about 21% of the 1991 national Budget.

Dr Vosloo says that since 1981 when the SBDC was established, the organisation has granted 40 000 loans totalling R1,5-billion. This has created and supported 380 000 jobs to date. Dr Vosloo stresses that the capital base is R800-million — where interest on money is returning and from where more loans are made.

Mr Coleman says Cosatu is open to discussion on anything that could achieve results. "We're not going into the NEF with a dogmatic approach. Discussion in the forum about the contribution small business could make would be welcomed by us," he says.

The Government's five-year economic restructuring plan is expected to be released at the end of the month. The main thrust of the report is that consumption expenditure will have to be cut. Government consumption expenditure is about 22% of gross domestic product. It should be reduced to 16%, says Japie Jacobs, special adviser to the Minister of Finance.

"Kickstarts will not deal with the fundamental problems of the economy. But this does not mean that the Government is necessarily opposed to a huge housing strategy or public works programmes because they may offer certain benefits." Dr Jacobs will not say what government research on these issues disclosed. "Our position will become clear in the discussions," he says.



BEN VOSLOO: Vital role for small business in job provision



# Job creation top priority at NEC meeting

JOHANNESBURG. — The National Economic Forum of business, government and labour said it made considerable progress at its first working group meetings yesterday.

A statement said a short-term working group decided the most urgent priorities were job creation and retrenchments, trade and tariffs and public sector restructuring.

The group aimed to deliver rapid results on these priorities, the statement said.

A long-term group decided its aim was to work towards a long term economic framework "to generate high and sustainable economic growth, as well as addressing social and development needs.

"Considerable progress was made by both working groups in identifying priorities for their work programmes."

A report on the day's proceedings by about 40 representatives of the three sectors would go to the forum's Process Committee

on December 3, which would then develop a detailed work programme and timetable.

● Meanwhile, speaking at the Safto agm in Johannesburg yesterday, Finance, Trade and Industry Minister Derek Keys said it was perfectly clear that SA's export market was going to be tough for some years.

He said the country had been affected by the world recession and that the cost of not negotiating on the political front was great. — Sapa (173) CT 24/11/92



# Dismal prospects for school-leavers

Star 28/11/92

MICHAEL CHESTER

ONLY three in 100 school-leavers can expect to find jobs in the formal business sector when the annual exodus from classroom to the labour market starts next week.

The vast majority of an estimated 440 000 school-leavers may have to face the worst unemployment crisis on record, say economists.

Surveys by the SA Chamber of Business show that vacancies in the formal industrial and commercial sectors may equal a mere 3 percent of the overall demand from school-leavers.

Sacob economic consultant Dr Ben van Rensburg warns that the severity of the jobs crisis has been underlined by estimates that at least 250 000 workers have already been hit by retrenchments since the slide into recession began three years ago.

The numbers threatened to multiply, he said. As the recession dragged on, surveys showed 66 percent of manufacturing companies feared they would be forced to make more cutbacks in unskilled labour in the next 12 months — and more than 50 percent forecast more cutbacks among skilled workers. Cutbacks threatened to be most severe in the Transvaal.

"The outlook is grim," says Sacob manpower expert Gerrie Bezuidenhout. "But school-leavers should not despair. Companies taking a longer term view of the necessity to replenish their staff with young blood will never slam the door on job-hunters who show real promise."

Van Rensburg says the unemployment crisis is top of the agenda for the National Economic Forum. Consensus on a co-ordinated plan of action was crucial between the three main players — business, unions and Government.

The crisis could not be blamed on the recession alone. Unemployment problems had been growing worse in a long-term trend.

## Waltz into a job

In the 1960s, almost four in five school-leavers could expect to waltz into a job. The proportion had shrunk year by year until by 1990 it was down to 10 in every 100. By last year it was down to seven in 100 — and now perhaps down to three in 100.

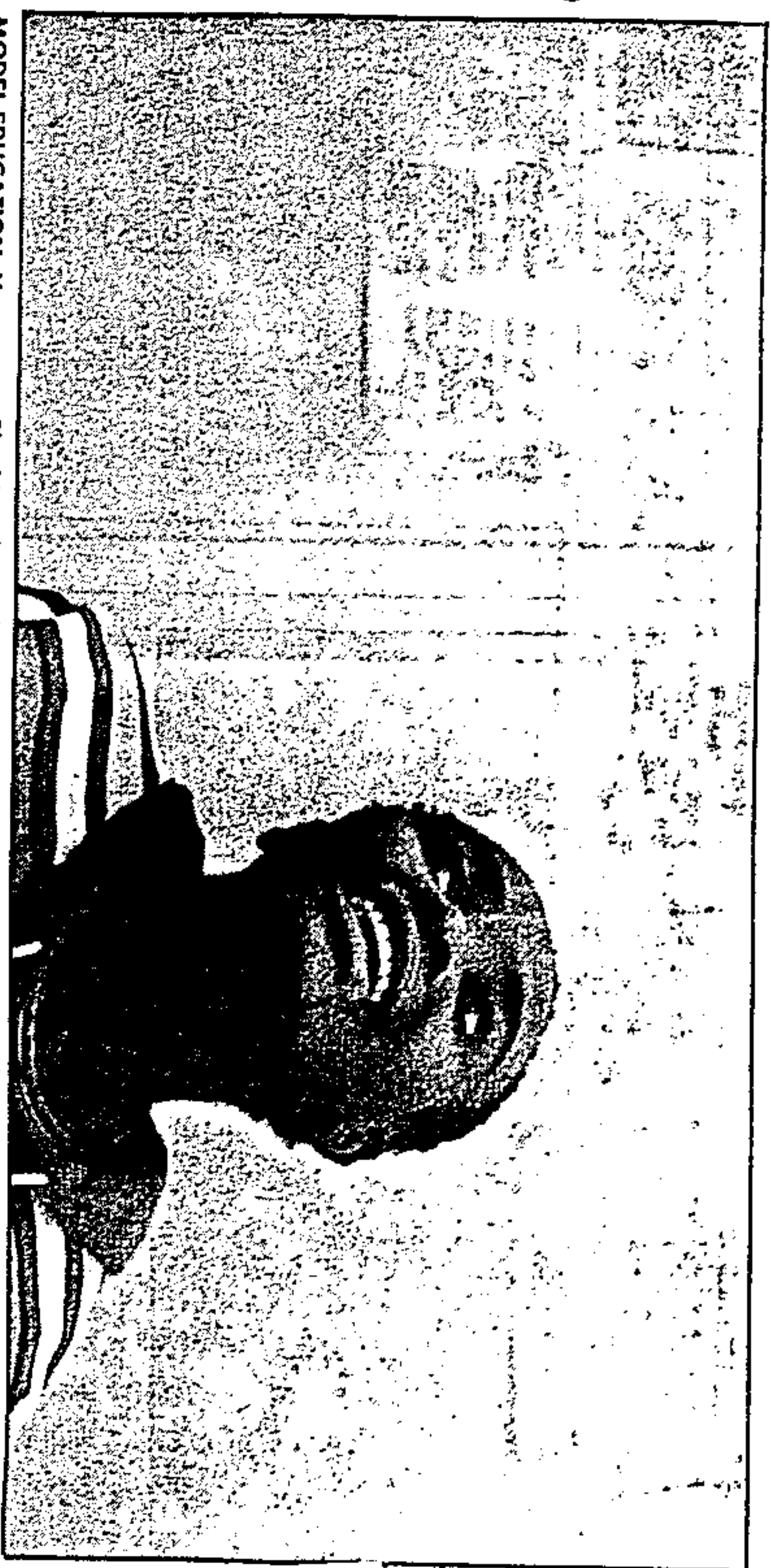
"The causes are numerous — the steep increase in labour costs caused by galloping inflation, higher and higher wage demands as new black trade unions flexed their muscles, tendencies towards more automation and reliance on machines to escape labour problems and seek better productivity.

"We cannot depend on an economic upswing out of recession to solve the problem. We need to work out strategies to find longer-term solutions."

Dr Edwin Basson, senior economist at the Small Business Development Corporation, has tracked the unemployed workers and school-leavers who have turned to the informal sector.

He found in recent studies that if strict economic definitions were applied — taking a head count of workers drawing regular wages or salaries in the formal sector — unemployment stood at 6.3 million. However, 3.5 million of these had used their initiative to find work in the informal sector, which had grown at a phenomenal rate once apartheid started to crumble and socio-economic pressure forced the removal of many outmoded regulations that had stifled enterprise.

The rewards can be high. The Development Bank of Southern Africa estimates that the informal sector can now count its economic clout in billions of



MODEL EDUCATION: Harmony at Phuhling shows that the way forward is nonracial. Photograph: STEVE HILTON-BARBER



hands — perhaps more than R30 billion. More clues to the massive size of the turnovers being handled by mini-businesses were provided by a recent survey made by Central Statistical Services. A few examples of informal sector earnings:

- Black taxi services — R214 million a month.
- Spaza shops — R107 million a month.
- Shebeens — R65 million a month.
- Bricklayers — R57 million a month.
- Backyard mechanics — R50 million a month.
- Hawkers — R44 million a month.

The Self-Employment Institute also brightens the outlook for school-leavers with estimates of the results of going solo in business. Executive director Theo Rudman puts the combined incomes of white households running mini-businesses from home at more than R2 billion a year.

"There is clear evidence from studies carried out in South Africa," says a new report by the World Bank, "that the informal sector is increasingly providing a sustained source of income to a substantial

portion of its labour force.

"As even the most optimistic scenario indicates that the formal sector will mop up unemployment quite slowly, informal sector growth provides the only plausible route to fill the gap for many years to come."

World Bank economist Peter Fallon puts encouragement of small business informal activities as one of the "obvious mechanisms" that South Africa should use in strategies to create more employment.

SBDC central region chief Jo Schwenke urges a massive programme to attack unemployment. He has laid out a package of proposals that envisages the launch of 50 000 new small and medium-size businesses ventures that would provide a stunning 2.5 million new job opportunities over the next five years.

The cost of the exercise looks high at about R12 billion, he admits. But he is convinced all would be recouped — with profit bonuses.

He proposes a programme on two tiers:

- The State would plough about R2 billion a year into development venture capital funds to form the main spearhead.
- Financial institutions such as insurance companies and pension funds would tap their vast resources to provide R400 million a year for venture capital projects.

"Charity would not be expected at either tier," says Schwenke. "The investments would be closely monitored to ensure reasonable returns. There may be a failure or two, but we are convinced the high number of successes would mean initial investment would be recouped in a few years — with still better returns to follow in the longer term."

SBDC managing director Dr Ben Vosloo adds: "An economic miracle is going to happen through foreign investment and export promotion schemes alone. We must refocus on the true nature of economic development — a do-it-yourself process at grass roots level in the cities and towns and villages."



# Four ways to fight unemployment

STAR 2/12/92 173

THE World Bank says one of the four ways to fight South Africa's unemployment crisis would be through special state subsidies to encourage companies to create jobs.

Such subsidies, says the bank, could be used as a temporary measure while longer-term solutions are ironed out, but with limits set on how long they run because of high costs.

Observers believe trade union controversy is almost bound to be stirred by a specific warning that two forms of labour market intervention must be avoided at present: aggressive national minimum wage policies and job-security regulations.

The World Bank has turned the spotlight on the scale of the unemployment dilemma amid growing alarm about the outlook for a 1992 total of 440 000 school-leavers now entering the labour market.

SA Chamber of Business manpower expert Gerrie Beuzidenhout has warned that surveys show that only three in every 100 can expect to find jobs in the formal sector.

The situation has worsened year by year since the 1960s, when four in every five school-leavers were eagerly recruited by employers.

The recession has compounded problems, he adds. As many as 250 000 jobs have already been wiped out. Most manufacturing companies fear they may be forced to

order still more retrenchments in the next 12 months.

The World Bank has voiced its own concern in an analysis of unemployment in South Africa, the latest in a series of informal discussion papers on the economic scenario.

The introduction of special employment subsidies, based on the size of payrolls, has been listed as one of four obvious mechanisms by which more jobs could be created.

It is a notion likely to be viewed as by far the most controversial item in the list.

The other three are already familiar on the agenda of experts seeking solutions — state schemes to launch projects relying on labour forces drawn from the unemployment queues; encouragement of small businesses and informal sector activities; and the improvement of black labour skills.

The World Bank argues that employment subsidies form "a natural choice of policy instrument" when wages stand relatively high compared with the pool of surplus labour.

It notes there are two alternatives in the shape of such subsidies — average and marginal. While average subsidies cover every worker on the payroll, marginal subsidies cover only the number of additional workers taken on after a fixed date.

If employment subsidies were introduced, says the re-

**The grim jobs outlook for 1992 school-leavers has underlined the magnitude of the unemployment crisis. Now the World Bank has analysed the problems and joined the search for possible solutions, reports MICHAEL CHESTER.**

port, it would be more realistic if they were targeted towards sectors with a relatively elastic demand for unskilled labour — normally sectors that were labour intensive and had potential to tackle export markets.

But when such subsidy schemes were evaluated, their impact on employment creation needed to be balanced with the impact of costs.

They should also be regarded as temporary measures — used to ease unemployment problems while plans were laid for more permanent labour-absorbing structures.

In the short-to-medium term, it was likely that new jobs would be generated by the launch of special employment programmes.

It was important, however, that such schemes were located in areas where there were substantial concentrations of surplus labour, "otherwise local wage rates may be bid up to the detriment of employment outside the schemes".

Care had to be taken to en-

been encountered with this approach in other countries.

"A number of countries have also introduced tight job-security regulations. While the exact format of such regulations differs widely, the common feature is that employers have to obtain government permission before retrenching employees or closing down factories and offices.

"The theory behind job-security regulations is that employment levels would be higher than otherwise, given fewer retrenchments.

"In fact, available empirical evidence suggests that the imposition of job-security regulations actually reduces employment as employers become more reluctant to hire additional workers."

The World Bank adds: "Over the long haul, great priority is likely to be attached to improving the skills of disadvantaged groups. This should prove consistent with the objective of redistributing income. It should not be assumed, however, that this will automatically lead to a major improvement in the employment prospects of such groups, as there is little evidence that unemployment declines sharply by education among black school-leavers below diploma or degree level.

"This doubtless reflects both the inferior quality of the education received by blacks

when compared to that of whites and the persistence of labour-market discrimination.

"In the immediate future, encouraging the acquisition of job-related skills by blacks could be of more immediate benefit, while a closing of inter-racial educational standards would be beneficial over the longer term."

One mistake that should be avoided was any discouragement of the informal sector.

It had been commonplace in southern African countries to discourage such activities through over-zealous application of municipal regulations and by denial of access to public utilities.

"There is clear evidence from studies carried out in South Africa that the informal sector is increasingly providing a sustainable source of income to a substantial proportion of its labour force," says the report. "As even the most optimistic scenario indicates that the formal sector will mop up unemployment quite slowly, informal-sector growth provides the only plausible route to fill the gap for many years to come."

The magnitude of unemployment in South Africa was not only a considerable waste of resources, it was also a major source of current social unrest. The generation of more jobs must remain high on the policy agenda for many years to come. □



# Quick-fix for job creation

SITimes (13455) 6/12/92 (173)

HUGE investment in human capital is needed if South Africa is to prosper.

That is the message from a two-year project which has resulted in a proposed national human resources strategy.

The strategy was developed by the Institute of Personnel Management (IPM) after it examined the socio-political and economic factors affecting SA's human resource potential.

IPM project leader Wilhelm Crous says South Africans face a critical choice: either to slide deeper into an economic morass and face greater unemployment or to make a concerted effort to upgrade skills and provide hope for the future.

Mr Crous calls for a quick-fix to deal with job creation and unemployment problems now rather than waiting for a new economic or negotiated political dispensation.

"If unemployment is not addressed as a matter of urgency, it is possible that the social fabric could dis-

By **CHERYLYN IRETON**

tegrate to such an extent that no new political dispensation will succeed," he says in the report.

The report, entitled HR2000, calls for a national job creation accord. Although this will have huge funding implications, the cost of not acting will vastly exceed that of taking action now.

## Drive

Critical to the success of the strategy is sustainable long-term economic growth. For this reason it should be export oriented, should stress the small business and informal sector and encourage development of entrepreneurial skills.

Increased productivity and lower inflation must be promoted and value-added products encouraged, says the report.

The IPM says the high population growth rate must be dealt with through education and counselling

and urbanisation should be encouraged.

As a short-term strategy, the economy must be spurred into action through social investment and an export drive.

Human capital must also be upgraded. The IPM calls for a community-based job and skills creation programme. The programme should be highly labour intensive and should stress skills development.

At the same time the small business and informal sector — the greatest potential for job creation — should be expanded and upgraded.

The IPM suggests a voluntary national community service programme as an alternative to military conscription.

This programme would, in conjunction with the community, provide services like teaching and building of houses for rural areas and townships.

The IPM identifies other critical priorities as being the need to tackle social backlogs and eliminate ra-



**WILHELM CROUS:** Critical choice facing South Africans

cial skewness in employment patterns.

Social investment in electrification, housing and education must happen quickly in spite of fears that it will fuel inflation.

"The risk should be taken, because the cost to society of not acting will be far higher than the cost of act-

ing and a higher inflation rate."

A small-farmer development programme must be developed and implemented.

Such a system would by its nature be highly labour intensive, would enable self sufficiency and help to upgrade and develop rural areas.



# JOB MARKET

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SITING (1855) 6/12/92 (173)

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# Ways to avoid lay-offs

*Southern 7/12/92*  
HERE are some of the more traditional methods by Denis Keenan-Smith which could be considered and applied before retrenchments are embarked upon.

● **Manpower Planning:** This is a more effective method and system which needs to be developed to cope better with the ups and downs in the economy.

● **Retraining:** More versatile employees are not only greater assets to the employer and can be re-assigned to other tasks, but are also better able to market their multiple skills elsewhere, if all else fails.

● **Job-sharing:** This method proved useful in maintaining an intact workforce and preserving jobs, albeit at the expense of an income sacrifice to individuals.

● **Lay-offs:** This method has been popular in

America and elsewhere, but is seldom used in a "pure form" in South Africa.

● **Overtime limits:** Setting limits on overtime worked has the theoretical advantage of not only preserving jobs, but of creating job opportunities for others.

● **Salary/wage cuts or sacrifice:** An arrangement can be struck whereby employees forgo the next accustomed salary/wage increase or take a pay cut against the possibility of a make-up at a later date.

● **Embargo on recruitment:** An enforceable rule to ensure the filling of most vacancies within the organisation and;

● **Embargo on retrenchments:** A self-imposed embargo could compel management and supervisors to apply their minds to retrenchment avoidance methods.

(173)



# Upturn in 1993 Sacob

By Michael Chester

(173)

1,5 and 2 percent by the end of the 1993/94 fiscal year.

The economy will begin to recover in the next 12 months, the SA Chamber of Business (Sacob) predicted yesterday when it announced that business confidence rose in November to its highest level in more than a year.

Sacob's business confidence index increased last month from 90,1 to 93 points — its highest since the second half of last year — partly because of a rise in business optimism resulting from new bilateral talks between the Government and the ANC.

Sacob forecast a gross domestic product (GDP) growth rate of 1 percent next year, climbing to between

However, with 300 000 jobs already axed by the formal sector in the prolonged recession, Sacob feared there was still no indication that retrenchments had come to an end.

The creation of new job opportunities was unlikely to resume in earnest until production levels picked up momentum in the second half of next year — but opportunities would still fall short of the number of new entrants into the jobs market.

Economic recovery also hinged on an end to the drought, the nature of the 1993 Budget, and the performance of key overseas economies, Sacob said.

● Still nervous - Page 27

STAR 9/1/93



# CSS highlights massive unemployment

R104 11/2/92  
GERALD REILLY

PRETORIA — The massive unemployment of more than 2-million people was dealt with in one of two adjusted 1991 census reports released yesterday by the Central Statistical Service (CSS).

It said the total population, including the TBVC states, was 37 737 620.

Almost one in every five workers — 18,2% — considered themselves unemployed last year.

The CSS said the total number of workless was 2,1-million.

The proportion of the total population which was self-employed almost doubled in the 10 years to 1991, highlighting the spread of the informal sector.

Among coloureds and blacks the increase was more than double

while among whites and Asians it increased by 71,9% and 97,2%.

Since 1985 there had been no significant changes in the percentage distribution of workers except in agriculture where the percentage decreased by about a third.

The number of actual farm workers decreased by 11,7% since 1980 to about 1,1-million.

The services sector remained the most important employer, using more than one in every five economically active persons.

Second was manufacturing which showed a decrease since 1985 from almost one in six to one in eight in 1991. Third as an employer of labour was agricult-

ure, followed by commerce. Numbers of domestic workers also rose sharply from 1985, by 31% to 938 000.

The number who categorised themselves as teachers increased by almost 69%.

Of the total population, 37,5% were economically active in 1991 compared with one in every three in 1960. The increase was due mainly to more women working.

The income figures showed 38,6% of whites earned between R10 000 and R29 999 a year. Asians in this category totalled 40,1%.

In the income group R1 000 to R2 999, 28,4% were coloureds and 32,8% blacks.

For the population as a whole less than one in every 200 had an income of R100 000 or more.

The CSS said the growing proportion of informal dwellings highlighted the urbanisation problem.

It said 15,8% of blacks were living under these conditions compared with 3,9% in 1985.

The reports are the first of 25 final '91 census reports, covering 16 000 pages, to be released by the end of the year.

The Transvaal was by far the most populous province with one in three people living there, while one in five lived in the Cape.

One in every four — about 8-million — lived in Natal and KwaZulu while more than 23% — 7,2-million — lived in the PWV area.

On education, the CSS said those with standard six or higher qualifications increased from 32% in 1985 to 37% in 1991.

# Economically active people on increase, census shows

By Louise Marsland

South Africa's population topped 30,9 million in 1991 and is more economically active, despite the fact that 2,1 million people are unemployed, latest census figures reveal.

The Central Statistical Service (CSS) yesterday released the first results of the 1991 census. By March 7 last year, the figures for the various population groups were: whites 5,06 million, coloureds 3,28 million, Asians 986 620 and blacks 21,64 million. The population for the TBVC states was 6,7 million, bringing the SA/TBVC population to 37,7 million.

The census showed that a strong increase in the number of working women in all population groups resulted in 37,5 percent of the total population being economically active during 1991, compared to one in three in 1960, and less than 34 percent 12 years ago.

In 1991, as in 1985, the services sector remained

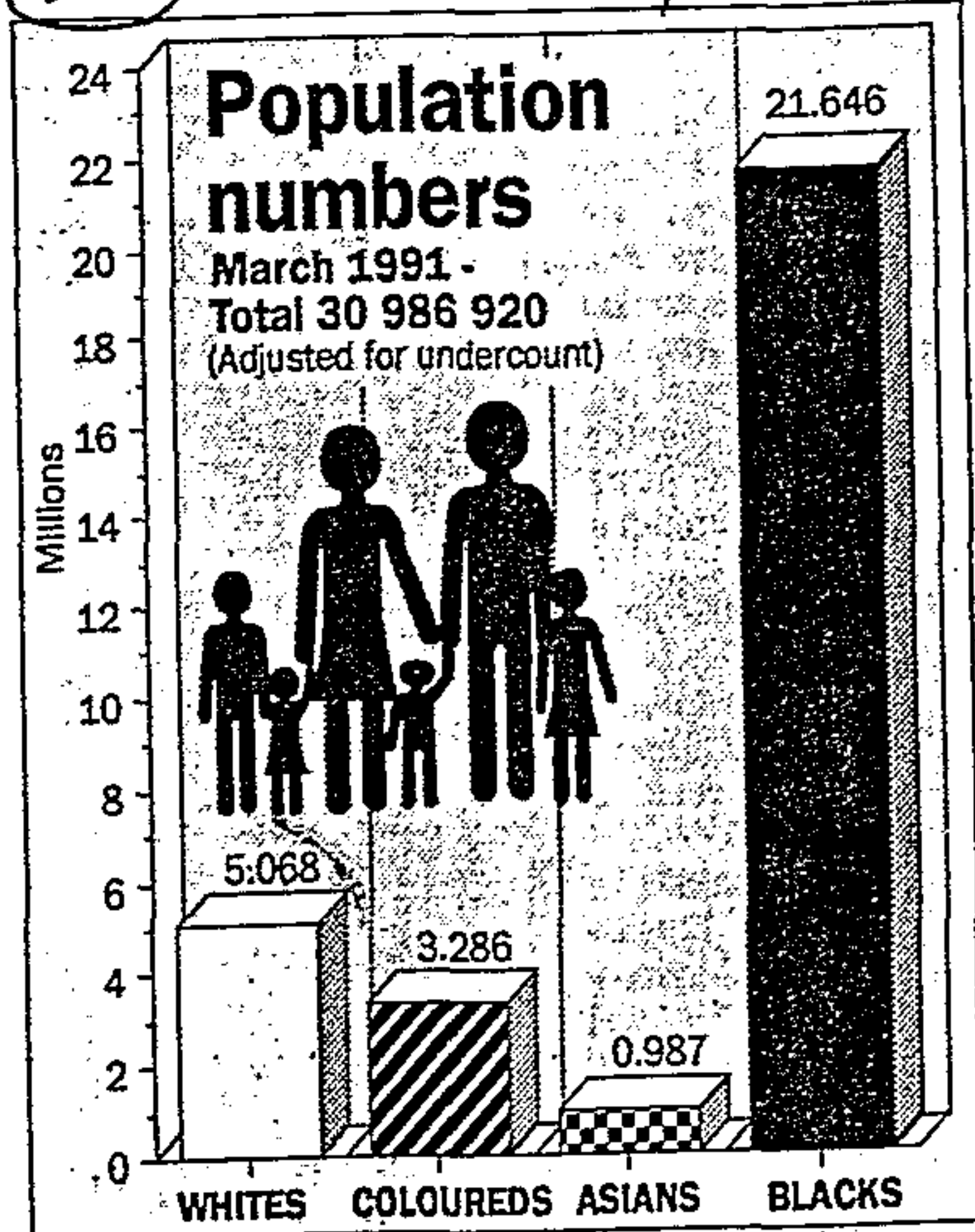
the most important employer, employing one out of every five economically active people. There was a decrease in the number of people employed by the manufacturing and agricultural sectors.

In 1985, the agricultural sector was the third most important employer, but since then has employed 33 percent fewer people. In particular, the number of farm workers decreased by 1,1 million (11,7 percent).

The number of people self-employed has almost doubled since 1980. There was also an increase in the number of domestic workers and teachers.

Of the economically active population, 2,1 million — one out of every five — considered themselves unemployed: 95 000 whites, 229 000 coloureds, 48 000 Asians and 1,7 million blacks.

Up to 40 percent of whites and Asians fell into the income bracket of R10 000 to R29 999 a year, whereas most coloureds and blacks earned R1 000 to R2 999. Less



than one out of every 200 people earned more than R100 000 a year.

The population is generally better educated, with 49,1 percent of youngsters seven years and older indicating they can speak, read and write English. The number of people in possession of a Standard 6 or higher level of education

increased from 32,6 percent in 1985 to 37,4 percent last year.

Regarding the state of marriage, the number of unmarried white couples living together increased by 87,4 percent from 1985 and by 700 percent from 1970. The divorce rate among whites increased from 1 percent in 1985 to 4 percent in 1991.

STAR 11/12/92



# 2,1-million without work in South Africa

By REG RUMNEY <sup>11/12-17/12/92</sup>  
ONE in five of the "economically active population" of South Africa considers themselves unemployed, according to the latest census.

This compares with estimates of around 40 percent unemployment — though this higher figure applies to the whole country, including the "independent homelands", where unemployment is known to be high.

The figures are contained in the first two reports in a series of 26 final reports by the Central Statistical Services (CSS) on the 1991 Population Census, which is confined to the "Republic of South Africa" as shaped by apartheid.

The unemployment figures, according to the census' definition, are: whites — four percent; coloureds — 16,9 percent; Asians — 12,7 percent; and blacks — 23,3 percent. "The numbers in the reports indicate that approximately 95 000 whites, 229 000 coloureds, 48 000 Asians and 1,746-million blacks were unemployed. In other words, in total the number of unemployed persons amounts to approximately 2,1-million," says a CSS statement on the census.

The number of people of all races who have become self-employed almost doubled in the 1980s. The CSS says the proportion of self-employed in the coloured and black population groups has more than doubled, while for whites and

Asians it has increased by 71,9 percent and 97,2 percent respectively.

The distribution of workers among the various categories of work has not changed much since 1985, with the exception of agriculture. At 1,1-million people, the number of farm workers has dropped by 11,7 percent since 1980.

The number of domestic workers within the republic has increased by 31 percent since 1980 and now amounts to about 937 000.



# JOB MARKET

# Beware Shady 'Consultants'

S/Times

Buss J

13/12/92

By ADRIAN HERSCH

BUSINESSES that cannot afford the high legal costs of industrial court cases are in some instances being taken advantage of by "consultants" acting on behalf of dismissed employees, claim a number of employers and labour lawyers.

The effect of this, and stringent regulation regarding dismissal of employees — even more stringent than some other countries in the world — is having an adverse effect on the economy and stifling job creation.

The introduction of a small labour court (SLC), which is being planned, may address some of the problems.

But until such time as legislation changes, there are a number of remedies available to employers — large and small — to combat cases where unfair advantage is being gained, says labour lawyer Rod Harper.

He says that, in many instances, consultants take on cases of dismissed employees regardless of the merits of the case.

"They drive the matter and attempt to force the employer to settle the matter on an extravagant basis, rather than facing the threat of legal proceedings.

"The company would rather pay, than spend two days in court where substantial costs can be involved."

## Split

Mr Harper says a method commonly used is that the dismissed employee pays no deposit or other fee to the consultant.

An agreement is struck where the settlement — for example, six months to pay — is split on a 50-50 basis between the dismissed employee and the consultant. The dismissed employee therefore has nothing to lose.

"Some consultants will try to get as best a settlement before legal proceedings begin, with the aim of ultimately avoiding legal proceedings.

"Where there is no sound case any competent labour lawyer will whip them in court," he says.

Mr Harper says it is ironic that when employers settle out of court, even though they

may have a fairly sound case, they are encouraging the process where consultants take on cases even where the merits are poor.

But he has noticed some changes recently. "Some employers are getting fed up, and where they have a good case they are taking up the challenge head-on.

"They believe a process tantamount to blackmail is emerging and are determined to fight it."

Louis Moll, senior industrial relations manager of First National Bank, says the company stands firm on its principles.

"It is important for our clients to be trustworthy of us, especially when you consider we are in the banking sector.

"On matters of principle we will fight cases, irrespective of costs."

But Mr Moll is particularly concerned about those in small businesses. He says: "Fighting a case can take days and weeks out of the life of the head of a small business. He loses production, and the legal risks can be high. His business can go under.

"You may find that some of these people will rather pay out a few months' salary, regardless of the merits of the case, to continue being in business.

"It's not the employer's fault, but there is a breakdown of justice."

Mr Harper says there are a number of options open to those in small and medium-sized businesses.

"Many fall under industries where there are employer federations. If they are not members they should look to join, because specialist industrial relations advice is provided to members.

"For example, in the steel and engineering industry, Selfa gives advice. In building there is Bifsa, in construction Safeco, and so on.

"Employers should look carefully to see if there is some kind of employer federation and, if so, to see what industrial relations advice is available."

While some provide advice only up to the point of legal proceedings, Mr Harper says this is invaluable.

"The golden rule is to take advice before the action, such as dismissal, because one of the advantages of getting advice in advance is that it is the best way of minimising legal costs.

"There is a responsibility amongst business people to make the right moves from the beginning. This is, after all, in the interests of employers and employees, which makes for sound labour relations."

## Retainers

Those in the smaller businesses that do not fall under employer federations can pay retainers to labour lawyers.

"It is not widely known, but a small company could be on retainer for as little as \$150 per month with some legal firms," he says.

Mr Harper adds that employers should be alert to a number of methods being used. "Some consultants are going to naive employers and quoting case law purportedly supporting their client's case — when in many instances the case law is irrelevant to the issue in dispute," he says.

He says another problem that has arisen is that persons claiming to represent "trade unions" are making demands on behalf of dismissed workers.

Mr Harper says it is important to check that these "unions" are registered as such, because some appear to be "businesses operating under the guise of trade unions".

"Unfortunately, this tends to destroy the goodwill of proper trade unions in the eyes of certain employers," he says.

Professor Adolph Landman, of the law faculty of the University of SA, says there is no controlling body which has any say over the way in which consultants operate.

"Free market forces operate and there is nothing to stop a consultant reaching an agreement with a dismissed employee to split up the settlement given by the employer.

"Some consultants are doing good work, maybe some others are not."

Mr Moll says that, with the introduction of a SLC, at least part of the problem will disappear.

"It will cut down on costs and the process will be quicker. At the moment it takes about 12 months for a case to be heard in the industrial court. An employee can be temporarily reinstated and remain on the payroll while you wait for the case to be heard. At least that will be eliminated," he says.

National Manpower Commission (NMC) acting chairman Frans Barker says the restructured NMC will meet in January.

He says: "We'll be looking at the restructuring of the Labour Relations Act, and the proposed SLC will be part of it."

The SLC is expected to cover issues including suspensions and individual dismissals.

Some employers are concerned that even with a SLC there could still be leeway for a choice of the industrial court if it is so wished — which they feel could be a "move back to square one".

Dr Barker says it is important in terms of rights that some form of choice be offered.

## Clarity

"It is likely that in simple, straightforward cases the choice of using the higher court will be discouraged. In more complex cases the presiding officer of the SLC may refer it to the higher court," he says.

Dr Barker says the problems small businesses are having is understood. "It is possible that more clarity on rules — for example, on dismissals — could be issued, which could introduce a far greater degree of certainty in the SLC relating to it."

Dr Barker says many countries in the world are moving away from rigid legislation on job security.

"Some of these laws hamper job creation. It is necessary that we have laws which encourage employers to take on workers."

Employers who face mounds of red tape when having to dismiss are likely to turn to more capital intensive methods of operation.



STAR 15/12/92

# 100 000 formal sector jobs lost in painful '92

By Thabo Leshilo  
Labour Reporter

Close to 100 000 formal sector jobs were lost during 1992 and workers experienced a sharp decline in real wages, experts have told The Star.

The South African Chamber of Business put the number of jobs lost in the private sector at 85 000 and the public sector at 5 790 by the second half of this year.

A spokesman said the mining industry shed 29 000 jobs, manufacturing 35 000, construction 18 000, commerce 3 500 while the service sector, which includes finance, banks and insurance, employed 2 220 more people.

Steel and Engineering Industries of SA (Seifsa) executive director Brian Angus said the metal and engineering industries had, since the beginning of the year, cut staff by 49 000, bringing the industry to its lowest workforce in 20 years.

According to the Chamber, 300 000 jobs have been lost

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since the second half of 1989, which marked the beginning of SA's longest recession.

The situation is even bleaker considering that only 4 percent of the country's approximately 250 000 matriculants are expected to find employment in the formal economy in 1993.

Research by industrial relations consultants, Andrew Levy and Associates, shows that on average, wage increases were far below the inflation rate for the first time in six years — from 16,1 percent in 1991 to 12,6 percent this year.

However, there was still some hope that things would shape up next year said Cosatu negotiations co-ordinator Jayandira Naidoo.

"Although the National Peace Accord was grounded this year, it has now been consolidated, raising hopes for a political settlement next year, which is vital for an upswing in the economy."

Naidoo hailed the creation of the restructured National Manpower Commission

(NMC) and the National Economic Forum (NEF) and the talks between Cosatu and the SA Consultative Committee on Labour Affairs as "the most positive" developments.

"A big plus for the labour movement was the extension of Basic Conditions of Employment Act to farm and domestic workers."

Added Angus: "It has been a very difficult year for employers in the metal and engineering industries, marked by a lot of confrontation and resort to legal proceedings".

Due to a deterioration in the economy, the industries were forced to settle for the "quite low" wage increase of 9,1 percent after strikes by the National Union of Metalworkers and the Metal and Electrical Workers' Union.

"Now that events of 1992 are behind us, we hope to make progress regarding the future of the industry and training next year."

Angus predicted the economy would pick up during the first half of 1993 if negotiations were back on track early in the new year.

# Quality work by skilled students

WANT a part-time person for selling ... babysitting ... computing ... engineering ... pizza making?

Or any of 533 job categories?

Rent-a-Student says it can help through a computerised search of its database which lists students according to skills, interests, hobbies, age and residential area.

"This comprehensive listing enables us to help most of the companies which approach us," says Steven Nelson, a director of Rent-a-Student.

"We have very few failures. One was an old-age home which wanted a student with Bingo calling experience."

He and his wife Beverley, who is in charge of administration and promotions, started the business in Durban in December 1991 and then moved to Cape Town to open the local operation (now the head office) in February this year.

They now have branches in Johannesburg, Maritzburg, Port Elizabeth, Bloemfontein and Namibia.

Vanessa Croft, senior Cape Town consultant, said November was the

best month both for students enrolling and for getting jobs for them.

Rent-a-Student does not charge the employer a fee.

The employer pays the amount agreed with the student and the student is paid directly.

The student pays a membership fee of R50 to Rent-a-Student, and this guarantees him or her 20 hours of work within the next 90 days.

If the student does not receive the work, the fee is refunded.

"We are extremely careful about the students we take on," says Mr Nelson.

"Our selection process ensures that quality work will be performed."

He points out that the proper attitude of the student is vital, as this creates a favourable impression during the initial telephone call.

Each student is given a document with tips on "getting and performing jobs."

This emphasizes the importance of speaking slowly and clearly over the telephone, not eating or chewing gum, and turning off background noises such as television, radio and hi-fi.

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# Plans to create jobs on way

cf 17/2/92 (173)

Own Correspondent

JOHANNESBURG. — Plans for an extensive, continual public works programme to alleviate unemployment are to be drawn up by the key working group of the national economic forum.

It will also examine the extent and causes of retrenchments, and current retrenchment procedures and packages, sources say.

The investigation, decided on at a working group meeting this week, aims to establish whether the current spate of large-scale retrenchments can be stemmed and how to lessen the impact of unavoidable retrenchments.

At least 100 000 formal sector jobs were lost this year.

Government working group representatives will also investigate tendering requirements with a view to future public works programmes. Labour absorption in parastatals, as well as discussions between Cosatu and the civil engineering industry on job creation, will come under scrutiny.

The effects of trade, tariffs and

## Spotlight on retrenched workers and procedures

exchange rate policies on job creation, and the current status of Gatt talks and the South African Customs Union, will also be examined.

The short-term working group aims to report back on all these issues by the end of January.

Other issues to be looked at include restructuring the public sector and retirement and provident funds.

Mr Jabu Mabuza, co-ordinator of the business delegation to the group, said the spirit prevailing at this week's meeting was "very heartening".

The public works programme should make extensive use of labour-intensive methods of con-

struction and should devote a high proportion of project costs to labour without jeopardising quality, according to an economic task force document submitted to the working group.

The document will be a basis for developing further proposals on public works.

It argues that success depends on:

- Providing employment and income to those trapped in the poverty cycle.

- Disseminating productive skills and useful education and training through the programme.

- Generating physical infrastructure for economic growth and development such as houses, roads, schools, clinics, erosion prevention and conservation.

The document proposes a four-phased approach, from community involvement and education to research, analysis and design.

Pilot projects should lay a basis for developing a national programme.

It has been estimated that in the past decade 3.3 million people have come on the job market in South Africa, but that only 186 000 jobs have been created.

# Economic forum plans public works programme to create jobs

(173)

8/04/92 17/12/92

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DIRK HARTFORD

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# Eastern

STAR 22/12/92

## influx

## hits job

## market

By Thabo Leshilo  
Labour Reporter

As South Africa's longest recession continues to bite, with an estimated 100 000 jobs lost in the formal sector this year, focus has once again fallen on the Government's failure to curb the flood of foreign job-seekers into the country.

According to South Africa's second largest trade union federation, the National Council of Trade Unions (Nactu), unemployment in the country is being "exacerbated by foreigners pouring into South Africa in search of jobs".

Nactu's views are published in the latest issue of its newsletter, Izwelethu.

The federation predicts that 1993 will be "catastrophic" for workers, with retrenchments as well as reductions in working hours.

Staff who get laid off or die will not be replaced, it says.

The organisation adds: "Given the flood of foreigners from the East who have taken over the pavements in major cities, the 3,5 million (traders) in the informal sector are (also) threatened."

Already, 85 000 jobs in the private sector and 5 790 in the public sector had been lost by the second half of this year, according to the SA Chamber of Business.

Up to 300 000 have lost their jobs since the recession began in the second half of 1989.

Central Statistical Services has put the number of unemployed in South Africa at 2,1 million.

STAR 23/12/92

# State staff levels still rising

By Sven Lünsche

While private sector employment has fallen sharply during the current recession the public sector has continued to increase its staff levels.

The Nedbank Economic Unit says in its latest monthly bulletin that from the beginning of the recession in June 1989 until June this year public sector employment increased by 15 000 to 1,224 million. In the three years prior to June '92 an additional 147 000 had been employed.

In the past two years the contraction among local authorities of 24 000 was more than offset by growth in the self-governing states of 20 000 and in the central government and provincial

173 authorities of 19 000. (These figures exclude the TBVC countries)

The salary bill in general government was R32,4 billion in the year to end-June.

Turning to the outlook for 1993 Nedbank says hopes of an economic recovery are squarely placed on an improvement in the agricultural sector as well as a general recovery in the world economy.

The government, already under severe stress, was unlikely to provide any stimulus for the recovery and expected tax increases could have an adverse effect on consumer demand.

This was most evident in the trend in spending on durable goods, which had de-

clined by 10 percent in real terms in the first half of this year. As a result consumer spending on durables could fall from nine percent of total spending this year to just under eight percent next year.

The BER expects spending on services and non-durable goods to show a slight improvement.

"An overall growth of two percent is forecast for the year, taking the economy back to where it was in 1991," Nedbank says.

The bank's economists still optimistic that inflation could fall to single-digit levels early next year, however, a possible rise in VAT and higher fuel levies will put renewed upward pressure on the rate later on.





Director Jean-Jacques Annaud works on Jane Marshes' image.

# Jobs outlook bleak

Sowetan 23/12/92

■ Only seven percent of school leavers will be employed in 1993:

By Ike Motsapi

173

ABOUT 93 percent of school leavers will find it hard to get jobs next year.

Research by the Institute for Personnel Management, called *HR 2000 - Making Human Capital Work*, says "certain estimates show that only seven percent of school leavers will find employment in the formal sector of the economy in 1993."

## Social unrest

The report noted that this was a "sure" recipe for more social unrest.

The report says: "The implication is that only 90 out of the almost 1 000 new entrants a day to the labour market could be accommodated as full-time employees.

"The employment-creating record of the formal sector of the South African economy

has therefore been grossly inadequate, creating only an additional 1,1 million employment opportunities over the period 1974 to 1989, while the labour force increased by 5,1 million.

## Widespread retrenchments

"The unemployment situation has recently been aggravated by the widespread retrenchments of workers in the South African gold mines due to the relatively low gold prices since 1986.

"The Chamber of Mines indicated that 25 400 people were retrenched in the first three months of 1990. Almost the same number lost their jobs in the preceding four years.

"From the above, it is clear that creating job opportunities will be one of the biggest challenges facing South Africa over the next decade," the report added.



# Gloomy outlook for jobs in 1993

w/m aul 23/12-29/12/92 (173)

By FERAL HAJFAJEE

DISAPPOINTING Christmas sales and the "retrenchments which usually follow company budgets and financial cycles" are expected to fuel growing unemployment in the new year, writes labour relations consultant Andrew Levy in his preview of 1993.

In a pessimistic outlook, Levy also says that even when the long-awaited upturn in the economy does happen, there is unlikely to be the splurge of job creation many are looking forward to.

He points out that there is usually a time lag between an economic upturn and the refilling of positions. Companies are unlikely to increase their overheads where they have become more productive with less staff.

Calls for moratoriums on retrenchments will, therefore, continue to be key collective bargaining demands in 1993, writes Levy.

He also predicts shifts in policy on management's prerogative to make decisions, which may result in job losses or favour capital intensity.

The bargaining approach of trade unions has come full circle, notes Levy. After the Wiehahn Commission, progressive unions pushed for a return to plant-level bargaining because they were not strong enough for centralised negotiations.

But now that South African unions are stronger than ever and have highly skilled

negotiators, they will increasingly demand centralised bargaining and the resuscitation of industrial councils.

"These developments are inevitable, irreversible and not necessarily fraught with all the risks and insurmountable problems many managements and advisers seem to identify," says Levy.

There is also a trend away from the "legalism" which has characterised labour relations, a new maturity among players in the field and a growing adherence to procedures.

The plummeting number of cases being taken to the industrial court proves the point, Levy stresses, although he adds that this could be attributed to problems with the court and the growing popularity of mediation and arbitration.

Levy says that affirmative action and the removal of workplace discrimination will be new areas around which unions will press demands.

But these will be fundamentally different to the "Sullivanist" improvements many progressive companies have introduced. The new programmes are likely to be co-determined, such as schemes being implemented at the Premier Group, PG Bison and, to a lesser extent, at Eskom.

Already codes are being drawn up giving details of how these programmes will be run, and Levy believes they will grow in promi-

nence and influence in the new year. The "Numsa code to end unfair discrimination in employment practices" has been submitted to employers in the metal, motor and automobile industries.

And earlier this year, Anglo American and the National Union of Mineworkers signed a code of conduct for their mines. The NUM is pushing to have the code extended to the entire industry, and this could be accomplished now that Anglo's Bobby Godsell is Chamber of Mines president.

Training and advancement will happen at all levels, not only to "the rarified level of the boardroom" and "it will not be a case of window-dressing", says Levy.

There will also be greater union acceptance of multi-skilling and productivity bargaining where employers show they are serious about job security, Levy states. But this view may be too hopeful: productivity and multi-skilling schemes have run into trouble in the mining industry and at Volkswagen in Uitenhage.

Wage settlements will remain depressed at least until June next year and single-figure increases will remain common, writes the labour consultant.

Organising drives and education programmes will mean that the domestic work and farming sectors will be among the most vibrant in the new year.

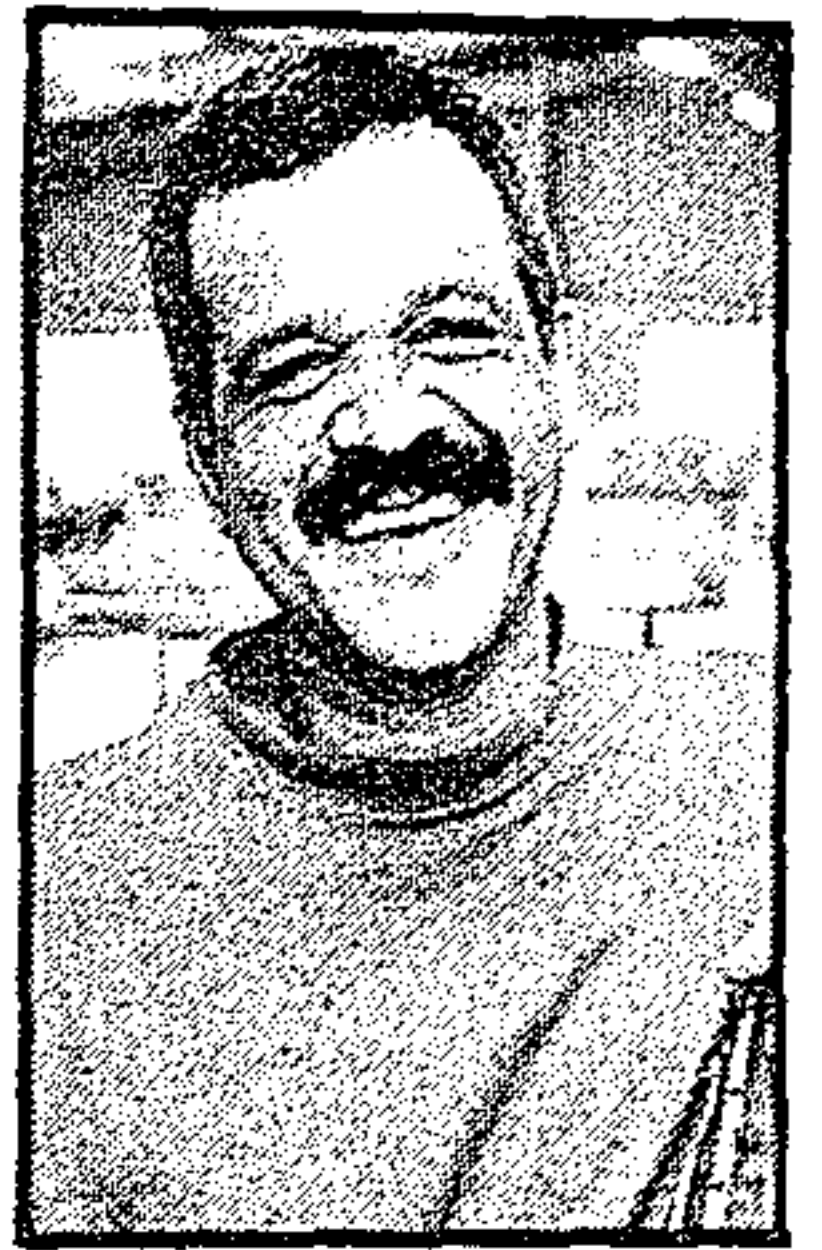


26/21/78  
CWA/S

### Jobs for only 3 in 100

DESPITE the record matriculation results reported by education authorities this month, only three out of every 100 matriculants can hope to find a job, the Department of Manpower said yesterday. Prospects for matriculants entering the formal labour market in the coming year — blacks as well as whites — were very bleak. (173) (52)

# Joey shows the way to success by hard work



JOEY MOOSAJEE

S/Times (BUS) 27/12/92

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By ADRIAN HERSCH

SMALL and medium sized businesses play a key role in creating jobs — as the life and times of Joey Moosajee attest to.

Mr Moosajee, recipient of the Sanlam/Small Business Development (SBDC) Entrepreneur of the Year Award for central region, started his career as an apprentice upholsterer.

Today he runs a thriving lounge-suite manufacturing business which employs 70 people, thanks to his entrepreneurial spirit, hard work and help from the SBDC.

The SBDC sets seven basic requirements for financial help.

Mr Moosajee qualified as an upholsterer and worked for several companies but

was determined to start his own business.

He began by working from his garage in Eldorado Park.

He says: "Most of the work I did was upholstery repair. I gained a good reputation and as business increased I employed two people.

"At that stage I had none of the administrative skills necessary to run a business. The company secretary where I had worked previously kindly taught me what I needed to know on week-ends."

Mr Moosajee decided to move his business to central Johannesburg and concentrate on manufacturing lounge suites.

More people were hired — including a bookkeeper.

Mr Moosajee often worked seven days a week — sometimes up to 20 hours a day.

"The hard work payed off. A reputation for reliability and quality was built up," he says.

The company, Ambijo Lounges, operated on cash terms with many of the furniture stores.

## Loan

In 1991 Mr Moosajee decided to expand. He approached the SBDC, which granted a loan of R650 000 to finance the development of a factory in Devland, south of Johannesburg.

By the end of the year business was booming. Mr Moosa-

jee acquired the adjacent stand and built a second factory out of "free cash flow".

The company manufactures up-market lounge suites. Turnover averages R500 000 a month and the majority of fixed assets are paid off.

Surprisingly, Mr Moosajee still spends a good deal of time doing manual work.

He says: "It is enjoyable, but there are also several other advantages. Being right there on the factory floor enables me to keep my finger on the pulse of the business — I know exactly what's happening.

"The fact that I do manual work also appears to have a positive effect on the workers."

His working hours are not as long as they used to be. "I work nine hours a day for five days and half a day on Saturday.

"On Saturdays I check the administration and discuss the books with my bookkeeper," he says.

After matriculating two years ago, Mr Moosajee's son joined the company.

"I sent him on a computer course and the payroll has been computerised. We're looking to utilise the computer as much as possible in future."

Mr Moosajee says he is very grateful to his wife for the encouragement she gave him over the years.

SBDC central region spokesman Donné Duffy says the SBDC provides finance for development on more favourable terms than are readily available from other sources. It facilitates flexible interest rates, repayment terms and collateral requirements.

The SBDC also provides support services as an integral part of the financing.

Jo Schwenke, SBDC senior general manager, central region, says the businesses that succeed are those operating clearly within a niche where the entrepreneur or his staff have specific expertise.

"Those that succeed continually innovate and renew their product, structure and services. They have a passion for servicing their customers no matter how strong their position is," he says.

Mr Schwenke says those that fail are businesses trying to compete in areas known as "commodities".

"Commodities are the products that cannot easily be differentiated — such as agricultural products, paper, glass, plastic bags and pellets. These products are best suited for mass production," he says.

## Struggle

Mrs Duffy says when finance is considered by the SBDC, the following requirements, in general, should be met: Gross assets of less than R10-million; management by people with appropriate technical and managerial skill; profit orientation; independent ownership; economic viability, location in SA.

She says amounts in excess of R1-million will be considered only in "exceptional circumstances".

Mr Schwenke says: "People looking for a quick and easy way to get rich will not succeed in small business. Those who are prepared to struggle, work hard and smart, with a commitment to serving their customers, will achieve success."



## SBDC seeks cash from businesses

ANDREW KRUMM

THE Small Business Development Corporation (SBDC) has appealed to financial institutions to lend it at least R400m in "petty cash" to create tens of thousands of much needed jobs in 1993.

SBDC director Dirk Conradie said yesterday job creation was the top priority of the SA economy. *SDAM*

The R400m required made up about 1% of the projected R40bn cash flow in the long-term insurance and pension fund industries in 1992. *29/12/92*

Conradie warned that should institutions not assist freely in job creation now, they might be forced to do so in future. "Asset prescription by a new government would be a pity, since the enforced prescription of investments will restrict the operation of the private sector," he said.

Conradie said the establishment of employment opportunities was virtually ignored by long-term insurers and pension funds due to their seemingly narrow focus.

"It is unbelievable that the major creators of capital in the private sector have not woken up to the fact that it is in their long-term interest to assist job creation."

Compared to the potential contribution from long-term insurers and pension funds, banks had a small role to play.

He said that by lending R400m to the SBDC at market-related rates, these institutions could help create nearly 40 000 jobs in 1993 — and generate a return.

# Drought relief job scheme gets going

CT 28/12/92

Own Correspondent

173

JOHANNESBURG. — A major drive to create jobs and provide relief in drought-stricken areas is under way, with about R332 million allocated to special projects.

Latest government figures show that R105 million has been spent already in the northern and eastern Transvaal and northern Natal. R67 million has been set aside for job-creation projects, some managed by the Independent Development Trust.

The Consultative Forum on Drought said in its latest Drought Update the money, part of special relief aid funds allocated to homelands and rural areas by the government, had been spent on agricultural projects such as assisting black farmers.

● Sapa reports that the Free State Agricultural Union said government aid to summer rainfall crop farmers brought relief to most farmers, but some might have to quit farming.



WEBS SAYS U...  
Time overdue for firm  
leadership, says HSRC

3/10/94 28/12/92  
THE time was long overdue for SA's political leaders to begin exercising firm leadership on the basis of achievable strategies, HSRC social dynamics GM Lawrence Schlemmer said in the December edition of the organisation's magazine Prospects.

"The process of political negotiation in SA is almost sublimely ambiguous and confusing. One week we appear to have deep and irreconcilable conflict; the next we appear to have political understanding," he said.

Many NP members had the impression that the ANC created crises and then won "more than its fair share of concessions", with government appearing to bend over backwards, he said.

Schlemmer said the ANC's sudden shift back to bilateral talks with government was unexpected.

"In some ways it is a positive feature of the current process. Both the NP and the ANC alliance have come from very different parts of the political spectrum.

"They carry with them fears, sensitivities and commitments which were firmly established in their party structures in the previous period of armed struggle and naked ideological and strategic antagonism."

RAY HARTLEY

Also writing in Prospects, Stellenbosch University international law professor Gerhard Erasmus said SA might need more international involvement to achieve a peaceful negotiated settlement.

LLOYD COUTTS reports that Erasmus said mutual trust was lacking among the main political players in SA, and the resulting inability to reach agreement coupled with escalating violence had threatened both negotiations and regional peace.

"This is the basis for international involvement. We need the international community to help us with our own efforts."

Monitoring could restore trust in the machinery of state which had been used to enforce apartheid in the past.

The escalating violence, however, could require a greater role by the international community.

The first elections would require extensive monitoring, and the registration of voters, campaigning, media access, polling and counting, would have to be free and without intimidation.

"Untag's success in Namibia has established a reputation of objectivity."

## Work for Life starts job creation project

3/10/94 28/12/92 ROBERT WICKS (173)

MORE than 7-million economically active South Africans have no recorded employment and about 450 000 new job seekers are entering the market each year, according to figures released by Work for Life Entrepreneurial Developments.

Work for Life has been launched by engineering firm Rutec to assist retrenched staff by creating community self-reliance.

Blue chip corporations, governments, international development aid agencies, banks, entrepreneurs and community organisations were being targeted in an ambitious job creation project which could see the establishment of half a million micro-enterprises in the next five years.

Rutec director Andre van Heerden said a successful programme had been implemented with Anglo Alpha, and a similar project was in the pipeline with Foskor for the new year.

Productivity centres in disadvantaged communities were established and then run by candidates with a genuine desire to work for community upliftment.

Extensive training in technical, business and marketing aspects was undertaken. Revenue was derived from technical and business training services, the marketing and distribution of appropriate technology and the supply of raw materials.

"Each centre operates as a franchise of Work for Life, training 100 people a month at a fee of R50 a course. From this it obtains 30 micro-enterprises at a set-up cost of around R4 000 each," said Van Heerden.

Rutec guaranteed an equipment buyback and ceded its shares in the centre to the investor for its exposure in the first year, Van Heerden said.

# Blacks 'still bear brunt of hardship'

173

BIODAY 20/12/92

GAVIN DU VENAGE

Public next for be ited age dis- sti- ud- ver ns es, m- u- re ic th ie R o f e e f e )

BLACKS continued to bear the brunt of social and economic hardships throughout 1992, the SA Institute of Race Relations said in its latest report.

A compilation of statistics by the institute contained a "chilling reminder" that blacks suffered more than other population groups from political and criminal violence and economic decline.

The institute said racial imbalances were still evident in key areas such as education, employment prospects, housing, public amenities and health care.

Education statistics showed, for instance, that 1991/92 racial per capita state expenditure on school education was: blacks R1 248; coloureds R2 701 and whites R4 448.

More than 1,7-million children aged between six and 17 were not in school, and only 41% of blacks passed matric, compared with 96% of white pupils.

While black enrolment at technical colleges had increased 230%, they still only made up a quarter of the student population at technical colleges in 1992.

Employment prospects for black matriculants in 1993 were bleak, with predictions that the only sector offering job opportunities next year will be the informal

sector.

The institute quoted National Manpower Commission figures showing that there were about 5,4-million people without formal employment in 1991.

Of these, about 2,5-million to 3-million earned a living in the informal sector, while similar numbers were unemployed.

Black incomes continued to lag far behind those of whites, with 58% of black households earning below R700 a month and 51% of white households earning more than R4 000 a month.

Overall, 66% of the black population and 50% of the total population lived below the poverty datum line, the institute said.

Between 3,5-million and 10-million people were currently living in informal settlements and backyard shacks and, to eliminate the housing backlog, 198 000 new houses were needed each year for the next 10 years, the report said.

In 1992 there were 604 000 beds in hostels, but estimates were that in some hostels there were up to six residents per bed. The institute added that 23-million blacks had no access to domestic electricity, 4-million people have minimal water supply, and 7-million had little or no sanitation.

data report

ANC, PAC slated

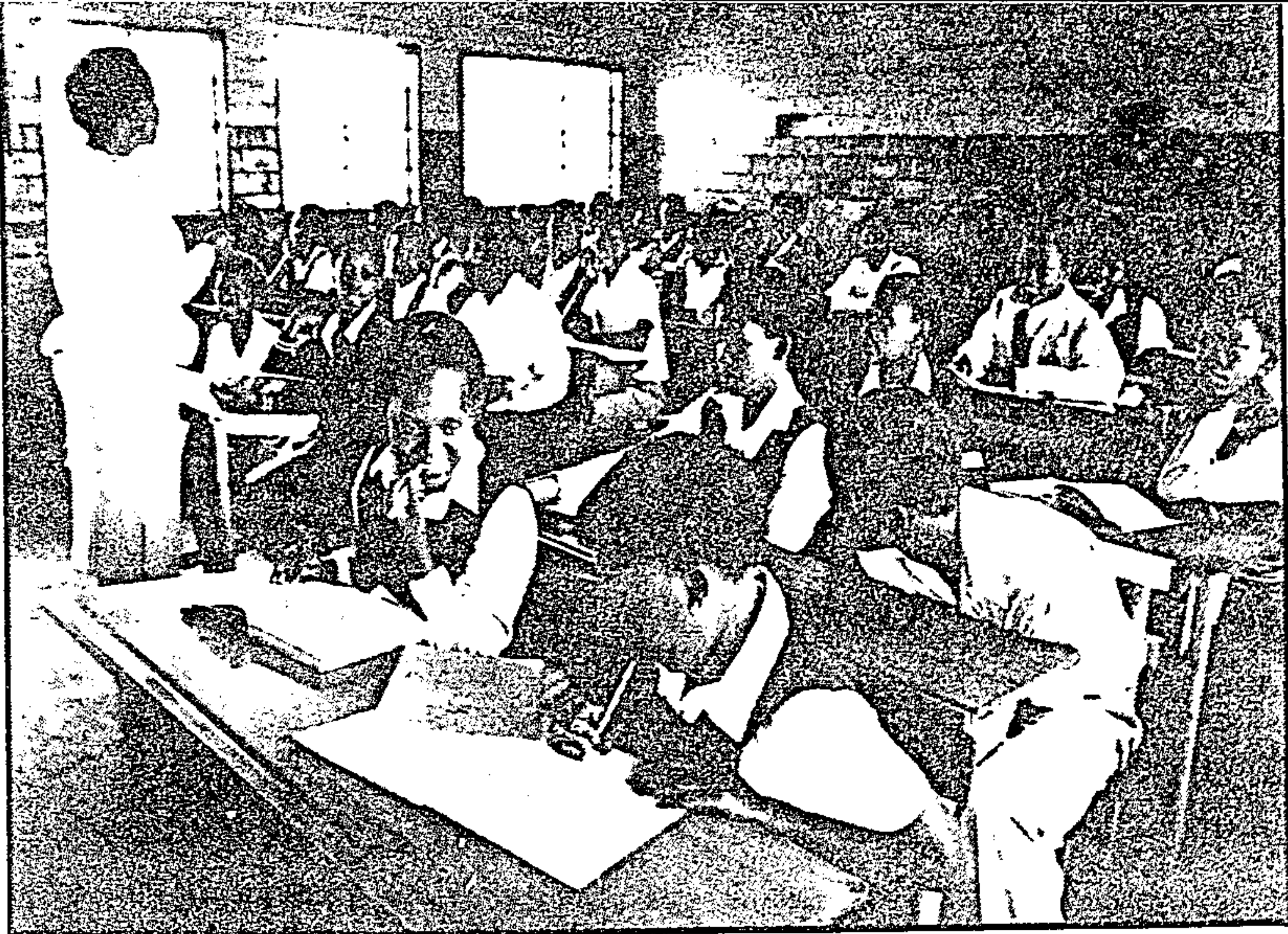


MANPOWER — GENERAL

1993

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**GOING DOWN ... State education still is funnelling black pupils into the ranks of the oppressed.**

# Bitterness as education axe comes crashing down

By **THEMBA KHUMALO**

**Z**WELI Mhlongo scowled darkly at the world while all around his classmates danced for joy.

They had passed their '92 matric examinations; the road ahead beckoned brightly.

But for Zweli failure filled his stomach with a terrible emptiness.

He and the majority of his class faced a bleak future in the long, depressing queue of the unemployed.

Such was the scene at one Soweto school this week where students went to collect their results.

Zweli was not alone in his despair. In the class of '92, 56,2 percent had failed.

Meanwhile, 97.9 percent of his white counterparts had passed - it seemed as if the axe of racism had struck yet ano-

ther crunching blow against the black youth of SA.

Zweli showed courage in appearing at the school to check out the results for himself.

Most pupils who, like Zweli, had not seen their name in the lists of "successful" candidates published in the press, had stayed at home.

Zweli was close to tears when he told me: "It's the most shattering day of my life. I worked so hard. I spent sleepless nights preparing for the exams and this is all I achieved!"

It had been his dream to enrol with a university for a civil-engineering degree this year.

However, at 25 he has crossed the age limit and will not be allowed to repeat matric at school. His only option is to join the ranks of the working class. But whether he finds a job to support his

ailing mother and a sister, is another matter.

SA Chamber of Business labour relations manager Gerrie Bezuidenhout drew a gloomy picture of the economic-world facing school-leavers.

Of 10 million economically active South Africans, five million were employed in the formal sector and the other five were resorting to "informal employment" - backyard trading and street hawking.

Bezuidenhout said school-leavers considered themselves lucky if they found jobs. They usually worked in factories as unskilled labourers or were appointed to minor positions in commerce.

Some became apprentices in certain categories of skilled or semi-skilled jobs while others were often employed as accounting clerks.

Bezuidenhout felt the only solution was the establishment of a government that would restore confidence in the economy.

He said a new authority - such as an interim government - would encourage local and foreign businessmen to invest their money in SA, in turn creating jobs.

Statistics released by the Department of Education and Training last week showed that only 23.4 percent of black matriculants obtained a university exemption.

Of the 130 341 who passed, only 30 542 can apply to go to university.

A principal at another Soweto school, who would not release the results of the exam until he had met his students to "motivate them about their careers", blamed pupil and teacher boycotts for the mess.

CIPRES 10/11/93

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# A Work for Life franchise creates jobs in rural areas

*SITimes (BUS)*  
17/1/93 (173)

TWO of the major economic problems facing South Africa is the lack of job opportunities and the lack of employment development in rural areas.

More than seven-million economically active people currently have no recorded employment and with about 400 000 new job-seekers entering the market each year the position can only get worse, with retrenchments escalating.

For companies that do intend to reduce their labour force and yet feel they have a social responsibility, an investment in the Rutec Work for Life development programme may be an answer.

## Concept

The programme has been developed to involve blue-chip corporations, governments, international development aid agencies, banks and community organisations in a workable job-creation project.

Work for Life is not a charity but a private enterprise and profit motivated concept that addresses this problem by creating micro-entrepreneurs and wealth in townships.

Once a community has been identified, Work for Life will appoint an entrepreneur to run a productivity centre profitably and efficiently.

## Business Times Reporter

A typical entrepreneur would be a teacher, community leader or a local businessman who would undergo a training programme of between four and six weeks. This will cover all technical and business aspects of running a centre.

Each manager is then required to recruit two other people, one of whom will receive technical training and the other business skills.

Each centre will be equipped with manufacturing equipment for demonstration purposes and the profit generated from this is for the individual's own account.

The main function, however, is the training of additional people in technical and business skills to establish their own productivity centres, the marketing and distribution of products and the supply of raw materials.

Productivity centres can be established at a cost of R100 for each job opportunity created.

Each centre operates as a franchise for Work for Life, training, perhaps, 100 people a month at a price of R50 each. From this it could establish 30 micro-enterprises at a set-up cost of about R4 000. Rutec

will supply raw materials on an ongoing basis.

These centres could enable local communities to become self-sufficient by establishing 1 650 entrepreneurs and creating 5 000 jobs over a five-year period.

Investors fund the establishment costs and, where necessary, building costs either through loan finance or guarantees and have naming rights to the project which becomes a Work for Life franchise with a 10% royalty.

## Funding

Conservative estimates indicate that each centre could create 1 650 job opportunities over a five-year period and that the total funding of each centre will be repaid over seven years.

Assuming that 300 centres are established over five years, which is the Work for Life objective, 500 000 micro-enterprises can be created, directly supporting about five million people.

The financial structuring of the Work for Life programme provides an investment opportunity that guarantees a return and helps companies take the sting out of retrenchment programmes.

# Big plus for small business

STimes (BSS) 17/1/93. ~~30/1/93~~ (173) ~~173~~

THE clamour for more money to be channelled into small business is fast becoming a crescendo.

The Reserve Bank, Sanlam's Platform for Investment scenario, the Development Bank, the World Bank, the Small Business Development Corporation (SBDC), a study sponsored by the life industry — all say that growth in small and medium enterprises (SMEs) is the way forward.

"SMEs are the light cavalry of the economy," says the SBDC's Ben Vasloo. "This is the worldwide experience."

The argument is that job creation in this sector should be put at the top of development priorities.

The housing kickstart popularised by the Nedcor-Old Mutual scenario is still bogged down in the political process.

It is also better to create a

Small business creates jobs. Yet little state money goes this route while billions flow into big projects.

Comment by KEVIN DAVIE.

job for a man so that he can buy his own home rather than put him in a house at great cost to the taxpayer. It would be nice for every South African to be given a home, but resources simply do not stretch that far.

The Nedcor-Old Mutual team also wanted a gear change whereby SA would sell value-added exports in foreign markets.

The gear change is well under way. The state-owned Industrial Development Corporation (IDC) is pouring billions into projects such as Alusaf and Columbus which will benefit imported and local minerals.

Many favour a two-pronged approach where

both labour- and capital-intensive industries are supported, but while the big projects are fully financed, small business is still waiting for the begging bowl to be filled.

The SBDC, which has created 300 000 jobs since 1986 at a cost of R5 000 a job and a 83% success rate, received no support from the Budget this year.

It has curtailed its activities, turning down seven good prospects for every two which are accepted. Inquiries meanwhile are flowing in at a rate of 1 100 a working day.

The SBDC last year examined its growth prospects and decided it needed R1-billion. Newspaper headlines report-

ed negotiations between the SBDC and 50% shareholder, the State in the form of the IDC, whereby the SBDC unsuccessfully tried to source finance from the IDC.

The IDC agreed to make funds available only if it could increase its say on the SBDC board where the private sector owns 50% of the shares but has 75% of the vote.

State funds of R1-billion controlled by the IDC will be invested in Columbus to create just 33 new jobs. The SBDC could create 100 000 jobs with this money.

The huge disparity illustrates SA's economic policy options very neatly.

For me the choice is simple. I would put the R1-billion into SMEs.

Tens of thousands of people would be able to use bricks to build homes rather than to throw at one another.



## Placement industry sees hope for upturn

Blom  
18/1/93 . JOHN DLUDLU (173) 

THE job recruitment industry was optimistic about a recovery in 1993 after the downturn of the past two years, industry sources said at the weekend.

Drake International's Mike Coppin said recruitment for permanent positions had declined in the past two years because of the recession.

"Since late last year demand for permanent positions has picked up and is continuing. I'm confident this year will be better," Coppin said.

Optimism in the political climate was likely to improve the job market, he said.

Kelly Girl Services' Gayleen Baxter said companies were making more use of temporary staff.

This was an indication of uncertainty in the job market.

"Employers are buying time with temporary staff. If there's an economic upswing they appoint that person permanently."

"The temporary side of the agency business is in a very positive trend and we foresee this being the picture for some time," said Baxter.

But temporary workers had to be better skilled and flexible than their permanent counterparts as they were expected to be productive in various environments.

Prostaff senior consultant Gary O'Bryan, who recruits for civil and construction engineering sectors, said his consultancy had not been as badly hit by the recession as had bigger consultancies.

"We are creating positions for marketable candidates in dynamic and forward-thinking companies," O'Bryan said.

Sources in the industry noted a decline in recruitment advertising over the last three years.

But, a slight recovery in appointments advertising was expected this year as the job market improved.

# Mandela in sanctions offer

WASHINGTON — ANC President Nelson Mandela said yesterday he was anxious to lift sanctions as soon as possible, but South African business would first have to promise to freeze retrenchments and hire more workers.

If he could get such an assurance from companies, he told a news conference here, he would ask his executive to endorse calling off remaining international boycotts as soon as a date for interim government elections had been set.

He added that "once sanctions are lifted there is no reason why the World Bank and IMF should not get involved".

The current ANC sanctions policy was to wait until a new government had been elected, but mounting unemployment and the "threat of further retrenchments" made this untenable, Mandela said.

"It will be difficult to repair the economy if we wait until a democratic government is installed."

On the eve of President-elect Bill Clinton's inauguration, which he has been invited to attend by the Congressional Black

SIMON BARBER

Caucus, the ANC president had kind words for outgoing President George Bush.

Bush had taken a "keen interest" in SA and had "done everything in his power to help", he said. He hoped the new president would continue this approach.

Deputy international affairs director Aziz Pahad could not confirm that Mandela would see Clinton or his Secretary of State-designate Warren Christopher during his five-day stay, but sounded optimistic that meetings would be arranged.

In the meantime, Pahad said, Mandela was seeing US business leaders to encourage them to take a serious look at SA investment opportunities.

Mandela himself stressed the ANC's need for "resources" to help it mount an effective election campaign against the highly "organised and experienced" NP.

On the status of negotiations, the ANC leader said the process was now moving forward smoothly.

BIDAN 20/1/93

(173)





# Call to boost small businesses

PRETORIA — Government funding of small business in SA should be increased from R800m a year to R4bn to stimulate growth and employment in the economy, Frankel Max Pollak Vinderine chief economist Mike Brown said yesterday.

The increase, from 0,3% of GDP to 1,3%, would generate more than 200 000 jobs a year and would shift SA to a more competitive and efficient economic structure, Brown said.

He was one of several speakers addressing businessmen in Pretoria yesterday on means of improving investor confidence in SA.

The Platform for Investment conference, which included contributions from senior executives of Sanlam, Ernst & Young, Frankel Max Pollak Vinderine and the HSRC, was the result of comprehensive research undertaken lo-

**ADRIAN HADLAND**

cally and abroad, Sanlam media relations senior manager Boet van der Spuy said.

Brown said the contribution of small businesses to SA's GDP had increased from 5% in 1980 to 17% by 1991. "We are not doing anything to encourage it and yet it is happening."

The advantages of investing in small business development included the low capital cost of job creation (R15 000 per job as opposed to R50 000 in the formal sector), the political acceptability of encouraging small business, the fostering of an entrepreneurial spirit and the promotion of regional development.

Brown said multiplier effects also had greater resonance when applied to the lower income com-

munity as a result of capital savings and improved labour intensities and consumer power.

The promotion of small businesses could be achieved by the establishment of a more sympathetic operating environment.

This included tax incentives, deregulation and the reduction of bureaucracy as well as the provision of education and training, business skills and access to technology. Linkages should also be generated between small and big businesses by encouraging subcontracting, tendering and by lifting barriers to competition.

The stimulation of small business, with higher government and private sector expenditure on housing and development infrastructure, would improve SA's economic health and make it more attractive to foreign investors.

B/PAM 20/1/93

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ANC chief worried about jobs

# Mandela's offer on sanctions

STAR 20/1/93.

By Michael Sparks and Hugh Robertson

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The ANC would be prepared to call for the lifting of sanctions if business strove to increase employment and agreement were reached on holding nonracial elections by the end of the year, ANC president Nelson Mandela said in Washington yesterday.

Organised business reacted cautiously to Mandela's statement. Spokesmen said even if sanctions were lifted immediately, unemployment levels were unlikely to change dramatically.

Mandela told a Washington press conference: "If I could get an assurance from business that they would be able to make a contribution to cutting unemployment and would put a freeze on retrenchments, and if we had a date fixed for an interim government and elections, then I have said I would be prepared to go to my organisation and urge that we call for a complete lifting of remaining sanctions."

Mandela, who is in Washington for Bill Clinton's inauguration today, said he was

deeply concerned about high levels of unemployment and the state of the economy, and that to delay its recovery would make it difficult for a democratic government to change.

He added: "Once sanctions are lifted, there would be no reason why the World Bank and the IMF (International Monetary Fund) should not get involved in helping us build up the economy. We are already in contact with the World Bank on ways in which it could help the country."

● Interim govt key to World Bank loan - Page 18

Business leaders said last night they were also concerned about unemployment, but creating jobs was not a simple matter, although lifting sanctions would contribute to greater investment.

Johannesburg Chamber of Commerce chief executive Marius de Jager said business did not create jobs for the sake of creating jobs, but risked money and capital in an attempt to make a profit.

"Business cannot create jobs because Mandela says he will lift sanctions."

But, De Jager said: "The

lifting of sanctions would contribute to creating the kind of stable and predictable society that business needs in order to operate."

SA Chamber of Business director-general Raymond Parsons said while business shared Mandela's concern about unemployment, the possibilities of job creation lay in better economic prospects beyond sanctions.

Parsons said: "What matters now to investor confidence and economic growth is South Africa's ability to reduce violence and show internal political progress and stability."

"Employment levels will rise again if we can boost business confidence by getting the politics and the economics right, in which sanctions play a minimal role."

At the press conference Mandela said he was being pressured into giving advance assurance that Inkatha Freedom Party leader Chief Mangosuthu Buthelezi would be given a high position in a future government of national unity.

He said the ANC was not prepared to give such an assurance, although it would strive to include all major parties in the government if it won the first free elections.

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# Mandela's offer fails to inspire excitement

BUSINESS analysts have raised doubts about Nelson Mandela's proposal to endorse an end to sanctions in return for early elections and job security.

They said business and all but extreme groups would welcome progress towards a nonracial democracy.

But business, trapped in the country's worst recession since 1908, could find it difficult to make an acceptable deal on jobs. "Decisions on those are taken in the light of economic circumstances," said Barlow Rand spokesman Ken Ironside.

Mandela said in Washington high unemployment, a stagnant economy, endemic violence and the threat of further layoffs meant the ANC should reconsider the sanctions issue.

He said if he could get assurances from businesses on job creation and security he would urge the dropping of sanctions.

Sacob president Spencer Sterling welcomed the offer, but cast doubts on a trade-off between job creation and sanctions.

Sterling said his organisation shared Mandela's concern about unemployment, but believed the possibilities of job creation lay in better overall economic pros-

pects beyond sanctions. (173)

"Although sanctions originally had a negative impact on SA's poor growth performance, sanctions are today a far less important element in the economic scenario." *BIDAY 21/1/93*

A reduction in violence and a show of political progress and stability were important to bolster confidence and growth.

The PAC opposed the lifting of sanctions, saying the move would be contrary to UN and OAU resolutions. Azapo said lifting sanctions before the end of minority rule would be premature.

SA Council of Churches general secretary Frank Chikane also opposed Mandela's call, urging US President Bill Clinton to order US banks to stop handling monetary transactions from SA.

"We believe that this is a vital step that will help to ensure necessary purpose of action from major role players in the current negotiations. South Africa needs a speedy and smooth transition," Chikane said in a letter congratulating Clinton on his inauguration. — Sapa-Reuter.

● Comment Page 6

## ▶ A chance to own a company

# Rutec franchise to create jobs

Sowetan 22/1/93.

By Mzimkulu Malunga

■ Entrepreneurs wanted from disadvantaged communities: (173)

A COMPANY manufacturing small-enterprise equipment plans a major franchising campaign which would not only enrich its own coffers but lead to the creation of hundreds of jobs.

Through its marketing arm, Work for Life, Rutec plans to sell franchises to entrepreneurs in the disadvantaged communities to open training centres for people interested in owning their own businesses.

"This is a positive affirmative action programme that is motivated by profit and private enterprise - not charity," says Rutec managing director John Dommatt.

The envisaged programme starts when the entrepreneur buys a franchise from Work For Life and opens a training centre in the community he lives in.

Then Rutec will assist him with the training of instructors who will teach prospective entrepreneurs about the key dynamics of running a business - production and management.

According to Dommatt, the screening process of prospective franchisees will be stern. "We will only take the best."

They will have to satisfy three major categories to qualify. One is that they should have a strong financial background and would-be franchisees should know the needs of the communities they work in.

Lastly, the franchisee should be satisfied that candidates for instructors' positions at the training centres are appropriate persons as most of the machines need people with a technical background.

Costs for starting a viable franchise range between R10 000 and R30 000, depending on the size of the community the business is aimed at serving.

Conservative projections, says Dommatt, indicate that each centre, if properly run, can create about 1 640 business opportunities over a five-year period.

The target is to establish 300 centres in the next five years and it is estimated that they could generate up to half a million smaller enterprises during the same period.

All centres must be motivated by a profit incentive, emphasises Dommatt. The average cost a course will be R50 and most of them will run between a day and a week.



# Job seekers faking documentation

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DESPERATE job seekers are increasingly presenting forged education certificates and padding their personal histories, industry sources say.

Kelly Personnel MD John Dawkins said job seekers were "taking a chance" by forging symbols and subjects on matriculation certificates. "People are desperate, and since we receive photostat copies, it is relatively easy to change the detail of original documentation," said Dawkins, whose Parktown branch received four to eight forged documents a month.

There had always been a "market" for forged certificates, but the situation had grown slightly worse lately, he said.

A Standard Bank spokesman said: "Most forgeries are amateurish, with symbols on original copies Tippexed out or typed over. Lying about references and past job experience also occurs." The bank received two to three forged certificates a month.

Anglo American senior personnel consultant Rob Lloyd said his company had not experienced forgery problems as it demanded certified copies of all documentation.

"We make it clear that falsifying documentation is a dismissable offense, but we acknowledge that our policy is not watertight," he said.

Quest Personnel Sandton branch manager

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TRACY SCHNEIDER

Sue Minnaar said forged documentation and padding or omissions in CVs were "definitely becoming more prevalent."

"Often a small part of the CV is lied about, with job-seekers believing we won't verify details. However, we have to check up on everyone." Minnaar said forgeries usually occurred among those who could not find jobs because of poor work records or bad matriculation results. "We certainly don't condone or put forward an applicant that has false documentation, but their plight is understandable."

Cozens Personnel MD Ladrach Cozens expressed concern over job seekers' disregard for the seriousness of forgery. "Verification of documentation is easy, and job seekers don't realise the negative ramifications of forgery, which throws their work ethic into dispute."

She said trained consultants could easily detect forgeries.

Dawkins was concerned that no system had been established to monitor and record instances of forged documentation among job seekers. "The result is a difficulty in ascertaining the scope of the problem. We have brought the issue to the attention of the education authorities, but they have failed to act."

# Recruitment agents upbeat over ad figures

B(OM) 27/1/93. (173)

TRACY SCHNEIDER  
and JOHN DLUDLU

A MAJOR economic indicator — recruitment advertising — had shown an uptick in the past few months, industry sources said recently.

MSL MD Mike Hardaker saw the slight increase as positive, especially since this industry was perceived to lead economic activity by a number of months.

Human and Mundels Recruitment Advertising Agency owner Helen Human said: "The economy is moving into a change cycle and companies are looking for heavyweight people adept enough to lead this phase."

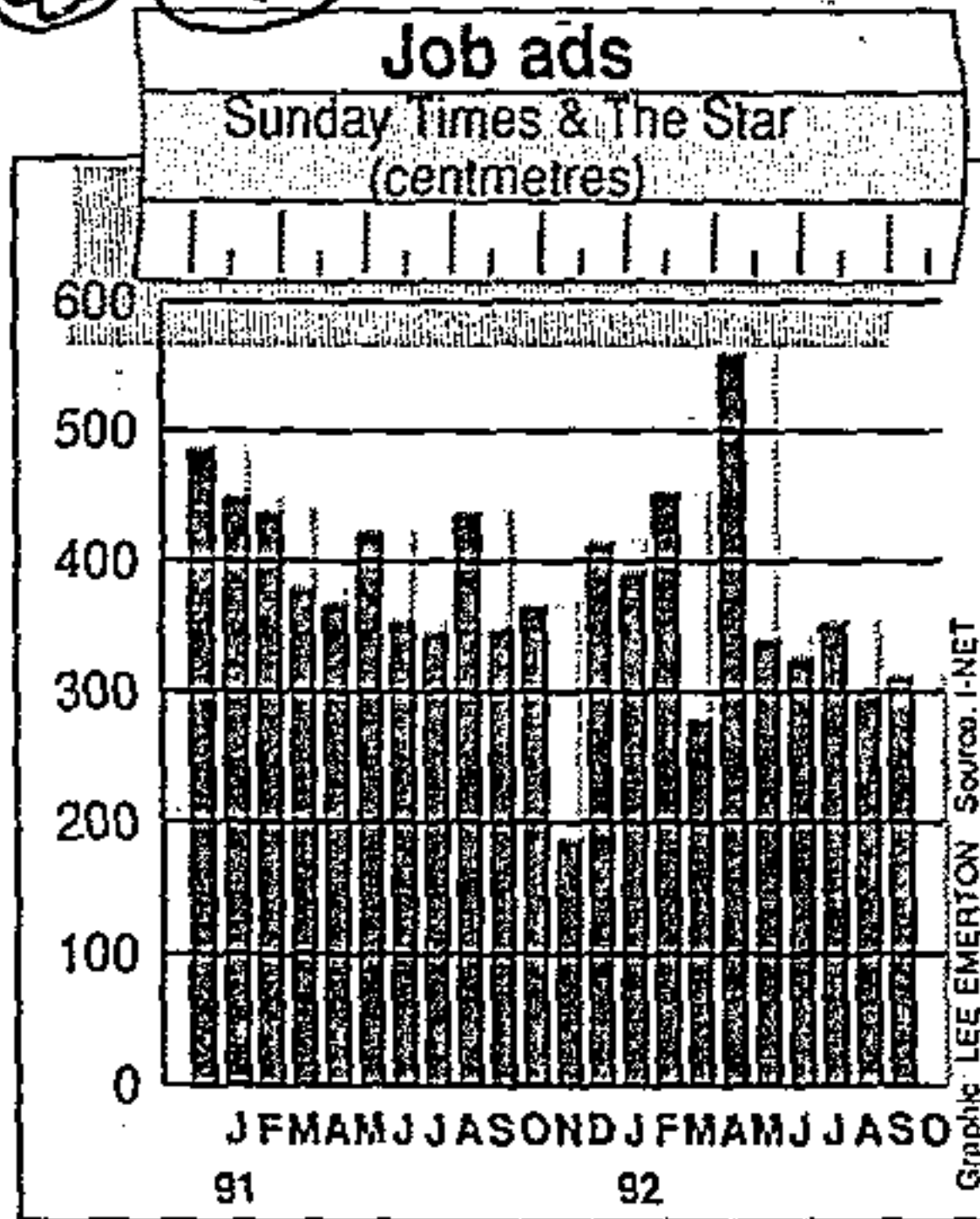
Recruitment advertising booked in the Sunday Times and The Star showed a sharp fall to below 200 column centimetres for December 1991. This figure rose to 550 column centimetres for March 1992.

Latest available figures showed column centimetres booked for August, September and October 1992 around the 300cm mark.

However, industry sources said re-organisation and reviewing within companies early this year had led to an increase in management vacancies and subsequent recruitment advertising, and they expected this trend to be sustained.

Renwick Management Services MD John Sherratt said the increase in recruitment advertising was normal for this time of year, since year-end requirements were often rolled through to January. Sherratt said many companies also entered 1993 with a "refreshed, optimistic view".

"The industry is in survival mode and has stopped waiting for the economy to move out of a recession. We must make our



own future and can do so only with good people," he said.

Right Agency MD Jack Bensch said the increase was "cyclical" and did not reflect a lack of available skills. "There is an abundance of qualified people in SA."

Altlevel MD Paul Brand said that while he did not think there had been a flight of skills, the situation in the appointments advertising industry reflected the difficulty inherent in recruiting "good candidates".

"Companies look after good people, which is why it seems as if they're not available," he said.

"There are many highly qualified people around. It is only a certain category of people that are in high demand — highly specialised management services."



## 19 000 loans total R30m

PETER GALLI 173

THE Get Ahead Foundation will allocate about 19 000 loans with a value of R30m in the 1992/93 financial year, says chairman Don MacRobert.

"This will hopefully help create between 15 000 and 20 000 much-needed jobs at this level," he said yesterday.

The business development organisation is funded by 14 foreign governments, a host of multinational corporations, foreign foundations and an ever-growing number of local businesses like JCI, Gencor, Anglo American, Sanlam and Iscor.

The money is channelled into three divisions: the microenterprise or stokvel loan division that assists in establishing small businesses; the capacity building division that assists new developing communities to help themselves, and the home loans division.

"We operate in 22 areas, and in five of these we have had a recovery rate of 100% since inception. Our general recovery rate exceeds 90%..." he said.



# Beating the unemployment trap

STATISTICS reveal that over the past 15 years the job market for matriculants has steadily deteriorated. In 1975 only 63 percent found employment, this dropped to 22 percent in 1985 and only 12 percent in 1989. The figures for 1991 dropped even further to 7 percent, which means that only seven out of every hundred matriculants were able to find a job in 1991. So what can be done to ensure that matriculants will emerge top of the job-hunting pack, and are able to get a foothold in the career of their choice?

"In the present economic times employers have to put their company interests first, so they select staff who are able to make a contribution rather than having to be put through lengthy, costly training," says Sufe de Roos, managing director of Academy of Learning, head office.

"Companies are looking for people with job experience or who have acquired basic skill training which will automatically put them on a higher level than the average job seeker."

What are these basic skills? "The skills one learns at schools or university to become a clerk, an accountant, a doctor or an engineer must be supplemented with others to play a major part in business or to increase a person's market value to their employer."

"In the modern business world there is no company which does not contain a computer, word processor, fax machine or even typewriter. Information, whether in electronic form or on paper, is the life blood of any company. Every employee, from a clerk to a managing director, comes into contact with one of these business machines every working day," says De Roos.

## Useful

"The chances of obtaining a job are much greater if a prospective employee has keyboard skills, either as a competent typist or is able to apply basic operational computer programs such as word processing."

"Another useful business skill is bookkeeping or having a good knowledge of accounting practices. Prospective job-seekers must be prepared to sacrifice some of their time to equip

Job-seekers must be prepared to learn extra skills

STAR 28/1/93

themselves for the future.

These skills can be acquired at a technikon, but these courses take three years to complete and the competition is extremely high.

There are a number of training establishments in the country, of which the Academy of Learning (AOL) is probably the largest. AOL offers students flexi-time basic business skills courses at times convenient to the student.

Students have the advantage of completing their courses in a shorter time than at the more traditional establishments.

For example, a student at a private college can be trained to become a top executive secretary within 6 to 8 months. This places her in the job market 24 months earlier than her technikon counterpart.

Basic skills courses offered at private colleges include typing, shorthand, executive and legal secretary, bookkeeping, computer appreciation and personal computer application training in word processing, spread sheets, class operating software packages such as dBase III Plus. Some colleges have added other courses to their range which equip students to work in a different environment or to take their business studies to a higher level.

Such courses include Public Relations (recognised by the Public Relations Institute of South Africa), Intermediate Accounting (which entitles students to write the prestigious financial management institute of South Africa examination, recognised by South African accounting companies); Computerised Accounting, which takes students through the accounting functions — debtors, creditors, stock and invoicing, general ledgers and VAT.

Other courses include Business English, which teaches the basic rules of grammar, the basic framework of a business letter as well as offering electronic communication using equipment like computers, word processors, photocopiers, fax machines.

AOL runs literary courses for students with little command of English. These are designed to make students functional in English so that they will be able to read and fill in job application forms. Unions are recommending these courses to their members to improve their standards and prospects.

AOL also offers a storeman/stock controller's course which covers the basic duties and responsibilities of a storeman — stock and order cards, stock ordering, continuous stock taking, use of computers and stock control, automated stock control systems, safety and security procedures.

Most of these courses may be taken separately or combined, depending on the needs of the students.

There are thousands of South Africans looking for work. Too many people, especially school leavers, sit back and wait for a job to fall into their laps.

Those who have not had the foresight to acquire skills outside their normal discipline will be left on the sidelines. The ones most likely to succeed are those who can offer employers additional skills in typing, operating computers, bookkeeping.

## Tasks

"Having obtained their first job, a person must be prepared to do many menial tasks like operating a switchboard, filing, handling the post. Once they have demonstrated their ability to their employer they will be able to reach a higher notch within the company," says Sufe de Roos.

"Most companies prefer to promote from within as they can more readily assess the calibre of someone who is already an employee."

Recently some AOL colleges have been granted full private technical college status, enabling them to award AOL diplomas, which are recognised by the department of education and widely accepted by industry.



Honoured, we're sure... Sally Benbow-Hibbert (seated), chief executive of Charter Training Group, Carol Prins, director, Academy of Learning, head office, with the "Franchisor of the Year" award from the SA Franchise Association; while Schaik Bothma (Director — Academy of Learning, Walkom) was named as one of the top three finalists in the "Franchise of the Year" award.

## Multi-skilling is the thing

the Kelly Group of Personal Services. This resulted in the equipment teaching methods and courses being updated to meet the needs of the modern business world.

Kelly-Greenoaks is the founder member of The Association of Private Colleges of Southern Africa (APSCA) and its managing director was APSCA's founding chairman.

APSCA is a spokesperson for the private body tertiary education and is concerned with maintaining the highest standard of education and training throughout its member colleges. APSCA members are required to adhere to a strict code of ethics and conduct to ensure high standards are maintained.

Kelly-Greenoaks diplomas are renewed as they offer students the opportunity to achieve local and internationally recognised diplomas, via their affiliation with the following institutions which approve of the courses and endorse the certificates: PRISA, IMM, ITM, Pitman London, RSA London.

Kelly-Greenoaks offers a va-

"THE future belongs to those who prepare for it," is a maxim that is entrenched in students who attend the Kelly-Greenoaks Business College, "Professional learning of the highest calibre is given to students on the most modern equipment in a stimulating environment."

"Multi-skilling is the buzz word in the business world of the 90s," says Jean Whitlow, director education and training Kelly-Greenoaks business college. "Courses are geared to give students a diversified range of skills to equip them to meet the challenges of the changing role of the secretary."

"Today's secretary makes major key decisions in a company and often holds the status of an executive. They are the backbone of a company and the cogs of business could not turn without their support."

Kelly-Greenoaks is a trailblazer for other private colleges. It started in 1958 as the Greenoaks private school. In 1983 it became Kelly-Greenoaks when it was incorporated into

riety of specialised courses such as Marketing, Public Relations, Law, Travel. The range of subjects and skills is constantly being broadened and updated.

The courses provide a two-fold marketing trust — to teach school leavers basic business skills and to upgrade the skills of staff in existing business positions. "Kelly-Greenoaks is committed to both these aspects of this training and run a number of part-time evening courses geared for adults," says Whitlow.

One of the bones of contention facing APSCA members is the lack of recognition of private colleges by the market bank loans. Companies are not prepared to sponsor bursaries for students attending a private business college.

Unfortunately, banks have adopted a similar attitude and won't consider giving loans to students at these colleges. This situation will continue as long as the marketplace fails to recognise the importance of these basic business-skills courses.



# JOB MARKET

# Entrepreneurs the real heroes of economic life

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SI Times 31/1/93

(Buss) By KEVIN DAVIE

WHILE historians and economists have not always agreed on what it takes to create wealth, entrepreneurship is now widely regarded as part of a successful formula for achieving economic growth.

Small Business Development Corporation managing director, Ben Vosloo, says it is unfortunate that in SA the pursuit and creation of wealth is still treated with some degree of suspicion.

"Business is often seen as evil in spirit and selfish in purpose while the entrepreneur is regarded as a vicious exploiter of workers.

"In reality, entrepreneurs are the heroes of economic life."

Dr Vosloo says the key role of entrepreneurship is generally underestimated. Production is not possible without raw materials, labour and capital, but the entrepreneur plays the key role in that the other factors are not self-mobilising.

"If the entrepreneur is not in the saddle the production machine comes to a standstill."

Dr Vosloo says the vast majority of businesses in SA are small and medium enterprises (SMEs) with small business (both formal and informal) by far the largest.

"Of the more than 800 000 formal business entities in SA, an estimated 91% or 720 000 can be classified as SMEs. Their share of GDP is about 45% and they employ approximately 2.4-million people or 17% of the 14.3-million economically active population."

Dr Vosloo says if the informal sector is included, this involves a further 4.4-million people and ac-

counts for a further 15% or so of GDP.

He says small businesses feature largely as the dominant force in job creation in the high-growth economies of the Pacific Rim: "In Japan 99% of all private, non-primary businesses are classified as small and are largely accounted for by the practice of establishing stable commercial linkages with large firms.

"Over 6.5-million small businesses exist of which 800 000 support the manufacturing and assembling activities of the large export corporations so well known in world markets."

Small enterprises have created more than two-thirds of the new jobs in the US since the 1970s while Fortune 500 companies pruned between four and 5-million jobs.

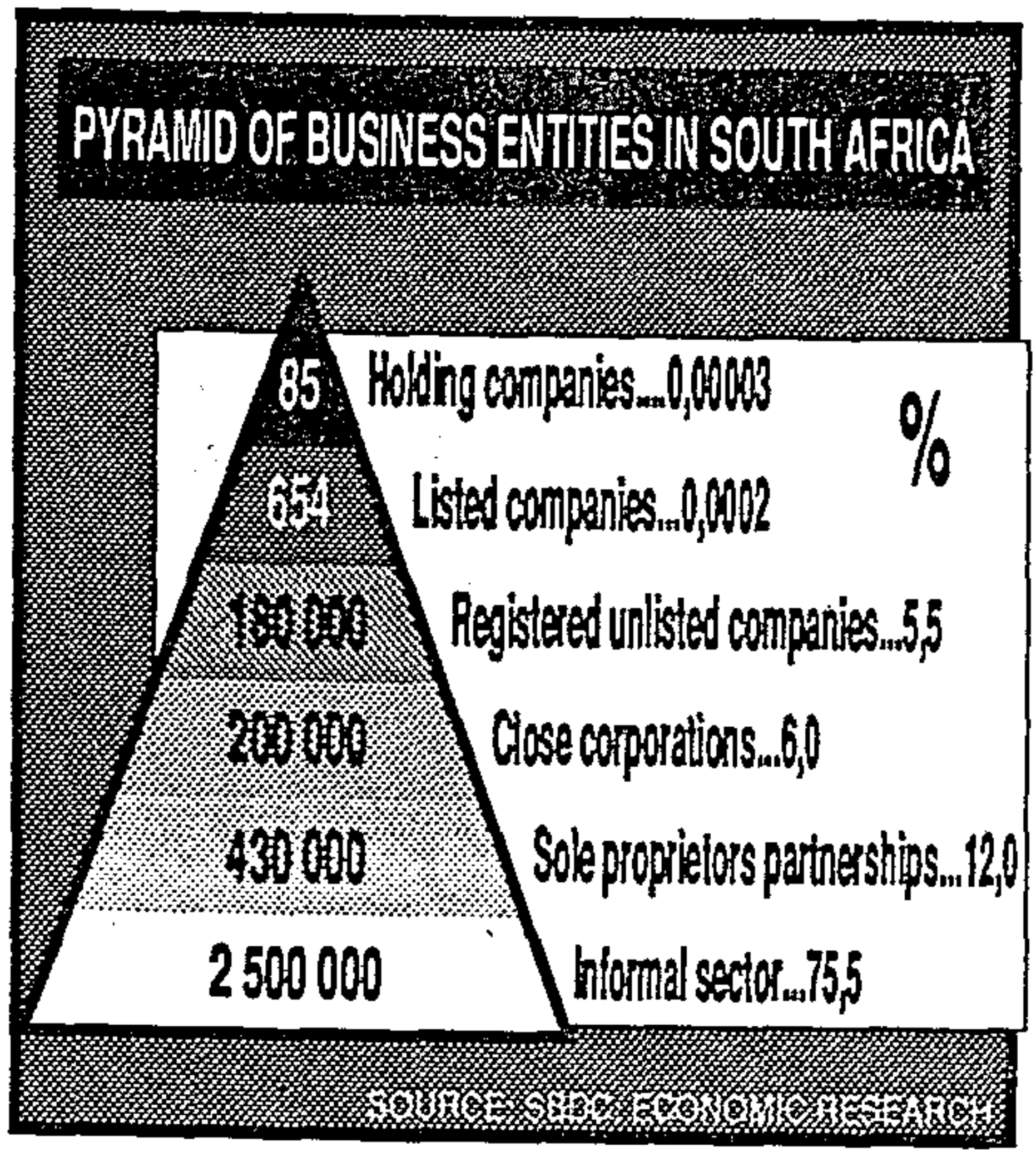
Says Dr Vosloo: "The message is abundantly clear: if you wish to have a vigorous, expanding economy, you must have a vigorous expanding small business sector."

He stresses though that small and large business should not be viewed as competitors, but rather as partners in the economic structure.

During economic recessions small businesses tend to react faster to new opportunities and stimulate economic growth by providing work for the unemployed and lesser educated.

Large businesses are better able to withstand short-term fluctuations, providing stability.

He says the secret of success of



many prosperous countries lies in the inculcation of an entrepreneurial spirit where people are less restricted if they work for themselves.

Although every society needs regulations to ensure health and safety, protect the environment and bring in government revenue, the balance of the scales must not be tipped against enterprise.

"The more people can concentrate on running their businesses,

the better for jobs.

"All regulations should be scrutinised against criteria of necessity, effectiveness and predictability. The path to economic growth lies in building businesses, not barriers."

Dr Vosloo says while there are elements in society who ache at the prospect of working from nine to five, entrepreneurs can hold down three jobs and work happily from five to nine.

Star 12/19/93

# Way seen of creating 400 000 jobs a year <sup>(173)</sup>

By Derek Tommey

South Africa could generate more than 400 000 jobs a year at a relatively low cost if it gave priority to job creation, says Mike Brown, economic consultant with Frankel Max Pollack Vinderine.

He was addressing the Platform for Investment conference at the weekend, sponsored by Sanlam, Frankel, the Human Sciences Research Council and Ernst and Young.

Brown estimated that about 30 percent of SA's population was unemployed or underemployed.

He said 400 000 jobs could be created every year if attention were paid to job generation in the small business and informal sector and to infrastructural construction for the lower-income groups.

He said an investment of R5 billion in black housing could generate 150 000 jobs a year, an investment of R800 million in electrification could generate 80 000 jobs and an investment of R600 million in water supplies could produce 30 000 jobs.

Altogether, an investment of R6,4 billion would lead to the creation of 260 000 jobs.



Mike Brown... not too difficult to increase rate of investment

If a further R4 billion were made available for business development in the small, medium and informal sectors, another 200 000 jobs would be created.

Brown said the Small Business Development Corporation (SBDC) received about 1 400 inquiries a day, but because of lack of funds made only about

300 loans a month.

It could increase the figure to 400 to 500 month if capital were available.

The jobs would cost R20 000 each to create, against many times that figure for jobs in the formal sector.

Brown believed that in the first year of the programme 460 000 jobs would be created, falling to 400 000 in the second year and then rising to 500 000 in the third year.

Brown said it would not be too difficult to increase the rate of investment as a proportion of gross domestic product (GDP) from the current 17 percent to the more traditional 25 percent.

The extra 8 percentage points could come from a switch in the 2 percent savings outflow to domestic purposes; an inflow of foreign aid equal to about 1 percent of GDP, a moderate 3 percent in government saving, and capital market funds equal to 2 percent of GDP.

Based on what other countries had received in the form of aid, he doubted whether SA could expect to receive more than the 1 percent mentioned above.

Money raised in the capital markets could be channeled to help small businessmen.

However, this would need the development of money instru-

ments acceptable to institutions.

If South Africa wanted faster economic growth, it should start thinking about cutting taxes — if not immediately, then in the next few years, said Ian Mackenzie, national tax partner of Ernst and Young.

He would like to see the company tax rate reduced from its present 48 percent to 40 percent, which was more in line with the rate overseas — and ideally reduced to 35 percent.

South Africa's 48 percent company tax rate was uncompetitive and had a direct impact on domestic investors when compared with international competitors and on potential foreign investors.

Mackenzie suggested that small business should pay tax on a sliding scale, with the first R100 000 in profits taxed at a rate of 30 percent. There were precedents for this in the US and UK.

He said there was no international correlation between the maximum rate of individual tax and income levels.

But in South Africa the maximum rate was reached at much lower levels.

He suggested the maximum tax rate should be reached at R150 000, instead of at the current R80 000.



Star 11/2/93

# 400 000 jobs within reach

South Africa could generate more than 400 000 jobs a year at a relatively low cost if it gave priority to job creation, according to Mike Brown, consultant with Frankel Max Pollack Vinderine.

(173)

# The job creation conundrum

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FM 5/2/93

The deal offered by ANC president Nelson Mandela on sanctions raises a crucial question. Can business deliver? In Washington last month, Mandela said he would ask the ANC executive to endorse a call for an end to sanctions. But in return he wanted business to make a significant contribution towards cutting down unemployment and to pledge itself to a freeze on retrenchment.

Clearly an end to sanctions will help the economy. But no-one can estimate how long it will take to work through to new jobs. It's sometimes forgotten that business is just as keen as the ANC to see new jobs created. Rising levels of employment are often synonymous with rising prosperity for business.

Mandela, of course, was probably directing his remarks at his supporters rather than business. By establishing a connection between an end to sanctions and employment growth, he was justifying a move seen by many in his camp as premature.

But, having pointed out that job creation — and its flipside, retrenchment — is a function of the market and is not subject to the arbitrary manipulations of the business sector, business will no doubt consider what contribution it can make.

Frankel, Pollak, Vinderine economist Mike Brown believes future investment should be directed into labour intensive activities. Small- and medium-sized businesses usually generate more jobs, so he suggests injecting capital through special development funds, independent of government, into infrastructure and into developing the informal, small and medium-sized business sector. Funding could come from foreign aid, contractual savings and capital market borrowings.

What part can big business play in this process?

The Small Business Development Corp's assistant GM, Dawie Crous, says companies could subcontract to small- and medium-sized businesses. In Japan, where 98% of all businesses are considered small- or medium-sized, this is enforced through legislation. But similar legislation could be disastrous in SA. If subcontracting is not cost effective, compulsion will erode productivity levels

even further.

Cosatu's Neil Coleman suggests business should spend more on developing employee skills through education and training which, in turn, will increase competitiveness and generate sustainable employment. Few would argue with that.

There are thus limits to what business itself can contribute. Government can perhaps do more, but how successful its job



Clothing industry . . . remove restraints and create jobs

creation projects are is a moot point.

Brown estimates that R10bn spent on a work creation programme would create around 460 000 new jobs (roughly R21 740/new job) within 12-18 months. But Syfret's economist Elmien de Kock believes Brown's estimate is high.

Brown stands by his figures which, he says, were collected from reliable sources. Statistics from a study undertaken by Development Bank of SA economist Carel Meintjies suggest Brown's figures are not seriously out. In 1990, capital of R28 000 created one new job in labour intensive industries, while R239 000 was required to generate one job in capital intensive industries.

But economics consultant Azar Jammie, of Econometrix, argues that massive spending on job creation attacks the symptom rather than the cause of the problem. He contends the structure of the economy needs to be changed to make it more friendly to small businesses. This includes removing protective barriers and foreign exchange controls, educating the workforce and providing small businesses with tax incentives.

A problem UCT's Brian Kantor has with a

single R10bn cash injection in job creation — apart from it being too large for practical purposes — is who would be responsible for directing it into labour intensive investment? He recommends "letting investment find the best return on its own merits."

Negative real interest rates for much of the Eighties cheapened the cost of capital relative to labour, says Fergusson Brothers economist Tim Hacker. Monetary policy since 1989 has been directed at reversing this.

Kantor identifies another important influence in the shift from labour to capital over the past 10 years. "The formal sector has been cutting back on labour creation following an increase in labour costs through wage push pressure."

Brian Allen, of labour consultants Andrew Levy & Associates, concurs, adding that SA has one of the lowest productivity levels — in terms of unit labour costs which, he believes, is the only true measure of productivity — among the industrialised and semi-industrialised nations. "Until we get this right, high technology production process will be more attractive to employers," he contends.

Nedcor Bank's chief economist, Edward Osborn, is scornful of policies directed at expanding labour intensive industries. He maintains that, in countries like SA, where much of the population is highly unproductive and ill-educated, it makes little sense to lower the capital to labour ratio — rather it should be increased. "Unless this country chooses to stop the world and get off, the competitive process will dictate that it continue as best it can with the modern stream of technological developments".

The unemployment problem is daunting. Under current capital:labour ratios, some 200 000 new job opportunities in the formal sector would be created should the economy grow at 5% to 6% in real terms — an almost impossible goal in the current circumstances. The annual number of entrants to the labour market is estimated at 400 000. Admittedly, though, additional jobs would be created in the informal sector in a growing economy.

It thus seems that, other than providing training and funding educational projects, there is little that business can do to resolve SA's unemployment problem. The best course lies in removing restraints on the economy and allowing people to direct their energies where they see the most opportunities.



# Public works scheme to create jobs

By FERAL HAJFAJEE

A PUBLIC works programme could be just the manna the legions of unemployed in South Africa need.

The Congress of South African Trade Unions, together with the National Economic Forum and civics are putting together a plan for using public funds to provide employment to thousands of unskilled workers.

The workers participating will also be given on-the-job training — both task-based and basic education — while they help to construct the basic rural and urban infrastructure the country needs.

The programme relies on community participation from start to finish. Payment will be task-based — as opposed to weekly or monthly wages — and the community can decide how many workers will be employed on any one project.

Although payment will be pegged to existing collective bargaining agreements in the industry, the programme will see the creation of a new category of worker in South

African labour legislation.

Budget estimates for the planning of the job creation plan have been put at almost R2-million while pilot projects will cost another R2-million.

Cosatu is already trying out some of these ideas in the Consultative Forum on Drought which it says will provide short-term employment.

Pilot projects could begin by September and Cosatu hopes the national programme can be launched in April next year.

But there is a lot of spadework to be done before then: 28 government institutions now disburse money for job creation but a national public works programme needs only a "single, strong and appropriate institution", says Cosatu. The programme will entail changes to labour legislation and tender regulations. It could also mean tax changes.

The University of Cape Town-based Employment Task Force suggests tax incentives be given to employers who shift to labour-intensive schemes.

Iraj Abedian, of the task force, claims a public works programme will "avoid the pitfalls of indignity, dependence creation and indigency promotion associated with a variety of anti-poverty social welfare schemes". The programme, he adds, "is within the fiscal means of the government".

Cosatu states that the programme must be "economically efficient" and provide "technically sound finished products".

The following projects will be given priority: Urban streets and rural roads; water supply projects including large and small dams, irrigation canals, bulk water supply and water reticulation; sewage treatment ponds and stormwater drainage.

In a related breakthrough for job creation, Cosatu has also signed an agreement for "labour-based construction" with the civil engineering industry.

This agreement is the first industry-based agreement and will link up with the national public works programme. It will be tabled at the National Economic Forum this month and be put to the South African National Civic Organisation for endorsement, after which projects will start.

The construction industry has shed the most jobs in the country. This agreement will ensure its "long-term viability and stability", according to the agreement. Construction projects under the agreement will be funded by the state and will not sacrifice employment conditions, says Cosatu.

Labour will be recruited from within communities where projects are being carried out and special consideration will be given to women and youths who have never worked.

DIRK HARTFORD

THE national economic forum has called for written submissions from interested parties on a programme to tackle unemployment and create jobs, particularly in the areas of state tenders such as the construction of schools and public works and special employment projects.

Forum spokesman Tommy Olifant said yesterday the forum's short-term working group saw "external input" as a vital part of developing practical and realistic proposals to address job creation. The forum wanted to "deliver" on job creation in the short term. "If it does not deliver it will be seen as just another talk shop."

The forum — in the interests of functioning in a transparent and democratic way — intended having public hearings on pro-

## Input sought for job programme

BIDAM 5/2/93  
posals for creating jobs after written submissions had been received.

Information, proposals, opinions and options on the critical challenge of developing strategies to tackle job creation were sought from as wide a range of interests as possible, he said. The forum believed all economic stakeholders had to contribute to a job creation programme "structured in such a way that it integrates with long-term economic strategy".

The closing date for written submissions to the forum secretariat is February 23.

● Picture: Page 3



## 250 000 posts lost over three years — Steyn

Own Correspondent

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DURBAN — At least 250 000 jobs had been lost throughout SA since the start of recession three years ago, Independent Development Trust (IDT) chairman Jan Steyn said yesterday.

He told a seminar on economic growth, development and power politics that the IDT was making R37m in loan funds available as well as R25m in grant funding, while the Development Bank of South Africa had appropriated R85m in loan funds over the next three years to assist small entrepreneurs.

He appealed for a greater urgency in pursuing a functioning economic forum.

Steyn said it was essential that the planning and negotiating of such a forum had a concrete outcome.

Facing its gravest economic crisis this century, SA needed to create more jobs and to meet basic needs through investment in production activities that had multiplier effects.

He said only an additional 1,1-million employment opportunities were created over the period 1974-1989, while the labour force increased by 5,1-million.

He said that in 1980 at least 50,5% of black households lived in poverty and 50% of black households earned less than R400 a month. In addition, more than 8,3-million South Africans were illiterate two years ago.

"Official estimates of unemployment, which are a minimum indication, suggest that some 25% of Africans are unemployed and the figure is rising. The Development Bank of Southern Africa estimates this figure to be 30,9%."

About 43% of economically active blacks were either unemployed or sought subsistence in the informal sector. Since 1991 the rate of increase in personal disposable income had fallen below the inflation rate.

# Job creation now has top priority, says Minister 173

DEPUTY Finance Minister Theo Alant yesterday signalled the possibility that government might launch large-scale job-creation programmes soon.

Speaking at a labour relations conference in Port Elizabeth, he said the topic was one of the national economic forum's highest priorities.

The forum had decided to call for public submissions on the topic.

Alant said SA had an element of structural unemployment and under-employment and there was scope for job-creating programmes.

However, government's first priority was to revive and increase production investment by the private sector, since no economy could thrive if public sector job-creating programmes had to provide the main thrust for performance.

There was no reason why the economy should not move into a new growth phase during the second half

BIDA 11/2/93  
**TIM COHEN**

of the year, he said. The US economy seemed to be gaining momentum and the effects should spread.

Private sector industrial projects amounting to R29bn would help economic activity pick up, and the effect of the drought this year was less severe than had been feared.

There were great incentives for all participants in the national economic forum to embark on a joint co-ordinated strategy to promote economic growth. Relations between government and labour and between labour and business, in the sense of a better understanding of each other's motives, aims and responsibilities, had improved remarkably, he said.

The forum had been in operation only a few months, but was focusing on a wide spectrum of matters.

It had decided to establish two working groups, on short-term and long-term issues, and had compiled a

fairly comprehensive list of economic matters to be discussed.

Government departments were preparing papers for presentation to the working groups on a variety of matters, while other participants and outside experts were also providing input, he said.

The gap between expectations on the one hand, and the country's production capacity and ability to deliver on the other, was widening.

Poor productivity could be attributed in part to strikes and mass action and "it would therefore help to improve the growth performance of the economy if a greater degree of labour stability could be attained".

Human and skills development were essential prerequisites. "We must use the redistribution of skills as an instrument to effect a better distribution on income," he said, adding that this was dependent on the country's ability to revive sustainable economic growth.



~~Wool prices~~  
**Wool prices  
stagnant**

BIDAY  
16/2/93  
MARIANNE MERTEN

THE slack world economy has depressed international wool demand and caused prices to remain stagnant.

Gerhard Pretorius, assistant manager, public relations, of Woolex, one of two wool co-operatives in SA, said he did not expect any significant price fluctuations in the near future although a marginal price increase in the second half of 1993 would be possible.

"A big factor is the Australian stockpile of about 4-million wool bales," he said.

It is expected that reserves will be sold off over the next four years, keeping prices down.

Total SA wool receipts for this season are 56,2-million kilograms, down 8% from the corresponding period last season.

Only 67% of 13 243 bales on offer were sold during last week's auction, said a Woolex statement.

Local production has been affected by the severe drought, which is particularly severe in some wool producing areas.

Pretorius said: "SA has combined forces with Australia and New Zealand to stimulate consumer demand through the International Wool Secretariat."

# Private sector to back taxi industry

BIDAY 16/2/93

THEO RAWANA

A MAJOR private sector-backed initiative aimed at improving the taxi industry's profitability and standards of operation would be launched soon, transport consultant Paul Browning said at the weekend.

Browning said the establishment of the scheme, which he believed would remove causes of unrest in the taxi industry, was in line with a recent report of the Goldstone Commission into taxi wars. Judge Richard Goldstone's team recommended that the private sector should help taxi operators to develop business, entrepreneurial and marketing skills.

The scheme, under which taxi associations would be helped to form co-operatives to manage members' operations, was being funded by Toyota, Mercedes Benz and Atlantis Diesel Engines, Browning said.

"The co-operatives will be able to take part in commuter subsidy schemes — since they would be able to tender for subsidies as groups — and develop new business," he added.

The development work had been carried out by the Taxi Business Group, a consortium of transport experts with particular knowledge of the taxi industry.

The taxi co-operatives would also be helped to develop new types of business, including contracts, commuter services in areas of high car ownership, tourism, parcels, courier services and many others.

Browning said the sponsoring companies, which had so far pumped R600 000

into the scheme, wanted to help the taxi industry to stabilise itself because it was good for the country.

He added that Mercedes Benz would like to sell midi-buses to the industry. "But the taxi industry has tens of thousands of individuals — and these vehicles cannot be bought by individuals.

"Atlantis Diesel Engines wants to tell operators diesel engines are more economical, but the taxi owners presently have no knowledge of operational costing," Browning said.

These "first world" firms recognised that changes in methods of operation might bring them the chance of dealing with taxis.

Browning said the pilot phase of the programme would need a further R1m and said further funding was sought from the automotive industry, oil companies and financial houses.

"Our aim has been to develop practical methods by which the taxi industry can be helped to improve its professionalism, business skills and profitability through a process of capacity-building at local level," said Browning.

Under the scheme vehicles would continue to be owned by individuals, but would be operated in a collective or co-operative fashion by the local taxi association on behalf of members. "The association will be offered professional help in carrying out its management tasks," Browning said.

## Conference on jobless BA graduates

WIDESPREAD concern at bleak job prospects for the waves of BA graduates entering the work market has led to a high-level conference aimed at enhancing their "employability".

The conference organisers believe BA graduates have a wealth of skills to offer but, because of false perceptions about their "usefulness", their potential is often overlooked.

Conference convenor

KATHRYN STRACHAN

Elisabeth Lickindorf said at the weekend there was little communication between the various stakeholders — the students, lecturers and employers — and the purpose of the conference was to build bridges between them and to find practical ways of resolving the problem.

There was a need to

change perceptions at all levels, she said. Many BA students were unaware of how the skills they had been taught at university related to the "world of work", and of how they could be applied productively outside the formal sector.

Companies too believed that employing someone with a background in humanities was a luxury in these hard times, and they had to be taught that an employee with highly adaptable skills was an indispensable asset, especially in a period of rapid change.

BA graduates had the

edge over students with more practically orientated degrees, as they had been trained specifically to analyse and interpret material — abilities which made them far more successful in adjusting to the demands of a variety of roles, she said.

University lecturers were the other sector which needed to be targeted, Lickindorf said, because there was clearly also a need to introduce more skills-orientated elements to BA courses.

The conference will be held on Thursday and Friday this week.

A cash register that

## Small businesses 'vital to job creation'

BIDAN 16/2/93  
THE small and medium enterprise (SME) sector holds the key to a job-creating growth pattern for SA, SBDC MD Ben Vosloo says in a new book setting out economic strategies for this country.

Small business is now regarded as an essential part of a successful formula for achieving economic growth, Vosloo says in *Strategies for Economic Growth*, launched in Johannesburg yesterday.

In the high growth economies of the world, small businesses figure

THEO RAWANA

prominently as a dominant force in job creation. (170) (173)

"If you wish to have a vigorously expanding economy, you must have a vigorously expanding small business sector," says Vosloo.

"It is of critical importance that an SME development strategy should become a key component in our national development strategy."

SA faces an immense challenge in lifting its population, he says.



## Wool prices stagnant

BIDAM  
16/2/93  
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# A cash register that



**M**IKE Muller raises interesting questions about public works programmes for SA (Business Day, January 8). Muller's prime intention, as he asserts, is "to temper the enthusiasm with an understanding of what they can and cannot achieve". To this end, he defines the concept of public works programmes and proceeds to consider its possible applications and related issues in SA.

To have a useful debate, we need to clarify what it is we are talking about. Muller, with reference to the Keynes-Robinson debate more than 40 years ago, talks of public works programmes possibly as "digging holes and filling them."

This is a misrepresentation of the concept. Neither in the international literature, nor in any of the organisations Muller refers to in his article, is there any such concept as the basis of a proposed national public works programme. Yet the concept means different things to different people, and a clear definition is necessary.

A labour-based public works programme should be a well-conceived and organised set of projects capable of large-scale employment creation (hence income generation). It is also a skill-learning exercise for the participants and an infrastructure-creating process.

All three characteristics are essential components of any anti-poverty policy package. As such, the funding of the programme would come primarily, although not exclusively, from public resources, with emphasis on access to resources by all communities.

A national public works programme is particularly appropriate for SA. Reinforced by the mounting political uncertainties, and exacerbated by recurrent and ever expanding recessionary cycles, the levels of unemployment and poverty have reached alarming scales. Poverty in rural areas and townships, where the great majority of people live. Against this backdrop, one of the major components of a complex so-

# A diligent public works scheme can deliver the goods

BDM 19/2/93

IRAJ ABEDIAN

lution to SA's socioeconomic problems has to be a co-ordinated grid of labour intensive public works programmes.

Public works programmes assist the target population by offering direct employment and training, while incorporating educational schemes. As such, at the individual level this is an "enabling approach". It avoids the pitfalls of indignity, dependence creation and dependency promotion so commonly associated with anti-poverty social welfare schemes.

Equally important, these projects also act as a catalyst in furthering grassroots participation in national development. At community level this is an "empowering approach".

Provided the public works programme is incorporated into the macroeconomic policy in a consistent way, it has further benefits:

- The programme can pave the way for economic growth. Internationally, public works programmes are shown to have the highest multiplier effect on the local economy.
- With its low propensity to import, such a programme will have minimal balance of payments effects.
- It will offer the most cost-effective means of redressing the backlog of socioeconomic amenities.
- The programme is affordable. Over the past decade every Budget

has had numerous allocations for projects such as "employment creation", "emergency relief", "training funds" and so on. What needs to be done is to consolidate all such allocations into a single fund for a labour-based national public works programme; and

□ It is the most viable means of attracting foreign aid. In fact, the conditions attached to many international donations are the very principles that underline public works programmes.

**W**hat about the homelands? Muller is concerned that scarce resources might be wasted on the homelands which, he says, are the least promising regions. Such generalisation is inherently invalid. True, none of the homelands is entirely economically viable. But many parts of them are. And many activities in these areas are sustainable, provided adequate supportive infrastructure is in place.

Assessments of the economic viability of an area and related issues are, to a large extent, those of individuals and communities, not the authorities' choice. We need to safeguard against a national public

works programme becoming yet another mechanism for a grand social engineering scheme.

Individuals must choose and communities must be involved, not only in project proposals, but more so in supporting and funding. Otherwise we would face endless wish lists. To the extent that the homelands and other rural areas in the country have economic potential, the public works programme will be instrumental in providing support for their economic development.

A labour-based programme should not separate the country into homelands and rural "white" SA. Muller's presumption that the discussion around a national public works programme is a "homelands-based debate" is completely misinformed. The emphasis must be on the existence of economic potential, not on the status quo of any given region or economic sector as such.

Muller says SA has "historically used too much capital to create too few jobs". What he ignores is that resource allocation does not take place in a vacuum. Much of capital intensification in SA is policy driven. It is the result of a misguided monetary, foreign exchange and fiscal policy mix of more than 20 years.

Much of this capital intensification took place between 1960 and

1980. Over this period the sector with the highest rate of capital intensification was construction. This is in sharp contrast to Muller's assertion that construction "is among the least of the culprits". Manufacturing and agriculture were second and third respectively.

Over the period, a combination of negative real interest rates, overvalued foreign exchange rates and substantial fiscal subsidies in the form of investment and depreciation allowances tipped the balance in favour of capital, as opposed to labour. To reinforce this, the education and training policies of the country failed to address issues of productivity enhancement and skill generation. Faced with this combination, all sectors went capital intensive; some more than the others. The extent of capital intensity was also influenced by the technological parameters of the sector itself.

The question of capital versus labour use deserves much attention. Simple fiscal treatment of the subject, whether in full support of capital use or in favour of labour use, is bound to prove distortionary and counterproductive.

A programme would naturally have to be implemented in carefully planned phases.

**A** public works programme is neither a panacea against unemployment and poverty, nor an infallible cure. Among the more common reasons for the failure of a public works programme to live up to expectations are insufficient scale, technical, hastiness and incompetence, ad hoc national development arrangements, organisational infirmities, imbalance between centralisation and effective local involvement, and a tendency to bureaucratisation.

Economic growth is a necessary, but not sufficient, condition for poverty alleviation. As a high profile redistribution mechanism, a national public works programme would make a real contribution to stabilise the situation and make growth possible.

□ Abedian teaches economics at UCT and is a member of the National Drought Consultative Forum's employment task force.



Informal sector can boost development

# How to build the economy

Sowetan 25/2/93 (173) ~~20/15/93~~  
■ CHRONIC UNEMPLOYMENT Support,

inspiration must be given to entrepreneurs:

By Mzimkulu Malunga

**S**USTAINABLE ECONOMIC GROWTH in South Africa will depend on the type of inspiration and support given to the entrepreneurial society, says the managing director of the Small Business Development Corporation (SBDC), Dr Ben Vosloo.

"South Africa can blame its poor economic growth and chronic unemployment problem on its dismal failure to launch more entrepreneurs into the economic mainstream," he argues.

About 720 000 of the 800 000 formal entities in South Africa were small to medium sized enterprises (SMEs).

They employed about 2,4 million people or 17 percent of the entire economically active population. SMEs together accounted for 45 percent of the national income, Vosloo said.

"The informal sector contributes a further 15 percent to the national income and jointly this sector and the SMEs employ over six million people.

"This is the area the SBDC believes if properly nurtured could act as the heartbeat for development in this country," Vosloo said.

Adding its voice to the ongoing debates on strategies which could be pursued to bring about sustainable growth in the economy, the SBDC outlines various case studies from other parts of the world needing perusal when formulating future economic policy in this country.



Dr Ben Vosloo

The argument centres on several key areas which the corporation's economists suggest could enhance prospects for growth.

Creating a suitable political environment, accompanied by corporate tax incentives could attract foreign investment - one of the aspects believed to be crucial to kick-start the economy.

Although countries of southeast Asia or the so called "Pacific Rim" achieved high economic growth by using massive state intervention, this measure produced negative results in the bulk of the developing world.

"The main reason is that state intervention is an extremely complex task which calls for special skills, flexibility as well as an enabling political and cultural environment," Vosloo says in the SBDC's report.



The MINISTER: Mr Chairman, I did say the matter was *sub judice*.

Mr A RAJBANSI: Mr Chairman, further arising out of the hon the Minister's reply, if that matter is *sub judice*, is he prepared to state that since 1989 the hon member for Rylands has taken many victims of the Group Areas Act to the regional office in Cape Town for assistance? Is he aware of that?

The MINISTER: Mr Chairman, I know the hon member for Rylands is a very popular member of Parliament. However, I am not aware of any submissions that he has made.

\*3. Mr M Rajab—Education and Culture. [Withdrawn]

\*4. Mr M Rajab—Education and Culture. [Withdrawn]

Vice-rector of Durban-Westville: resignation

\*5. Mr A SINGH asked the Minister of Education and Culture:

(1) Whether a special arrangement has been entered into with the vice-rector of the

University of Durban-Westville in return for his resigning on reaching the age of 60 years later this year; if so, (a) when, (b) by whom and (c) what are the other relevant details;

(2) whether this arrangement has been approved by the council of this university; if not, why not; if so, when

(3) whether she will make a statement on the matter?

The MINISTER OF EDUCATION AND CULTURE:

Since the University of Durban-Westville is an autonomous institution, this question was referred to the Rector for reply.

The Rector replied that a satisfactory arrangement had been negotiated with the vice-rector concerned. This arrangement was approved by the Council of the University on 26 November 1992.

The vice-rector concerned will be retiring on reaching the age of 60 years later this year and not resigning as stated in the question.

## HOUSE OF ASSEMBLY

### QUESTIONS

†Indicates translated version.

For written reply:

General Affairs:

Labour bureaux: registrations

48. Mr R V CARLISLE asked the Minister of Manpower:

How many males and females, respectively, were registered at labour bureaux as work-seekers in terms of the Guidance and Placement Act, 1981 (Act No 62 of 1981), as at the end of each month in (a) 1991 and (b) 1992?

The MINISTER OF MANPOWER:

(a) and (b)

	1991		1992	
	M	F	M	F
January	134 490	52 085	163 236	69 131
February	205 329	86 336	197 491	88 143
March	150 356	65 368	180 789	81 972
April	203 660	83 709	201 814	92 461
May	147 490	63 327	197 425	88 814
June	177 781	73 295	201 002	92 048
July	208 490	85 285	212 389	93 807
August	178 497	72 808	213 303	92 040
September	157 720	62 730	226 507	97 192
October	202 217	79 881	215 015	90 055
November	206 268	81 823	213 885	87 422
December	190 603	73 602	232 330	89 934

[Note: The Guidance and Placement Act, 1981 (Act No 62 of 1981) does not make provision for "labour bureaux". The figures as stated above refer to the number of persons who registered with the offices of the Department of Manpower as work-seekers for the relevant periods.]

Unemployed persons in each inspectorate area

49. Mr R V CARLISLE asked the Minister of Manpower:

How many Whites, Coloureds and Indians, respectively, were registered as unemployed in each inspectorate area as at 31 December 1992?

The MINISTER OF MANPOWER:

Region	1992
Central Areas	32 888
Eastern Cape	22 792
Natal	66 692
North Eastern Tvl	32 715
PWV-Central	37 944
PWV-North	30 607
PWV-South	40 766
Western Cape	54 235

Note: As from August 1991 registered unemployment figures according to race groups are no longer available.

### Unemployment Insurance Fund

50. Mr R V CARLISLE asked the Minister of Manpower:

(1) What was the balance of the Unemployment Insurance Fund at the end of 1991 and 1992, respectively;

(2) in respect of each year, (a) what was the total amount (i) paid into the Fund by State employers and employees and (ii) paid out in benefits and (b) to how many applicants were benefits paid;

(3) (a) what is the present average rate of interest received by the Fund and (b) what amount was paid from the fund in respect of administration costs in 1991 and 1992, respectively;

(4) (a) what total amount in unclaimed money was held in the Fund, and (b) how many persons were involved in this amount, as at 31 December 1992;

(5) how many employers were registered with the Unemployment Insurance Fund as at 31 December 1992?



# It's time that business took a cane to public education

STimes 28/2/93 (Buss)

BUSINESS and community leaders today rank "human resources" as one of their most important areas of concern. Research is showing us what appear to be contradictory signs.

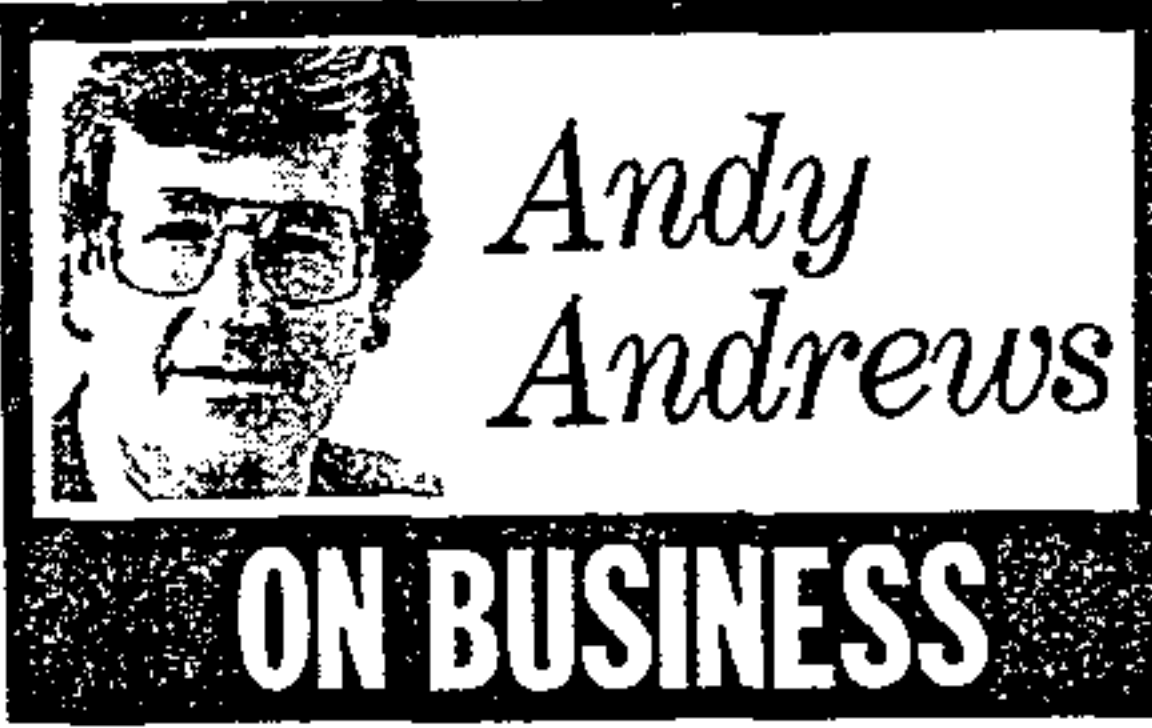
On the one hand we have millions of unskilled workers out of work as companies continue to tighten their belts in the face of the on-going economic recession, and more and more skilled and experienced executives also struggle to find jobs as companies downsize and delay by cutting out levels of management.

On the other hand, research is suggesting that we do not have enough managers to cope with the increasing complexity of a globally competitive world. So we face this paradox: we need more managers, but we are getting rid of them. We need more skilled workers, but we are cutting back on training due to budget constraints, and are also putting experienced workers back on the street.

## A GLOBAL COMPARISON

The "Breakwater Monitor" research project at the UCT Business School, which is supported by many leading companies, has collected data on more than 600 000 employ-

INTERNATIONAL FIRMS	CATEGORY	SOUTH AFRICAN FIRMS
25%	Management & Professional	45%
35%	Skilled	25%
35%	Semi-Skilled	35%
5%	Unskilled	40%



ees and is providing participating companies with the opportunity to benchmark themselves against other firms.

Their initial findings make interesting reading. The breakdown of South Africa's workforce as compared to international norms is given in the table.

The data on the international firms tells a powerful story. Their percentage of employees in the management and skilled categories is more than double the South African percentage, while South Africa has almost double their percentage in the less skilled categories.

In addition, I suspect what the Germans

and Japanese call "semi-skilled" is a lot more skilled than the South African definition.

We are, quite simply, operating our businesses using an antiquated, low skill, low productivity model of business that our global competitors threw out many years ago.

Their people have more managers, are more highly skilled and are, consequently, more productive. That is why their economies are growing and ours is not.

We cannot expect to produce the knowledge-based, high-quality and often custom-made products that command high prices and create the margins necessary to support R&D and global market strategies with too few managers and too many unskilled employees.

## THE EDUCATION PROBLEM

The World Competitiveness Report regards South African workers as the worst equipped for the demands of a modern workplace. Not only are too few South Africans going to school, but those that do so and look for work do not have the skills that business needs.

This problem is not unique to South Africa. The American Society for Training and Development recently estimated that US business is spending as much on educating

their workers as the US government spends on formal education.

South Africa is also spending huge amounts of money on education, but the problem is not the amount of money but rather the way it is spent and administered.

## A DISMAL PICTURE

I have no doubt that our educational system is falling miserably. And the reason is that the people who manage the system are working with an outdated, cumbersome philosophy that is not responsive to the needs of the global economy.

The world is changing rapidly, but our syllabi and the methods of teaching are obsolete. I am sure that it is easier to move a cemetery than it is to change a curriculum.

We are still producing academically educated people, when the practical skill levels required by business and society are rising. The Hudson Institute in the US has estimated that half the jobs that will be created in the 90s will require post high school training.

While we are teaching students about esoteric aspects of biology and European history, students need interpersonal skills, teamwork skills, logic skills, the ability to learn, problem solving skills, critical thinking skills.

In Europe, students switch between classroom and workplace apprentice-type jobs allowing them to develop both academic and practical skills simultaneously.

We are locked into a 19th Century philosophy that separates the university-bound from the factory-bound. This creates exaggerated expectations in the one group and lowered self-esteem in the other.

## WHAT TO DO?

Business had better get involved. Business had better make sure that we improve public education and insist on innovation and change.

Companies and individuals pay taxes which are used in our educational system to produce products that do not meet their needs and then must pay again to remedy the defects.

Perhaps we should have a money-back guarantee from the schools and universities. If the product doesn't work, you should get your money back.

Public education will continue to plague South African business and make us less competitive globally unless we do something about it now.

Education is at the core of our problems, both socially and economically.

Professor Andy Andrews is director of the Graduate Institute of Management and Technology, which offers the prestigious Henley Executive MBA in SA, and is co-founder of Laird-Andrews, the strategic financial consultants.

# SA DEBT OUTLOOK IMPROVING

STimes (Buss) 28/2/93

SOUTH AFRICA is comparatively under-borrowed and might be able to repay its foreign debt without negotiating another interim arrangement, says Standard Bank chief economist Nico Czyplonka.

SA has repaid and converted into longer term debt almost \$10-billion of the short-term debt caught in the debt standstill, and at the end of this year will have another \$5-billion to go.

Mr Czyplonka says in Standard Bank's Economic Perspectives that SA has reduced its debt/GDP ratio to 16,9% from 42,9%, as the debt has been repaid without taking on substantial offshore loans.

SA's debt/export earnings ratio has fallen to 64,9% from 127,2%, placing SA in a foreign indebtedness situation similar to South Ko-

rea but far better off than Egypt, Brazil, Argentina and Australia.

However, SA has to pay a premium on interest on its loans because of the debt standstill and the political situation, says Mr Czyplonka.

He says SA will owe \$5-billion of standstill debt at the end of 1993, when the third interim arrangement expires. Any technical default on this would be out of the question, as it would intensify downward pressure on the rand and throw out Reserve Bank attempts to stabilise the nominal effective exchange rate.

Mr Czyplonka says the Reserve Bank has two options: it can get creditor banks to convert the debt into medium-term stock, which would be tradeable, or it can return to "business as usual", under which SA repays

the amount, but it is immediately re-advanced under normal terms and conditions.

The benefits of this would be that the cost of finance to SA would be lowered and foreign lenders would benefit because they would no longer have to have double reserves as a result of SA being technically in default.

Mr Czyplonka says this should be coupled with SA being granted access to the IMF. Borrowing from the IMF may not even be necessary if this leads to the perception among lenders that SA borrowings are effectively backed by the IMF.

He says that in practice access to the IMF will only be possible once some sort of interim government is in place, and if that government makes inroads into a structural adjustment programme.

## Forum focuses on job creation proposals

GRETA STEYN

THE national economic forum's short-term working group will meet today to hear suggestions on job creation as a first step towards a consensus proposal on the issue, the forum said yesterday.

The working group had received more than 60 submissions dealing with strategies to address the challenge of job creation. Today's meeting is aimed at obtaining more information on certain submissions.

Issues to be highlighted include public works programmes, special employment projects, labour-based construction methods, entrepreneurial development, and training and support for small business. Also under the spotlight will be small con-

tractor support, the importance of the construction sector in employment generation and small scale farmer support. (173)

After the hearings, government, labour and business delegations would table a report outlining their perspectives on possible short- and long-term job creation strategies. These reports would then be considered by the short-term working group, with the aim of reaching consensus fast.

The statement said the short-term working group had been particularly pleased to receive a large number of "innovative and incisive proposals and opinions".



**Cosatu**  
Star 4/13/93  
**seeks deal**  
**to provide**  
**more jobs**

By Mike Siluma

Cosatu yesterday called for the speedy institution of a national public works programme to alleviate unemployment.

At a press briefing in Johannesburg, Cosatu said it had made unemployment "a number one priority at the National Economic Forum".

Cosatu revealed that it was negotiating a deal with the civil engineering industry which would "commit the (industry) to maximise the use of labour-based construction methods on State projects".

Part of the agreement's objective would be to ensure that all public authorities called for tenders which used labour-based methods.

Cosatu called on the Government to ensure that the Budget was orientated towards job creation programmes.

# Cosatu unveils jobs plan

JOHANNESBURG. — Cosatu yesterday unveiled its job creation proposals, including an appeal to the civil engineering industry to commit itself to labour-intensive construction methods on state projects.

Cosatu general secretary Jay Naidoo told a news briefing the construction and civil engineering sectors had shed about 70 000

trained workers in the past few years.

As a result, Cosatu had approached five civil engineering federations to secure agreement on labour-intensive building.

Job creation has been identified as the top priority by the National Economic Forum and by Cosatu's planned "reconstruction programme" with the ANC.

Cosatu hopes a national job creation programme will be launched by April next year.

Naidoo noted that the contraction in jobs in general since 1991 had cost Cosatu about 150 000 members. CT 4/3/93

The Cosatu civil engineering initiative formed part of its public works programme, proposed at the economic forum.





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The Cosatu civil engineering initiative

ERICA JANKOWITZ

formed part of its public works programme, proposed at the economic forum. It aimed to provide infrastructure to communities and skills development for workers involved in the projects.

For these workers, Cosatu proposed task-based rather than time-based payment, but related to the industry's minimum hourly rates. This would be agreed between the funding body (the state), trade unions and the local community.

Naidoo said Cosatu's direct approach to the civil engineering fraternity meant bypassing state involvement in job creation in this sphere. The onus would be on the civil engineering concerns themselves to adopt a labour-intensive approach.

Cosatu had also submitted a proposal to the economic forum for a directive on state projects whereby the state should favour labour-intensive tenders.



## Greatest threat

A programme to train and employ millions of marginalised young people is being developed by the ANC Youth League. It proposes a partnership between businessmen, public authorities and the youths to tackle what is arguably the most serious socio-economic problem facing SA.

ANC economics spokesman Tito Mboweni says it is critical to find ways to draw the marginalised youth into the economy. He adds that the core of the group is 2m children between seven and 16 who have had no schooling. Their numbers swell annually by 300 000 who do not complete standard four and are effectively illiterate. Another 250 000 complete only primary school.

He outlined the plan at a symposium with Cape Town business people last week.

Fm 513/93.

(173)

Mboweni says SA needs an emergency national youth programme aimed at education and employment generation. An eight-point plan has been put forward by the League and is under consideration. It includes:

- Training and development for self-employment;
- Training aimed at assisting people in finding formal jobs;
- A public works programme aimed at revitalising and adding to infrastructure;
- Agricultural and rural development training in certain parts of the country;
- Part-time and casual work (in collaboration with the trade unions to avoid conflict);
- The establishment of a national youth opportunity trust funded by the public and private sectors and managed by the youth;
- The provision of adequate recreational facilities for young people; and
- On-the-job training.

Mboweni says the business community's role in the programme should include: efforts in every company to employ young people; support for the proposed national youth opportunity trust; subcontracting whenever possible to businesses run by young entrepreneurs; the avoidance where possible of retrenchments affecting young employees; adult education programmes within companies; and support for outside academic and other education programmes.

He warns that the economy is already under severe constraints and time to deal with the problem is running out.

Youth League president Peter Mokaba says "frustrated youth" posed a greater threat to SA's stability than either the Right or a reactionary bureaucracy. ■

## LATERAL THINKING

# Efficiency will not cure our economic woes

STAR 6/3/93.

(173) 

JOB creation is a problem everywhere.  
EDWARD DE BONO applies a lateral solution.

**A**LMOST all major corporations worldwide have become exceedingly good at cutting costs, mainly by shedding staff. As the Americans are finding, the end of the recession does not mean increased employment. The big boys will not reverse out of their efficiency drive — nor can they.

Few people noticed when consumer magazine *Which Car?* chose the Proton as the best car in its class. The event was significant: the Proton is manufactured in Malaysia, an agricultural country. With today's technology, a turnkey factory can be placed anywhere. There is little but Scotch whisky which has to be made in Britain. The average wage in Vietnam is R140 a month. China is growing industrially at 12 percent a year, and India and Mexico will both be major exporters within a decade.

Western manufacturers have no choice but to shed labour if they are to survive in a global market. Mercedes is laying off 13 000 of its 180 000 workers and is starting to make cars in Korea and Mexico. Yet TV sets can be made more cheaply in Belgium (a high-cost country) than in Taiwan — but only if the process is highly automated, which means few workers.

The Egyptians solved the problem by using slaves to build pyramids. This analogy is not as silly as it might seem: what the pharaohs were doing was transferring excess income. In more recent times, this excess was distributed by employing servants.

Government employment in Sweden and Third World countries has also been a distributor of income, except that in Sweden excessive taxation was the method of diminishing income. Then came the efficiency bug, and governments worldwide began to ape big business by trying to be efficient and shedding people.

Unemployment is partly attributable to the arrogant conceptual ineptitude of Western thinking habits: if "efficiency" is a good thing, it must be applied in all sectors. While a good case can be made for maximum efficiency in export-orientated manufacturing, there should be maximum inefficiency in the service sector. Does this mean an inefficient infrastructure would make manufacturing efficiency impossible? Here we come to the conceptual ineptitude.

You can have a very effective service which is not at all efficient. Inefficiency means it takes three days for a letter to be delivered and often it is lost (Italian

postal system). Efficiency means one man delivers 400 letters. Effectiveness means it takes 10 men to deliver 400 letters, but they are delivered absolutely on time and none is lost. Western thinking simply has not been able to distinguish between efficiency, which is a ratio of input to output, and effectiveness, which is not a ratio.

In Japan the top 11 percent of export-orientated industry is very efficient, while government and the service sector are highly effective but grossly inefficient. For example, Japan has six retail layers, in the West there are three, which might be reduced to none if the trend towards factory shops spreads.

The advantage of an expensive but effective service sector is that it distributes income well and is anti-inflationary. There are even greater advantages in its elasticity, where choice of service level depends on disposable income.

The trouble with English-speaking economies is that any growth leads to speculation and serious inflation, especially in house prices. If expensive services mopped up excess income and dissipated it, as contrasted with spending on fixed assets, the inflation cycle would be much dampened.

Another contributor to unemployment is our primitive response to inflation. We identify excess money supply and too fast a circulation of money as its cause. We remove this cause by raising the cost of money with high interest rates. This is like curing high blood pressure by bleeding the patient. The blood pressure drops, but the patient is excessively weakened. We forget that it is much easier to kill small businesses than to restart them. And everyone knows that small businesses are the only hope for creating new jobs.

We have to rethink some of our fundamental economic habits. We need to create not barriers but permeable membranes which require gradients for flow to occur across them. We might eventually move towards separate economic loops, each with its own currency and flow between the loops. There might be a service loop and an export loop.

That building pyramids might seem a frivolous exercise misses the point: frivolity is a more elastic system cushion than necessity. — The Observer.

● *The author is the originator of "lateral thinking" and has written 42 books with translations into 26 languages. His latest book is Serious Creativity.*



# JOB MARKET

**ILL-CONCEIVED** job-creation programmes can simply end up costing the taxpayer without actually creating new jobs in the long-term, says the Small Business Development Corporation.

The SBDC is one of a number of organisations to make submissions to the National Economic Forum, which is expected to recommend public works programmes and other schemes to help counter SA's massive unemployment problem.

These programmes are typically labour-intensive and designed to upgrade basic infrastructural services, such as water provision.

## Burden

SBDC economist Dr Edwin Basson says public works programmes can create jobs very inefficiently at considerable cost to the taxpayer, and that when the programme is scrapped the jobs then are immediately lost.

He says the SBDC is uncomfortable with the idea that it is government's duty to create jobs.

Entrepreneurs subject to market forces should create jobs.

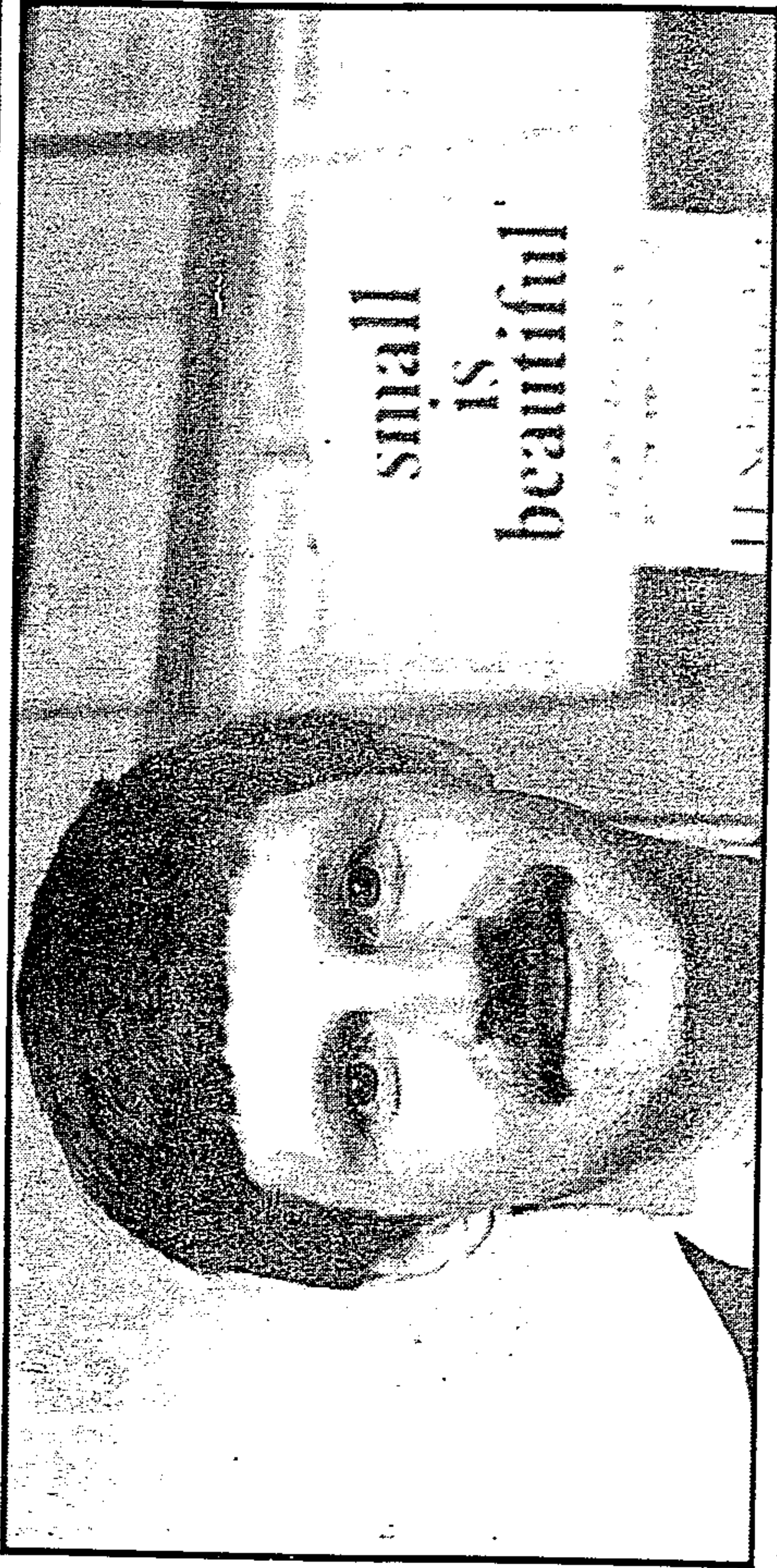
Public works programmes can have the effect of taxing society even more and simply increasing public consumption at the expense of private consumption.

The SBDC says care must be taken not to make the role that government should play too prominent. Government prominence will increase the tax burden on individuals

and businesses alike, increase the demand that government places on available savings and crowd the private sector from the markets.

"As a result, the dynamism of the private entrepreneur as a growth-generating force in the economy will be lost," said Basson.

"We're not against work creation programmes if combined with a shift



EDWIN BASSON  
... 'We're not against work creation programmes if combined with a shift away from consumption in the Budget itself. But these programmes must not cost the taxpayer more'

# Treat job-creation finance Like a natural resource

STimes (Buss) 7/3/93

173

on large-scale works programmes. This way the taxpayer does not lose any money, as repaid loans can be re-used to finance further entrepreneurs.

"The taxpayer shares in employment creation and finances development in this way."

A case in point is the works programme, where R500-million was spent a year in 1985 and 1986 on

employment-creation schemes. But many of the jobs created — such as those where whites were employed on various public sector projects — were lost as soon as the funds were stopped.

The SBDC got money in 1985 which it used to start a revolving fund to make loans to small businesses. Seven years later, the SBDC is still using that original finance to

generate new businesses. Basson describes this as sustainable development.

"Finance, like natural resources, is scarce, so we must consider very carefully how we use it."

He says financing entrepreneurs activates the only dynamic element in the production process — the individual or entrepreneur who is forced to be productive.



Star 8/3/93  
**Plan to create  
800 000 jobs**

The creation of more than 800 000 new jobs in the next three to five years is envisioned in a plan devised by the Building Industries Federation of South Africa (Bifsa) to give a fresh start to a mammoth low-cost housing programme.

Bifsa executive director Ian Robinson will meet National Housing Minister Sam de Beer in Cape Town tomorrow to discuss the proposals.

● Blockbuster building scheme — Page 9



Bid to create jobs and cut taxes

# Business

Star 10/3/93

# applauds

# Keys plan

By Sven Lünsche

Business has welcomed the Government's Normative Economic Model as an essential framework for future economic policy-making.

Organised business, as well as the trade union movement, were briefed by Finance Minister Derek Keys on the economic restructuring programme at a National Economic Forum (NEF) meeting yesterday.

Later this month both business and labour are expected to respond on details of the economic model.

Releasing the plan in Pretoria yesterday, Keys stressed that consensus by the key players in the NEF — organised labour and business — was essential for the programme to succeed.

Initial reaction from the two major business organisations — the Afrikaanse Handelsinstituut (AHI) and the SA Chamber of Business (Sacob) — was favourable.

The programme aims to create 1,3 million formal sector jobs by 1997.

As part of it Government plans to lower both personal and corporate taxes, but will also seek to limit real wage increases to 0,5 percent a year — that is no more than

0,5 percent above the annual inflation rate.

If the plan proceeds, no sector of the economy will be left untouched in an effort to achieve a dramatic economic turnaround after a decade of stagnation and rocketing unemployment.

The main aim of the model is to achieve an annual growth rate of 4,5 percent by 1997, creating 1,3 million jobs and enabling the economy to absorb new entrants into the job market.

The share of income of the poorest 40 percent of the

**More reports  
— Pages 13 and 14**

population should rise from 6,75 percent in 1988 to 10 percent by 1997.

These are ambitious targets as the economy last year declined by 2 percent and formal-sector employment levels fell similarly.

The cornerstone of the programme is a sharp increase in investment spending by both the private and public sectors. In 1985 money terms, R51 billion needs to be invested to make the targets feasible.

Among the programme's key reform measures are:

- Reducing the lower ceiling of individuals' marginal tax rate from 43 to 40 percent.

- Cutting corporate tax rates from 48 to 40 percent.

- Limiting real wage increases to 0,5 percent.

- Balancing the Government's current expenditures and tax incomes.

- Reducing inflation to 4 percent.

- Substantial improvements in productivity.

The programme calls for 6 percent of Government finances to be committed to the field of education, for free and compulsory education for at least the basic education phase, and for more emphasis on technical skills training.

AHI president George Huysamer says the strategy proposals merit strong support, but added that the business sector could only play its role "if all political role players commit themselves in a clear and timely fashion to the programme".

Sacob's director-general Raymond Parsons supports this sentiment adding that the targets set were the minimum needed to ensure a measure of stability.

In his reaction Sanlam economist Johan Louw warned that if the plan failed "unemployment will become rampant and standards of living will fall dramatically, with serious economic and political implications"

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# Few companies willing to increase staff levels

Star 11/8/93

A recent survey by Drake International shows that only six percent of South African companies are expecting to increase their staffing levels in the next six months.

A blow to job hunters is that 13 percent are looking to decrease their employee levels — some by up to 30 percent. Around 80 percent have frozen their current staff complements.

The results were determined from a survey of more than 800 companies covering a broad spectrum of commercial, financial and industrial enterprises.

The survey included manufacturing, construction, engineering, import/export, transport, wholesale, service and re-

tail organisations, as well as insurance, banking and government institutions.

"The survey points to business remaining in a 'holding' pattern, with moves to stimulate the economy — like lower interest rates — not yet influencing hiring intentions," says Mike Coppin, Drake's chief operating officer.

Coppin says the minority of companies planning to increase staff are found mainly in the import/export and insurance/assurance fields.

"With the recession expected to continue well into 1993, people should realise that a job is to be valued. Employees who do not contribute to a company's viability are in a high risk category."

According to Coppin, the re-

sults of the survey represent bad news for the unemployed — particularly in the banking and wholesale fields which have forecast the largest staff decline for the next six months.

"These are closely followed by the manufacturing, construction and transport fields, with companies, predicting significant staff cuts."

Coppin says the current economic climate is putting a premium on skills for job hunters, while making the selection of new employees critical for employers.

"It is our experience that many companies are turning to flexible staffing strategies and labour outsourcing options to overcome workload peaks while maintaining a streamlined permanent workforce," he says.

# Inflation in the West averages 3%

Star 11/3/93

PARIS — Consumer price inflation in Western industrial countries and Japan, excluding Turkey, stood at an average annual rate of three percent in January despite sharp monthly increases in Germany, the United States and France, the OECD said on Wednesday.

Consumer prices rose by 0,3 percent on average in January, excluding high-inflation Turkey, after remaining flat in December, the 24-nation Organisation for Economic Cooperation and Development (OECD) said in its monthly survey.

Prices were down by 0,1 percentage point in Japan to 1,3 percent over 12 months, and by 0,9 percentage point in Britain to 1,7 percent.

Among the other Group of Seven countries, Germany faced a 1,1 percentage point jump lifting its rate over 12 months to 4,4 percent, mainly because of increases in indirect taxes.

In the US and France prices were up by 0,5 of a percentage point in January, for a US 12-month rate of 3,3 percent, while France's rate was further down to 2,2 percent. Canada recorded a 0,4 point monthly rise, lifting its annual rate to 2,0 percent. — Sapa-AP.

# Ashton planning to become world player

Star Foreign Service

MELBOURNE — Australia's up and coming diamond miner, Ashton, has unveiled plans to become a world player in international markets with a big emphasis on expanding global exploration projects.

It said it would move away from its gold mining activities and concentrate instead on its diamond interests.

Last year Ashton produced 39 million carats from its operation in the Kimberley district of Western Australia which sold for R530 million, with record

profits of R77 million.

Ashton also disclosed that it had just discovered commercial-size diamonds in the Northern Territory with a much higher gem content than the Kimberley field. It also had prospects in the United States and Canada which it regarded highly.

## Quality by inspection

### 'straps SA'

LINDA ENSOR

BIDAM 11/31/93  
CAPE TOWN — The international competitiveness of SA manufacture would be limited by its adherence to costly quality-by-inspection techniques, Simon Fraser University of Canada professor Ernie Love said yesterday.

Love, who heads the university's management science and production faculty of business administration, said at a UCT Graduate School of Business function that international experience had shown quality by inspection was very costly.

SA would pay the price of practising this form of quality control by being uncompetitive internationally, he added.

He said it would take time for SA manufacturers to introduce total quality management systems as the country's workforce was untrained and there might be constraints on management playing a leadership role in institutionalising values of quality and customer service as there were fewer managers per number of workers than overseas.

Quality control costs could only be reduced by moving the problem up the line and focusing on customer needs at the design stage. Love said in Japan customers were brought close to production so that their needs could be built into product design. This reduced the number of rejects and warranty returns.



## Plan before starting out

Going into business (172) may sound exciting. But success requires (172) thorough planning. The SBDC gives some (172) sound advice:

SO4714 13/3-17/3/93.

**S**TARTING a small business venture is one of the more exciting challenges one can face. However, the success or failure of any enterprise depends on thorough planning.

Most important is for the market the business intends to serve to project the income the business could generate.

Market research is a neglected aspect

of mini-businesses and usually the main reason they fail.

The first step in assessing a business opportunity is to determine to what extent you can draw on your own skills, experience and education and determine whether you could improve or at least compete with existing products or services.

Also, establish the size of the market. To do this, footslog. Speak to potential customers, suppliers, competitors — anyone from whom you may glean some information about the area you wish to do business in.

If you plan to commit substantial capital to your venture, it may be wise to consult a market researcher.

The benefit of starting small is that you can feel out the market without incurring exorbitant costs.

A rough checklist of questions to be asked, with regard to the market, are:

- Is the market growing, contracting or remaining static?
- When are the peak times for your particular product or service?
- Where is your market located?
- Is it seasonal, and if so, why?
- What industries or other companies serve your particular market (who are your competitors)?
- Who are your suppliers or potential suppliers?
- Why does the market buy from the competitor?
- What can you do to counter the competition?
- What would an effective entry cost?

How do you promote the new venture? How would you finance it?

What approach would you adopt?

- Would you be price competitive, or select to be quality competitive in terms of service and product?
- What regulations (red tape) are likely to govern or set limitations on your proposed venture?
- Why would people or companies buy your product or service?
- What are the needs of your potential customer in relation to the products or services you intend to provide?
- What kind of merchandising or packaging is required to attract more business?
- What would the buying power of your potential customers be?

With regard to the competition,



**BUSINESS AS USUAL: A small business hive made possible by the SBDC**

you need to ask:

- Who are going to be your major competitors?
- How many are there and where are they located?
- How big are they and what proportion of the market do they hold?
- Which customers are they supplying?
- What is the competition charging?
- What are the strengths and weaknesses of your potential competition?

● Could you improve on your strengths to benefit from the weaknesses of your competition?

● Why do you imagine you would compete successfully?

You also need to identify the type of person or company which would buy your product or service. This should include all the necessary characteristics, buying power, age, location, activities, needs.

The more accurately and extensively the market is analysed, the greater the chance of success.

Market research would inevitably suggest a course of action, as

opportunities and obstacles would become more obvious.

● More information may be obtained from the SBDC at 60 Sir Lowry Road, Cape Town or Tel: 462 1910.

"Everybody's Business" is a weekly column for those involved with or planning to start a small business. It offers practical advice, and acts as a sounding board for those encountering problems or requiring further details.

*Everybody's*  
**BUSINESS**



## Employment cutbacks rife

(S) TIME BUS 14/2/93  
A DRAKE International  
survey shows that 13% of  
SA companies are looking  
to decrease their em-  
ployee numbers — some by  
up to 30% (173)

Around 80% have frozen  
their staff levels while only  
6% are looking to increase  
staff within the next six  
months. The results were  
determined from a survey  
of more than 800 companies  
in all the sectors.

Drake chief operating of-  
ficer Mike Coppin says  
most firms planning to in-  
crease staff are in the  
import/export and insur-  
ance fields. The banking  
and wholesale sectors have  
forecast the largest staff  
declines.



# Competition the new watchword

STimes (Buss) 14/3/93.

THE great economic debate, unleashed in earnest with the unbanning of the ANC and other political parties, in early days focused on the merits of market systems versus socialist systems.

Nationalisation was the watchword. The key protagonists developed their positions as the debate progressed, the focus switching to the twin problems of growth and redistribution.

Finance Minister Derek Keys this week tabled his contribution to the debate. His Normative Economic Model (NEM) is premised on the notion of employment-creating growth.

The model intends transforming the South African economy within this decade from its present status as an under-performer to a performer. In the process, 1,3-million job opportunities will be created.

This might sound like make believe, an impossibility in the current climate of retrenchments, business failures and growing unemployment, but Keys is not proposing anything new.

His elixir is based on tried and tested methods which other economies have successfully implemented during the past few decades while South Africans have been waging the economic warfare known as apartheid on one another.

The plan rests on the principles that SA has to be competitive in foreign markets if the economy is to grow and that it is no good expecting

Finance Minister Derek Keys has unveiled an economic plan designed to create 1,3-million jobs by 1997. How will he do it? **KEVIN DAVIE** reports (173)

the non-competitive to be able to compete overnight.

The goalposts will be moved on a phased basis so that business is given time to adjust and to learn to compete — much of SA's industry would simply cease to exist if exposed tomorrow to the cruel, competitive world out there.

The NEM says SA's import tax or tariff barrier stands at 21% (weighted by import value) but that this rises to 27% when the effect of special import surcharges still in force are added.

## Complex

It says that while the normal tariff barrier is comparable to the protective levels found in developing countries, the 27% level puts SA among the highly-protected countries in world trade.

These tariffs raise the relative costs of producing internationally tradeable goods in SA and artificially reduce the cost competitiveness of South African goods in export markets.

But the problem goes further in

SA's case. "The rather ad hoc process of granting protection to individual industries has given rise to a system which is apparently one of the most complex in the world. It lacks transparency, is prone to continuous change and is open to lobbying."

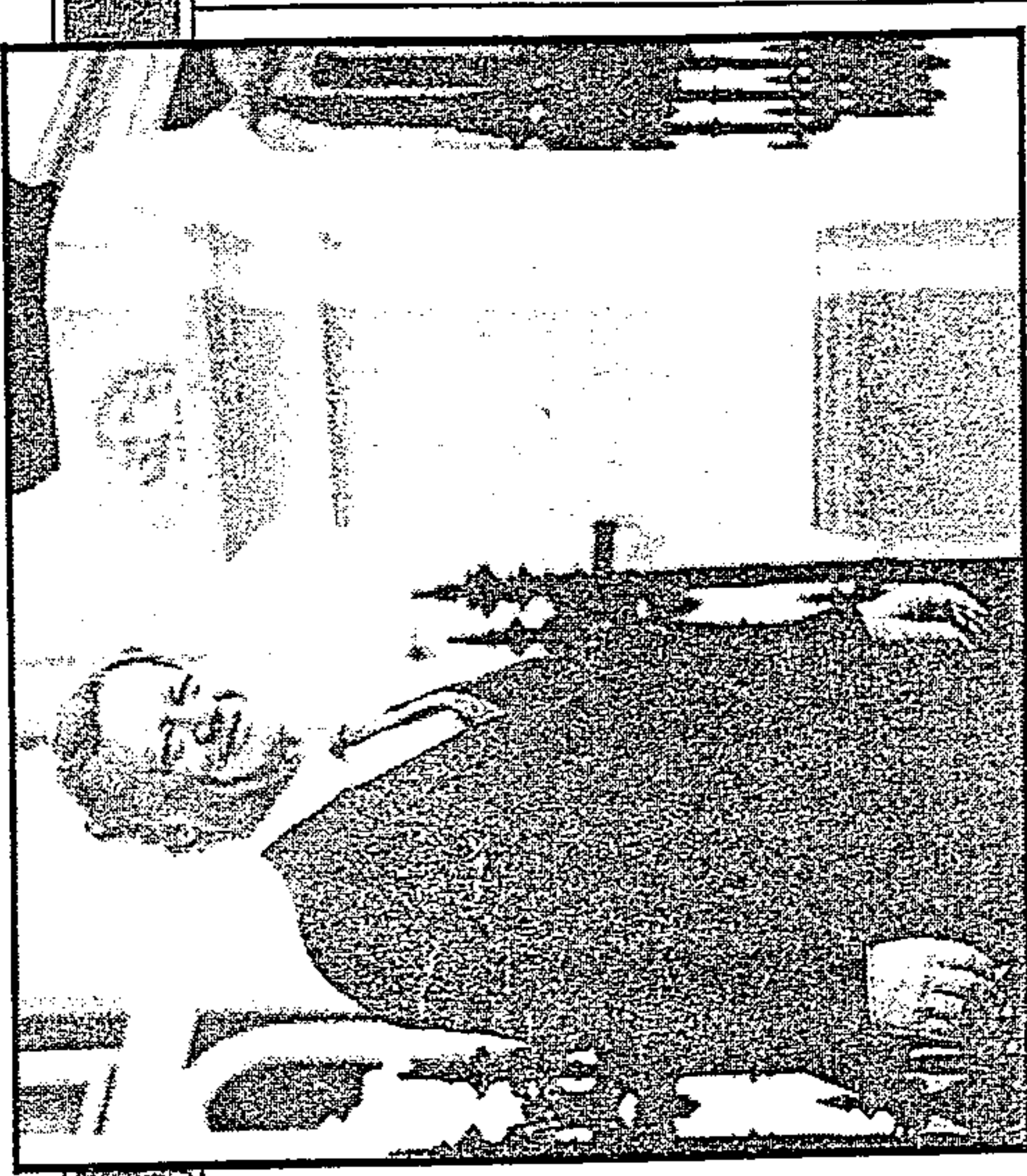
The high degree of selectivity has resulted in wide variances in nominal and effective rates between products and industries. Food beverages and tobacco have an estimated effective protection of 8,8%, while textiles and apparel have effective protection of 93,6%.

Other sectors with high levels of protection are chemicals (50,6%), wood and wood products (39,7%) and "other manufacturing" (62,8%). Manufacturing has effective average protection of 30,2%, according to a study by the Industrial Development Corporation.

NEM's authors say that any domestic-led recovery of economic activity in SA will almost inevitably produce a deficit on the balance of payments and/or a serious depreciation of the rand exchange rate.

"The likelihood of such a deficit being financed from inflows of foreign capital is slight. A recovery that is export-led, however, requires at the very least the removal of the anti-export bias in the system of industrial protection."

The authors say a revival of economic growth may attract foreign investment, thus easing the pressure



DEREK KEYS . . . his model is based on tried and tested methods

on the BoP, but unless this growth is export-led foreign investors are unlikely to be greatly interested.

The plan says this anti-export bias can be countered by giving exporters access to inputs at the best available world prices.

## Reduce

Options here include establishing export processing zones and extending the rebates allowed on materials used in export processing.

The model says the combined effect of lifting the import surcharge and special duties, such as formula duties, could reduce the protective barrier from its present 27% to 18%.

NEM says a possible approach could be to reduce the maximum rates on consumer goods to 30% and on all other goods at 15%, bringing the protective barrier down to an average 14%. But reducing tariff barriers will not in itself create hundreds of thousands of new jobs. The

authors say economic performance depends heavily on the well-targeted and accelerated development of human capacity.

The currently adversarial relationships in industrial relations must end. Competitive behaviour should be encouraged in all markets, including the labour market.

"Certain forms of uncompetitive behaviour, such as price-fixing, market sharing, resale price maintenance and collusive tendering should be outlawed.

"This approach implies a dismantling of most of the government's market participatory and regulatory machinery, which may result in considerable savings for the public sector and the formal and informal private sector, and a reduced bureaucracy."

The model, a major contribution to the debate on how the economy may be best repaired, is proposing a new watchword to guide future policy: competitiveness.



# Private sector employment drops

## Political Staff

EMPLOYMENT by the private sector has fallen continually since the second quarter of 1989.

And the same trend appeared in the public sector during the first half of last year, but rose by 2.2% in the third quarter.

In his Budget review, Finance Minister Mr Derek Kees notes that from the beginning of the downswing to the third quarter of last year 276 000 jobs were lost, outside

the agricultural sector.

Despite the drop in employment, wages and salaries increased at a high rate in nominal terms — 18% in 1989, 16.9% in 1990, and 15.8% in 1991. The same trend was evident in the first three-quarters of last year, said Mr Keys, noting that with the exception of the first quarter of 1990, real remuneration per worker had risen in every quarter since the beginning of 1989.

Among major reasons cited for the rate

of increase not having "slowed more significantly" during the recession are:

- The unwillingness of trade unions to temper wage claims, and

- Labour-saving strategies in business.

Labour productivity increased by 2.3% in 1988 and then slowed to 0.8% in 1989 and 0.4% in 1990. Rationalisation pushed it up to 1.3% in 1991, while the first three-quarters of last year showed increases of 1.1%, 0.9% and 1.2%.

(13) CT18/13/93



# Govt zeros in on job creation

(173)

CT18/3/93

## Political Staff

THE government has allocated a total of R245,6 million for job creation in the 1993-4 Budget.

More may be added from the sale of strategic oil and other supplies.

Giving details of the programme, Finance Minister Mr Derek Keys, said:

- R73 million would come from the Department of Manpower which had expanded its training scheme for the unemployed to include a new "in task training scheme" to ensure training "assumes a more permanent character".

- R112,6m to the Small Business Development Corporation and various other bodies for the promotion of small business

- An extra R60 million earmarked specially for job creation.

The minister said over 400 projects with a job-creating potential of some 29 000 had been approved under the "revamped" Regional Industrial Development Programme.

Further, Section 37 E of the Income Tax Act, which allows for accelerated depreciation for beneficiation projects, would assist with growth. Nine projects had already been approved "which will ultimately create thousands of jobs directly and indirectly".

Mr Keys, said yesterday that there was "no way" in which the state could

## Retrenchment deal now 'for all ages'

THE R30 000 tax exemption for retrenchment packages is to be extended to all employees regardless of age, the Minister of Finance, Mr Derek Keys, announced yesterday.

He said in his Budget speech that the Income Tax Act provided exemption of up to R30 000 on lump sum payments when an employee was laid off either because his employer had stopped operating or because of personnel reduction.

To qualify for this, however, male employees had to be at least 55 years old and women at least 50.

The government had now accepted proposals by the Chamber of Mines, the National Union of Mineworkers and other unions that the exemption be extended to all employees regardless of age.

This should provide some relief to employees hard hit by being paid off.

The concession would be of retrospective effect for those laid off on or after March 1, 1992 and would lead to a loss of revenue estimated at R100 million for 1993/94. — Sapa

create job opportunities at the same rate as private entrepreneurs.

"But we can't shut our eyes to the loss of jobs over the past few years or the dismal prospects facing hundreds of thousands of people in finding work this year."

Mr Keys said that even if there was a rapid recovery of the economy, it would be some time before job opportunities increased again on any significant scale.

He said the National Economic Forum had identified job creation as a matter of priority and was giving urgent attention to practical proposals.

Plan to

Star 18/3/93

replace

jobs lost in

(173)

recession

Own Correspondent

The Government is moving on a wide front utilising hundreds of millions of rands to recreate jobs lost in the recession.

The projects range from Government-funded job creation projects through to stimulating whole sectors of the economy, such as tourism and small and medium business.

Small, medium and informal business is to be given a R112 million boost.

Spending on this sector of the economy is up by R94 million on last year with R75 million being channelled through the Small Business Development Corporation (SBDC).

And if the private sector increases its contribution to the SBDC pioneer fund, the State will consider increasing its share from the estimated R56 million allocated from this year's Budget. The Development Bank of Southern Africa will get R30 million for various training programmes and for small business in the self governing territories.

An additional R60 million will be spent on regional industrial development creating 28 500 jobs.

Under the old regional industrial development programme R491 million was budgeted for this year. The long term concessions for transport and housing are to be phased out in June while short term concessions of seven years for labour and 10 years for interest and rental will run their full term.

Tourism has been allocated R110 million with job creation as a major objective.



# Job creation gets a shot in the arm with R245,6m

Political Staff

CAPE TOWN — Government has allocated R245,6m for job creation in the Budget.

More may be added from the sale of strategic oil and other supplies.

Giving details of the programme, Finance Minister Derek Keys said:  R73m would come from the Manpower Department which had expanded its training scheme for the unemployed to include a new "in-task training scheme", aimed at ensuring training "assumes a more permanent character";

R112,6m would go to the Small Business Development Corporation (SBDC) and various other bodies for the promotion of small business, and  An extra R60 million was earmarked specifically for job creation.

The Minister said more than 400 projects with the potential to create about 29 000 jobs had been approved under the revamped Regional Industrial Development Programme (RIDP).

Furthermore, Section 37 E of the Income Tax Act, which allowed for the accelerated depreciation for beneficiation projects, would assist. Nine projects had been approved "which will ultimately create thousands of jobs directly and indirectly".

Keys said there was "no way" government could create job opportunities at the same rate as private entrepreneurs.

"But we cannot shut our eyes to the loss of jobs over the past few years or

B/DM 18/3/93. (173)  
**BUDGET  
B1993**

the dismal prospects facing hundreds of thousands of people in finding work this year."

Keys said even if there was a rapid recovery of the economy it would be some time before job opportunities increased again on any significant scale.

Keys said that from the beginning of the downswing to the third quarter of last year 276 000 jobs were lost, outside the agricultural sector.

Despite the drop in employment, wages and salaries increased at a high rate in nominal terms — 18% in 1989; 16,9% in 1990 and 15,8% in 1991.

Among major reasons cited for the rate of increase not having "slowed more significantly" during the recession were the unwillingness of trade unions to temper wage claims, and labour-saving strategies of business.

The Minister said labour productivity had increased 2,3% in 1988 and had then slowed to 0,8% in 1989 and 0,4% in 1990. Rationalisation pushed it up to 1,3% in 1991 with increases of 1,1%, 0,9% and 1,2% in the first three quarters of last year.

LINDA ENSOR reports that of the R112,6m (R94m) allocated by government to the promotion of small busi-

ness development, the SBDC would receive about R75m — R56m for its pioneer fund and about R19m for allocations to the credit guarantee fund, rental subsidies and interest subsidies.

The Development Bank of SA would receive about R30m to assist small businesses in the self-governing states, for training and aid programmes to non-governmental organisations.

The balance would be allocated to a variety of organisations.

Keys said it had been decided to provide a more comprehensive policy package for the promotion of small business enterprises. A small and medium size business promotion unit had been set up in the Trade and Industry Department which would play an active and co-ordinating role.

The 432 RIDP projects approved between August 1991 and November 1992 would crystallise in investments worth R5bn and 28 700 job opportunities, reports Sapa.

Each year, R100m was budgeted for new projects under the RIDP.

From May 1 1991 to November 25 1992, projects with a carry-over costs of R167,3m had been approved.

Another R491m had been provided in 1993/4 for the previous RIDP.

Long-term concessions for transport and housing would cease on June 30 1993, after full consultation with the parties concerned.

The short-term concessions would run their full term — seven years for the labour concession, and 10 years for rental and interest concessions.

# Drive to cut state jobs almost done

GERALD REILLY

PRETORIA — The intensive retrenchment sweep in the public service, which involved a 5% cut in the total salary bills of state departments and thousands of workers, had almost been completed, Public Servants' Association GM Hans Olivier said yesterday. *BIDAM 1913/93*

He said President F W de Klerk had assured the public service caucus, representing 12 staff organisations, that the retrenchment drive would slow markedly during the 1993/94 financial year.

The Commission for Administration was unable to say how many government workers had been laid off in the past 12 months, but Olivier said it amounted to "thousands".

He said Finance Minister Derek Keys's Budget announcement that R300m had been set aside for retrenchment packages was reasonable when the scale of retrenchments and associated gratuities and pensions were taken into account.

Meanwhile, the 5% pay hike for more than 1-million government workers will raise the total pay bill to a figure exceeding R30bn, nearly 25% of total estimated state expenditure in the new financial year of R114bn.

Economists said this highlighted the need to continue thinning staff in state departments and more than justified government's refusal to review the 5% pay hike in the face of strong protests.



# Job creation can help address apartheid's legacy —

# Naidoo



**NAIDOO:** Confronting the structural problems in the economy is absolutely critical.

Story and picture by **PATRICK LAURENCE**

JAYASEELAN Naidoo, general-secretary of COSATU, is looking ahead to the challenges looming for the trade union movement after the installation of a government of national unity.

It is "absolutely critical" to confront the structural problems in the economy and chart a growth path which will generate employment and address the legacy of apartheid, he says.

Naidoo's Trotsky-like beard gives him the appearance of a radical — which is the image he possesses in many suburban living rooms. But his concern about recession and unemployment is a building-up rather than a breaking-down attitude.

A university dropout — his studies were interrupted by the traumatic events of

1976-77 — Naidoo attaches priority to the task of generating employment. "If we don't create jobs . . ." he says, leaving it to the listener to complete the sentence.

Then he adds, with a harder tone to his voice: "No matter how good your constitution is, it means nothing to the person starving in the squatter camps or in the townships or in the rural areas."

Naidoo outlines the immensity of the challenge ahead, talking of the "physical shrinkage of productive sectors of the economy" and the prospect of nearly 500 000 jobs lost in mining during the 1990s.

COSATU has been at the forefront of moves to develop a "reconstruction programme" consisting of a short-term and a long-term

public works programme. To that end the organisation is working through the National Economic Forum, through which the representatives of labour, capital and Government meet.

"We are reaching consensus on the need for a labour-intensive public works programme," Naidoo says. "From our point of view it must aim primarily at extending social services, providing electricity to townships and rural areas, road construction, extending sewerage and sanitation."

Related to COSATU's objective of making a reconstruction programme a central feature of post-apartheid South Africa is its hope of a reconstruction accord

with the ANC, formally committing the ANC-led alliance to fulfilling its long-established pledges to help the poor.

COSATU, judging from articles in the ANC journal *Mayibuye*, has come close to making ANC compliance a condition of COSATU support in the election for a constituent assembly.

There is a whiff of suspicion in the air, a sense that COSATU fears that the ANC might succumb to the temptations of elitism when it assumes office.

"I think there is a healthy scepticism of all politicians," Naidoo says. "I think that will always be so in the trade union movement. Certainly, we are keen to avoid

any elitist solution because it will not solve the problems we have."

Elaborating on the purpose of a reconstruction accord, he says: "It will bind the traditional anti-apartheid forces and give the front the vision of where it wants to go."

On the question of whether COSATU will field ANC candidates in an election, Naidoo says COSATU will not seek to place its own block of candidates on the list, but neither will it prevent trade unionists from standing.

"Two issues govern our decisions: we want the ANC to win an election but we want to make sure we don't weaken Cosatu. The bottom line is that candidates will have to make a choice." If COSATU office-holders

decide to stand for Parliament, they will have to relinquish their posts in the trade union movement, Naidoo adds. "Our policy is that you can't occupy two full-time positions."

In many independent African countries, black governments have shackled trade unions. Naidoo, however, does not fear that will happen under an ANC government in South Africa.

"The history of the trade union movement is so different from the rest of Africa. Here you have a well-established trade union movement that has been fighting for its objectives for a long time.

He adds a rider. "I don't say it can never happen here. We want a right to strike which can't be removed by a simple majority."



# Budget is long on medicine

By Lynda Loxton

**F**INANCE Minister Mr Derek Keys this week told South Africa in no uncertain terms it needed some nasty medicine to get the economy right — but, with elections looming, handed out some sweets to soften the blow.

As he said after his first Budget speech on Wednesday, it did not put South Africa "on steroids (to give it) a short-lived illusion that adjustments aren't all that necessary".

But he was convinced the medicine he provided would work in the medium term. Discipline, he said, was vital for future growth.

Although harsh across-the-board tax increases were expected along with tough spending cuts, the only real shocks were the higher than expected four percent increase in VAT to 14 percent and the fuel price increase of 16 cents.

Customs and excise duty increases were about the same as last year and, with an eye on the forthcoming elections, there were no personal income tax increases.

Also, about R363-million was set aside for schemes to promote small business and boost job creation while tax exemptions on retrenchment packages were extended to everyone — not just the over-fifties.

But, as striking teachers paraded outside Parliament demanding higher wage increases, Keys said the country could not afford an increase of more than five percent for civil servants until the "treatment" now being applied took effect.

The "treatment" mainly involves trying to keep government spending down and ensuring a deficit reduction from last year's 8,6 percent of gross domestic product (R28,5 billion) to 6,8 percent (R25,3 billion).

Total expenditure in 1993/94 is expected to be R112,7 billion compared to the R118 billion initially asked by various ministries.

Last year, the government overspent by some R6 billion and many will wait with baited breath to see if they can stick to its targets this year.

The Budget stresses job creation while increasing the police allocation by 14,3 percent to R6,4-billion to combat rising crime bred by political intolerance and unemployment.

Altogether R112,6 million is to be allocated to various programmes supporting the promotion of small business and a further R524 million to job-creation schemes.



**"The intentions of the new man in the job may be good, but he is probably finding himself in the wrong government at the wrong time to bring about his intended reforms." — Economist Lieb Loots, University of the Western Cape**

Keys said despite the need to cut back of government spending, this money was set aside because "we can't simply shut our eyes to the job haemorrhage of the past few years, or to the disappointment awaiting many thousands of new job-seek-

ers". Most new jobs should be created by the private sector, but they would be limited until the economy recovered.

However, tax incentives were also provided to encourage companies to

retain more of their profits for investment in job-creation projects.

This involves an eight percent cut in company tax to 40 percent and the introduction of a 15 percent tax on dividends paid out to shareholders.



# JOB MARKET

# Advice to bank on

SI Times (BUS)

By KEVIN DAVIE

21/3/93

DESPITE present difficulties, there could be bright prospects for SA in the future, says a draft World Bank paper.

"But no miraculous solution or way out should be expected from either the total removal of the apartheid system or some extraordinary windfall coming from a favourable terms of trade shock (such as a sudden rise in the price of gold)," bank staffers say in a discussion document.

The paper is likely to become the formal bank position on SA once responses have been solicited from key parties locally.

The document has garnered some support from the ANC. Economics head Trevor Manuel told a press conference on government's Normative Economic Model that he preferred the bank's approach to that of government's.

The World Bank paper says a virtuous cycle of economic effects can be launched in SA if the relation between economics and politics can find a co-operative mode of expression.

It identifies a three-point strategy to reform the SA economy:

- Restructuring the budget to raise public investment in areas of infrastructure and publicly provided services. This should be targeted towards the poor and underprivileged. The authors want to restrict the growth of recurrent expenditure in the budget.

- Upgrading the skills of existing workers by improving skills in the

short-term and investing in human capital in the longer-term.

- Creating a stable and export-orientated business environment by encouraging a shift in the orientation of the manufacturing sector towards exports in the short-term while providing a longer-term commitment to a stable export-orientated environment.

## Impediment

Serious upgrading of skills can only come about through the efforts of the private sector: "One viable solution could come through a pact between major employers and trade unions through the provision of training in widely applicable skills.

"The trade unions would play their part by agreeing to limits on strikes and other activities which disturb industrial peace."

A central point is that industrial relations problems have become a major impediment to industrial development, and a pact should therefore have the effect of encouraging a revival in private sector investment, the paper says.

The authors see two rays of light. If a political settlement is reached and social and political instability diminishes, this should ease SA's capital constraint.

"Although conditions in world markets are not at their most encouraging, a political settlement would have the effect of opening access to financial support from both bilaterals and the major finan-

cial multilaterals (including the World Bank)."

The second ray of light is that SA has the rare distinction among upper-middle income countries of possessing a low external debt-to-GDP ratio.

"Given foreign finance, a path of growth and redistribution will be less vulnerable to external constraints during its transition."

Provision for both education and training has been inadequate on distributional grounds and in terms of future growth needs, the authors say.

"The position on training seems to be a dire one." Only about 9 000 apprentices were indentured during 1990, of whom 6 700 were whites, while the number of apprentices has not increased during the 80s.

The paper says that while 280 000 individuals were trained on various public and private training courses during 1990, much of this training was provided on a very short-term duration — one week or less.

## Barriers

It says it may be possible to encourage more rapid employment creation through the expansion of small-to-medium scale production activities and through the provision of subsidies on additional jobs created by enterprises with relatively elastic demand for labour.

"The evidence so far indicates that regulatory obstacles are not a major constraint upon the entry of small-scale entrepreneurs. It would seem that other barriers to entry, such as capital-market imperfec-

tions and entry-forestalling pricing policies of big firms, may need further investigation."

A key strategy will be to reduce the anti-export bias in the economy as it is now structured. The paper identifies this as an urgent task.

The authors say a Sacob study found that two-thirds of the disadvantage that South African exporters suffer relative to foreign competitors derives from the higher prices that they have to pay for manufactured inputs.

## Complicated

"Ideally, trade policies should eliminate this disadvantage and place exporters in a position of indifference between selling at home or abroad."

The paper says all exporters must have free access to imported inputs. It says that problems in SA's tariff or import duty structure should be addressed quickly. These problems include unevenness in the duty schedule, complicated tariffs and highly unstable tariffs.

Access to government support should be related to export performance. "The Korean government conditioned its allocations of short- and long-term capital to export performance. Tax incentives were also conditional on exports.

"Countries which attempted to follow a more classic infant-industry approach — i.e., produce first under lax standards of the protected domestic market, and then move on to export promotion — were much less successful."



UNIVERSITIES	Medicine/ Surgery	Dentistry	Nursing	Pharmacy	Other	TOTAL
University of Pretoria ..			6	1	1	8
University of the Witwatersrand ..	183	30	68	19	97	397
University of Stellenbosch ..	0	0	0	0	0	0
<b>TOTAL</b> .....	<b>1 335</b>	<b>242</b>	<b>351</b>	<b>26</b>	<b>366</b>	<b>2 320</b>

**Study bursaries awarded by Department**

142. Mr J M BEYERS asked the Minister of Education and Training:

(1) Whether his Department awards study bursaries to pupils at schools under its control; if not, why not; if so, (a) on what conditions (i) before and (ii) after 1 October 1991, (b) how many pupils have been awarded bursaries since that date, (c) what is the average size of these bursaries and (d) what was the total amount spent on bursaries by his Department since that date up to the latest specified date for which figures are available;

(2) whether any of these pupils have failed to fulfil their bursary obligations since the above-mentioned date; if so, (a) how many to date and (b) for what reasons, in each case;

(3) whether any of this outstanding bursary debt has been recovered; if so, what was the total amount so recovered;

(4) whether his Department envisages taking any corrective steps in order to overcome this problem; if not, why not; if so, what steps;

(5) whether his Department is at present acting in terms of a new arrangement in respect of the award of such bursaries; if so, (a) since what date, (b) what are the details of this arrangement and (c) what is the cost involved to date?

B322E

**The MINISTER OF EDUCATION AND TRAINING:**

No. Free education is provided.

(1) (a) to (d); (2); (3); (4) and (5) fall away.

**The MINISTER OF HOME AFFAIRS:**

(i)\* ~~(173)~~ December 1991 16,1 11,3 10,3 5,9  
 September 1992 15,5 11,2 10,5 5,7  
 (ii)\*\* December 1991 14,6 7,2 5,6 9,1  
 September 1992 14,4 7,0 5,6 9,3

\* Represents: Central government  
 Provincial administrations

\*\* Represents: Civil services of the self-governing territories  
 Local authorities  
 Parastatal institutions  
 Universities and technikons  
 Agricultural marketing boards  
 Public corporations (Transnet Ltd included as from June 1990 and Telkom SA Ltd and South African Post Office Ltd included as from December 1991)

**Note:**

(1) The number of gainfully employed persons is estimated on the basis of the mid-year estimates of the economically active population and the ratios of unemployed and self-employed persons according to the 1991 Population Census.  
 (2) The information is furnished as at 31 December 1991 and 30 September 1992. The results of the survey for the quarter ending 31 December 1992 are not yet available.

**CS educators: improved conditions of service**

155. Mr R M BURROWS asked the Minister of National Education:

(1) Whether improved conditions of service for college/school educators (CS educators) have been or will be granted during the 1992-93 financial year; if so, (a) what are the improved conditions and (b) from what date have they or will they come into effect;

(2) whether any improvements were recently made to the salary scales for CS educators; if so, (a) what improvements and (b) when?

The MINISTER OF NATIONAL EDUCATION:

(1) Yes. (a) A general salary increase of 9,9% was granted. Salary disparities

**Moratorium on building of new hospitals**

156. Mr M J ELLIS asked the Minister of National Health:

(1) Whether the moratorium on the building of new hospitals referred to in her reply to Question No 180 on 27 April 1992 is still in force; if so, (a) why and (b) in respect of what categories of hospitals;

(2) whether the moratorium has been applied strictly since 6 December 1989; if not, (a) why not and (b) what were the particular circumstances of each case in which it was not so applied;

(3) whether the moratorium is to be lifted this year; if not, why not; if so, which new hospital projects are to be given priority?

B368E

**The MINISTER OF NATIONAL HEALTH:**

(1) Yes;

(a) the prevailing adverse economic climate which, inter alia, has an impact on the financing of health services, compelled the Government to curb the erection of new hospitals. It is the recurrent cost implications of these facilities in particular which place serious pressure upon the health budget and

(b) community hospitals  
 regional hospitals  
 academic hospitals;

(2) no;

(a) As a result of the unique health issues in the Durban area, the Cabinet approved the construction of a community hospital in Phoenix and an academic hospital in Cato Manor and

(b) Phoenix Hospital

Durban is one of the most rapidly



# Over 35 is 'over the hill'

STAR 24/3/93

**D**IRTY old man, crotchety old woman ... don't even think that way! The British-based organisation Age Concern wants you to stop using such politically incorrect expressions.

"How long before people start calling you names?" ask posters recently launched in a new campaign against widespread age discrimination.

And, if this is not enough to remind you to be kinder about those who are now euphemistically called senior citizens, an accompanying leaflet warns: "At some point in your life you will find that people start to characterise you by one single dismissive criterion — your age.

"Your abilities won't matter. Years of experience will count for nothing. Your achievements won't matter. Your personality won't matter."

If this dismal state of affairs still seems

distant in South Africa, think again.

In these recessionary times it is harder than ever for over-40s to get a job. Early retirement is widely on offer at 50!

Job advertisements frequently quote an age limit and according to recent surveys the upper limit most often given is 35. "Old" is getting steadily younger.

As careers are compressed, peaking — that dreadful point at which decline and old age beckons — happens ever earlier.

Consider snooker, a sport in which you need plenty of immature enthusiasm to sustain the incredible boredom of practising.

In most sport younger people are making their mark as top achievers. It may happen later in more sober, desk-bound professions, but only fractionally.

A UK employment agency says perceptions of the right age for jobs are dyed in the wool — 25 to 30 years for the perfect

secretary, under-35 for front-office staff, over-50 for cleaners. Most employers want under-25s to fill their vacancies.

It is unclear quite why getting on in years has led to not getting on at work. Employers usually offer vague, unconvincing explanations: "A young company employing young workers" or "dynamism, commitment and flexibility".

Yet a British survey comparing under-40s with over-40s found little difference in reasoning and numerical tests; and the over-40s were stronger in persuasiveness, friendliness and astuteness, and were more competitive.

As UK Prime Minister John Major (49) said: "I am going to try as hard as I can. But I'm very young, and if it goes wrong, I can always do something else."

THE INDEPENDENT  
AND PHANGISILE MTSHALI

**LABOUR** Joblessness shatters homes and lives

# Fighting to survive

*Sowetan*  
 By Ike Motsapi

25/3/93

173

**■ RIPPLING EFFECT** The number of

unemployed rising at frightening rate:

**W**HEN LAWRENCE KGATIT-SWE lost his job in 1986 his wife walked out on him. He also lost his home and is now staying with friends.

Kgatitswe (49), who worked as a switchboard operator at a Johannesburg hotel, said his wife told him she would not stay with an unemployed man.

She divorced him in 1987.

"I tried to reason with her but she did not want to listen. We were a happy family. I did everything for her," he said.

Miss Annah Rex is an unmarried mother of three. About 15 years ago she was planning to buy herself and her family a house.

At the time she was employed by the Anglo American Corporation, where she had a steady job as a clerk.

Her dreams were shattered when she lost her job in 1978 after being injured at work.

"I have been struggling for the past 15 years to survive. My eldest son, Michael, has left school to seek employment. The other two are at school and Michael looks after them.

"Michael also earns a little extra by doing part-time jobs," Rex said.

These are just two examples of how growing unemployment is having a devastating effect on South African families.

The high unemployment rate has been blamed on the bad state of the economy. There are many people who have skills but find it hard to get employment.

A research study conducted by the

## The faces of despair



**Sanza Selowa**

- Father of four
- Wife unemployed
- Used to work as a clerk
- Lost his job 10 years ago
- In danger of losing house

**I'm having sleepless nights because of this threat**



**Phila Magudulela**

- Father of four
- Wife unemployed
- Lost his job in 1986
- House repossessed
- Now staying in a shack

**I lost my house because I could not afford to pay my bond**

Institute for Personnel Management has revealed that the economically active population will grow at an annual rate of 2,6 percent between 1990 and the year 2000.

The study also revealed that the employment percentage in the primary sector has decreased from 29,2 percent in 1970 to 20,9 percent in 1988.

The secondary sector experienced

a decrease from 45 percent in 1980 to 42 percent in 1988. Tertiary services employment increased from 32,1 percent in 1980 to 37 percent in 1988.

This, however, is due to the rapid expansion of Government services from 13,8 percent in 1980 to 17 percent in 1988.

It is clear that creating job opportunities is one of the biggest challenges facing South Africa this decade.



Star 26/3/93

# 500 000 jobs lost over last 3 years

(173)

By Michael Chester

The total number of jobs wiped out by the recession in the past three years has climbed to 500 000, according to estimates released in Johannesburg yesterday.

Foundation for African Business and Consumer Services (Fabcos) statistics show that no fewer than 5 900 companies have been liquidated.

Fabcos president Jabu Mabuza said the growing toll of casualties made it crucial that the business sector pushed ahead with a dynamic economic agenda rather than stand holding its breath while awaiting a political settlement.

The urgency of economic action, he said, was underlined by the surge in unemployment since 1989 — with 340 000 jobs axed in the formal business sector, 130 000 jobs lost due to the recession and drought in the agricul-

tural sector, and jobs cut by 30 000 in the informal sector.

Problems were compounded by the arrival of 1 million more school-leavers on the job market in three years of economic decline.

Mabuza was addressing business leaders at the formal launch of a new publication compiled by the Consultative Business Movement (CBM) entitled "Managing Change — a guide to the role of business in the transition."

"The issue business needs to face is sheer survival," he said. "Yet even now most of us are waiting for a miracle from political talks at the World Trade Centre.

"Even if our prayers are answered and the politicians set a firm agenda and schedule for negotiations, that alone will not provide a solution to the problems that face business, nor automatically provide answers to poverty, economic decline, violence and crime.

"The new CBM publication is a warning bell that if business cannot see beyond the

immediate economic exigencies and take a long term view, we may stand to lose it all. Businesses that insist on 'business as usual' will struggle to survive in a radically new environment."

Action was vital to broaden the ownership and management base of business to ensure black economic empowerment.

"If political enfranchisement is not backed with economic enfranchisement we will be heading for an extremely volatile and dangerous situation," he added.

"In the forthcoming election, people will not only be voting for a political system, they will also be voting for an economic system."

Political analyst and academic Dr Van Zyl Slabbert, who also spoke at the launch, agreed that only by broadening the base of business and management structures would South Africa address its four main problems: economic growth, redistribution, political legitimacy and social stability.

# South

## Job creation project fills the gap for unemployed

SOUTH 27/3-31/3/93.

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**T**HE Cape Town Job Creation Project enters its third year of promoting entrepreneurship in the disadvantaged communities of the Western Cape.

Focusing on providing a two-year management skills programme to entrepreneurs in the manufacturing and service industries, the project has been able to fill a gap for the many unemployed people of the Western Cape.

A centre, which houses the project, was opened in October last year by the British Ambassador Sir Anthony Reeve. The centre provides 23 mini hives, with basic services, which can be rented by a limited number of clients of the project. A mix of entrepreneurs are



housed at the centre, ensuring that there are no more than two similar businesses operating.

The hives are, however, not as developed as the those of the Small Business Development Corporation, says project spokesperson Lindile Maqina.

"They are not, however, as rudimentary as backyard businesses," he says.

While the project does not provide loans, it will provide the nec-

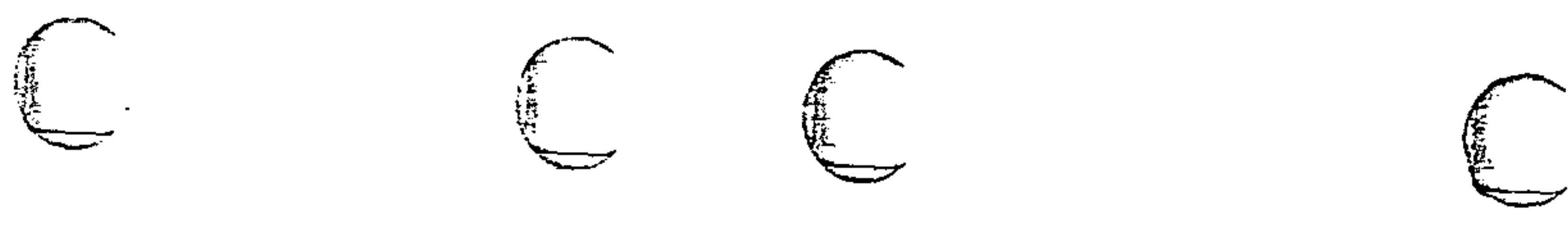
cessary training and expertise for entrepreneurs to formulate a business plan to assist them in getting a loan from a financial institution.

The project has created 312 jobs since last October.

There are a number of marketing opportunities at the centre.

"We have identified big organisations who can sub-contract to entrepreneurs at the business hive. The project will provide back-up and will not impinge on the entrepreneur's marketing role," Maqina says.

The project is also in contact with community and civic organisations. A key focus of such interaction is to acquire premises in Khayelitsha, Mfuleni and Lwandle, Maqina says.





# Development boss claims big success

*St Times (BUS)* 28/3/93

By CIARAN RYAN

A TOTAL of 705 projects, with a total investment of R5-billion, has been approved under the regional industrial development programme (RIDP) since 1991.

Replying to criticism of the RIDP in a March 21 Business Times article —

drawn from a report by Andre Wilsenach and Andre Ligthelm entitled, An evaluation of the RIDP and its preliminary impact on regional development in SA — RIDP Director-General Coenie de Villiers says the pro-

gramme is a success, having provided 30 000 jobs since 1991.

"The RIDP is a viable and very effective method to promote industrial development throughout the country, to create wealth, to establish more job opportunities and to ensure a more equitable dis-

tribution of development and progress," says Mr de Villiers.

He rejects the report's suggestion that the programme costs R1-billion to R2-billion a year. The RIDP budget for 1993-94 is R739-million, 66% of which is for projects approved under the 1982 RIDP, which is being phased out.

He also rejects the report's recommendation of a five-year tax holiday in conjunction with the RIDP: "The present RIDP allows for a more selective approach leading to effective utilisation of State funds. The RIDP is of a kick-start nature. Incentives are only payable over five years."

## Bias

RIDP incentives include a two-year establishment grant equal to 10,5% of operational assets and a three-year output-based one. The current RIDP replaced the 1982 programme which offered employee subsidies of up to 95%, interest and rent subsidies, training allowances, electricity subsidies, rebates of between 40% and 60% on outgoing goods, relocation grants of up to R500 000 and productivity incentives.

Mr de Villiers denies that the programme has a rural bias.

"The new scheme is aimed at regional economic development rather than at spreading industry to rural areas."

A total of 32% of the projects approved are in metropolitan areas, 29% in intermediate cities, 28% in smaller towns and 11% in rural areas. RIDP incentives vary little outside the PWV or Durban core area — both are excluded from the programme because of "their existing self-sustained economic agglomeration".

## Ideal

Mr de Villiers says the ideal regional industrial policy would offer no assistance to industry.

"Most countries offer generous incentives to industrialists and they are vying for foreign investment which introduces new skills, develops homegrown technology, and through multipliers, provides much-needed employment, fixed investment and income."

He says the RIDP is a small price to pay if SA's share of world trade can be lifted from 0,7% to 1,1% in the next three years.

Mr de Villiers says some refinements to the programme are being implemented.

"The new RIDP has the potential to reach most of the goals it was designed and planned for. We are confident this will be the case in the coming months and years."

International markets for manufactured goods are growing faster than those for raw materials.

SA's manufacturing sector requires foreign investment and the RIDP is helping to achieve this, he says.

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# JOB MARKET

A JOB for only R350? It is more than well known that SA has to create hundreds of thousands of jobs annually for the unemployed and newcomers to the job market.

It is also well known that job creation can be expensive: witness the multibillion-rand beneficiation projects. State finance is being used to provide a handful of jobs at up to R30-million each.

So, given the enormous challenge of job creation, it is good news indeed to find an organisation which creates 1 000 jobs a month at a cost of only R350 each.

The Pretoria-based Get Ahead Foundation operates at the low-end, high-risk part of the market in 22 areas nationwide.

Clients typically borrow a few hundred rands to set up a small business at home or to hawk on street corners.

No contract is signed, no collateral asked for and until recently interest was charged at usurious rates (the law has been changed to legalise Get Ahead's charges).

Yet this non-profit organisation boasts that five of its areas are still reporting a 100% recovery rate after five years and 12 000 loans granted.

The principle involved is simple and has been successfully demonstrated by the Grameen Bank in Bangladesh. It uses a savings scheme established in SA, the stokvel or loans club.

Individuals wanting loans form a stokvel with others they know and trust. Peer pressure ensures repayment.

Loans range from R100 to R5 000, enabling borrowers to set up a range of businesses, including hawking, welding, carpentry, sewing and backyard industries, such as tyre repair and battery manufacture.

Loans are backed with field training in efficiency skills such as costing, bookkeeping, elementary finan-

# R350 provides a bargain-rate job

Stevens (R350) 4/4/93

By KEVIN DAVIE

cial management and marketing. A resource directory informs borrowers of services or facilities offered by development agencies.

Get Ahead's offices are in the townships to help keep administration costs to 15% of turnover.

Success stories abound. Mr Mhlangane of Zwede, Port Elizabeth, started as an upholsterer, using one room of his home. Turnover increased so much that he took on four employees and converted the house into a workshop.

The family sleeps once the workers have left.

## Books

Miriam Makgale of Ga-Rankuwa borrowed R5 000 for her butchery business, repaying the loan in only seven months. She borrowed another R27 000 for expansions, settling her sights on using 40 cars for deliveries.

A woman, deserted by her husband, borrowed R500 to start her own spa shop and can now feed and take care of her family.

Some Get Ahead customers perform important social services. A R500 loan enabled a day-care centre to be set up in Orlando, Soweto. This was followed by a second or "gra-

duate" loan of R500, the centre now attending to the needs of 25 children daily.

These second-time loans, which are granted only after the first has been repaid, are increasing with 1 500 borrowers now on the books.

Get Ahead managing director Don MacRobert says that 80% of jobs created survive four years later.

As many as 25% of Get Ahead's customers graduate from the informal to the formal sector.

Geoff Mphahleli is a self-taught printer in Mamelodi, Pretoria, who started with a R5 000 loan. Although he still operates his four-man business from backyard premises, he is fully licensed, supplies the formal sector, pays taxes and offers his staff pension and medical-aid benefits.

Get Ahead is financed by donations from foreign governments and corporates and by individuals and corporates in SA. Its profile has undoubtedly been hurt in the recent past by pro-sanctions campaigns and Get Ahead board member Desmond Tutu.

Corporate backers fell from about 300 to about 200 because they argued that Get Ahead's job creation aims were not compatible with the destruction which sanctions were visiting on the SA economy. Get Ahead likewise believed it po-

litically incorrect to seek aid from the SA Government, but has reappraised this strategy in the light of the new politics.

Mr MacRobert applied to the Department of Trade and Industry this year for R2-million to assist with job-provision schemes.

## Tea

The Government in the persons of President de Klerk and Finance Minister Derek Keys has committed itself to supporting small business. The Small Business Development Corporation was voted R75-million this Budget, but Get Ahead was turned down.

Mr MacRobert is trying to find out why.

The amount involved is pitiful, not even tea money in relation to the R2-billion which is budgeted for established business in terms of export promotion or the R739-million which will be spent this year on the regional industrial development programme.

Then there is the R600-million which the State-owned Industrial Development Corporation has for ecotourism projects but which it is finding it difficult to loan.

"Big business gets the billions, small business the millions," says one observer.

But micro business gets nothing. Not even R350.



A R1 000 loan creates a spa business



## Keys blames bureaucratic logjam

# Millions for job creation go unused

BIDM 5/4/93

(173)



CAPE TOWN — A total of R685m earmarked two years ago by government for job creation projects is lying idle, despite the desperate situation of millions of unemployed.

Finance Minister Derek Keys disclosed in Parliament that the R685m was the unspent part of the R1bn allocated in 1991 to government departments for labour-intensive projects.

Speaking during the first reading on the Budget on Friday, Keys blamed bureaucratic logjams and lack of community involvement for the lack of success so far in creating jobs.

While the R685m had been committed, spending had been slow because spending targets were outside normal departmental operations, and because it had been difficult to get community co-operation, he said.

Keys conceded that the impact of the R1bn allocated had been "slow and small". For this reason an additional R60m had been allocated in this year's Budget to the National Economic Forum for job creation in the hope that it would use the funds more effectively.

He emphasised the importance of non-governmental organisations integrating with government departments to ensure effective delivery of finance to address socioeconomic backlogs.

Regarding the introduction of the secondary tax on companies (STC), Keys insisted that no relief would be forthcoming for companies whose year-ends fell shortly before or on March 31 despite their complaints that they would be prejudiced by

LINDA ENSOR

the implementation of the tax.

These companies had claimed that they were obliged to pay the tax on dividends out of profits taxed at the old tax rate.

Keys said this view ignored the cash flow effect of the amendment, as the earliest date for payment of STC would be July 31, 1993 — after or shortly before the first payment of provisional tax for the next year.

"The provisional tax will be calculated at the new company rate which is eight percentage points less than the old rate and which will provide an immediate benefit to the company," Keys said.

A concession to backdate the first dividend cycle to September 1 1992 had already been made.

Applications by companies to have their financial year-ends changed to take advantage of the lower rate of company tax would be approved in such a way that the change would not provide any tax benefit for income which would otherwise have been subject to the old rate of tax.

Corporate gold-mine shareholders electing to retain the present tax formula rather than adopt STC would be credited for dividends declared by these mines to keep their tax position the same.

Keys said the treatment of foreign dividends had been changed from the original proposal to allow all foreign dividends as a credit against dividends declared in order to remove them from the STC base. This was necessary, he said, as they did not

□ To Page 2

## Logjam

benefit from the lower normal tax rate.

Scrip dividends would not be subject to STC, but if a cash option was taken up the cash would be taxed.

Calculation of the net amount subject to STC would be based on the date of dividends declared and the date on which dividends to be received were declared.

Keys announced a moratorium on penalties for the late submission of tax returns due by August 31 1993.

(173)



From Page 1

An Inland Revenue spokesman said at the weekend that the measure would encourage people who failed to register as taxpayers out of fear of heavy penalties to come forward.

The measure would also encompass late submissions of returns, but the spokesman said most outstanding returns were covered by exemptions.

● See Page 3

**Opening doors**FM  
9/4/93.

**Schemes** to promote employment are often flawed. The cost of implementing them defeats their original purpose; by sapping the economy, they reduce its potential to generate jobs.

Finance Minister Derek Keys raised this issue in the Budget debate last week. He outlined the practical problems of attempting to increase employment through:

□ **The tax system.** "This would typically take place through a differential tax system favouring business taxpayers with higher numbers of employees. While it may sound superficially attractive, the reasons for not going this way are simple and strong. We would distort the market in a way which would discourage productivity — vital for our survival in a competitive world.

"But, at a still more basic level, there is no way we could administer such a scheme. The level of tax morality would not permit us to run a system based purely on declarations and the implications of an apparatus capable of monitoring the system are quite unacceptable from all points of view.

"International experience with employment related taxation has generally been very poor;" and

□ **Expenditure.** "In 1991, the government allocated more than R1bn to labour intensive projects. The R685m that appears in the 1993 Budget represents the still unspent balance of this amount. It has all been committed, but the actual rate of spending has been slow for two reasons. The spending targets were outside the normal operations of the departments and the co-operation of the communities concerned was hard to obtain."

A solution may lie in what he called the "natural relationship between the need to make good social backlogs and the skills that the unemployed could easily acquire." But a programme (that would put together the needs of the unemployed and the needs of the community) could not be imposed from top down. "It must be the product of a community initiative." Government is willing and able to respond to such initiatives.

\* cont - 17

This, he said, brought him back to a point he had made in his Budget speech, on the need for non-government initiatives to be integrated with the work of various State departments.

He expressed surprise that there had been no comment, in the debate, on this change in approach. (173)

He called on all organisations involved in addressing social backlogs to consider the following: whether they could combine with other organisations in their areas of activity; whether the combined interests could be aligned with those of the relevant State department; and whether a joint action programme could be implemented. Co-operation, he said, would allow the country's limited resources to be used more effectively.

Any proposed programme must have community support, must be able to mobilise other financial resources and must provide training in basic skills for the unemployed. The door is open, he said, to any initiatives which comply with these simple requirements. ■





**SWEET FUTURE:** Warner-Lambert directors Gerry Norris, George Michalakellis and Tim Largier with some of their company's wares

## A tasty way to create jobs

South 17/4 - 21/4/93 ~~173~~ 173

IT'S A child's dream: an ultra-modern factory producing 5 000 sweets an hour, 16 hours a day. lines at a new Western Cape plant set up by pharmaceutical multinational Warner-Lambert.

Popular brands like Halls, Ras-cals, Vita-C and Dentyne are pouring off the hi-tech production. This R20 million investment, officially opened in Retreat this month, has created 100 jobs.



**NEW WEALTH:** Game reserves promise to create employment on land that broke farmers' hearts and pockets, luring a new species of tourist — the ecotourist

# Havens bloom in veld

Star 17/4 198

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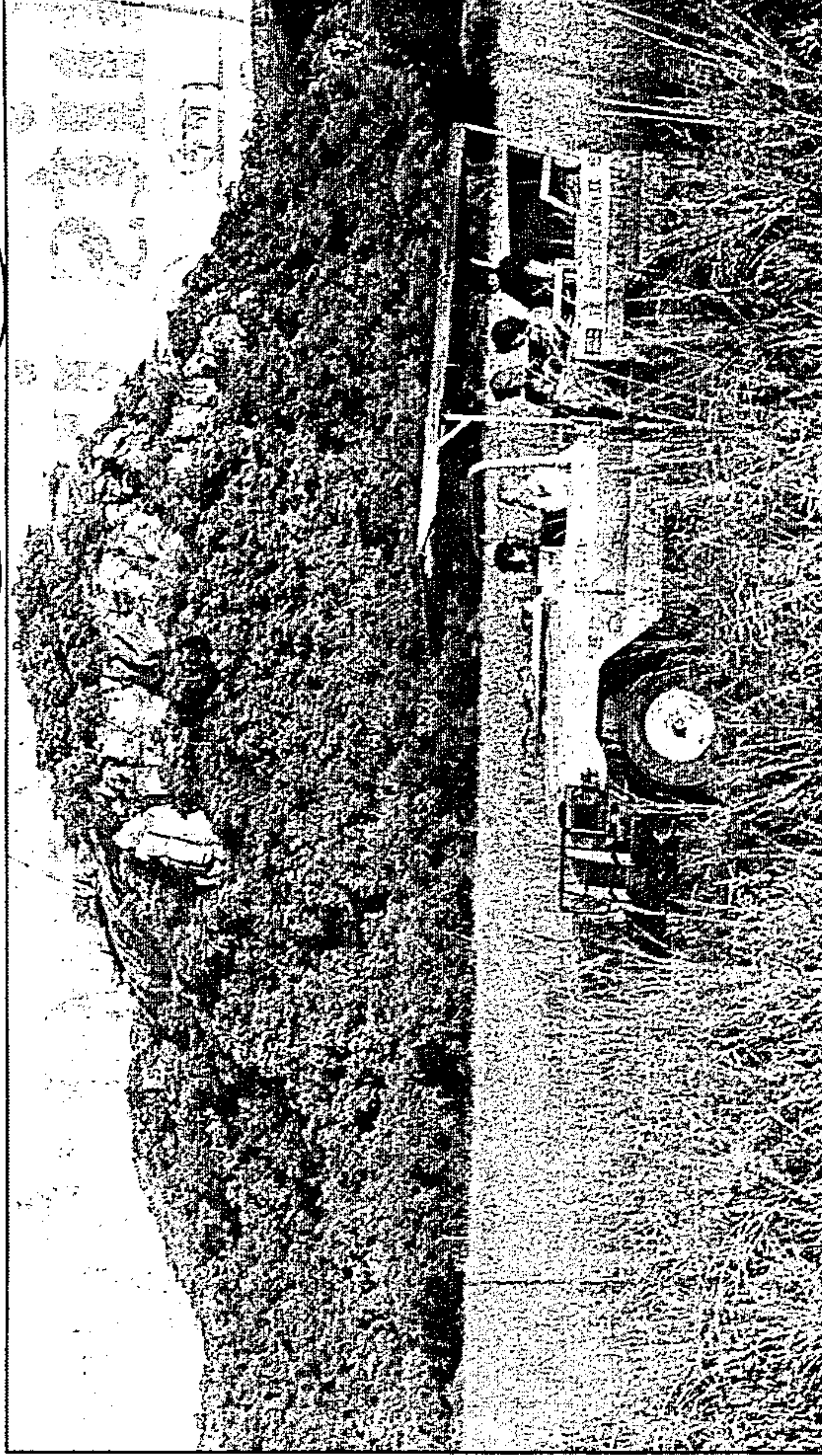
WITH the latest game reserve proclamations, nearly a fifth of the Transvaal is now under some form of wildlife management. Some believe the province is Kenya's biggest rival in the race to become Africa's most exciting destination, writes JAMES CLARKE.

**F**OUR very different game reserves, covering more than 80 000 ha and promising new wealth and jobs in rural areas, have been proclaimed. They will boost South Africa's bid to become the world's top ecotourist attraction.

Eastern Transvaal towns such as Hazyview and Hoedspruit are experiencing new wealth as ecotourism stabilises the Transvaal's wild places in a way conservationists had not dreamt possible.

The proclamation of more national parks and game reserves is helping some areas produce wealth for the first time. Marginal farmland which broke the hearts and pockets of farmers now has a chance of becoming profitable — as wildlife reserves.

The trend is turning the Transvaal into Kenya's biggest rival in the quest for ecotourists, a species quite different from traditional sightseeing tourists. The latter are more interested in urban cultures and in seeing the countryside from



same, but owners can build in affordable stages.

The reserve, which can expand to 20 000 ha by pulling down the fences around it, is to reintroduce the big five. Provincial experts advise that Makalali's 6 000 ha, with its big tree ecology, can accommodate 16 elephants. Settled land separates the complex from the Kruger Park/Timbavati/Klasie/Sabi-Sand block, but a link-up might well be possible in the long term.

South Africa's newest major public reserve — the 46 000 ha Kransberg National Park — plans to reintroduce the big five, as does the adjacent 25 000 ha private Welgevonden, 2½ hours from Johannesburg.

Welgevonden can accommodate up to 60 elephants and Kransberg more than 100. Culling could be done by fee-paying hunters inside the private area (national parks do not allow hunting). The well-wooded hills and valleys, mostly sourveld, are hostile to cattle and largely uninhabited by humans.

When the 22 km fence separating Welgevonden from the national park comes down, it will create a contiguous zone larger than Mauritius.

Welgevonden developer Pienkes du Plessis is offering, freehold, 51 unfenced sites of 500 ha each on which each owner can build a 10-bed lodge either for personal use or to run for paying guests.

**E**ACH owner may have a single 10-passenger vehicle and

**ACTION HOLIDAYS:** Yuppies, squeezed out of national parks and private game reserves by dollar-paying foreign tourists, are



be obtainable — as with-

The trend is turning the Transvaal into Kenya's biggest rival in the quest for ecotourists, a species quite different from traditional sightseeing tourists. The latter are more interested in urban cultures and the comfort of a five-star bus. Ecotourists want to experience the outdoors in a more physical way.

They like action holidays involving walking and camping in wilderness areas — preferably in big game country. They go for whitewater rafting, canoeing the Orange or Zambezi, horseback trails, elephant-back safaris, hunting, fishing, snorkelling, skindiving, birdwatching and nature photography.

A German source says most of the 80 000 German tourists who visit South Africa annually seek outdoor experiences.

Worldwide, the search for exotic beaches is losing its allure. The damaged ozone layer and warnings of skin cancer have put many in the northern hemisphere off sunbathing.

South Africans are spending nearly as much as foreign ecotourists — almost R2 billion a year — exploring their own country.

**S**OUTH Africans might just be the most ardent ecotourists in the world. Wilderness trails, coastal trails and trails in Kruger Park are booked out a year ahead. You apply and your name goes into a hat. It's the same for trails in Natal. It is the nearest South Africa gets to a state lottery.

And because of the violence and foreign tourists' resultant nervousness, South Africans are getting a chance to buy their own private family lodges in the bush at — in some cases — bargain prices.

As national parks reach saturation point in terms of the amount of accommodation they can offer and private game reserves pitch their tariffs at tourists paying in dollars, Deutschmarks and sterling, middle to upper-income South Africans feel squeezed out. This

**ACTION HOLIDAYS:** Yuppies, squeezed out of national parks and private game reserves by dollar-paying foreign tourists, are seeking their own pieces of unspoilt Africa where they can be sure of accommodation any time they need it. The latest trends in time-share, shareblock and syndicate developments allow individuals to buy stakes in game park developments for private use or as an enterprise. You could run your own game drive (above) or build your own accommodation (right) in a game reserve.

has led to a trend among yuppies to seek their own piece of unspoilt Africa where they can be sure of accommodation any time they need it.

Yuppies are now more likely to aspire to a smaller home in the suburbs and go for time-share or a shareblock in the great outdoors. The trend has sparked several kinds of game reserve development:

**1.** New kinds of national parks, open to all at prices affordable to the working person, especially if he likes a camping holiday. Last month the National Parks Board announced details of its newest national park — the 45 000 ha Kransberg National Park in the heart of the Waterberg, in the near northern Transvaal. Board secretary Herman Botha said the reserve could be quadrupled in size by setting up "contractual national parks" on abutting private land.

tion is inexpensive. Recently the Transvaal Provincial Administration described a new role: its scientists and administrators were facilitating the ecological merger of private reserves with adjacent public reserves.

**4.** Private reserves offering timeshare.

**5.** Private reserves offering shareblock schemes. The newest, Makalali, is about to be launched in the eastern Transvaal bushveld 40 km from the Strijdom tunnel. It is offering easy ways for people to build their own family lodges in "big five country".

**6.** Private reserves offering freehold portions. These freehold properties are within associations of neighbouring landowners who are dedicated to the same wildlife goals. Welgevonden — a huge region in the Waterberg abutting Kransberg National Park — is one that was recently announced.

The trend is bringing a more even spread of development. In the Transvaal bushveld it is creating new jobs, and in some areas, a boom.

Take Hazyview. Roads, which a year ago were lowveld tracks bordered by acacias, are now surfaced.

The new R20 million Kruger Park Lodge there epitomises the trendy timeshare complex. On the banks of the Lower Sabie, 20 minutes from Kruger Gate, it was recently taken over by Stocks & Stocks, which developed Bakubung and Kwamaritane — two highly successful timeshare luxury lodges on the perimeter of the Pilanesberg National Park.

Peter Foaden of Stocks & Stocks says R12.5 million has been committed to relaunch Kruger Park Lodge as a new kind of ecotourist development.

Its village of thatched cottages, strung out along the deeply forested banks of the Lower Sabie, boasts an 18-hole golf course. A luxury four-bedroom lodge costs R750 000, but some are much cheaper, and one can book a week per year on a long lease for just more than R13 000.

**T**HE lodge uses its proximity to Kruger Park as one of its attractions. It caters for families who like birdwatching and walking (even whitewater rafting), and although it embraces almost 200 ha it does not intend bringing in dangerous game.

It is already having to consider culling surplus buck. This underlines an interesting spin-off from these reserves — meat. That not used in the members' restaurant or clubhouse will go to locals, who are also benefiting through jobs and contracts for thatching grass, wood, fuel and other commodities.

Ecotourism is the fastest-growing sector in the lowveld. The beauty of it is that the reserves are utilising land where there has never been much work; marginal land where farming has failed.

Makalali, a 6 000 ha reserve near Mica, is designating 150 unfenced sites where private accommodation may be built according to prescribed design.

Developer John Penny of Sandton believes Makalali has the most spectacular viewpoints in the lowveld — great Pierneef-like landscapes of bush-clad plains backed by a mountain vista. Giant specimens of maroela, tambotie, leadwood, sycamore fig, jackalsbessie, red ivory, bushwillow and knobthorn characterise the area.

The cost of a site — each out of sound and sight of its neighbours — is about R125 000. Building a four-bedroom lodge would cost about the

500 ha each on which each owner can build a 10-bed lodge either for personal use or to run for paying guests.

**E**ACH owner may have a single 10-passenger vehicle and can hunt according to the game policy established by the regional wildlife authority.

The cost of each site is R1 050 000 — and that doesn't include building.

Du Plessis says owners will have the opportunity to own a big five game farm, freehold, without the responsibilities of running it.

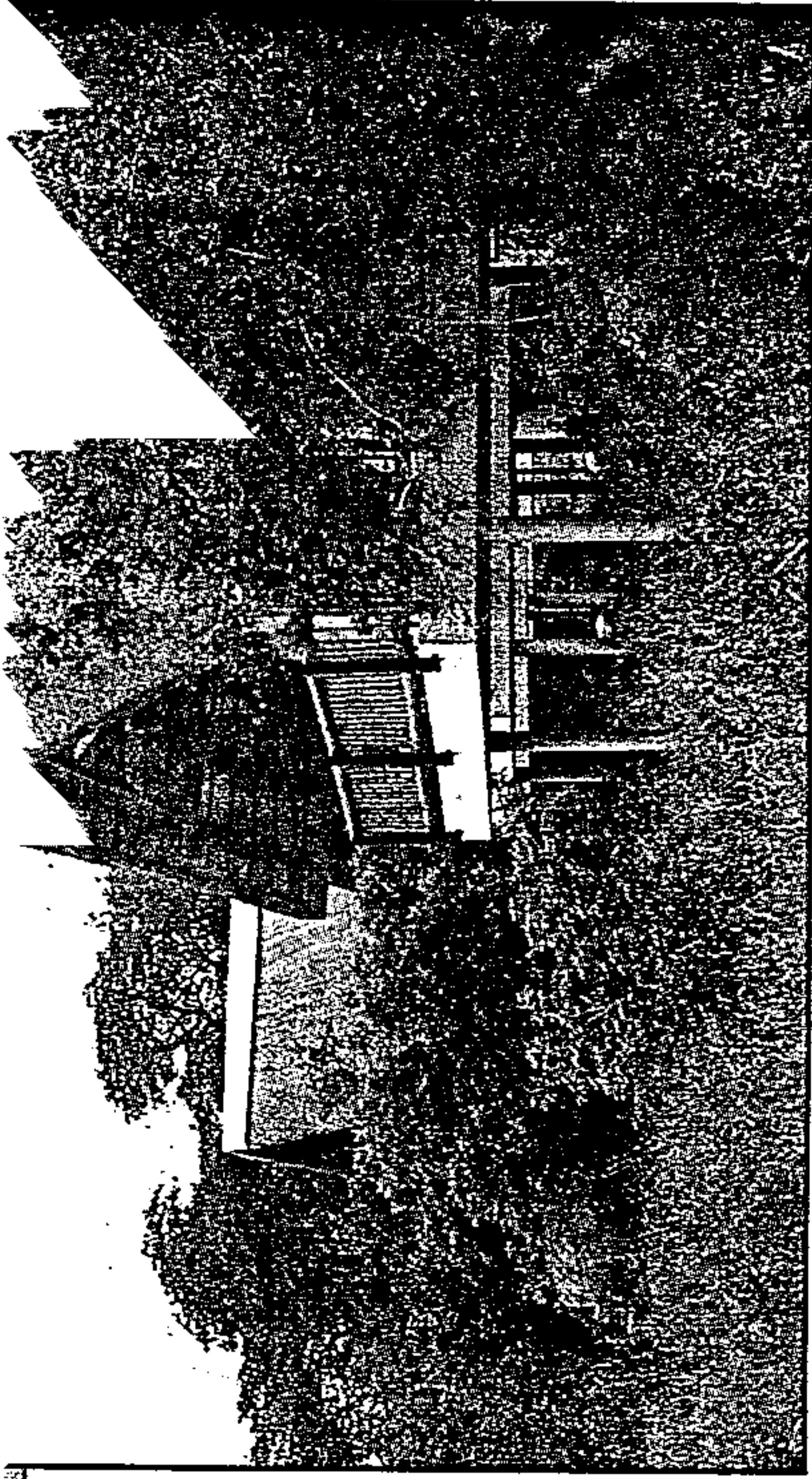
Sales director Trevor Jordan says Welgevonden is planning the biggest private wild animal translocation exercise in history. A complete herd of elephant is to be drug-darted and moved to the area, where it will be kept in a semi-tranquilised state until it is habituated to the Waterberg. The area already has animals worth about R3.5 million, with another R5 million worth to come.

The project, underwritten by Rand Merchant Bank, will be launched as soon as the first 16 buyers are signed up. So far eight have signed.

Levies? Jordan, who developed Nsiri and other successful shareblock reserves, says: "We intend to ameliorate running costs by running a five-star lodge aimed at foreign tourists and allowing hunting. We anticipate that 95 percent of members will not want to exercise their right to hunt. But we will still be forced to cull."

Lampies Lambrecht, deputy head of the Transvaal Nature Conservation Division, says that, not counting Kruger Park's 1.9 million hectares, the Transvaal has 3.1 million hectares under some form of wildlife management.

With Kruger Park, 18 percent of the province is set aside for conservation — almost double the international recommendation that each region of the world set aside 10 percent of its land to guarantee the survival of 50 percent of its indigenous species of flora and fauna.





Star 19/4/93

## Storm over R1-bn job fund

By Michael Chester (173)

The R1 billion Government job-creation fund launched two years ago, with promises of thousands of new jobs to relieve growing unemployment queues, has become locked in controversy.

A behind-the-scenes storm is threatening after estimates by Finance Minister Derek Keys that R685 million — more than two-thirds of the total — may still be lying unused.

Keys has voiced disappointment at the pace of progress and blamed delays on the slowness of government depart-

ments to implement special projects.

The Central Economic Advisory Service, which is administering the fund, insists the programme is running on target.

All government departments have been given a strict April 30 deadline to compile full accounts of actual expenditure — and precisely how many employment opportunities have been generated.

The results of the survey are due to be delivered to the Cabinet next month.

● The R1-bn jobs mystery

— Page 11



were open for (a) passenger and (b) goods traffic in (i) 1986 and (ii) 1992? B529E

**THE MINISTER FOR PUBLIC ENTERPRISES:**

The Managing Director of Transnet Limited has furnished the following reply to the hon member's question:

- (a) (i) 794
- (ii) 626 (470 Computer Stations)  
(156 Spoonnet Stations)

- (b) (i) 677
- (ii) 320.

**Employment statistics**

253. Mr L FUCHS asked the Minister of Home Affairs:

How many persons were employed in the (a) private, (b) public and (c) informal sector in South Africa during the latest specified period of 12 months for which statistics are available? B576E

**THE MINISTER OF HOME AFFAIRS:**

- (a)\* 8 196 523
- (b)\*\* 1 681 776
- (c) Not separately available.

\* The number of persons employed in the private sector (formal and informal sectors), as on 30 September 1992, is estimated on the basis of the mid-year estimates of the economically active population and the ratio of unemployed persons according to the 1991 Population Census after subtraction of the workers in the public sector.

\*\* The public sector comprises the executive institutions for general and own affairs, under which the Central government and Provincial administrations fall; the civil services of the Self-governing territories; local authorities; parastatal institutions; universities and technikon; agricultural marketing boards and public corporations. This information is as on 30 September 1992.

Transnet: staff/profit/loss

258. Mr R V CARLISLE asked the Minister for Public Enterprises:

**HOUSE OF ASSEMBLY**

(c) Yes — A general sales agent has been appointed which is more cost effective in that market.

(2) (a) Yes — A code share agreement has been entered into with Austrian Airlines who will operate the route a more economically viable proposition.

(b) The Australian route is being evaluated at present to establish if it will develop into a viable route.

(3) No.

**Own Affairs:**

**White pupils writing/passing Std 10 in African language**

39. Mr K M ANDREW asked the Minister of Education and Culture:

(a) How many White pupils at Government schools (i) wrote and (ii) passed the Standard 10 examinations in an African language in 1992 and (b) what were the African languages written by these pupils in the said examinations? B519E

**THE MINISTER OF EDUCATION AND CULTURE:**

- (a)\* (i) 1 000,
- (ii) 992,
- (b) Xhosa, South-Sotho, Northern-Sotho, Zulu and Tswana.

\* It is not possible to determine from the statistics of the Senior Certificate examination how many of the candidates involved were white. The figures therefore indicated the total number of pupils. State-aided ordinary as well as private schools are included in the figures.

**Number of hostels/places for pupils**

42. Mr R M BURROWS asked the Minister of Education and Culture:

- (1) How many (a) hostels on (b) places for pupils at such hostels are there in each province in respect of (i) secondary and (ii) primary schools falling under the control of his Department;

(2) how many vacant places are there at such hostels;

(3) in respect of what date is this information furnished? B523E

**THE MINISTER OF EDUCATION AND CULTURE:**

- | (1)       | (a) | (i) | (ii)   | (b)    | (i) | (ii) |
|-----------|-----|-----|--------|--------|-----|------|
| Cape      | 241 | 64  | 24 728 | 4 423  |     |      |
| Natal     | 59  | 37  | 4 770  | 1 701  |     |      |
| OFS*      | 44  | 19  | 5 090  | 1 772  |     |      |
| Transvaal | 147 | 50, | 23 828 | 6 591; |     |      |

\*There are also 68 combined hostels with 6 397 places of which 2 572 are vacant.

- | (2)       | (i)   | (ii)  |
|-----------|-------|-------|
| Cape      | 6 341 | 1 334 |
| Natal     | 1 180 | 783   |
| OFS*      | 1 387 | 573   |
| Transvaal | 7 837 | 2 352 |

\*Sec (1)

- (3) Cape ..... 1 February 1993
- Natal ..... 1 February 1993
- OFS ..... 31 March 1993
- Transvaal ..... 19 January 1993.

**Old-age homes: standard of care/training of staff**

46. Miss M SMUTS asked the Minister of Welfare:

(1) Whether, with reference to certain statements in respect of the care of the aged made by the then Deputy Minister of Health Services and Welfare in an appropriation committee on 12 May 1992, the strategy to improve the care of the aged in old-age homes has as yet been implemented; if not, why not; if so, whether the supervision of staff has been intensified; if not, why not; if so, to what extent;

(2) whether the training of staff is being promoted; if not, why not; if so, in what manner;

(3) whether inspections are carried out at more frequent intervals; if not, why not; if so, to what extent;

(4) whether inspections are carried out at more frequent intervals; if not, why not; if so, to what extent;

**HOUSE OF ASSEMBLY**



Storm clouds are gathering over the R1-billion fund launched by the Government two years ago with the intention of creating thousands of new jobs. Finance Minister Derek Keys suspects most of it is still lying unused while unemployment worsens, reports  
**MICHAEL CHESTER.**

**T**HE R1-billion job-creation programme announced by the Government with loud fanfare two years ago, which promised the generation of tens of thousands of jobs to relieve the unemployment crisis, has become locked in controversy.

All Government departments have been given a strict April 30 deadline to compile full accounts of actual expenditure and precisely how many employment opportunities have been generated.

The results of the inquiry are due to be delivered to the Cabinet next month.



Keys . . . seeking answers.

The storm has been threatened by estimates given to Parliament by Finance Minister Derek Keys that R685 million — more than two-thirds of the fund — is still unused and lying in limbo.

Many observers have concluded the scheme has become the latest skeleton to tumble out of the cupboards that Keys has been sweeping clean since he joined the Cabinet last year.

The R1-billion programme, unveiled in the 1991 Budget by Keys's predecessor, Barend du Plessis, was financed by the Government's windfall from the sale of part of the huge strategic oil stockpile it had amassed as protection against the sanctions blockade.

All was earmarked for use by Government departments to launch as many new labour-intensive projects as possible to relieve unemployment.

Parliament was thunderstruck when Keys released estimates referring that less than one-third of the fund has been mobilised to date.

He blamed poor progress on two basic faults:

- Slowness of departments to spring into action when confronted with tasks outside their normal routines, interpreted as strong hints of bureaucratic bumbledom.

- The frequent absence of vital co-operation at community level in the planning and implementation of projects. Hints of a wide gulf between civil servants and black communities?

The apparent tardiness of progress was considered all the more of a shock since the estimates followed hard on the heels of the unveiling of a five-

# The

year economic model in which Keys has fixed his sights on the creation of 1,3 million new jobs by 1997 in a blitz on unemployment.

However, Jan Dreyer, head of Central Economic Advisory Services, which handles the administration of the R1 billion jobs programme, suspects that the estimates handed to the Minister of Finance may have been bungled.

"There seems to have been some confusion somewhere," he said at the weekend. "Our own assessments show that we are almost bang on target."

Dreyer added: "All R1 billion — in fact precisely R1 007 315 000 — was committed to specific nationwide projects as long ago as August 1991, within six months of the announcement of the initiative."

## Streamline

"All told, we received requests from various Government departments that amounted to as much as R8 000 million.

"So we had already had to streamline the programme to fit the budget.

"Naturally, the whole programme could not be tackled in one sudden swoop. We had to work out a realistic timetable. The urgency of speed was always the main priority."

The programme finally agreed on, and given Cabinet approval, planned spending of more than R264 million in the remainder of the 1991/92 financial year; nearly R605 million in 1992/1993; the R138 million balance in the 1993/94 fiscal year.

It was calculated the programme would generate jobs for about 59 000 people over an average period of plus or minus 15 months.

Among the targets:

- Construction of 1 900 classrooms.
- Building 141 clinics and 64 creches.
- Preparing building sites, equipped with basic services, for 53 770 homes.
- Provision of 34 community centres, plus children's homes, libraries and pre-primary schools.
- Planning 83 soccer fields, 39 netball courts and 12 rugby fields close to underprivileged communities.
- Water supply systems for at least 53 communities.
- Improvements to nearly 18 500 km of roads.
- A R20-million allocation to job-creation schemes run by the Department of Manpower.
- Better community security services, with 59 new satellite police stations.

"Actual spending had already reached R780 million by the start of 1993," said Dreyer. "We are almost exactly on target."

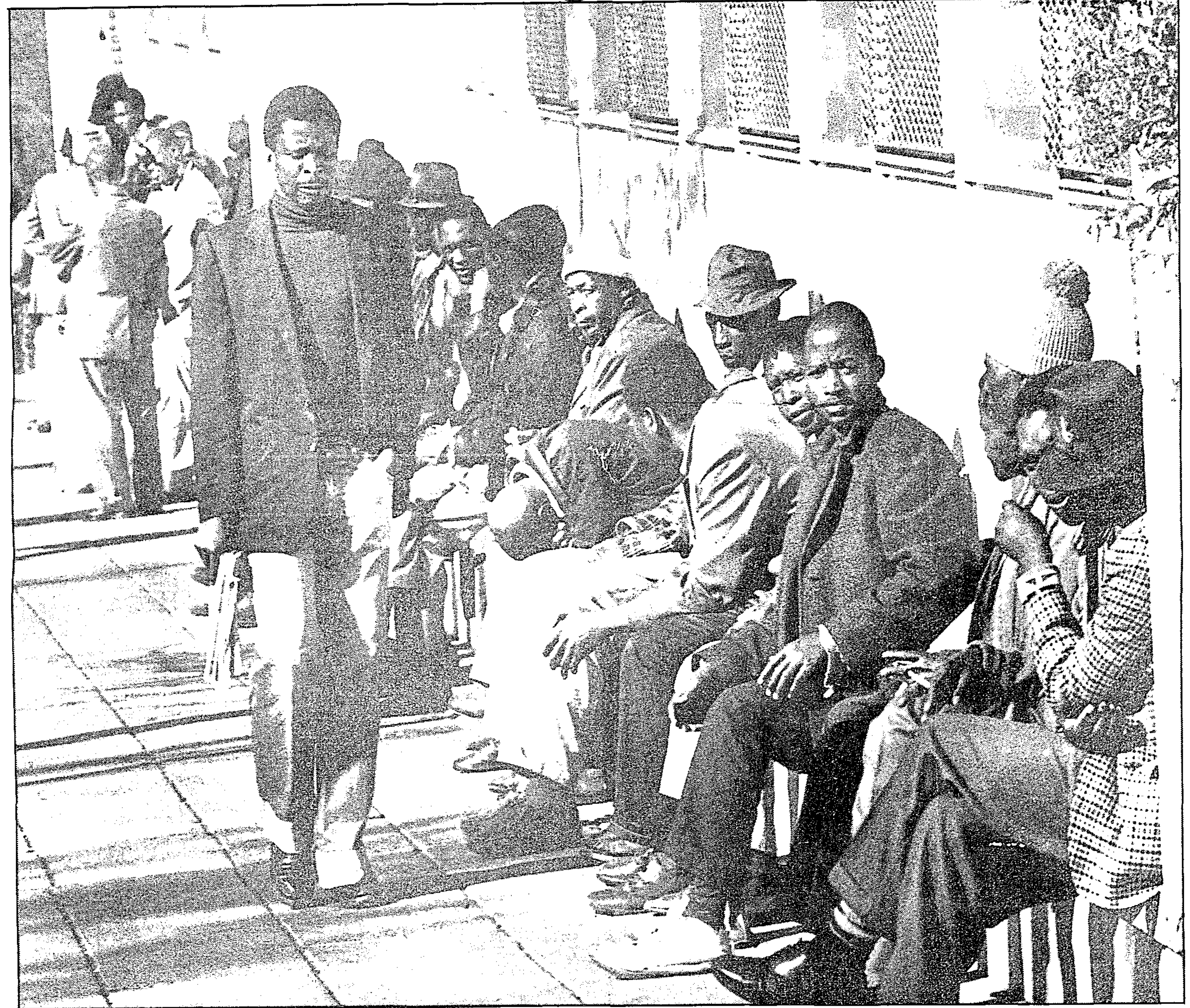
"Discrepancies between our



Star 19/4/93

# R1-bn jobs mystery

(113)



Cash sits . . . despite a large and burgeoning army of unemployed in South Africa, only about a third of the R1 billion set aside to aid the jobless has been mobilised so far, according to Derek Keys. Government departments were meant to use the money to launch job-creation schemes to help thousands.

own estimates and the figures quoted by the Minister of Finance should be fully explained when all Government departments have compiled up-to-date progress reports by April 30."

Keys, while awaiting the results, has allocated R60 million to the fledgling National Economic Forum (NEF) towards the spearhead of a new jobs drive.

He is convinced that the R60 million, though only a

small fraction of the R1 billion his predecessor handed the bureaucrats, will prove far more effective, rand-for-rand, in the long run.

"What we are looking for," says Keys, "is something that works, not just something we simply spend money on."

The R60 million has promptly been steered into the special job-creation initiatives that have been triggered by the Short-Term Working Group set up by the NEF with the specific

assignment to dart into the fast-lane in pursuit of solutions to chronic socio-economic problems.

Group secretary Roddy Payne declares: "Job creation is considered the most urgent of all socio-economic issues. And there's a good deal of excitement about the consensus being reached.

"Since the Forum listens to voices from across the entire political and economic spectrum, many key issues can be

hauled down to ground level.

"There are scores of initiatives that set out with the best will in the world to make a dent in the unemployment crisis. One of our first objectives is to bring about better coordination to make a bigger and more permanent impact.

"The packages being examined range from new ideas about the role of the small informal business sector to fresh thinking about the potential of public works programmes to

create new mass employment opportunities."

Payne said there had been a tremendous response to recent invitations for written proposals from outsiders and organisations on new approaches to the generation of more jobs.

At least 70 submissions had been streamlined into a set of 18 master proposals that were now under intense study.

Adds Keys: "We won't put our millions of unemployed to work

unless initiatives are partly generated and strongly supported by their own immediate communities. But communities can't on their own generate the momentum required.

"Fortunately, we now have the National Economic Forum. I don't know whether they will find the key to mobilising mass support for the job creation initiative, but I am sure they are worth backing in the attempt." □



**NEWS FEATURE** Everyone should help fight joblessness in the country



Time on their hands ... unemployment is fast becoming one of South Africa's biggest evils.

# Tackling unemployment

*Sowetan 20/4/93.*  
**CREATING JOBS** Government, business and society at large can help:

**A**s South Africa moves to a transitional stage, the biggest challenge facing the country and the powers that be is to provide employment and security.

In a country where unemployment is between one and three million of the economically active population, there could be no bigger challenge considering that at least one bank robbery takes place every day.

This is the legacy of apartheid and the recession has exacerbated crime and violence. And the rot in society can be attributed to a lack of jobs. In the usual South African fashion, instead of tackling the problem in unison, we have taken to apportioning the responsibility either to the Government or big business.

**All will lose**

In this game, everyone has to play — big business, Government, community organisations and individuals — or we will all lose.

Says Len Konar of the Independent Development Trust: "It is the responsibility of the Government, big business and the community' all of whom must come forward and work together towards a solution to this problem."

Some organisations have taken up the role of creating jobs with vigour. One of these is the Sunflower project based in Durban.

The way it works is that the community identifies the need, say a crèche.

They then approach Sunflower which, with thorough consultations, decides on the way the particular project is going to be tackled. Where possible, local people are used in projects.

Training is also an essential part of Sunflower. People are trained in brick-laying, sewing and other skills. Training starts off with three weeks in the classroom and then trainees are taken to the job and work as they learn.

The training also includes formal education for people who never had a chance to go to school.

In Pietermaritzburg, for instance, when an old building needed renovating so that it could become a community centre, Sunflower graduates were called in to do the job. The architect was

173  
 'People can do something to alleviate unemployment — no matter how small the contribution'

amazed at the way the job was done. Contractors also come scouting at training centres to see if they cannot find people who will come and work for them.

This is just one project. There are individual projects. Mrs Ngidi, a former schoolteacher at Ndwedwe, about 100 kilometres from Durban, runs a thriving sugarcane field. She employs a substantial number of local people to work in the fields and provides a living for a number of people.

Out of an original 10 hectares' she has built up a thriving business.

This is the point that *People*, the programme that runs on TSS every Monday at 9pm.

People can do something to alleviate the situation — however small the contribution may be. But whatever the project is, people need to be consulted thoroughly before it can be successful.

● Next week, *People* will be looking at racism and also the fascinating world of Hare Krishna, a religious sect most of us consider weird.

But as the programme will show, there is a great deal more to Hare Krishna than merely chanting and jumping in populous areas of the city.



Down and out ... scenes like this are becoming more prevalent.

This space was made possible by the support of the Independent Development Trust





# Research could boost export market

## Science set to play increasingly role as demand for jobs increases

STAR 221493

As South Africa seeks to provide jobs for its growing population and capture a portion of lucrative international markets, science is going to play an increasingly important role.

University of Pretoria dean of science Professor Niko Sauer says while technology often precedes science, it is the scientist's understanding of technology which leads to more refinements of that technology.

Research carried out in the laboratory could also provide South African industry with products suited for export and processes which will help add greater value to locally mined raw materials.

Sauer points out that inventions devised in the laboratories tend to result in embryo industries, providing employment and future corporate giants.

Says Sauer: "The science faculty wants to be a part of this process.

"This is already happening. For example, our chemistry department has invented ways of processing raw materials which we used to export to Japan. These materials were used to make ceramics which we would repurchase at a much higher price. The department has found processes which are simple and inexpensive. And small industries are being created which are based on these inventions.

"The faculty is trying to stimulate this activity still further as it provides income for the university and gives the in-



Professor Niko Sauer

stitution a degree of financial independence.

"Our physics department is working on projects which we believe will lead to viable products. Even our theoretical physicists are working on superconductivity and they have made a breakthrough that I believe will move into the electronics field."

Sauer says many current projects require the co-operation of a number of departments in the faculty. He says in the past members of the faculty had tended to work in isolation. "We are trying to create a more inter-disciplinary approach."

Biotechnology is another area of research for the University of Pretoria. The biochemistry department is working on biotechnology of vaccines.

Sauer says the department is making progress in synthesising, for example, vaccines for certain cattle and horse diseases. The vaccines are currently made by making an animal sick and then drawing the serum. The team is analysing the molecular structure of the vaccines.

"I believe biotechnology is going to become increasingly important in South Africa. We have to identify biological material which is available

locally and, therefore, largely adapted to Southern African conditions such as climate. We will have to produce material for food and also to provide the country with plants and animals which we can market," say Sauer.

"The idea is to take existing material and improve upon it.

"South Africa has the material. We have these marvellous flowers which grow wild. They are not quite nice enough to market as garden plants, but biotechnology can be used to modify them and create viable products."

The environment is another area of interest for the faculty and it has people involved in the restoration of the dunes in the Richards Bay area after the sands have been mined to extract the titanium oxide they contain.

Sauer says industry is very interested in the whole question of rehabilitating land and in what the university has to offer.

He points out that South Africa needs to develop its resources but at the same time there are ways of lessening the negative impact that such operations might have on the environment.

Most of the faculty's research is aimed at very practical applications as Sauer wants it to make a very "solid contribution" to the prosperity of the country.

At the same time there is some pure research being carried out as this is regarded as essential for the faculty's healthy development.

Project Renaissance is an innovative education programme which has been developed and adopted at the University of Pretoria.

The project is aimed at students with a high academic potential who have failed to achieve university admission standards because of inadequate preparation at school.

Applied to the science faculty its goal is to enable students to make up short falls in mathematics, chemistry and physics. Students who have successfully completed the programme will also be considered for further study in the faculties of medicine, veterinary science, engineering, dentistry and agricultural sciences.

The idea is that the students should take on a reduced course load during their first year and attend other courses which are targeted at their weaknesses. Provided the students are able to attain the required standard at the end of their first year, they are permitted to increase their courses to the usual levels in the second year.

# Get Ahead gets city go-ahead

APR 24/4-28/4/93  
173

THE Get-Ahead Foundation plans to open a centre in Cape Town to expand its network of offices countrywide to 15.

The non-profit foundation provides loans and training in an attempt to create jobs.

The body will not compete with organisations like the Small Business Development Corporation (SBDC).

According to Jenny Williams, the foundation's public relations officer, their loans are smaller than that of the SBDC.

At an average of about R450, each "micro loan" attempts to create one job, says Williams.

The foundation acts as a consultant in African countries such as Swaziland, Namibia, Kenya and Mozambique.

The organisation provides business training for emerging black entrepreneurs on book-keeping, costing and simple financial management.

"We reach out to thousands of people every year.

"We will be rearranging our training in the informal sector for people who want to move into the formal sector," says Williams.

The foundation also offers training to returning exiles.

This includes courses such as computer training, weaving and business training.

The foundation also advances loans to returning exiles who wish to start a business.

Williams says that despite the high level of violence in some areas of the country all the people who were granted loans have paid them back.



# 20 Southbusiness

## Markets are

## the life-blood

South 24/4 - 28/4/93

FOR any business to succeed there has to be a sustainable market. Without it, even the most dynamic entrepreneur will soon be in financial difficulty.

The Cape Town Job Creation Project has identified sub-contracting as a means to promote small business and create employment.

This does not mean only the growth of small business, but also the transfer of technology to small businesses.

The project offers services such as facilitating credit lines, loans, obtaining premises and linking aspirant entrepreneurs with corporate businesses.

One instance of identifying a market is the supply of school uniforms. With the increasing number of schools being built in the town-

## Everybody's BUSINESS

ships, the project has encouraged entrepreneurs to target this market.

Monica Kama, a Khayelitsha entrepreneur, from Monza's Designs, has secured a contract to make uniforms for two schools in her area, catering for a total of 3 000 pupils.

Another entrepreneur has also been involved in making uniforms for schools and the project is facilitating this process.

The project helped small businesses to open credit lines at SBH Cotton Mills to obtain material.



### ON THE JOB: The Cape Town Job Creation Project provides work opportunities for carpenters

It has also facilitated the securing of a contract for township entrepreneur, Isaac Magandela, to clean the offices of big companies.

Insurance groups and retail groups have also been targeted.

Many of the project's clients are carpenters who produce built-in cupboards.

Because there is stiff competition

for these items, the project has identified school furniture as the market to target.

The project is currently negotiating with the Department of Education and Training to secure contracts for their clients.

● The Cape Town Job Creation Project can be contacted for more information at 31-6101



# JOB MARKET

## Round holes for rounded students

*STimes (Bus. Times) 25/4/93*

A TASK group will try to solve the problem of employability of university graduates — a move which could precipitate changes in the courses of some degrees.

Rand Afrikaans University (RAU) lecturer Elisabeth Lickendorf says the task group will pave the way for the establishment of a forum involving major employers, university counselling and careers units (CCUs) and academics.

Dr Lickendorf says: "There is a need to improve the job prospects of graduates and their productivity when they are employed."

### Seminar

But it is important that changes "do not destroy the overall educational value of any degree".

"There must be no attempt to turn universities into technikons," she says.

The formation of the task group comes after a seminar on the employability of BA graduates.

Anglo American Corporation di-

By ADRIAN HERSCH

rector Bobby Godsell says an arts degree has much to commend it. But he believes a mixture of disciplines at undergraduate level is desirable.

Mr Godsell says: "The traditional division into arts, social sciences, commerce and natural sciences is questionable."

### Liberal

"Particularly at the undergraduate level a case can be made for including significant elements of the liberal arts, of some economic knowledge, as well as some natural science.

"The liberal arts teach about people and society, economics subjects lead to the market place, and natural science provides the base for understanding — and subsequently using — technology."

National Manpower Commission (NMC) deputy director Carel van Aardt says students in the humanities "should be taught entrepreneurial and business skills".

Dr van Aardt says a good exam-

ple is the education of clinical counselling and research psychologists.

"Although their training is geared to the acquisition of professional skills for conducting private practices they are seldom, if ever, taught basic business skills, such as accounting, investing earnings and how to expand."

Dr van Aardt says: "There should be a shift in emphasis from producing a great number of human science graduates.

"The emphasis should be on supplying high-quality, market-related education to the number of students in the humanities required by the labour market."

Although there is a problem concerning marketable skills in the way the BA is currently structured, Dr Lickendorf believes that at least part of the difficulty is a faulty view by students of opportunities in the job market.

A study conducted by Dr Lickendorf of final-year BA students at four universities showed that of 380 who felt prepared for teaching, only 97 saw themselves "fitted for in-service training even though this is a variation on the 'teaching



**BOBBY GODSELL: A mixture of disciplines at undergraduate level**

theme".

A survey of Wits BA graduates by Susan Edey of Wits Alumni Affairs and Russel Molin led them to propose that there be a strategy

to "promote the liberal arts".

But other proposals were for "greater flexibility between degrees ... so that students can combine their subjects of interest

with courses which are more directly applicable in the workplace".

"In the end a balance will have to be struck between the intrinsic and the market value of the BA degree."

Unilever graduate recruitment manager Geoff McDonald says students — BA and other — can increase their employment chances by becoming involved in extra-curricular activities.

This can involve joining a student society, "becoming chairperson of a society, learning how to delegate, how to chair a meeting and how to make decisions. These are important skills when it comes to managing a business."

He advises students to seek part-time and holiday employment.

### Study

Mr McDonald says his company looks for initiative, leadership ability, independence, motivation and intellect in its employees.

Dr Lickendorf is working on a feasibility study, The Employability of the BA Graduate, which will be completed at the end of May. The study is funded by the Centre for Science Development (CSD).

Dr Lickendorf says the task team formed to investigate the enhancement of the employability of graduates has received the support of major employers and some professional institutes. They include the Institute of Chartered Accountants and the Institute of Personnel Management.



# Plea for more job creation

Sowetan 27/4/93

By Joe Mdhlela  
Consumer Reporter

THE worsening unemployment in South Africa makes mass action and stayaway campaigns totally inappropriate, Sanlam chief economist Mr Johan Louw said yesterday.

Louw also suggested that economic growth of 5,5 percent was required to accommodate new entrants into the job market, a situation that appears impossible considering what is happening in the country.

He said mass action would destroy job oppor-

■ Sanlam executive says mass action will aggravate unemployment situation: (173)

tunities over the short and long term.

"Not only that, such action would undermine consumer and business confidence and scare off foreign investors," Louw said.

The results of mass action would do "incalculable damage" to the economy.

"This would be to the detriment of all but particularly those who can least afford it."

Louw made a plea for job creation.

Star 29/4/93

# Jo'burg and Randburg slipping

By Jo-Anne Collinge

The Central Witwatersrand has shown a "precipitous" decline in the production of manufactured goods and in employment in that sector over the past 20 years, according to a preliminary study commissioned by the Central Wits Metropolitan Chamber.

The Central Witwatersrand — comprising Johannesburg and Randburg — "declined

more rapidly than other major urban centres" in relation to manufacturing, the report states.

Between 1980 and 1991, the loss of manufacturing jobs ran to 39,5 percent in the Central Wits, as against 27,5 percent for the entire PWV.

Overall, there has been a steady decline in the importance of the Central Witwatersrand as a contributor to national employment and production.

Authors, Dr Richard Tomlinson of the De-

velopment Bank of Southern Africa and Roland Hunter of the consulting group Planact, acknowledge that their findings sharply contradict widely held perceptions.

"It appears true that migrants from all over Southern Africa view the PWV as a preferred location. Politicians still see the Central Wits and the PWV as the 'golden goose' from which resources can be extracted for development elsewhere," they comment.





Barney Mthombothi of Sowetan and Dr Gert Dry of Absa.

# Job creation plan

*Sowetan 30/4/93.*

*(173)*

## ■ Nation Building project for businessmen:

THE Amalgamated Banks of South Africa has renewed its sponsorship of the Job Creation Competition of this year's *Sowetan* Nation Building campaign.

The objective of the competition is to arouse interest among the unemployed to design a simple business plan that will stimulate growth and generate more jobs.

"Absa is sponsoring the competition again because our social investment spending is focused on crucial areas, such as the massive unemployment in South Africa, particularly among disadvantaged communities," said Absa

group marketing executive Dr Gert Dry.

The *Sowetan*-Absa Job Creation Competition will start soon with seminars explaining the importance of entrepreneurial skills in creating jobs.

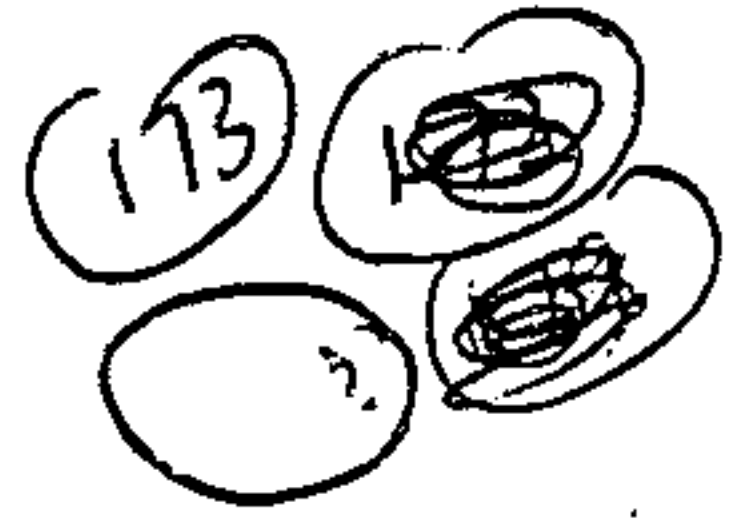
Unemployed people interested in entering the competition will attend a seminar and then submit a basic business plan.

Out of the plans submitted six will be chosen and awarded prizes of R10 000 each to start businesses.

Details will be published in future editions of the *Sowetan*. Last year's campaign drew over 500 entries.

Mr  
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# Be in, be creative, South 115 515193 be your own boss



A MULTIMILLION rand campaign to unleash the business entrepreneurship potential of South Africa will be launched with a marathon six hour programme on CCV on May 1.

A TV programme will introduce the 1993 Business Entrepreneurship Initiative, or Be-In campaign, initiated by the Small Business Development Corporation (SBDC) in conjunction with NedEnterprise, Eskom and CCV TV.

The programme will be launched with the backing of a R1 million advertising campaign.

It will be devoted to the potential of self-employment and the Small and Medium Enterprise sector (SME) to help the country recover economically.

Many of South Africa's established entrepreneurs of all ages will share the secrets of their success. Information about organisations that can provide entrepreneurship training and support will be provided.

Viewers will be able to send their

bright business ideas which could create self-employment and promote job creation.

At the end of the programme six regional winners will be chosen and will collect R1000 each. The overall winner will get R15 000 for the most innovative idea.

The programme will end with the announcement of South Africa's first millionaire to win his or her fortune with a newly launched business venture in the Be-In/Enterprise Millionaires competition.

The entrants to this competition include people with such innovative ideas as recycling old bottles into original wine glasses, food manufacturing from whey (the watery part of milk, separated from the curd); a pedal-powered laundry-cum-exercise machine and educational theatre productions.

The slogan of the programme is: "Be in, be creative, be your own boss."

The aim is twofold: Firstly to instill and nurture the entrepreneur-

ship culture in South Africa, and to introduce self-employment as a viable and exciting career choice.

Secondly, it's to facilitate the better use of existing business skills and training facilities and expertise and to expand them where necessary.

Says NedEnterprise chief executive Neville Edwards: "It is critical that we get more people to start their own businesses. The bright ideas entered into the Millionaires competition are proof that this can be done.

"NedEnterprise focuses on the financing of SME's but we support the Be-In campaign as we believe young people should be taught at high school and graduate level how to start and run their businesses."

A special Be-In magazine will be distributed to schools countrywide. The Small Business Week, jointly organised by the SBDC, NedEnterprise and Escom, will run from September 4 to 11 and will fall under the Be-In Eduspectrum banner.



# The life and soul of Alexandra township

gospel but to practice what he describes as "personal community work".

It started 30 years ago, when he first came to Alex which was then, and still is, a "dangerous" township. Dirt poor and often without streets and often the streets he plied peace — as he preaching peace, dark and does to this day.

"Those were dark and nearly hopeless as heart-rending as in the mid-1980s during the township massacres in the township."

**T**HE REV Benjamín Nzamo believes that the business of the Church is not simply to preach to the converted, but also to reach out and help communities. Until recently, Nzamo, a founder member of the New Central Methodist Church — a mainline Methodist Church in which he was ordained — made his business to walk the streets of Johannesburg, north only to preach the

**ONE MAN'S vision brings hope to the strife-torn township of Alexandra. JOE LOUW reports on the giant step this man took in reaching out and helping his community.**

We saw horrors born from years of suffering and poverty. There was a massive breakdown of values, of common decency," he says. Nzamo describes how during the height of the massacres he used to go to the mortuary in Randburg where "bodies were packed one on top of the other like sacks of maize-meal", and how he pleaded to let him "unpack" the bodies for identification.

It was then that he found his "true vocation"

and helped found the New Central Methodist Church which, through its adoption of the symbol of the humble ass that carried Christ into Jerusalem, became derisively known as the "donkey kerk" in the township.

"But what they didn't know was that we chose that donkey — service to of service — and the the community and the fact that in the humble says that the humble shall be exalted and the exalted shall be hum-

bled. This is what I had a vision of, what God wanted me to do."

Last week, however, his vision finally began to take shape when the Alexandra Crisis Intervention Centre opened its doors in Marlboro. After years of working in school buildings and from his own home, Nzamo was finally able to move his self-help efforts to a little help from his friends.

The Liberty Life Foundation gave the centre an initial grant of R30 000, which generous donations from families in Sandton and enthusiastic support from Sandton mayor Brian Crali.

The centre is dedicated to helping Alex what Nzamo calls "constructive projects" — giving the unskilled and untutored the capacity to earn a living.

**H**E says: "We are not handing things out free here. We need to help people, especially young people, get out of the spiral of unemployment and violence. We expect them to contribute and to be very serious with what they undertake. We will not carry those who do not make an effort to help themselves."

Applicants are trained by experts in baking and cooking, dressmaking, flower arranging, carpentry, upholstery and tent-making.

At present, Nzamo is putting finishing touches to the new building, but already many applicants have made their way there. Following his original vision, Nzamo says the centre will not only get involved with the "practicalities", but will also expand its operations to areas such as crime prevention, resolving disputes and getting youngsters back to school.

"I know it sounds very ambitious, but, God willing, it will happen."

RAMME Parenting workshops, job creation, choir singing and composing and

# Create a job, win yourself R10 000

Entrants should preferably be unemployed:

THE Job Creation competition, sponsored by the Amalgamated Banks of South Africa, is now on track.

Six potential businessmen and women stand to win R10 000 each as startup capital.

This year's competition puts emphasis on both the entrant and the business

*Sowetan 4/5/93*



plan he or she submits. Entrants, preferably unemployed and have a desire to start a business, are invited to submit business plans to qualify for the prizes.

The entrants must also possess literacy and numeracy skills and be initia-

live-oriented. In addition, the entrants must be willing to attend a seminar on how to draw-up a business plan before submitting their plans for consideration.

Some portion of the prize money will have to be used towards a training course which must be awarded by the winners.

The first seminar will be held in Johannesburg on June 2 and in Pretoria on June 8.

When participants submit their plans

they should indicate the type of business they intend to start. Priority will be given to manufacturing and service industries.

The potential to stimulate growth and generate more jobs will be an added advantage and the plans must give estimates of the costs involved in the implementation of the project.

For more information contact James Motau (012) 342 3585.



# Hope for Star 4/5/93 township's jobless (173)

By Shirley Woodgate

The jobless of Orange Farm township sense a ray of hope for the future.

About 800 people yesterday packed a local hall to cheer proposals by Work for Africa to train them.

The aim is to encourage work "by the people, for the people" by producing goods to sell to fellow residents.

John Dommett, a company director, told the audience: "Keep your money in your community. Make your own beer and sell it instead of making the breweries rich; sell live chickens and eggs; bake bread or bottle orange juice; make shoe polish for your neighbours."

The first 160 entrepreneurs are being trained in Johannesburg, but a productivity centre will soon be opened in Orange Farm.

Civic Association co-ordinator Godongwana Goodman said: "We appeal to people and businesses outside to help us to get money to establish ourselves."

Details from Andre van Heerden on (011) 442-9606.

STAR 5/5/93

# Unions unveil plans to curb job losses

By Paul Bell  
Labour Correspondent

Organised labour has called on business and the Government to accept a sweeping and controversial series of proposals for immediate action to stave off further job losses and stabilise the unemployment crisis during transition.

At a press conference in Johannesburg yesterday, the three major trade union federations, Cosatu, Nactu and Fedsal, unveiled the proposals — which include job security agreements and industry-wide collective bargaining structures, both of which are certain to attract flak from business.

The proposals, already seen by business's representatives at the National Economic Forum, will be considered by its negotiating committee, which meets tomorrow.

The NEF labour negotiators stressed that their proposals should not be construed as confrontational but acknowledged that the initial reaction of their business counterparts had been

negative.

But business, they said, and especially manufacturers, were faced with increasing conflict on the shop floor as a result of on-going large-scale retrenchments. This would encourage employers to take labour's proposals seriously.

"Some of these proposals could be implemented within weeks," said Ibrahim Patel of the Cosatu-affiliated SA Clothing Workers' Union, "If we can do that in the NEF within the next few weeks, we can initiate programmes that will protect and create jobs in the short term and have an immediate effect on the unemployment crisis."

Cosatu negotiator Jayandra (Little Jay) Naidoo listed the job-saving proposals as follows:

- Changes to collective bargaining structures to effect centralised, industry-wide collective bargaining and enhance labour's ability to contribute to the development of national industrial policy.

- Job security agreements to protect existing jobs and hold down the cost to society of retrenchments by requiring employers to explore all other alternative remedies before re-

sorting to the quick fix of axing jobs.

- The Government's agreement not to cut jobs in the public sector without consulting the unions, and to concentrate instead on the setting of minimum levels of service provision and the elimination of inefficiencies.

- Targeted assistance to industries, notably mining, and major industrial enterprises affected by long-term, possibly terminal, decline — to help them down-scale on a planned basis and thereby minimise the "devastating" socio-economic costs of large-scale closures.

- The establishment of industry-wide work security funds — funded by employers at this stage — and the improvement of the Unemployment Insurance Fund, including a review of the latter's cut-off level as more skilled workers are affected by job cuts.

Dr Ben van Rensburg, an SA Chamber of Business delegate to the NEF's negotiating council, said the other negotiating blocs had not been consulted before labour went public with its proposals. He himself was not aware of them and they would have to be studied carefully before business would respond.

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# JOB MARKET

# SA's recovery lies in the Korean example

**EAST Asia has quadrupled its per capita incomes in a generation. Can South Africa replicate this turbo-charged growth? BY KEVIN DAVIE.**

THE apartheid government was too preoccupied with propping up an unworkable system to really worry about growth. One hopes that the next government will put economic growth — particularly employment-creating growth — at the top of its agenda.

It can join the rest of the world in studying the recent experience of the high-growth East Asian economies to find strategies which can work economic wonders.

The region nearly quadrupled per capita incomes in 25 years, a record unparalleled in economic history, writes Michael Prowse in the Financial Times.

"On present trends (East Asia) may overtake much of the industrialised West early in the 21st century.

"If its startling success could be replicated elsewhere, billions of people in developing and formerly communist countries could look forward to improved living standards. And the hope of eliminating the scourge of poverty would seem less quixotic," says Mr Prowse.

The country which epitomises this success and has served as the role model in East Asia is South Korea, a nation with roughly the same population as South Africa but with 10 times more manufactured exports. South Africans were fortunate

STIMES Bass 9/5/93

last week at the Aspen Institute-Idasa conference to be able to hear from former South Korean Prime Minister Duck-Woo Nam how to do it Korean-style.

Mr Nam says the maintenance of a realistic exchange rate is a key condition for maintaining international competitiveness and continuing export growth.

South Korea set up a free-trade regime for exporters by allowing duty-free access to inputs used for exports.

This was extended to include indirect exports or domestic inputs used for exports. Inputs used in export production were exempt from indirect taxes and exporters received a tax credit of 50% of their income.

Other factors identified by Mr Nam include entrepreneurship dynamism, high exposure to the world economy and enforced stable labour relations, limited time-scales for new industry protection and phased capital-intensive investment so as not to overburden the financial system.

South Korean industry which produced for the domestic market was relatively highly protected, but this was reversed in the mid-1980s.

"There was a growing awareness that the economy had outgrown the highly interventionist role of the State and that liberalisation was called for.

"Externally there was growing pressure on Korea from the West to open up its domestic market to imports of their goods and services.

"Today Korea has largely eliminated selective treatment for exports in the area of taxation and bank credits. Korea's average tariff rate stands at about 6%, comparable to that of developed countries," says Mr Nam.

But he warns South Africans who may think the South Korean example is easily replicated today: "The tide in favour of open markets and fair trade is running high in the major industrial countries, and protectionist measures are likely to invite retaliation from developed countries.

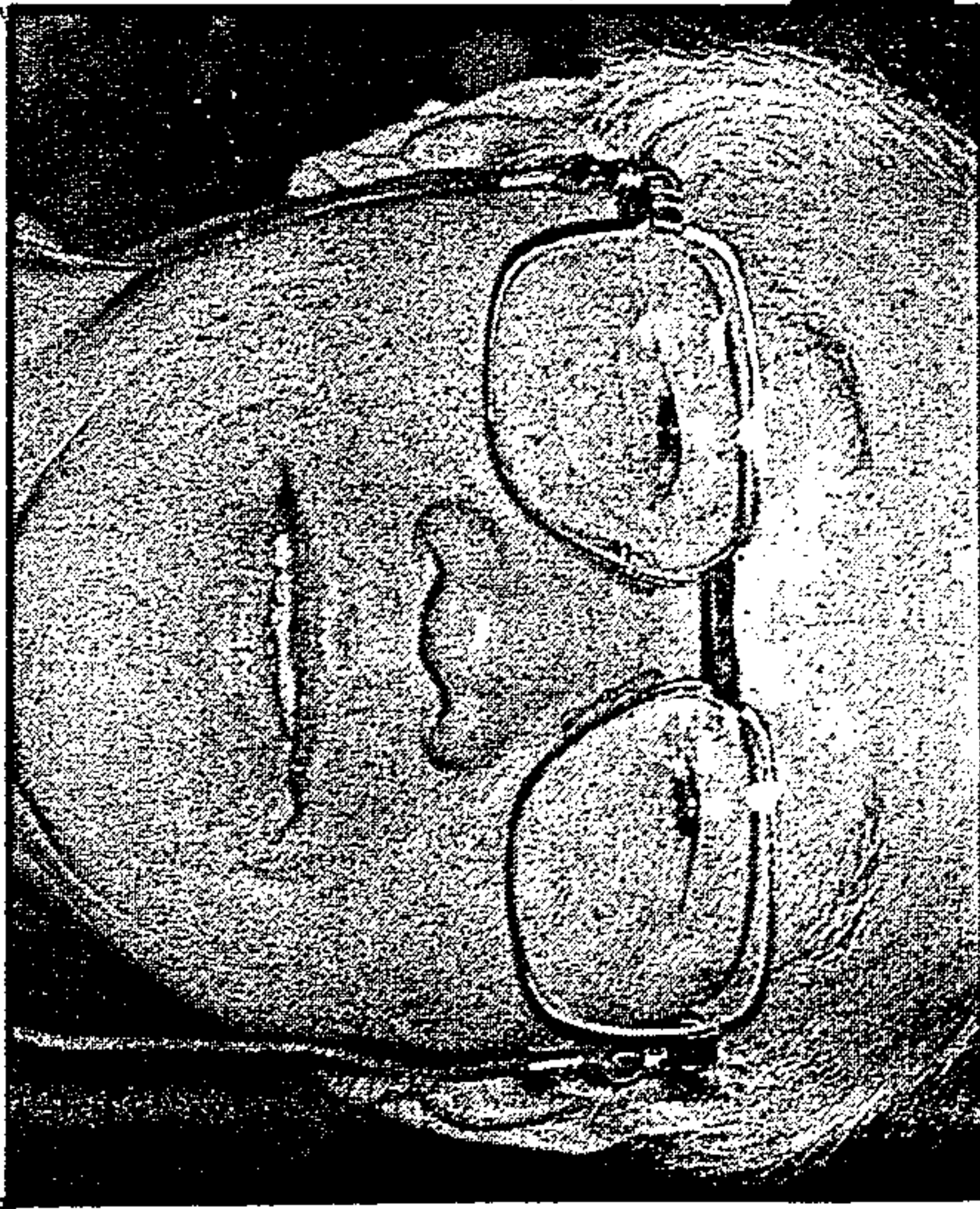
Developed countries are better advised to put greater emphasis on the indirect support of export promotion through the dissemination of information, education and training, providing adequate public facilities and, above all, providing a sound macro-economic policy framework in a well-functioning market system."

This may suggest that there is little role for the State in economic development. But, as Sanjaya Lall of Oxford's Institute of Economics and Statistics points out, the evidence suggests that a pro-active State can play a major role.

He says Chile has the same population as Taiwan, and "is the longest case of laboratory structural adjustment in the world". Yet it exports manufactured goods of about \$700-million compared with Taiwan's \$80-billion.

"Its industrial development has been pathetic, despite its human capital base, precisely because it did not intervene to deepen the industrial structure and to support infant export industries," says Dr Lall.

Chile's experience challenges the conventional developmental wisdom which says that growth will come from the removal of price distortions in an economy through de-



Duck-Woo Nam: South Korea a lesson for developing nations

regulation and liberalisation coupled with active reductions in bureaucracy and privatisation.

The world's primary development agency, the World Bank, is accordingly rethinking its strategy in the light of the East Asian experience. A new paradigm is expected to replace the bank's emphasis on market-friendly policies.

Mr Prowse notes several other factors in South Korea's success not highlighted by Mr Nam, including using the financial sector to steer credits to preferred sectors, creating State enterprises when necessary and setting up conglomerates.

South Korea also created from scratch a steel industry in spite of foreign donor opposition and the lack of private-sector enthusiasm. "The State-run business went on to become the world's most efficient

steel producer," says Mr Prowse. Although the evidence suggests that government intervention can make a major contribution to sound development, the risks are high and caution is needed.

Dr Lall points to many advantages in the South Korean example: it has a homogeneous population, favourable income distribution, mobilised nationalist sentiment, a strong base of human capital, direct economic involvement at the highest political level, a single-minded pursuit of particular economic objectives and the ability to monitor performance and penalise poor performers.

"This may mean that the complexity and range of Korean interventions may not be replicable. It does not mean, however, that no selective interventions are possible," says Dr Lall.



# ANC launches campaign against criminal element

THE ANC Eastern Transvaal regional executive committee has requested its branches to continue arresting criminal elements outside and within the movement who hijacked legitimate protest actions for criminal purposes.

However, branches were called upon not to hand criminals and agents provocateur to the SAP for formal prosecution, but to "local prosecutors" for "community prosecution".

Last week the ANC and its youth league called on members to apprehend those responsible for the killing of four policemen in Dobsonville, and to build relations with "progressive sections of the police".

However, in yesterday's statement the region urged branches not to assault or abuse suspected criminals.

"The ANC will ensure that the peace corps are well trained in all aspects of community policing," the committee said.

The committee condemned the arrest of three members of its leadership in connection with the citizen's arrest of alleged looters during a protest march in Witbank

STEPHANE BOTHMA

on April 28.

The ANC members were arrested and charged with assault after executing a citizen's arrest of three men the organisation claims were found looting and burning shops during the march from Kwaguqa township.

Police spokesman Capt Theo du Bruyn said the alleged criminals brought to the station by the ANC were released as no evidence or witnesses were presented.

He added the men had been heavily assaulted before being handed over to the police, which was why charges of assault and abduction were laid against those who "arrested" them.

He said the assault accused included the ANC's Witbank secretary Lazarus Maduma, 20, ANC chairman Hussain Verachia, 32, and 28-year-old Patrick Khoza, alias Banda.

The men appeared in court on May 7 and were then released with a warning to appear again on June 4.

## Jobs on show at Career 2000's latest expo

PRETORIA - SA's largest employment exhibition, Careers 2000, opened its doors to the public at the Pretoria showgrounds yesterday.

About 60 exhibitors, including some of SA's biggest employers and employment bodies, would be providing information on career choices and employment opportunities, exhibition director John Toerien said.

The exhibition was aimed at providing appropriate information to all those seeking a career choice, Toerien said.

ADRIAN HADLAND

The Manpower Department's organisation for trade testing would exhibit at Careers 2000 for the first time, he said.

Representing career fields which had been declared "designated trades", its exhibit would include information on the aviation industry, tyre and rubber industry, mining, textiles and printing industries.

The exhibition, open from 9am to 6pm daily, closes on Saturday.



Star 12/5/93

## Educating for jobs

REDIRECTION of resources is needed to improve the employable skills of SA's young job-seekers, believes the SBDC. (13)

According to the SBDC, a "mismatch between the output of the education system and the skills required by the marketplace is a core problem in our approach to education".

The organisation joins its voice to many private sector industrialists who call for not more Government spending on education, but a redirection of resources from academic to technical.

"Education improves a person's ability to learn and use information and multiplies opportunities for achievement."

# Job creation vital for

Star

12/15/79

**POLITICAL** freedom may be created for all South Africans through a new constitution. Economic freedom is an entirely different matter.

Economic independence for the majority of South Africans has to be earned through productivity.

Only jobs put money into pockets to permit businesses to gain from growing urban consumer markets. The job market provided by major companies is a saturated one.

Only new job creation, and real value-added economic growth through new manufacturing ventures, can take us out of the downward spiral. The only "engine" that can do it is small to medium enterprise or "SME".  
This message comes

1-13

■ **Freedom:** Economic independence has to be earned through productivity. But the job market is saturated and only new job creation — in small or medium enterprise — can salvage SA's stagnant economy, says Dr Anton Rupert.

from Small Business Development Corporation founder, Dr Anton Rupert, in the SBDC's *Strategies for Economic Growth* publication — its current statement on SA's dangerous stalemate of stagnating economic growth and a booming urban population of job-seekers.

With most of the world facing the same scenario, Rupert points out that the SOS call to the SME sector to create hope for renewed economic prosperity includes countries as divergent as Japan, the US and the Soviet Union.  
What the SBDC's team

poor economic performance with some interesting findings. Countries donating aid to Africa have recognised that without a change in the continent's approach to economics, it cannot become self-supporting.

What was the mistake? "In their eagerness to industrialise, many African countries neglected, even actively discouraged, agriculture, which in most cases, was their primary strength."

Much of the rest of the problem relates to the socialised and centrally planned economic systems that did not cultivate entrepreneurship.

An underlying theme of the SBDC's report is: "Governments can facilitate progress" but "only people can make things happen: people with entrepreneurial skills and access to appropriate resources."

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# Room for big and small

STAR 12/5/93

140 23 153 A

BIG and little fish belong in the same economic pond, say small business researchers.

Small and large businesses should not be viewed as competitors, but as essential and different ends of a continuum, and, in a sense, partners.

Big businesses give an economy stability. They have the resources to withstand up and down cycles in demand for their products.

Small business on the other hand, can react faster, take rapid advantage of new opportunities and a prompt stimulus to economic growth.

Large firms often rely on small firms for specialist products and services. Those small firms in turn, depend on larger companies as their market.

However, very different tax environments and economic variables affect the two ends of the

spectrum, points out SBDC economist, Dr Edwin Basson.

"The geographical focus of small business is more localised compared with the national, sometimes international, perspective of large business.

"A small business often serves a tightly defined area of perhaps five to 50 kilometres. That 'territory' can rapidly become saturated if the situation is not controlled.

"Much of the bitter and violent conflict we see sporadically between rival taxi organisations and hawker groups is a direct result of that principle.

"A core problem in our economy now is more people squeezed into the urban areas. Unemployment forces them into some form of trading which overtrades in one area for a finite pool of funds."

While Basson does not believe

that this competition has arisen to any great extent between informal and formal traders, he believes that many South African municipalities may find some more regulation on hawking and other informal trading may be necessary.

Tax relief which applied to large business in the March Budget failed to offer significant tax relief to small business, said Basson.

The reason is that many small business operators still operate as sole traders and are taxed in their personal capacity.

Aspects of the Budget which Basson said would help to promote the SME sector included funds allocated to small business development and tax relief which would assist the private sector in its many initiatives towards job creation.

## Mobilising 'sweat equity'

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THE 4,4 million South Africans engaged in various aspects of informal trade are rediscovering the world's most ancient form of trade — "sweat equity" that will provide services at affordable, inflation-dampening prices.

That is the view expressed by the authors of the SBDC's *Strategies for Economic Growth* document.

### Handcrafts

12/5/93

This sector is believed to provide the lowest cost job creation and on-the-job training.

The type of activity that is informal and entirely legally and socially acceptable spans production, distribution and service operators.

In the production category, some examples include handcrafts, diggers, dressmakers, self-employed artisans, home brewers and even cooks.

### Musicians

In the distribution category, there are hawkers, caterers, messengers, dealers and shebeen owners. In the service category, there are taxi operators, musicians, repair services, cleaning services, shoeshiners and barbers.

## STARTING YOUR OWN BUSINESS?

You have a dream. One that will allow you to express your creativity, allow you the freedom to work in a way that suits you best, and, when it all comes together, makes you independent.



In making your dream a reality you will have to travel a lonely road.

There are hazards along the way.

This is where the Centre for Developing Business can help.

Over the past 14 years we have assisted many entrepreneurs in transforming their ideas into plans.

We can help you.

Our part-time course (1 evening per week for 7 weeks) is designed to fit into busy schedules. The course will cover:

- The critical factors necessary for your business to succeed.
- Where and how to obtain finance.
- How to budget (the core of the business plan).

- How to manage your cash-flow.
- How to identify potential customers and what will make them buy from you.

Your biggest investment will be the time you spend on the course. The very affordable fees are made possible by the support of Nedbank who are serious about developing South African entrepreneurs.

Call Mark Peters on (011) 643-3241 for more information about how this course will give you a head start in your business.

Supported by NEDBANK



# Thousands kept out of jobs 'needlessly'

B10M 13/5/93 ANDY DUFFY

(173)

TENS OF thousands of people had been kept out of work needlessly because of the failure of the private sector to co-ordinate its job creation funds, the Small Business Development Corporation (SBDC) said yesterday.

According to SBDC director Dirk Conradie, more than 20 private institutions had pumped millions of rands into such pools, but there was no co-operation in putting the cash to work to create employment.

The SBDC, in which most of the institutions had a stake, was often sidelined in co-ordinating such efforts, he said. The institutions were more concerned with retaining their influence over the money, which would delay the cash flowing through to create jobs.

"They (the institutions) are trying to protect their empires," Conradie said.

The SBDC's calls to the institutions and the Department of Commerce and Industry to promote a common approach had been ignored so far.

The growth in unemployment, which could reach 3,6-million by the end of this year, has seen a steady rise in the number of inquiries to the SBDC. It receives about 1 100 applications from would-be entrepreneurs for funds each working day. The level was barely disturbed by events last month which the SA Chamber of Business said had led to a "fracture" in business confidence.

Industry reaction to Conradie's comments was mixed.

The insurance sector's Life Officers' Association, which last year set up a unit to identify socio-economic projects for investment, said there was a need for the rationalisation of such initiatives. "There is a fair amount of duplication of interests," a spokesman said.

"That does prevent focus."

However, other industry sources said if the SBDC was being sidelined, it had only its own shortcomings to blame. The SBDC had been criticised in the past for funding mainly white business ventures, one source said. "It must now work out where it is going."



# Aid for small business is here

Sowetan 14/5/93

By Joshua Raboroko

■ Now you can get your own business off the ground:

LACK of skills among emerging black entrepreneurs has always been a thorny issue in South Africa.

With the aim of upgrading these entrepreneurs, the Small Business Education and Training Academy, the Job Creation Action Committee, BP, the Independent Development Trust and FutureBank have designed a scheme to help the unemployed develop business skills and to create jobs.

The scheme is set against the back-

ground of centuries of deprivation and restrictive legislation aimed at black business people, according to Sbeta's chief executive Mr Lucas Ntuli.

"Sbeta has developed unique business skills, training methods and systems designed to optimise the entrepreneurial potential in our society," he said.

Sbeta will run courses on how emerging businessmen can prepare business plans for new or existing ventures. Approved business plans will be submitted

to the source of finance.

After having been granted business development loans, the Sbeta, working with the NJAC, will help trainees start their businesses and provide ongoing advice and mentoring.

FutureBank public relations officer Ms Lindi Kubheka said they supported the move.

For more information, contact Sbeta at 5th Floor, Suzuki Building, 62 Juta Street, Braamfontein, Johannesburg.

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# Talks on 'outmoded' industrial councils

By Paul Bell  
Labour Correspondent

The Confederation of Employers of Southern Africa's 34th national conference will focus on strategies for the deregulation of the "outdated and undemocratic" industrial council system, and job creation.

The conference will be held on May 27 in Roodepoort.

Cofesa believes the deregulation of the industrial council system will create thousands of new job opportunities and could play a stabilising role in support of

constitutional reform.

Announcing details of the conference last week, Cofesa chairman Dr Lawrence McCrystal said jobs were needed "at all costs to stabilise the country and save the economy from collapse".

Calling the industrial council system "a massive bureaucratic monster with little concern for the unemployed", McCrystal said the conference would address the issue of the councils' ability to monopolise markets for the benefit of an elitist minority group of employers and workers.



**ANNEXURE A****JOB SECURITY/JOB CREATION****1. OBJECTIVES**

The parties commit themselves to the following objectives:

- 1.1 The continued viability and competitiveness of the New Tyre Manufacturing Industry in order that it may compete in South Africa and world markets, and may provide stable employment, growth and improved performance.
- 1.2 To contribute to the development of the economy.
- 1.3 to develop markets locally, regionally and internationally.
- 1.4 To develop the Industry's human resources and to contribute to a general improvement in productivity.
- 1.5 To carefully consider the environmental impact of all aspects of the Industry.
- 1.6 To maintain existing employment levels and expand employment in the future.

**2. PROCESS**

In order to address these objectives, a subcommittee will be formed consisting of senior representatives of the Industrial Council parties. Its functions should be:

- 2.1 To meet on a regular basis;
- 2.2 to propose to the Industrial Council ways in which the board objectives may be achieved.

**3. MINIMUM REQUIREMENTS****3.1 Productivity**

The parties commit themselves to a programme of improving productivity and the future growth and viability of and job security within the Industry. Such a programme will encompass short, medium and long-term elements. Elements which can be dealt with immediately will be the subject of this Agreement; medium and long-term elements will be dealt with through the auspices of the Job Security/Job Creation Subcommittee and will be the subject of separated agreements.

**3.2 Standard Times**

- 3.2.1 To ensure the viability of the Industry and to compete in the South African and world markets, both the unions and employers commit to improving the stability, growth and performance of the Industry.
- 3.2.2 The employers and unions agree that working to existing standards is essential. In the event of an existing standard becoming the subject of dispute, the review procedure as contained in 3.2.3 will apply. The performance criteria for all operations in the Industry will be standard times. These standards will be determined in accordance with ILO methods.

**BYLAE A****WERKBEVEILIGING/WERKSKEPPING****1. DOELSTELLINGS**

Die partye verbind hul tot die volgende breë doelstellings:

- 1.1 Die voortgesette lewensvatbaarheid en mededingendheid van die Nuwe Buitelandvervaardigingnywerheid ten einde in Suid-Afrika en wêreldmarkte te kan meeding, en om bestendige werkverskaffing, groei en verbeterde verrigting daar te stel.
- 1.2 'n Bydrae te lewer tot die ontwikkeling van die ekonomie.
- 1.3 Die ontwikkeling van markte op plaaslike, streek- en internasionale vlak.
- 1.4 Die ontwikkeling van die Nywerheid se menslike hulpbronne en by te dra tot 'n algemene verbetering in produktiwiteit.
- 1.5 Die omsigtige oorweging van die omgewingsimpak van alle aspekte van die Nywerheid.
- 1.6 Die handhawing van die bestaande werkverskaffingsvlakke en die uitbreiding van toekomstige werkverskaffing.

**2. METODE**

Ten einde hierdie doelstellings te verwesenlik, word 'n subkomitee bestaande uit senior verteenwoordigers van alle partye in die Nywerheidsraad in die lewe geroep. Sy funksies is soos volg:

- 2.1 Om gereeld te vergader;
- 2.2 Om aan die Nywerheidsraad voorstelle te maak oor hoe die breë doelstellings verwesenlik kan word.

**3. MINIMUM VEREISTES****3.1 Produktiwiteit**

Die partye verbind hulle tot 'n program van produktiwiteitsverbetering, en die toekomstige groei en lewensvatbaarheid van en werkbeveiliging in die Nywerheid. Sodanige program bevat kort-, medium- en langtermyn-elemente. Elemente wat onmiddellik behandel kan word, is die onderwerp van hierdie Ooreenkoms; medium- en langtermyn-elemente sal onder beskerming van die Werkbeveiliging/Werkskeppingssubkomitee behandel word en sal die onderwerp van afsonderlike ooreenkomste wees.

**3.2 Standaardtye**

- 3.2.1 Ten einde die lewensvatbaarheid van die Nywerheid te verseker en om mee te ding in die Suid-Afrikaanse en wêreldmarkte, verbind sowel die vakverenigings as die werkgewers hulle tot die verbetering van die stabiliteit, groei en werkverrigting van die bedryf.
- 3.2.2 Die werkgewer en vakvereniging stem saam dat dit noodsaaklik is dat daar volgens bestaande standaard gewerk word. In die geval waar 'n bestaande standaard die onderwerp van 'n geskil word, geld die hersieningsprosedure soos in 3.2.3 bevat. Die werkverrigtingsmaatstawe vir alle bedrywe in die Nywerheid is standaardtye. Hierdie standaard word ooreenkomstig IAO-metodes bepaal.

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3.2.3 Prior to the introduction of new or revised standards, the shop stewards and unions will be notified through the normal communication channels of each company of the requirements for changing these standards. The parties will be granted 15 working days from the date of notification of the need to revise or introduce a new work standard to consider the matter. An agreement on the new or revised standards shall be concluded within this period. In instances where these standards are not the subject of dispute, the employer may introduce the standard.

In the event of a dispute regarding the introduction of new or revised standards the parties may avail themselves of the normal dispute mechanisms. In order to expedite the resolution of the dispute the parties may, however, agree to the appointment of an accepted outside third party to assist in the resolution of such dispute.

3.2.4 Lasting agreement between the parties on standard times will be secured by the employers agreeing in principle to facilitate the training of one employee representative per plant as a qualified Industrial Engineer. Details of such arrangements must be concluded by the Job Security/Job Creation Subcommittee by 31 December 1992.

### 3.3 Industry Viability

In order to demonstrate their good faith and commitment to the growth and viability of the Industry, and to the protection of jobs, the parties commit themselves to—

- 3.3.1 the establishment of production tickets which will be discussed on a regular basis at plant level;
- 3.3.2 the full use of applicable industry procedures prior to industrial action;
- 3.3.3 the rescheduling and recovery of lost production due to plant-specific unlawful/unprocedural industrial action;
- 3.3.4 joint absenteeism reduction actions as agreed to and for implementation at plant level;
- 3.3.5 flexibility and overtime work to cover absences and maintain production tickets;
- 3.3.6 all efforts and programmes aimed at improving quality standards at plant level.

### 3.4 Retrenchment Moratorium

The employers will impose a moratorium on retrenchments from 6 July 1992 to 30 June 1993, on which date the moratorium will cease and be of no further force or effect.

- 3.4.1 The moratorium will cover retrenchments only and will not cover any other form of termination.
- 3.4.2 During the period of the moratorium, lay-off, short-time, unpaid leave and any other actions may be utilised to avoid retrenchments.

3.2.3 Voor die inwerkingstelling van nuwe of hersiene standaarde, word die vakverenigingsvertegenwoordigers en vakverenigings deur die gewone kommunikasiekanale van elke maatskappy van die vereistes om hierdie standaarde te wysig, in kennis gestel. Die partye word 15 werksdae toegestaan vanaf die datum van kennisgewing van die noodsaaklikheid om 'n werkstandaard te wysig of om 'n nuwe een in te voer om die saak te oorweeg. 'n Ooreenkoms oor die nuwe of hersiene standaarde moet binne hierdie tydperk bereik word. In 'n geval waar hierdie standaarde nie die onderwerp van 'n geskil is nie, kan die werkgewer die standaard instel.

In die geval van 'n geskil oor die instelling van nuwe of hersiene standaarde, kan die partye gebruik maak van die gewone geskilprosedures. Ten einde die beslegting van die geskil te bespoedig, kan die partye egter ooreenkoms oor die aanstelling van 'n aanvaarde buitestaander/derde party om in die beslegting van sodanige geskil bystand te verleen.

3.2.4 'n Blywende ooreenkoms tussen die partye oor standaardtye sal bereik word as die werkgewers in beginsel instem om die opleiding te bevorder van een werknemerverteenwoordiger per fabriek as 'n gekwalifiseerde Nywerheidsingenieur. Besonderhede van sodanige reëlings moet teen 31 Desember 1992 deur die Werkbeveiliging/Werkskeppingssubkomitee afgehandel word.

### 3.3 Lewensvatbaarheid van die Nywerheid

Ten einde hulle goeie trou en verbintenis tot die groei en lewensvatbaarheid van die Nywerheid en tot die beskerming van werksgeleenthede te toon, verbind die partye hulle tot—

- 3.3.1 die instelling van produksiekaarte, wat op 'n gereelde basis op fabrieksvlak bespreek sal word;
- 3.3.2 die volle benutting van toepaslike nywerheidsprosedures voor nywerheidsaksie;
- 3.3.3 die herskedulering van en opmaak vir verlore produksie te wyte aan onwettige/nie-prosessuele nywerheidsaksie;
- 3.3.4 gemeenskaplike optrede om afwesigheid te verminder soos ooreengekom en vir uitvoering op fabrieksvlak;
- 3.3.5 buigzaamheid en oortydwerk om op te maak vir afwesiges en om met produksiekaarte voort te gaan;
- 3.3.6 alle pogings en programme gemik op die verbetering van gehaltestandaarde op fabrieksvlak.

### 3.4 Moratorium op Personeelbesnoeiing

Die werkgewers stel 'n moratorium op personeelbesnoeiing in werking vanaf 6 Julie 1992 tot 30 Junie 1993 op welke datum die moratorium beëindig word en van nul en gener krag sal wees.

- 3.4.1 Die moratorium is net van toepassing op personeelbesnoeiing en nie op enige ander vorm van diensbeëindiging nie.
- 3.4.2 Gedurende die tydskuur van die moratorium, kan tydelike ontslag, korttyd, onbetaalde verlof en enige ander optrede aangewend word om personeelbesnoeiing te voorkom.



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 3.4.3 The question of redundancy which may arise as a result of the closure of part or all of an operation will be dealt with in accordance with clause 20 of the Industrial Council Agreement.

3.4.4 Should any breach of the above undertakings (par. 3.2 and 3.3) occur, the shop stewards undertake to assist in resolving these at plant level. In the event of failure to maintain production tickets which is attributable to any plant-specific unprocedural/unlawful industrial action, and if the production loss remains unrecovered, the steps listed below will be followed:

- (a) 48 hours for "in plant" discussions with shop stewards to agree as to arrangements for recovery—if this fails then;
- (b) 48 hours for "in plant" discussions with union officials to agree as to arrangements for recovery—if this fails then;
- (c) a further seven calendar days to resolve this at Industrial Council level, and if this fails then;
- (d) a final further 48 hours to reach agreement,

failing which, the parties will be notified in writing of the immediate withdrawal of the retrenchment moratorium.

Recovery of production as referred to above or the maintenance of production tickets will be achieved by exploring the range of options available, which shall include but not be limited to changing of shift patterns, improved productivity, improved output, etc. or time worked in, in accordance with clause 6 (11), all as agreed at plant level.

## ANNEXURE B

### TRAINING

- (1) The Industrial Council shall form a sub-committee consisting of up to eight employee representatives which shall, within the guiding principles below—
  - (a) Investigate and discuss training and education in the Industry and make recommendations thereon to the Industrial Council for approval;
  - (b) be set up immediately on conclusion of this Agreement;
  - (c) set priorities and an operational timetable.
- (2) The committee shall be directed and guided by the following principles:
  - (a) Trade unions and employers have key roles to play in human resources development.
  - (b) Education and training initiatives should tie in with programmes for economic and industrial improvement in the New Tyre Manufacturing Industry.

3.4.3 Die kwessie van oortollige personeel wat die gevolg kan wees van die sluiting van 'n gedeelte van 'n werksaamheid of 'n hele werksaamheid word hanteer ooreenkomstig klousule 20 van die Nywerheidsraad-ooreenkoms.

3.4.4 Indien enige verbreking van bogenoemde verbintnisse (par. 3.2 en 3.3) plaasvind, onderneem die vakverenigingvertegenwoordigers om te help om sodanige sake op fabrieksvlak te help oplos. In die geval van onvermoë om met produksiekaarte voort te gaan wat toegeskryf kan word aan enige fabriekspesifieke nie-prosessuele/onwettige nywerheidsaksie, en indien die produksieverlies onverhaal bly, word die volgende stappe gedoen:

- (a) 48 uur word toegestaan vir fabrieksvlakbesprekings met vakverenigingvertegenwoordigers ten einde 'n ooreenkoms te bereik oor reëlings om te verhaal—indien dit misluk, dan;
- (b) word 48 uur toegestaan vir fabrieksvlakbesprekings met vakverenigingbeambtes ten einde 'n ooreenkoms te bereik oor reëlings om te verhaal—indien dit misluk, dan;
- (c) word 'n verdere sewe kalenderdae toegestaan om die saak op Nywerheidsraadvlak te besleg, en indien dit misluk, dan;
- (d) word 'n finale verdere 48 uur toegestaan om 'n ooreenkoms te bereik,

indien hierdie stappe misluk, word die partye skriftelik in kennis gestel van die onmiddellike intrekking van die moratorium op personeelbesnoeiing.

Die verhalings van produksie soos hierbo bedoel of die voortsetting van produksiekaarte word bereik deur die ontleding van die reeks opsies beskikbaar, wat insluit maar nie beperk is tot die wysiging van skofstelsels, verbeterde produktiwiteit, verbeterde lewering, ens. of tyd wat ingewerk word, ooreenkomstig klousule 6 (11), alles soos op fabrieksvlak ooreengekom.

## BYLAE B

### OPLEIDING

- (1) Die Nywerheidsraad moet 'n subkomitee stig bestaande uit tot agt werkgewer- en agt werknemervertegenwoordigers wat, binne onderstaande riglyne—
  - (a) ondersoek moet instel na opleiding en onderrig in die Nywerheid, dit moet bespreek en aanbevelings daarvoor aan die Nywerheidsraad moet doen vir goedkeuring;
  - (b) onmiddellik na die afhandeling van hierdie Ooreenkoms in die lewe groep moet word;
  - (c) prioriteite en 'n werkrooster moet opstel.
- (2) Die komitee word deur onderstaande beginsels gerig en gelei:
  - (a) Vakverenigings en werkgewers het sleutelrolle te speel in die ontwikkeling van menslike hulpbronne.
  - (b) Onderrig- en opleidingsinisiatiewe behoort in te skakel in programme vir ekonomiese en industriële verbetering in die Nuwe Buitebandvervaardigingsnywerheid.

# Good grooming leads to job interview success

S Times [Buss]

By TERRY BETTY

DOING and saying all the right things in an interview hold the key to being offered a job.

But even if you have the skills and proper experience, you are unlikely to get the post if you give the wrong impression.

Making the right impression involves a thorough preparation for and follow-up after the interview, says Renwick Management Services managing director John Sherratt.

"The best tip I can give is that people should find out as much as possible about the company and the interviewer beforehand."

This can be through the stock exchange handbook, the company's annual report and asking around.

"The interviewer thinks, 'Wow, this person really knows his business,'" says Mr Sherratt.

A good background will allow the job-seeker to stand out from the rest of the crowd who may blunder their way through interviews.

Things a person should find out about include the purpose and objectives of the job, where it fits in the organogram and the culture of the business, such as whether it is service, people or result oriented.

Mr Sherratt says: "This helps the person to know what strengths he has."

"Knowing the type of boss you are going to have helps you to tailor yourself to the situation."

The tailoring implies knowing the sort of attitude to adopt as well as how to dress.

P-E Corporate Services managing director Martin Westcott says a

candidate should err on the side of conservative dress and not the "way-out".

"Being neat and clean is imperative. Dressing appropriately is important to establish credibility and be seen as a person who can be part of a team."

Mr Sherratt says: "Equally important as a good preparation for the interview is doing a follow-up afterwards. This is not an option, it is imperative."

A follow-up entails writing a note to the interviewer the next day, thanking him or her for the interview, highlighting important issues that arose and putting forward suggestions.

## Honest

"The point of this is that the next day when the employer is considering all the candidates, the person who sent the note is likely to stand out."

"You can rest assured that none of the other candidates will have sent a note."

No matter how good an impression a person makes on an interviewer, he or she must also have the proper skills, experience and personality to go with the job.

Mr Westcott says a person has to be totally honest.

"It is easy to catch a person out. If that happens you will not get the job, even if it was a trivial and unimpor-

tant issue." Attitude during the interview is important.

"You must be reasonably assertive. This does not mean being overbearing and telling the interviewer how to run the business. On the other hand, you do not want to come across as being meek and mild or wishy-washy."

A prospective employee should also be prepared for questions.

Mr Sherratt says questions are divided into five basic categories: Why are you here? Why did you pick our company? What can you do for us? What kind of person are you?

Replies should inform the interviewer about yourself, highlight your strengths and weaknesses, explain your goals and why you are leaving your present job.

Mr Westcott says an applicant should never run down a former boss.

"Never say horrible things about your ex-employer because this leaves a bad impression."

"But never be vague when giving your reasons for leaving. This will leave something to the interviewer's imagination and he or she will probably assume the worst."

Another important tip is that the prospective employee should never talk about salary until invited to do so. When asked what he or she is worth, the candidate should talk about a salary range instead of specifics, says Mr Westcott.

Mr Sherratt says the prospective employee should know beforehand the salary that can reasonably be requested.



## Youths to promote tourism

Star. 24/6/93  
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In an effort to engage township youths in promoting peace, the tourism industry and ANC are planning to train youths to take part in one of South Africa's potential growth industries.

The idea behind the planned training programmes is that if the youth understands that the tourism industry is a potential source of jobs, it might be inclined to co-operate in promoting peace.

A meeting to set up a steering committee to launch the programme was held between ANC representatives and members of the travel industry during a recent travel expo in Durban.

It was attended by ANC Youth League president Peter Mokaba, Tourism Liaison Council chairman Rupert Lawlor, SA Tour and Safari Association (Satsa) executive director John Rothschild, and Satsa member Clive Strugnell.

Lawlor said capital for the programme would be raised from the private sector and the Government would be approached to match private sector investment.

— Staff Reporter.

## Workshop for the job-seekers

The Junior Chamber of Commerce and Industries will be holding a workshop aimed at matric students in July.

Titled "Career Planning and Future Options", it will be held on July 24 at the Devonshire Hotel in Braamfontein. *Star 26/5/43*

The workshop is being organised in conjunction with First National Bank.

The aim is to equip pupils with job-search skills and give them the confidence to enter the adult world. *(173)*

For further information please telephone Shameela Kola on 833-1530 during office hours or 852-7742 after hours. *(173)*



# Sunflowers to shine on the poor

community-inspired projects destined to set people on the road to financial independence, the long-term objective being to lay the foundations for informal business efforts to grow.

Since its launch in 1985, Sunflower has trained more than 55 000 people in skills ranging from building to electrical work to sewing and leatherwork. It can teach 60 trades and has recently introduced a complete literacy package to complement the technical training processes.

Ractliffe has been a kingpin in a number of Sunflower projects in the Transvaal and Natal. One of his most recent challenges was to try to secure permission and funds to build prefabricated structures in Sweetwaters near Orange Farm, south of Johannesburg, which could serve as classrooms for seven impoverished community teachers.

The kind of ambition which drove the Sweetwaters teachers to continue teaching despite appalling conditions is a quality Ractliffe greatly admires. His rescue instinct gravitates towards people with energy and potential but with little or no resources to realise their dreams.

"There are undiscovered gems or key achievers in disadvantaged societies who, with a financial kick-start, have a natural ability to turn dreams into reality."

One such "key achiever" was musician Kolwane Mantu, the founder of the African Youth Ensemble. Ractliffe



Jeremy Ractliffe . . . gives disadvantaged communities a new lease of life.

fondly remembers Mantu as a dedicated voluntary teacher struggling with shared instruments, second-hand strings and a shortage of sheet music to create a truly African classical orchestra.

Says Ractliffe: "All he needed was a little support to get him going."

At the same time that Murray and Roberts decided to "adopt" the African Youth Ensemble through establishing a trust and providing funding for new musical instruments, a classical musician in England got together 110 of her professional colleagues to busk on British Rail to raise an equivalent amount of money and set up a youth aid trust called Buskaid to support Mantu's project.

The foreign news agency Reuters also provided a combi for transport and the SABC provided practice facilities and additional teachers. The British Council provided bursaries.

Today, Mantu's popular group of 36 Soweto musicians is playing publicly. Ractliffe says Sunflower applies the same criteria to large-scale community projects as he does to individuals — the "get up and go" factor must be present before Sunflower motivates for funding.

"It's easy to provide money. It's difficult to provide it effectively," he explains.

Money will be invested only where there is support and participation from the community. If it is linked to the world of work, it promotes self-reliance and if it leads to lasting improvement in the participants' lives.

"Sunflower takes a holistic approach in that the people, with Sunflower's guidance, are ultimately uplifting themselves," says Ractliffe.

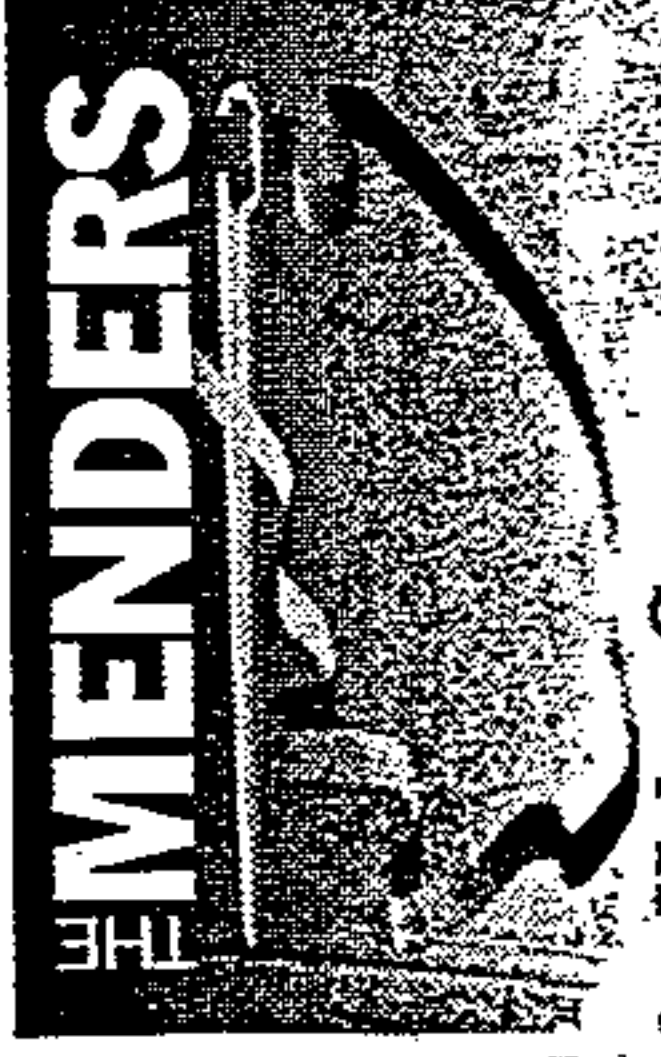
Sunflower is trying to mobilise funding to the tune of about R120 million for more than 30 projects — mostly involving in the creation of wealth-generating facilities by the disadvantaged through on-site skills training.

The process involved in getting a Sunflower project off the ground is long and endurance-testing, requiring community consensus each step of the way from the design stage to completion of a scheme.

It begins with setting up a management committee comprising local formal and informal leaders as well as representatives from any existing local authority or organisation involved in the development of the area.

After the details of the project are agreed to, a proposal is submitted to potential funders. Once funds are released, the unemployed people of the community are invited to join free courses in blockmaking, bricklaying, plastering, painting, carpentry and other building skills.

Ractliffe says the process of training is holistic. It is at Sunflower's on-site training centres where people start to reshape their destinies.



by: Helen Grange

Community upliftment programmes undertaken by South African corporations are often unsustainable because of the "handout" philosophy behind them: Jeremy Ractliffe, Murray and Roberts commercial director and a key facilitator in the Sunflower Projects, is bent on changing that philosophy.

IF THE talk is about sunflowers, Jeremy Ractliffe is passionately interested. More precisely, Sunflower Projects, a Murray and Roberts upliftment and job creation programme, is in initiative Ractliffe is convinced is making massive strides towards building grassroots economies in fractured, disadvantaged communities.

Ractliffe's role in Sunflower Projects is to help secure funding for

"It's not plain sailing. There are a lot of people involved in a Sunflower project and it's a big process getting consensus; but it's the process which empowers people," says Ractliffe. □

Star 21/5/93 (2)

# 'Engineers before doctors'

By Shirley Woodgate

The key to the "miracle of South Africa" is technical training, which significantly boosted the "miracle of Japan" many years ago, according to South African ambassador to Denmark Conrad J Sidego.

Citing the Danish example, Sidego said the emphasis should be on vocational education, turning out engineers who would become in-

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volved in job creation, before lawyers and doctors.

During a brief home visit, he said that although transition was irreversibly on track, it was vital after 40 years of active and systematic apartheid to ensure the process was sound.

Describing education as the "final liberator", he called for an "educational Codesa" to help end the crisis dating back to the first dropouts

after the events of 1976.

Sidego invited South African pupils to make contact with pupils in Denmark. He had found that Danish pupils displayed a keen interest in this country and he believed an exchange of ideas and expertise at any level was beneficial.

Write to the ambassador via his secretary, Alice E Stilborg, at the South African Embassy, Box 128, DK-2900, Hellerup, Denmark.





# Training board for chemical, oil sector

Buss. day 2/6/93

ERICA JANKOWITZ

A CHEMICAL, oil and allied industries' training board was established last month after two years of consultations to set minimum training standards and set in motion the accreditation of existing in-house training facilities, a Sasol spokesman said.

The establishment of this board was in line with the Manpower Department's recent moves to devolve responsibility for training to industry level, he said.

Founding industries were AECL, Sasol, Sentrachem and Shell and BP refineries.

All major trade unions — including Cosatu-affiliated Chemical Workers' Industrial Union, Nactu-affiliated SA Chemical Workers' Union, the Mineworkers' Union and Yster en Staal — were involved.

SA Electrical Workers' Association general secretary Ben Nicholson was appointed chairman of the board with Sasol's Ernst Kretschmer as vice-chairman, the spokesman said.

He added that the board was initiated by

employers who believed the setting of training standards was of great importance to the industry.

Employers were also concerned with the transferability of skills within the sector.

He said the constitution set as objectives the ending of all discrimination, creation of equal opportunity environments, training all workers to realise their full potential and the maintenance of the role and stature of crafts.

He said employers had agreed to address imbalances within the present education structure to fulfil the training needs of the sector.

He said that the board had no immediate plans to establish new training facilities because existing centres would be used and accredited.

A "lean and mean" structure was envisaged by all participants, he said.

# School leavers facing bleak prospects

Buss. day 2/6/93

GERALD REILLY

PRETORIA — Only 1% of this year's graduates, matriculants and other school leavers would find work in the formal sector, Ned Enterprises GM Neville Edwards said last week.

The formal employment sector was virtually closed for the next two years, he told a conference set up by the Free State provincial administration on stimulating informal and small business.

Edwards said: "The potential for development is vast, but without the needed funding it will atrophy."

SA had to invest more in expanding in-

formal business enterprises.

Edwards said Ned Enterprises — a division of Nedcorp — had identified viable, progressive organisations involved in micro lending, and was providing support.

However, what was needed was a government fund to guarantee any assistance given to informal entrepreneurs.

Edwards said it was critical that education policy should incorporate courses and provide the methodology needed by young people to launch their own businesses.

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## Funding for small business increased

TIM COHEN

3/6/93

CAPE TOWN — Government has decided to revise the supplementary amounts allocated for social upliftment, decreasing the amount for job creation by R15m and boosting small business development instead.

The supplementary budget presented in Parliament yesterday indicated that of the R300m allocated for supplementary items during this year's budget, R200m would go to housing, R45m to job creation, R30m for small business development and R25m to tourism. This differs from the R60m proposed for National Economic Forum initiatives and the R15m proposed for small business.

State Expenditure Minister Amie Venter said experience had shown that small business struggled to survive economic downturns but played an important role in job creation. The forum had identified job creation as a matter of high priority and the issue was receiving urgent attention.

After consultation with the forum, the Finance Department and the State Expenditure Department, the Manpower Department would be responsible for designing a suitable job creation programme.

The R25m allocated to boosting tourism would be additional to the R85m already allocated in the 1993/94 budget.

The R200m allocated to housing would be made available for joint initiatives by the National Housing Forum and government.

# Agreement near on R5bn jobs plan

Buss. Day 7/16/93

THE National Economic Forum's short-term working group was close to finalising a proposal for a R5bn to R6bn public works programme to be launched in next year's Budget, forum sources said at the weekend.

Finance special adviser Japie Jacobs confirmed government had accepted the proposal for a public works programme in principle but that the financing was still under discussion.

A key issue for government was to avoid "off-budget" transfers such as those that occurred when the Independent Development Trust was financed.

Accountability would have to lie with central government, Jacobs said.

From a financing point of view, there would have to be great emphasis on how to make existing programmes more capital intensive.

Besides manpower, other government departments, such as housing, would be involved to tie in to major initiatives that were already being contemplated.

It is understood that the Development Bank of Southern Africa (DBSA) and the Consultative Forum on Drought's employment task force will play a key role in co-ordinating efforts to get a public works programme off the ground.

They are expected, among other things, to lead an investigation into the issue in the

GRETA STEYN

next few months, evaluate projects that would qualify and co-ordinate the eventual spending efforts.

The DBSA, in its submission to the forum, outlined investment of more than R5bn with the potential to create direct employment for more than 300 000 people, but noted constraints on implementing the proposals. The bank said the process would contribute to structural change in the employment intensity of construction.

The Consultative Forum estimated that if R6bn was allocated in a financial year, 300 000 to 350 000 jobs could be created.

The Consultative Forum said potential existed for programmes focused on roads, water supply, sanitation and stormwater drainage. Its employment task force envisaged that investigation into a public works programme would be completed in time to launch a national programme at the beginning of the next fiscal year.

A key issue highlighted by both bodies was the establishment of a body to co-ordinate employment creation programmes. The Development Bank was expected to fulfil this function.

In the immediate short term, the R45m allocated to the National Economic Forum for job creation this fiscal year could be

□ To Page 2

## Public works

Buss. Day 7/16/93

□ From Page 1

topped up by additional funds if this could be justified once programmes were up and running.

The amount allocated to the forum was reduced to R45m from an initial R60m this week as government decided to use the additional R15m for the promotion of small business. But Jacobs said the R45m was not "carved in stone".

The forum had not yet decided on the

programmes to be implemented during the present fiscal year, but it was understood that a final decision would be made in time for the plenary meeting at the beginning of next month.

The implementation of special programmes is one prong of a two-pronged strategy to create employment, with the major focus on the public works programme to be launched next year.



**F**ARLY warning signals have alerted the 1993 stream of school-leavers that chances of job offers from the formal business sector have never looked as bleak — unless an economic miracle comes to the rescue in the next few months.

For the third year in a row, more than nine in every 10 of them can expect to encounter "No vacancies" signs outside factories and office blocks.

More and more businessmen fear that trends are following the patterns forewarned in a Nedcor/Old Mutual scenario planning exercise. Three years ago it stressed the dangers of growing unemployment and the urgency of laying radical new foundations for future economic strategies.

Predictions — that no more than four in every 100 of an annual flow of about 400 000 school-leavers and graduates

# Opportunity Still

would find jobs in the formal sector in 1992 — turned out to be accurate.

Concern now revolves around the scenario forecast that in 1993 the number could shrink as low as one in every 100 — or even worse if the recession drags on.

"It may not turn out quite as bad as that," says Neville Edwards, general manager of Ned Enterprise, one of several special small business divisions set up by the big banks. "But the ratio is almost certain to be lower than 5 percent."

Dr Ben Vosloo, managing director of the Small Business Development Corporation

(SBD), believes the dilemma should be seen as a challenge.

"The answers can be found," he insists, "if we make the 1990s the 'Decade of the Entrepreneur' — an open invitation to our youth to show initiative and create a brand-new generation of business go-getters."

"South Africa needs to give far higher priority to giving our youngsters the opportunity to flex their muscles as a new generation of entrepreneurs."

"School-leavers need to be groomed to launch mini-businesses of their own — either in solo ventures or else in partnerships with classmates." The SBD hopes to turn pes-

The outlook for school-leavers trying to find jobs in the formal business sector looks grim. But the opportunities are still there, says an expert, if South Africa makes the 1990s the 'Decade of the Entrepreneur' and paves the way for more job-hunters to raise finance and launch mini-businesses.

MICHAEL CHESTER reports.

slimism into optimism by going into the classroom. It has packaged a series of special courses for students — run at schools in the evenings and at weekends — that spell out the basic guidelines on how to set about launching a mini-business. The programme covers

everything from how to mobilise individual skills and talents to how to prepare a rudimentary business plan; how to work out operation costs and profit targets; how to keep proper records — even how to handle customer relations. Also on hand is a mass of in-

"In South Africa, entrepreneurs have still hardly skimmed the surface of the franchise business," says Edwards. "In the United States, more than 50 percent of all retail sales are made through franchise operations. In South Africa the figure is below 5 percent."

## Profitability

"The potential is enormous. More than 50 percent of all retail sales are made through franchise operations. In South Africa the figure is below 5 percent."

"The banks still work out their own criteria about the profile of borrowers and require a viable business plan that stands the test of close examination," says Edwards. "But the indemnities have made a huge impact on the attitude of most bankers."

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"To widen the access of budding entrepreneurs to start-up finance, the SBD, aside from its own loan programme, runs a special scheme to encourage the big banks to relax their rigid rules on cash advances. It is an indemnity scheme that protects banks against 60 percent of possible losses stemming from mini-business failures. That runs hand-in-hand with a similar guarantee pledged by the United States government specifically for black entrepreneurs."

based businesses had been created in the suburbs. Rudman believes the total has by now swollen to more than 500 000 with total combined income over R2 000 million a year.

"A combination of unemployment, retrenchments, inflation and the cash squeeze on many families has also resulted in a phenomenal spread of home-based mini-businesses offering almost anything from home-made jam and marmalade to plumbing services and tax and investment advice."

formation that amounts to a do-it-yourself kit on how to create a viable mini-business — and ensure it survives the hurly-burly of competition. Inspiration is provided in the string of successes scored by the SBD since it was formed in the early 1980s.

The nod or shake of the head for a loan largely depends on the potential borrowers themselves. "If we believe in their ability to start or run a business," says Edwards, "then we look at the sustainability and profitability of the proposal. It should show promise of a return on investment of at least 30 percent by the third year of operations. Why risk sleepless nights if the return is going to be only marginally better than from a simple savings account?"

The outlook for school-leavers trying to find jobs in the formal business sector looks grim. But the opportunities are still there, says an expert, if South Africa makes the 1990s the 'Decade of the Entrepreneur' and paves the way for more job-hunters to raise finance and launch mini-businesses.

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KNOC'S

# Youths 'want skills, jobs and education'

Star 9/6/93

173

By Charmeela Bhagawat

Young South Africans, of whom about 3 million are unemployed, long for skills, jobs and education, and describe themselves as "ambitious", Joint Enrichment Programme (JEP) director Sheila Sisulu said in Johannesburg yesterday.

Sisulu was speaking at a media briefing to reveal proposals on the establishment of a National Youth Development Forum (NYDF) in September.

She said that in March this year more than 120 organisations, ranging from the Transvaal Agricultural Union to various community and political organisations, had decided to form the NYDF.

An implementing committee was formed to work towards the launch of the NYDF, a national body to integrate "marginalised" youth — between 16 and 30 years — into society.

Sisulu said a national survey showed that the majority of youths were ambitious and a very small number had described themselves as "angry".

Yesterday, after wide consultation, the JEP and the implementing committee announced that a national working group would be formed soon to investigate the feasibility of a peace corps and a national youth service. The group would have to report their findings within eight weeks, she said.

The working group would be looking at various other ways of engaging youths in developing themselves, "for example by getting involved in national service programmes".

Implementing committee deputy chairman Naeem Jeena said the new forum's objective would be to make youths "engage themselves to develop themselves".

# Startling SA rape statistics

Star 9/6/93

BERLIN — At least one woman is raped every 83 seconds in South Africa, and 95 percent of rape victims are black, an international conference was told yesterday.

According to a paper presented at the ninth International Conference on Aids in Berlin, Germany, victims of rape and sexual abuse in South Africa are increasingly worried about the risk of contracting the HIV virus.

The London-based Panos Institute reported that the incidence of rape in South Africa was one of the highest in the world and health experts were worried it was fuelling the country's HIV epidemic.

Panos, quoted by Zimbabwe's Ziana news agency, said a recent study by South Africa's National Institute for Crime Prevention and Rehabilitation of Offenders reached some stark conclusions: one in four South African women will experience rape.

Gang rape, known as jackrolling, had become a problem in Soweto, and apartheid carried much of the blame, it added. — Sapa.



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## Credit agency fights poachers

MARIANNE MERTEN

CORPORATE and consumer credit information is being used to trace illegal rhino horn and ivory traders.

Kreditinform financial director Peter Sullivan said yesterday the company had given conservation agencies "unlimited access" via modem to a network which contained about 160 000 corporate and directors' names in its corporate database and more than 9-million names in its consumer database.

The donation — worth about R20 000 — was made because "as individuals and as a company we are interested in conservation", Sullivan said.

Although the arrangement was planned initially for only one year, the company would like to repeat it, he said.

A conservation agency source said yesterday it was a sensitive operation which "has already helped conservation agencies in tracking poachers".

"SA was an outlet for illegal trade in both ivory and rhino horns because of its ports and international trade relations."

The databases did not contain any confidential information, but provided contact names used to trace illegal dealers.

# Wits unveils plan to redirect youth skills

Buss. Day 9/6/93

JOHN DLUDLU

THE WITS Mental Health Unit will soon launch an intervention programme to rechannel township youth skills into social reconstruction, according to programme coordinator Melvin Freeman.

He says the programme's main objective is to equip the youth in violence-torn townships with the skills of coping with the current transitional period and the future SA, which demands more than just militancy.

The youth, he says, have to be credited for having contributed significantly to the current political negotiations through their militant struggles in the 1980s.

"Over the years skills such as leadership and militancy were built. But in the New SA militancy will have to be reharnessed to reconstruct the country," he adds.

He says youth energy and initiative developed in the 1980s will have to be rechannelled to "more progressive and constructive" programmes of rebuilding the country.

The intervention programme will consist of two parts. One part will be a pilot study that will evaluate a more effective way of training the youth in developing the coping skills.

"We want to involve the communities as volunteers.

"So the study will determine if it's

a good idea to use volunteers or social workers as trainers."

The other part will be the training of the youth in what Freeman terms "life skills", which will include negotiating skills, conflict resolution skills, and skills that will help them understand themselves and other people better.

Freeman says the programme will also try to build trust among adults and the youth to normalise the relationship between the two groups. "Adults have so much to learn from the youth and the youth in turn has much to learn from adults," he adds.

Several youth wings of political organisations have already been consulted and some have expressed support for the project.

The project will be financed by a private local foundation and non-governmental bodies will be approached.

While the programme will have psychological aspects to address the after-effects of the current violence in the townships on the youth, more emphasis will be placed on practical intervention, Freeman says.

"In our intervention we have to acknowledge the traumatic past and deal with it, as well as equip people for the future," he adds.

## Call on non-governmental organisations

Buss. Day 9/6/93

GAVIN DU VENAGE

THE local business sector should take over from foreign donors in supporting non-governmental organisations (NGOs), Gerald Kraak of the Interfund aid agency said in the latest Corporate Social Investment newsletter.

Kraak said NGOs, traditionally dependent on overseas support, were facing a reduction of resources as western governments cut their aid budgets and revised their policies towards SA.

If organisations were forced to shut down it would mean a loss of valuable expertise, experience and "the vision of a democratic social order which the NGO sector came to embody", said Kraak.

A "burgeoning movement" of

NGOs had sprung up in SA over the past 15 years, active in education, health, education, welfare and local government, he said.

They had developed innovative strategies to confront social needs and forged close ties with communities.

NGOs also had a keen understanding of conditions on the ground, and were also able to operate where government bodies were viewed with suspicion, he said.

Apart from their role in providing services service, NGOs formed the core of civil society in SA he said, and could play an important role in building a stable democracy.

Donor countries had actively promoted the developmental role of NGOs, but their support was no longer certain: "There can be no doubt that this aid contributed substantially to the building of a strong NGO sector in SA," said Kraak.

The local corporate sector had only recently begun looking at these organisations as conduits to help disadvantaged communities.

A few large corporations had set up funds to help NGOs, but these needed to be extended into a broader partnership between business and organisations.

This would make it possible for the corporate sector to respond directly to community needs, said Kraak.

# Put people back into production

By Ferial Haffajee

LABOUR-INTENSIVE construction could alleviate some of the poverty and unemployment in South Africa by employing jobless workers in road construction, housing, electricity and other infrastructural projects.

So says Robert McCutcheon, professor of civil engineering at the University of the Witwatersrand, who recently delivered an inaugural lecture on "Employment Creation in Public Works".

Unemployment is soaring at more than 40 per cent of the economically active population and the housing backlog will only be overcome if between 200 000 and 300 000 houses are built every year.

Studies of labour-based construction programmes show that they have worked in countries like Kenya, Malawi, Lesotho and Ghana and could work in South Africa.

In Kenya, for example, more than 11 000 km of road and 170 000 man-years of employment have been created by labour-intensive construction methods. In Botswana, 3 000 jobs have been created and 2 000 km of road upgraded.

The International Labour Organisation and the World Bank encouraged the principles of labour-intensive construction in the 1970s. Broadly defined as the substitution of labour for equipment, these methods "create more employment than conventional capital-intensive methods". Statistics indicate that they create five to seven times more employment per unit of expenditure.

McCutcheon stresses that labour-intensive construction "is not large numbers of people producing something of ill-defined quality". Neither is it a quick-fix solution: projects need a start-up period of at least three years, but should be accompanied by short-term programmes.

The job creation programmes should be long-term and national and should be run from within a government ministry — to secure political and financial commitment.

They should be economically and technically feasible and must be accompanied by training programmes to improve the levels of skills of individuals and communities.

McCutcheon suggests that to overcome potential productivity problems, payments should be task-based.

Public works programmes in South Africa have generally been badly run. An example is the government's Special Employment Creation Programme established in 1985.

It consisted of what McCutcheon calls "poorly conceived, unplanned, unco-ordinated, individual projects" which were not linked to development.

But, a well-planned national job creation programme may be in the offing.

The National Economic Forum (NEF) recently called for submissions on job creation proposals. And this week, Department of Finance special advisor Japie Jacobs announced that the government had accepted in principle the proposal of a national public works programme.

The proposal involves financing of between R5-billion and R6-billion, which will be provided by central government. The Development Bank and the Consultative Forum on Drought estimated in their proposals to the NEF that a public works programme would create between 300 000 and 350 000 jobs.

The most developed job creation plan, though, is the one being negotiated between the civil engineering industry and the Congress of South African Trade Unions.

In a 45-point plan, the industry has committed itself to labour-based construction while Cosatu has agreed to link payment to production. McCutcheon cautions that the industry is still capital-intensive and "cannot restructure itself overnight". However, he says the "language of the framework is good and as such this proposal could be an ally of the long-term programme: in effect, its first phase."

Export orientation as a way of expanding the economy is generally touted as the most intelligent solution to unemployment. But, says McCutcheon, "some ways of creating employment within the existing economy are required."

"It is essential that the (national job creation) programmes be initiated as soon as possible, so that they could begin to bear fruit within the lifetime of the next government."



# JOB MARKET

## Franchising set to become a major form of employment

Figures from Business 13/6/93

**MOST** successful Kentucky Fried Chicken franchise owners in the US are high school dropouts.

Franchise expert David Acheson also says many successful Wimpy franchise holders in the UK are illiterate Cypriots.

"It is a fallacy that you have to be educated to set up a franchise or establish your own business."

With unemployment and a lack of education rising to unprecedented levels, franchising is tipped to be the major form of job creation in the 1990s.

"The '90s will be the decade of entrepreneurship, no longer will people be looking to get lifelong employment in mega corporations but will instead have to set up their own business."

The international trend of large corporates downsizing has not escaped SA.

NedEnterprise general manager Neville Edwards says that only 1% of high school and university leavers will be able to find jobs in the formal sector at the end of the year — the rest will have to look to the informal sector or create their own employment.

Mr Edwards says the mindset that people have to look for a job once they leave school has to change, "they will have to create their own jobs".

Franchising is also accepted to be the more successful method of starting your own business. Figures show less than 10% of people starting their own business

By TERRY BETTY

are still successful after 10 years, whereas the figure is closer to 85% for those who start their own business through a franchise.

The reasons are simple: The franchise holder buys a tried and tested product from the master franchise holder, he is taught how to operate the product and run the business.

A good master franchise holder will also provide backup as well as marketing and advertising support. International isolation means that SA has lagged the rest of the world in franchising.

Mr Acheson says franchise sales in the US total \$750-billion — 35% of all retail sales.

UK retail sales through franchises are around 20%, although this includes all the sales done through pubs.

South Africa's sales through franchises are only about 4% of total retail sales.

Mr Acheson says SA has been isolated from the movement of international franchises. He says the US is the largest exporter of franchises, and they have stayed away from SA because of the political situation.

He also says the stringent exchange control regulations have kept many people out. "Eventually foreign-based franchise owners will want to remit their profits, and this is not easy in SA."

Mr Acheson says a number of opportunities are available in SA, such

as in the services sector, as SA has a large number of skilled, trained artisans.

One of the largest US-based franchises announced this week that it is setting up shop in SA.

Coverall Cleaning Concepts' International director of franchise sales, Jack Caughey, says Coverall will tailor its packages to suit the customer's pocket, with the cheapest package costing around R5 000. Coverall will train franchise holders in cleaning a variety of different offices, surfaces and carpets.

It also gives franchise holders specialist training in fields such as "blood pathogens".

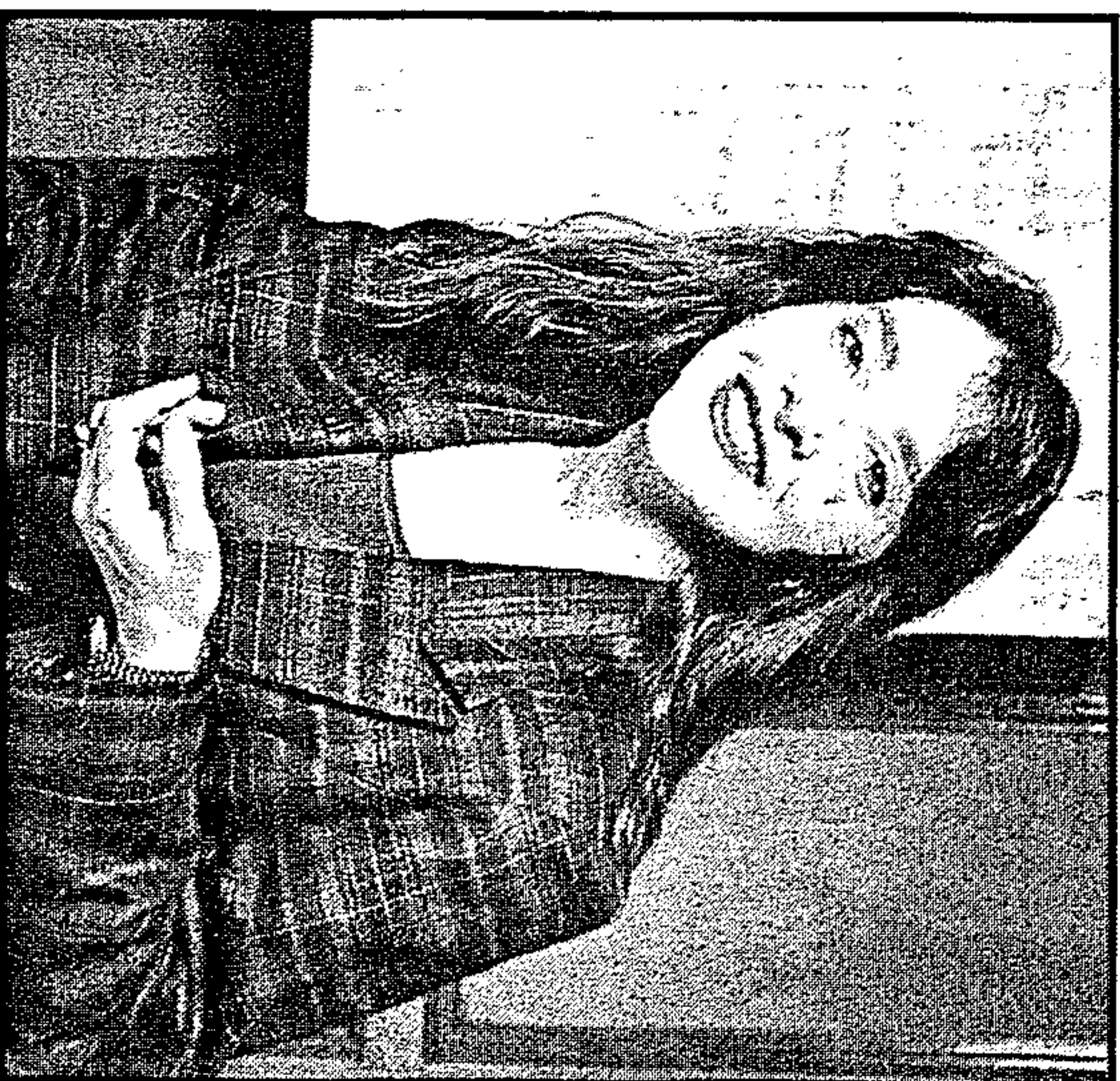
Here franchisees are taught to clean hospitals, particularly emergency rooms where they have to deal with blood and body parts. They are taught to protect themselves against AIDS, what chemicals to use and how the waste should be disposed of.

The master franchise holder will run the franchise for a while to iron out the creases and to adapt it to the SA situation before selling to franchisees.

In fact, Kessel Feinstein Consulting director Bendeta Gordon says the key to the success of a franchise business is that the product has to be tried and tested.

"The business must run for a minimum of two years before the person can even consider franchising it."

The product needs to establish reputation, the owner needs to have experienced all the hiccups first-



BENDETA GORDON: Franchises must be tried and tested

hand before he can sell his product to someone else.

The franchiser must be careful in selecting the franchisee — if the outlet is badly run and provides a poor service, it will damage the reputation of the chain.

Mrs Gordon also says before franchising, the franchiser must do a feasibility study to ensure that the product will be appropriate for the environment.

She says the business must be able to generate a large enough profit margin to enable the franchisee to pay the management fee to the franchiser and still remain profitable.

Other essentials include writing an operations manual, running training programmes and drawing up a franchise agreement. Mrs Gordon says it is essential the franchiser has a well planned strategy or business plan.

# Allegations of aid abuses

BY DIANA STREAK

A GOVERNMENT job-creation scheme to assist underprivileged communities was allegedly abused by local authority officials who allegedly used project materials for their personal use.

This resulted in outstanding amounts — which could run into millions of rands countrywide — which will have to be written off.

The details of the alleged abuses were raised in a question in Parliament last week by DP MP Robin Carlisle.

Mr Carlisle said on Friday that the allegations were contained in a detailed document which had been supplied to him.

According to the document in

several townships in the Western Cape material worth over R364 000 drawn from the stores of the (then) Cape Town Committee for job-creation projects has not been accounted for, (173)

At the time the Development Board was handling the co-ordination of the project and the "balances" were transferred to Ikapa Town Council when the board was disbanded. (225) (227)

The Sunday Times is in possession of a statement by a former CPA employee who claims that he and several labourers were instructed to build a ballustrade, which was then installed in the Durbanville home of a senior official, during working hours.



# New Deal for jobless

Star 1916193

## As many as 300 000 jobs can be created

(173)

**FOR THE** first time since the Great Depression of the 1930s, South Africa is poised to reintroduce work battalions for its army of unemployed.

Government, business and labour are putting the finishing touches to a master plan to generate hundreds of thousands of jobs.

Many are calling the plan South Africa's New Deal for the 1960s.

This is because it mirrors US president Franklin Roosevelt's New Deal of 1933, designed to pull America out of depression through massive job-creation.

### Radical

An official announcement of the plan could come as soon as next month.

The radical move is partly in response to an unprecedented wave of lawlessness that has swept the country.

No one knows officially how many millions are out of work but it is widely accepted that 7 million or 40 percent of the working population are jobless.

Unisa's Bureau for Marketing Research estimates that up to 18 million peo-

**THE** Government, business and labour are planning the creation of mass employment to improve the lot of the poor, reports **CLARE GEBHARDT.**

ple are living below the breadline.

Unemployment and political anger have poisoned a whole generation of youngsters and the consequence has been a wave of murder and violence that has left cowering whites behind barricades.

According to informed sources, billions of rands of development aid, with no strings attached, is ready to flow into the country early next year once a political settlement is reached.

The New Deal involves the mass building of houses, schools, hospitals and the like to provide not only much-needed social services, but also jobs.

Workers will wear uniforms and submit themselves to moderate military-type discipline in exchange for three meals a day, subsistence wages and accommodation in tent towns or barracks.

Based on R3.5 billion in expected aid early next year, spent at the rate of R10 000 to create each new job, there will be enough work for 300 000 people.

This is equivalent to the number of school-leavers entering the job market each year.

Last year it was estimated that approximately four in every hundred job seekers would find work in the formal sector. This year one in a hundred will be lucky to find work.

The urgency to get the plan under way is based on the fact that companies are expected to shed more than 500 000 jobs in the next 18 months.

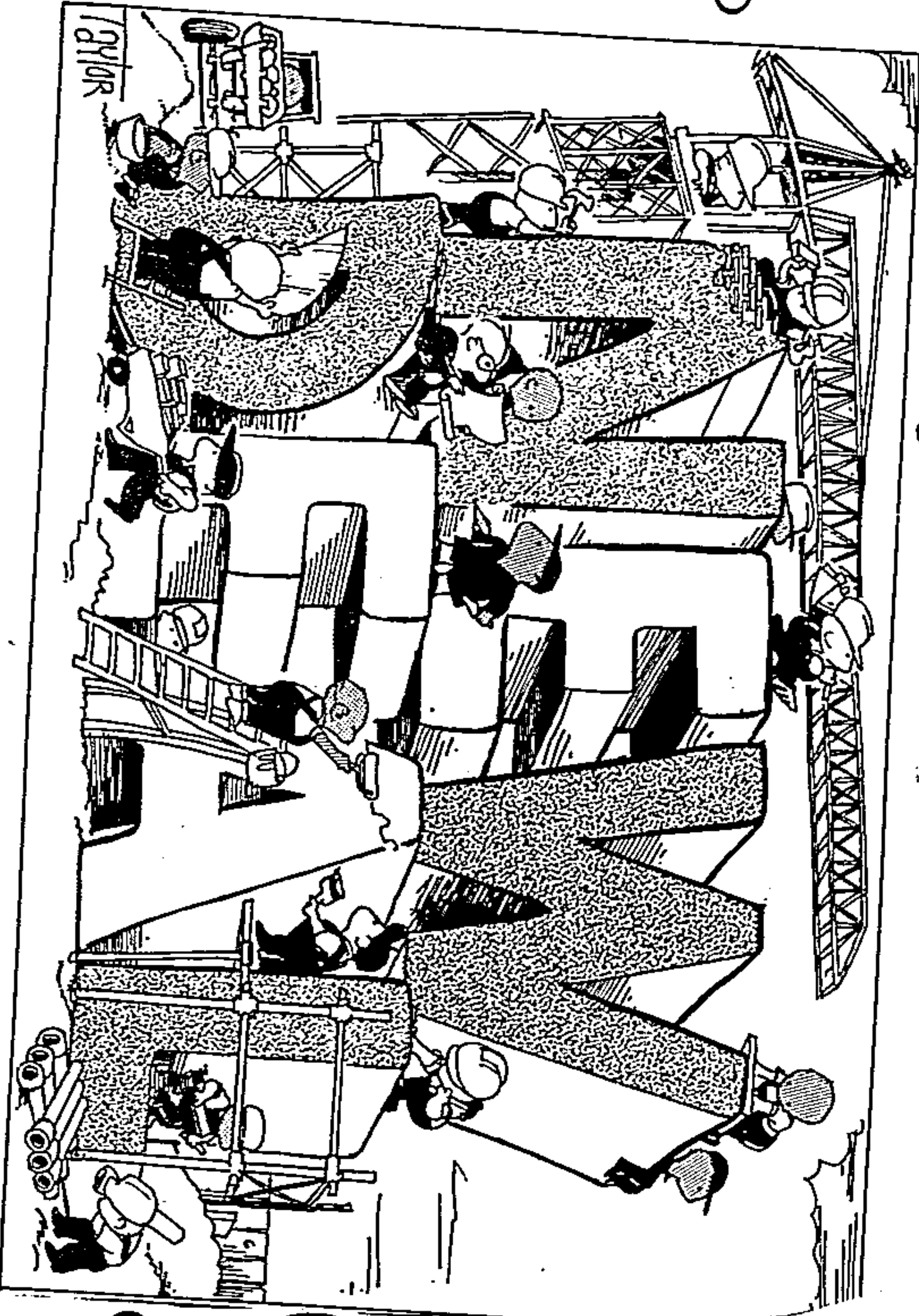
### Modest

This is the result of South Africa's longest and deepest recession continuing into its fifth year.

Though the economy may turn up next year, South Africa faces at least several years of very modest growth, probably in the 2 to 3 percent range — if we're lucky.

This is simply not enough to offset the typical rate of population growth.

Growth of at least 5 to 7 percent a year is needed to improve the lot of the poor.



# and hungry

# Jobs at risk as slump deepens

SI Times (Buss) 20/6/93

(173)

A MILLION jobs have been lost in the recession, according to some estimates, and 160 000 more will go this year.

An Andrew Levy & Associates survey shows that companies laid off 4% of their workers in 1991 and 1992.

First National Bank economist Cees Bruggemans says the trend is expected to continue with about 2% of the formally employed (160 000) losing their jobs. Eight-million work in the sector.

The 157 companies surveyed employ 530 000 people.

SA Chamber of Business economist Ben van Rensburg says official figures show about 300 000 people have lost jobs. However, this does not include those laid off in the agricultural sector or those encouraged to retire early.

About 250 000 farm workers are believed to have been fired.

The position is exacerbated by the 300 000 school and university leavers entering the job market each year.

Seifsa executive director Brian Angus says it will take many years for retrenched people to be rehired. Companies become more efficient and are unlikely to need more workers.

By TERRY BETTY

Mr Angus says retrenchments will continue at a slower pace in steel and engineering.

He says 100 000 factory workers have lost their jobs since 1989. The figure excludes skilled and managerial staff.

Chamber of Mines president Bobby Godsell says the mines have shed 140 000 jobs since the recession began.

Gold mines lost an average of 2 642 people a month and that pace is believed to have continued.

Chamber economist Francois Viruly says 80 000 work on marginal and losing mines.

The construction industry has laid off 70 000 people since the firing peak in 1982.

Building Industries Federation of SA (Bifsa) executive director Ian Robinson says that at best another 2,5% and at worst 10% could lose their jobs this year.

But once there is a political settlement it will not take long for the industry to start rehiring.

He says the industry's future lies in low-cost housing. If it builds 50 000 to 100 000 houses a year for the next three years working up to 300 000 a year thereafter, a million extra people will be employed directly and indirectly.

This will have a spin-off effect because the houses are accompanied by roads, schools and clinics.

The clothing industry lost 12 000 people in 1992 and retrenchments are continuing at a steady pace, says Arnold Webbeloff, National Clothing Federation economist.

Tourism has been dealt a double whammy by world-wide recession and violence in SA.

Hotels have been downgraded and it is believed this sector will be one of the worst hit this year.

The Andrew Levy survey shows that more companies are retrenching managerial and executive personnel than two years ago.

Consultant Gayin Weiner says the courts are taking a tougher stance on retrenchments.

The survey also shows 69% of the companies give a week's notice, 7,6% less than a week and 12,1% one to two months.

Severance benefits have improved, many businesses increasing payouts from one to four weeks' pay for every year of service.

Mr Weiner says that after the economy turns for a sustained time, it will take up to 10 years for most of those who have lost their jobs to be re-employed.

The survey attributes retrenchments mainly to the economic downturn.



## Blacks trained to fill key public service jobs

B. Day 2/16/93  
GERALD REILLY

PRETORIA — Efforts are being made by the Commission for Administration and by the ANC to equip more blacks to move into senior and key posts in the public service, government spokesmen say.

More than half of the public service in SA is black although most of these workers are in lowly paid jobs.

Of the 599 000 workers in central government departments, 300 000 are black and 222 000 white. In the Own Affairs departments, blacks number 22 106 and whites 80 122 of a total of 181 000, and of the 240 000 public servants in the six homelands, all are black.

A Commission for Administration spokesman said training programmes had been intensified to prepare blacks for more skilled jobs. (173)

A total of 64 blacks were being trained for posts in junior, middle and senior management up to and beyond the level of director. Programme guidelines aimed at a more representative public service had been issued to all state departments.

The commission conceded that some race groups were represented poorly in the public service and this needed to be rectified. (174) (175)

The inevitability of a black public service at higher levels has been accepted by the Public Servants Association. The association said as long as promotion in the service was based on merit and qualifications, there could be no objections.

The ANC has said there would have to be early retirement of some public servants in the process of affirmative action, but there were no plans to fire white government workers en masse.

# Offering new hope to the 'lost generation'

Star 21/6/93

(173) (139)

FOR many of us, the mention of marginalised youth conjures up images of an unsalvageable mass of hopeless, unemployed youths, bent on torpeding hopes of peace in their communities.

This concept remained unchanged until the Joint Enhancement Programme (JEP), a youth marginalisation programme sponsored by the churches, commissioned CASE researchers David Everatt and Mark Orkin to investigate the "lost generation".

They found in the unemployed black youth a well of frustrated ambition and self-confidence, coupled with a surprising lack of vindictiveness despite the violence they had seen and suffered.

Steve Mokwena, the young and articulate projects coordinator at the JEP, has developed a deep interest in these youths. His quest is to find ways to harness their energy constructively in education and upliftment projects, to afford them a second chance at life.

Mokwena is certain it can be done and indeed, must be done if the new South Africa is going to succeed economically.

"The general perception is that youths who are disengaged from society or seen as 'lost' are the primary perpetrators of violence. My view is that violence is only a barometer to measure the level of frustration in a community. "Now that we understand the motivations and the needs of

There are about three million young black people who face a bleak future if something is not done to re-incorporate them into productive society. Steve Mokwena is a key player in attempts to rescue them.



by Helen Grange

the youth, it is time to consolidate youth in a national forum which would engage various programmes of upliftment and job creation," he says.

To this end, the JEP's proposal to form a National Youth Development Co-ordinating Committee, involving all political parties, has been broadly accepted by political parties and business and is scheduled for launch in September.

Mokwena staunchly supports this idea, because until now projects by the Government and the private sector directed at black youth have been largely unco-ordinated.

"We lack an integrated approach. We need to put all the identified problems among township youth into an integrated whole, analyse the country's resources and strategise projects around that.

"This won't be easy. It may mean redirecting some projects to needs which are going unfulfilled. Many projects are traditionally not directed at the young, and a change of attitude

is needed," he says. Mokwena acts as a broker in identifying needs among marginalised youth, and then accessing resources to fulfil them. "Networking" is how he describes it.

This means working closely with alienated youths and their organisational structures, and undergoing a sensitive process of consultation to establish their requirements in education, skills and community participation.

Mokwena has noticed that funding is far more readily available if the projects are short-term. "But society must understand that education is costly. It is an investment in the future. There's a lethargy when it comes to long-term programmes."

At the same time, he has noticed a strong will to enhance youth initiatives. He is slightly sceptical about this. "People want to help, and sometimes want the label of being politically correct without understanding marginalisation. To

address this issue requires a great deal of commitment."

Mokwena will be co-ordinating a huge youth upliftment project — entailing weaving basic skills training into the school curriculum — to be launched in Soweto in August.

"The notion that you must either have matric or you have nothing is a very detrimental one. We want to put a skills package together to equip youths for life ahead, even if they don't complete their schooling."

Mokwena's interest in the marginalised sector grew out of a personal understanding of the background of township youths and a university education which led him to join the Wits Centre for the Study of Violence for a short while before starting at the JEP in 1991.

## Challenge

"These issues are personal to me. Quite often, the people I am dealing with are close to me — a cousin, a neighbour's child. It goes beyond the numbers and you realise these are real lives.

"There are about three million youths out there who need urgent attention. Where do you start? Somebody, somewhere has got to begin to give.

"It will be a challenge to the new government as well as the private sector.

"I believe the problem can and must be tackled and resolved." □



Mokwena . . . will help to launch upliftment project in August. Picture: Stephen Davimes



# SA 'could get lost in translation'

JONATHAN DAVIS

SA FACED a shortage of translators and interpreters at a time when their skills were urgently required, the SA Institute of Translators said yesterday.

In a statement it said priority would have to be given to training interpreters and translators to keep up with the massive increase in demand expected under a new political system.

At the institute's AGM in Bellville earlier this month it was pointed out that SA's two official and nine African languages would somehow have to be accommodated by a new language policy, the statement said.

Institute chairman Johan Kruger said that according to conservative estimates, demand for translators would increase tenfold in the next few years.

The institute decided at its AGM to initiate a training programme for translators and interpreters and it would try to have bursaries made available.

Kruger said "community translators", who translated at a grassroots level, were urgently required.

He said the institute hoped to establish short training courses for people fluent in more than one language who acted as translators and interpreters in their communities.

Candidates who completed a course would be awarded a certificate which he hoped would enable them to be paid more in recognition for their role in the workplace.

"Until now, translation in SA has been seen as a sort of elitist activity carried out by professionals," Kruger said.

"This view does not include people who work in hospitals or push a broom — who translate as part of their job."

# Deal paves way for Star 23/6/93 construction boost

Organised labour, civics and the civil engineering sector signed an historic agreement in Johannesburg last night, paving the way for possibly huge job creation in the construction industry.

The signatories are the Congress of South African Trade Unions, the South African National Civic Organisation and the civil engineering sector's National Committee for Labour Intensive Construction (NCLIC).

For the industry, the agreement means maximising the use of labour-intensive methods within

public works programmes, despite its enormous investments in machinery. (173)

Cosatu and Sanco have compromised by agreeing to payment through a productivity-linked system. (173)

"I think we shall find a lot of entrepreneurial skills and small contractors starting to develop," said NCLIC chairman Graham Power. (173)

Cosatu general secretary Jay Naidoo said the agreement showed that "labour movements are not the antithesis of economic growth but part of it". — Sapa.



## Two sectors employ more

By Day 24/6/93  
GERALD REILLY (17) W

PRETORIA — The insurance and manufacturing industries are the only significant sectors showing employment growth, Central Statistical Service (CSS) figures released yesterday show.

At the end of the first quarter of this year, 70 684 workers were employed by insurance companies from 68 468 the same time last year.

Between September and December last year, employment in manufacturing increased by 7 300 to 1,39-million from the same four months the year before.

Banks and building societies employed 121 000 at the end of March compared with 124 644 a year before.

The total number of people employed by banks, building societies and insurance companies rose to 191 764 in the first quarter against 193 112 at end-March last year.

The figures also showed mining and quarrying shed nearly 20 000 workers to 576 236 in the four months to end-December last year. The construction sector lost 9 000 workers, bringing the force down to 357 000.

Economists said the marginal increase in insurance and manufacturing employment did not indicate a trend. Employment was likely to shrink over the rest of this year.

Other CSS figures released yesterday showed a marginal increase in expected wholesale trade sales in the three months to end-May.

In the three months, at constant 1990 prices, sales rose 0,7% to R26,91bn. At current prices, sales increased 8,9% to R35,748bn.

# JOBS

## Early lessons for Junior on how to make a living

STIMES (RUSS) 2/16/68

OPPORTUNITIES in the formal job market will diminish so much that Midge Hilton-Green, headmaster of Kingswood College Junior School, Grahams town, is teaching pupils how to go about earning a living.

Mr Hilton-Green introduced courses nurturing entrepreneurial skills three years ago, all the activity being on paper. This year, pupils in standard five of the independent school were told they had to execute their business proposals.

### Idea

Mr Hilton-Green says: "The idea came to me when my children were entering the job market. Statistics show that only 7% of matriculants entered the formal employment sector two years ago, as did only 40% of those receiving tertiary education in all disciplines.

"As the number of job-seekers grows, more and more people will need to make their own opportunities in small businesses. "It seems to me that schools teaching only the three Rs are not equipping

### By JULIE WALKER

their students for the future." All pupils from standards two to five are taught basic parliamentary procedure, so are familiar with the concepts of holding a meeting, taking minutes and so on.

The standard five pupils organise themselves in groups of at least five, decide on a business, work out the costs, write it up in theory, register the company, appoint a managing director, a secretary and directors of finance, advertising and marketing.

As in life, costs are incurred along the way. The companies have to pay to register with the school, advice from the headmaster costs 50c a session (they would have to pay an attorney), 2% of turnover goes for the use of school premises and extensive market research has to be conducted before they open.

Mr Hilton-Green admits that the rules changed and the pupils ran ahead of him as the concept developed.

His first mistake was to limit the number of businesses each company could run.

"One pupil, Ricky, made

R14 in a week selling doughnuts, then started to sell Coke by decanting from a large bottle. Then Dieviesh from a rival company also wanted to sell Coke. This was initially not allowed.

"I told the managing directors of each company to form a chamber of commerce and decide for themselves whether two companies could sell the same product. After a week of savage undercutting by Ricky, Dieviesh closed his Coke enterprise.

### Credit

"The next week, I was asked to attend the chamber's meeting. There was a proposal that customers should be able to buy on credit. I agreed, but advised some form of debt acknowledgement.

"One boy bought on credit from all the sellers then declared himself bankrupt. Court action followed with the appointment of a judge and two attorneys, with attendant costs of R1 and 50c respectively."

Mr Hilton-Green says all the companies were in the fast-food business. To encourage manufacturing, he has decided to tax retailers out of

sight. The next round of the business game will carry a punitive tax rate of 20% (donated to school funds) on retailers, 10% on service businesses and only 5% on manufacturers.

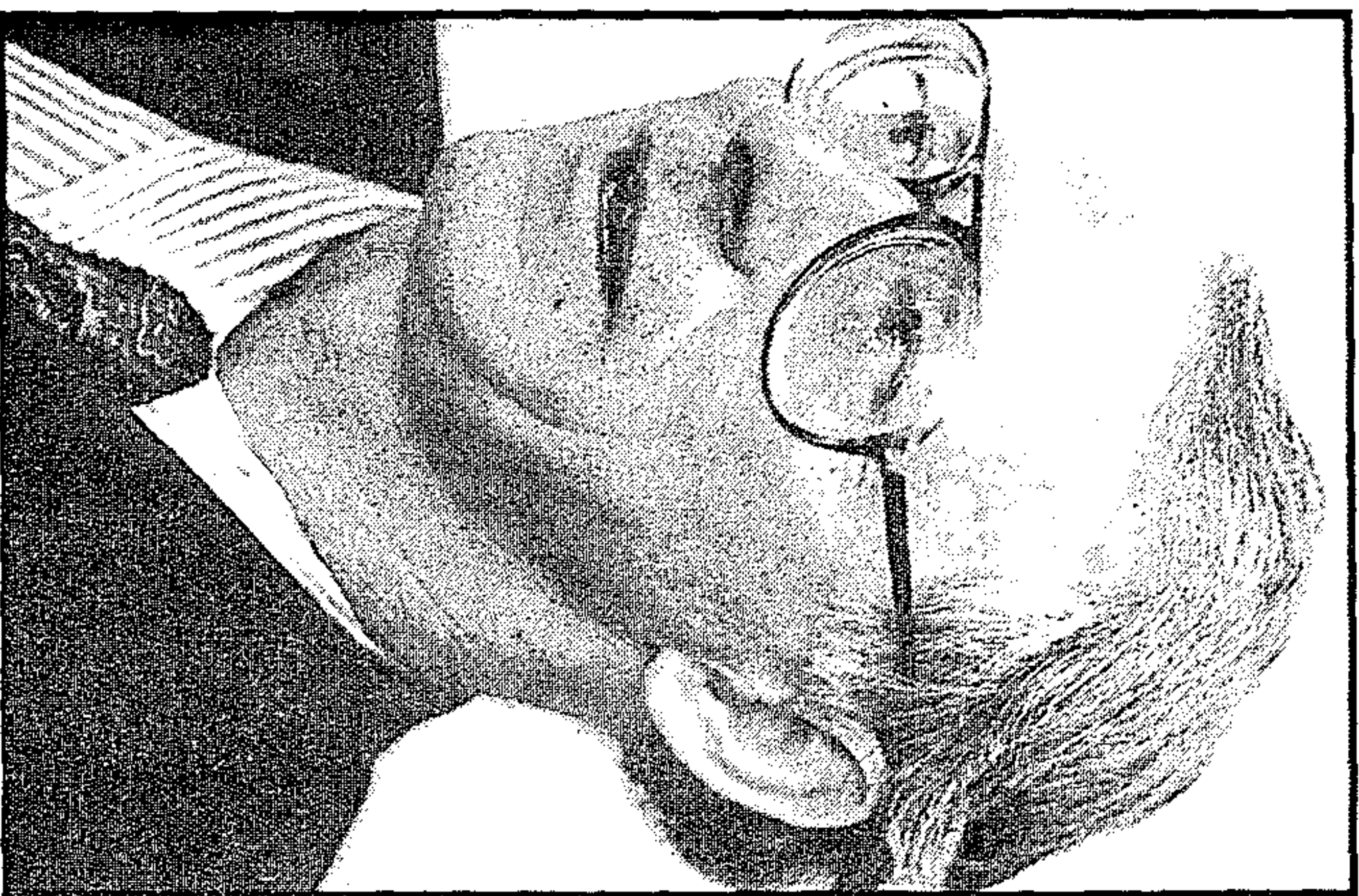
The companies are financed through a sale of shares. Each member must buy at least one and the others can be sold outside. At the end of the six weeks the company is wound up and the proceeds distributed to shareholders.

Mr Hilton-Green awards prizes in several categories, including most successful company in each field, businessman-woman of the year, entrepreneur of the year and the best in advertising and marketing.

A computer boffin in standard four had an unexpected spinoff — he was subcontracted to do the books of some companies.

Mr Hilton-Green says primary-school pupils are ideal for this kind of learning. Not only are the academic pressures lower than for high-school pupils, but the children are keen and are far more able than adults give them credit for, and the whole exercise is fun.

"If something's worth



MIDGE HILTON-GREEN: Schoolboy enterprise

teaching, why wait until high school? Academic standards remain paramount, but conventional wisdom that if you work hard at school you'll get a good job no longer applies.

"It is better to learn to make a living than to be taught about, say, wheat fields in North America — they can read all about that later."



# News in brief

Sowetan 29/6/93

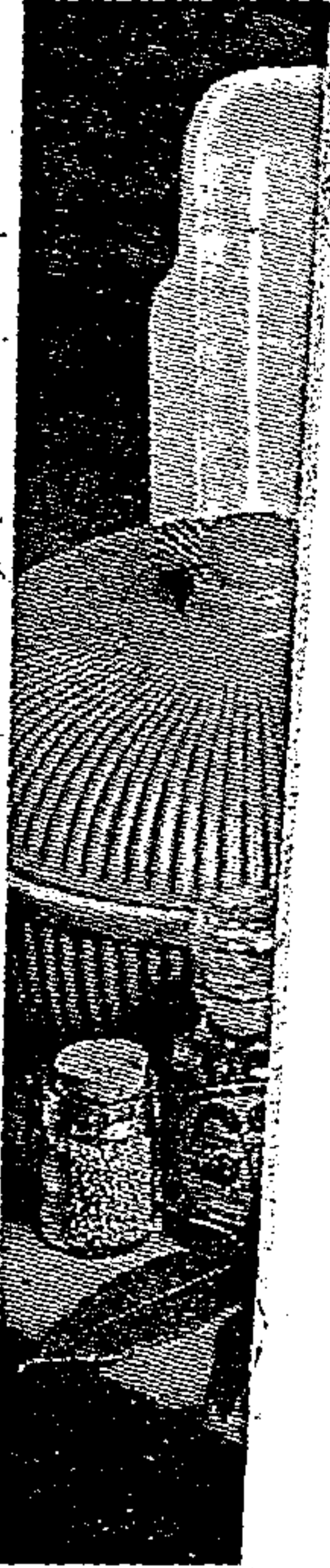
## Three cops in court

THREE policemen appeared in the Koster Magistrate's Court in the Western Transvaal yesterday in connection with the death in custody of a suspect on Sunday.

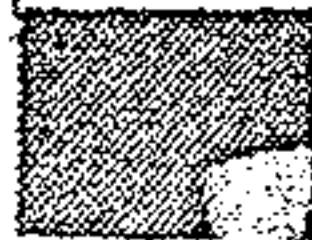
Police spokesman Lieutenant Koos Degenaar said the three policemen were not asked to plead and no charges were put to them. The case was postponed to July 16. Constables MJ Viviers, HJ Bester and MP Segone, were arrested on Sunday following the death in detention of a man known only as Tutu, who was arrested on Saturday night for alleged rape.

Sowetan  
**Bleak work prospects**

EMPLOYMENT in South Africa's formal economy had increased by only 0,7 percent between 1980 and 1990 while the population had grown by about 2,6 percent a year during the same period, according to the National Productivity Institute.



Great range of



# SA slides in competitive stakes

(173)

07 29/11/93

By AUDREY D'ANGELO  
Business Editor

SA HAS fallen from eighth to 11th place in a list of 15 countries outside the Organisation of Economic Co-ordination and Development (OECD), arranged in order of international competitiveness.

The list, which includes SA for the second year running, was compiled by the Geneva-based World Economic Forum and IMD, the second largest business school in Europe.

The poor quality of SA's human resources was given as one reason for its downgrading since last year. It was near the bottom for worker attitudes, competitive values, educational structures and the availability of skilled labour.

And it came top in the problem of "brain-drain", with the highest proportion of skilled and well-educated people leaving the country.

Other reasons for SA's poor showing this year included harmful international trade policies, protectionism, state involvement in the economy, and deterrent taxation.

Singapore was judged the most competitive non-OECD country, followed by Hong Kong, Taiwan and Malaysia. Brazil was second from the bottom with Pakistan at the end of the list.

Colin Boyes, deputy director of the Cape Chamber of Industries, said SA's position on the list was "disappointing" — but this country was in the process of economic restructuring which included better training and education for the workforce.

And the extent of the "brain drain" was due to political uncertainty. However, Boyes said, it was an indication that once the economy recovered SA would run into a very serious shortage of skilled people.

The economic restructuring and scaling down of tariff protection had to be gradual. It could not happen overnight without causing chaos in some industries.

But it was encouraging that trade unions had seen the need for restructuring and higher productivity, and had pointed out that education and training would lead to this.

## Unemployment time-bomb

● The director of the World Competitiveness Project, Stephane Garelli, warns in a foreword to the report that the structural level of unemployment is increasing throughout the world.

"The prospect that a future economic recovery may not necessarily regenerate employment produces all the ingredients for a formidable social time-bomb."

But Rob Lee, economist and senior portfolio manager at the Board of Executors, said that although jobs in some industries had disappeared others were taking their place.

"If you look at what is happening in the UK — unemployment has been falling for the past four months. And this is happening earlier than is usual in the economic cycle.

"Economic restructuring means that obviously you are going to lose jobs in some of the traditional industries. But new ones are being created by the new technologies.

"So although he (Garelli) might be right in the short term I doubt if he is right in the long term in saying there will be fewer jobs available."



# Alarm at <sup>Star 29/6/93</sup> failure to provide jobs

Employment in the formal economy had increased by only 0,7 percent between 1980 and 1990, while the population had grown by about 2,6 percent a year in that time, the National Productivity Institute said.

In its annual publication, Productivity Focus, the institute said the economy had failed to absorb new entrants to the labour market and unemployment had become critical.

The problem would become more acute because the people who would be seeking jobs well into the next century had already been born.

Another alarming trend was that more jobs were being created in the public sector rather than the private sector.

There had been particularly few new jobs in manufacturing. "This is a cause for concern as manufacturing is the single largest sector in the South African economy and serves as the main engine for growth."

Although the only solution was high economic growth, Government assistance in job creation was very important, the institute said. — Sapa

## NEWS IN BRIEF

### Japan's R10m gift <sup>173</sup>

THE Japanese government has given about R10m to the Kagiso Trust for disadvantaged people to be used for, among other things, job creation and bursaries.

The Japanese embassy said this was the 7th contribution since 1987. Gifts made over the seven years totalled R75m. Japan's total contribution to black South Africans in 1993 would be R16,5m.

S.A. 11/7/93



# Haste may sink job scheme

B.D. 11-7-93

PRETORIA — Much of the R1bn in strategic oil reserve funds allocated by government this year for the creation of jobs would not be used effectively, Wits civil engineering Prof Robert McCutcheon said yesterday.

Speaking at the 13th Annual Transportation Convention in Pretoria, McCutcheon said undue haste in the implementation of the labour-intensive programmes would lead to significant inefficiencies.

It remained to be seen whether 59 000 jobs, as claimed, would be created as a result of the expenditure of the R1bn, he said.

Minimal forward planning, a lack of investigatory work or preparatory training and the need to spend the money within 16 months had imposed "major limitations" on the creation of employment, he said.

The time constraints, lack of knowledge, lead-in time or training meant conventional

## ADRIAN HADLAND

construction methods would have to be used at the expense of creating additional jobs.

Greater use of labour-intensive methods could not be achieved on a project that had been designed to be carried out with the use of equipment, he said.

The decision to use labour-intensive methods had to be taken prior to the construction stage and then be fully integrated into the design and construction process.

The proposed expenditure of state funding would not generate any more employment per unit of expenditure nor would it result in any systematic way in the increase of employment created, he said.

Similar limitations applied to the R750m allocated recently by the Independent Development Trust for employment creating projects, he said.

In spite of the fact that the R1,75bn in funds represented about 1,7% of the Budget or 0,54% of GDP, there was reason to suspect that "much of the money will not be used effectively".

Planned and implemented carefully, a successful national programme of labour-intensive construction projects could lead to the creation of more than 100 000 long-term jobs, McCutcheon said.

As well as alleviating unemployment, intensive labour methods could also produce qualitatively work in an economically efficient manner.

To achieve a significant increase in the use of labour, a complete revision of the construction process and the necessary training of engineering and supervisory personnel was essential, he said.

The R1,75bn allocated for work that was only ostensibly labour-intensive could have been used more imaginatively to create much more employment, McCutcheon added.

Fm 2/7/93

THE YOUTH

**Not all lost**

173  
~~173~~  
~~225~~

A nationwide youth survey in December finds that there are 3,5m youngsters who have been marginalised or entirely "ejected" by society. About 515 000 (of whom 465 000 are African) have been entirely ejected, with no hope for the future and no regard for social, political or legal processes.

Roughly 2,9m (2,5m African) are already marginalised from such processes and urgently need systematic help. About 4,7m (3,2m African) are at risk of marginalisation and must be reached. Only 2,7m (1,6m African) are functioning well.

Their circumstances are depressing. For example, 4m young Africans have no electricity at home and more than 5m have no running water; 3m youth of all races are jobless; 100 000 African teenagers have no schooling at all and more than 1m have only primary education. However, their attitudes indicate that they can be engaged. For this reason the term "lost generation" may often be inappropriate.

"With carefully planned, well-resourced and urgent intervention, millions of young people can be drawn into educational, economic and legal life," the survey says.

Among myths identified in the Community Agency for Social Inquiry survey is the

perception that youths are political and interested only in military involvement. On the contrary, the survey finds that only 12% of youngsters (15% among Africans) belong to political organisations and many more are involved in churches and choirs (38%) and sports organisations (32%).

Nor is it correct that they are not interested in education: only 12% of all African youth had studied as far as they planned, with the figure for coloureds 18%, Indians 30% and whites 58%. In all 69% want to study further and only 2% cited politics as the reason for not doing it. Nearly two-thirds of African youth (51% coloured, 53% Indian and 43% white) dropped out of school because they had no money.

Three million people between 16 and 30 are unemployed with most (79%) looking for work. The idea of a youth corps could well be part of the solution. Concern at the plight of the lost generation has given rise to the idea of establishing a National Youth Service & Peace Corps by the end of the year.

The proposal arises from of a recent workshop on youth initiatives under the auspices of the fledgling national youth development forum, which aims to ensure that the needs of young people remain firmly on the national agenda. (A similar proposal was made by the negotiations technical committee on violence at Kempton Park recently.) It is hoped that a technical commission to in-

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investigate the creation of a youth corps will report within eight weeks of being appointed.

Behind the initiative is the Joint Enrichment Project backed by the SA Council of Churches and the SA Catholic Bishops' Conference. After two years of research and consultation, the project reported to a conference in March attended by 120 organisations. It was here that the formation of a national youth forum was proposed as part of the plan to implement a national youth development strategy.

The idea of a youth forum, say organisers, led by the project's Sheila Sisulu, represents the emergence of consensus on how this should be done. A two-pronged strategy is

suggested to deal with youth marginalisation and development:

Programmes to tackle problems youth face in employment, education, health and so on; and

Long-term policies and lobbying to create the right environment for youth development.

A working group is envisaged, including the national forums on housing, the economy and education (when it's set up), relevant government departments, the technical committee on violence, the peace accord and other interested parties. This group will appoint the youth corps investigating commission.

Among the commission's objectives will be to examine the feasibility of a programme run largely through the State Budget; the availability of national administrative and physical infrastructure; and mobilising support from local and international commerce and industry. It will also look into ways of combating violence by involving a youth corps.

Among suggestions made in discussions leading up to the formation of a youth forum was joint ventures between youth and business to create jobs through community ventures, public works schemes, training programmes and short-term internships offered by the private sector. ■



# Chance for job creators

Sowetan 5/7/93

**ABSA**

AFTER a good start to the first two Sowetan/Absa Job Creation seminars, the programme now moves on to Pretoria on August 6 and Klerksdorp on August 11. Participants in the first two seminars were given sound advice and information on how to prepare a business plan, to determine objectives and target markets, promotions, income, expenses, a balance sheet and pricing.

After attending the seminars the participants are required to submit their business plans. Each month a winning business plan will be selected. The monthly winner receives R10 000 which must be used for further training and set-up costs.

Those wishing to attend should possess basic literacy and numeracy skills but, most important of all a desire to start your own business. Entrants whose business plans have the potential to stimulate growth and provide employment will have an advantage. (173)

So come on all you aspiring entrepreneurs in the Pretoria and Klerksdorp areas, here is the opportunity to put your dreams into action. Remember, if you can dream it — you can do it! If you want to be at the next seminar in your area, fill in the attached coupon and post it right away. Admission is free and booking will be confirmed with the senders of the first 200 coupons received.

Deadlock on public service revamp

# Economic forum plans to create jobs

Biday 6/7/93

~~173~~ 173  
GRETA STEYN

THE National Economic Forum yesterday announced wide-ranging short-term economic policy proposals mainly aimed at creating jobs and cushioning the recession's blow to workers.

While little progress was reported in formulating a consensus long-term economic policy for SA, indications are that Finance Minister Derek Keys's normative economic model will be substantially rewritten. The forum's short-term working group effectively rejected one of the key tenets of Keys's model — decentralised wage bargaining — by saying: "Centralised bargaining is one of the tiers of our collective bargaining system and as a matter of policy the parties agree not to undermine this arrangement."

A key area of disagreement between forum participants was the restructuring of the public service and the retrenchment of public servants. A committee has been established to consider the different parties' proposals on restructuring.

In the immediate future, the forum will spend R49m on job creation and R30m on small business development programmes. The forum has asked the Development Bank to investigate as a matter of urgency the viability of job creation programmes suggested by regional and other forums and government departments.

In the medium term, a more ambitious programme of public works was needed, addressing on a wide scale the provision and maintenance of infrastructure to historically deprived communities. A rigorous pre-investment investigation would have to be undertaken.

Calculations by the Development Bank,

released earlier this year, showed that R5bn could be invested in such a programme. The forum said yesterday it would set up a committee of seven people nominated by labour, government and business, to finalise the structures necessary for a pre-investment investigation and its terms of reference. It did not, however, appoint the Development Bank to conduct the investigation, as speculated earlier this week.

Also in the medium term, the forum's technical committee would formulate a national framework for small and medium business development. It also hinted at a change in the Small Business Development Corporation's board by saying organisations using public funds for small business development should have representatives of all major stakeholders in their decision-making body. "Accordingly, the (forum) will interact with existing institutions to implement this principle and will finalise this matter by the end of August 1993."

The emphasis on labour issues in the short-term working group's proposals was further reflected in agreements on job security, restructuring the Unemployment Insurance Fund, targeted assistance programmes, labour-based construction, the public tender system and the establishment of a National Development Corps.

The UIF had to be restructured to ensure compulsory state funding in addition to the current contributions from employees and employers. It had to provide benefits to temporarily laid-off workers and assist more actively in retraining.

□ To Page 2

## Job creation

Biday 6/7/93

□ From Page 1

Industries should consider the establishment of work security funds to provide money to workers during training and retraining, should assist with matching retrenched workers with vacancies and should conduct retrenchments in a transparent and "fair" manner.

Targeted assistance programmes should be developed for declining industries. They would apply where a community was dependent on a single enterprise or mine, or where a large employer of labour was involved.

It was recommended that the Public Tender System promote the public sector's purchasing of locally manufactured articles with a high local content "to maximise job creation".

Business Forum chairman David Brink said the National Economic Forum had been "fire-fighting to find solutions to problems in the ailing economy". In future, it would have to turn its attention progressively away from the consideration of short-term interventions, and more towards long-term wealth creation.



# Strong labour showing at key economic talks

Star 6/7/93

By Paul Bell  
Labour Correspondent

The National Economic Forum (NEF) has agreed on a series of recommendations for short-term action — including protecting collective bargaining, and job creation through public works programmes — that add up to a strong showing for labour in the opening round of the forum's deliberations.

At its first plenary session since its formation in October, the NEF — which includes organised business, the Government and labour — also established its intention to secure a partnership role with the government of the day in the setting of economic policy.

ANC economics chief Trevor Manuel reiterated his concern about the extent to which a future government might find its policy-making prerogatives circumscribed by decisions taken by the forum.

Finance Minister Derek Keys, echoing labour's view, spoke in favour of the NEF's policy-making role: "We need to invent and then create an economy that answers more closely to the needs of our community. The NEF is crucial to this process."

But his criticism of centralised bargaining, contained in the Government's proposed Normative Economic Model, was effectively repudiated in the NEF's first major agreement. Centralised bargaining was acknowledged as "one of the tiers" of the collective bargaining system, and the parties agreed neither to undermine it nor to oppose the setting up of such arrangements.

Labour leaders were generally happy with the outcome, but several delegates used the opportunity to air grievances against employers and the Government.

Cosatu's John Gomomo called on business to demonstrate its commitment to the collective bargaining agreement and condemn the efforts

of motor sector employers to break the Industrial Council. Replying, Sacob president Spencer Stirling noted the sector's financial structure was too diverse to support a collective bargaining institution.

The agreements include:

- Full disclosure of all relevant information by employers regarding proposals to retrench workers and, while not a moratorium on retrenchments, at least a commitment to consultation on minimising job losses.
- Targeted assistance to declining industries to reduce the impact on communities and regions.
- A commitment to address job security in the public sector in the context of restructuring.
- Support of labour-based work methods for civil engineering projects undertaken with public funds.
- R49 million for job creation and small business.
- A commitment to a more ambitious programme of public works to redress infrastructural backlogs.

# Forum agrees on targets for economic action

ARG 6/7/93

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## □ Public works programmes to ease unemployment

**Business Staff**

JOHANNESBURG. — The National Economic Forum has agreed on recommendations for short-term economic action — including protecting collective bargaining, and job creation through public works programmes.

Against estimates that 40 percent of South Africa's labour force has no formal employment, nine of the 15 areas agreed by government, organised labour and business deal with unemployment.

At its first plenary session since its inception last October, the NEF — which includes organised business, the government and labour — established its intention to secure a partnership with the government of the day in setting economic policy.

ANC economics chief Mr Trevor Manuel registered his concern over the extent to which a future government might find its policy-making prerogatives circumscribed by decisions taken by the Forum.

Finance Minister Mr Derek Keys — echoing the view of labour — spoke in favour of the NEF's policy-making role:

"We need to invent and then create an economy that answers the needs of our community."

Centralised bargaining was acknowledged as "one of the tiers" of the collective bargaining system.

Cosatu's Mr John Gomo, a leading metalworker, called on business to demonstrate its

commitment to the collective bargaining agreement.

Sacob president Mr Spencer Stirling pointed out that the sector's financial structure was too diverse to support a collective bargaining institution.

The agreements include:

- Full disclosure of all relevant information by employers on proposals to retrench workers and — while not a moratorium on retrenchments — at least a commitment to consultation on minimising job losses.

- The extension of

UIF to workers laid off temporarily, or those on extended short time;

- Targeted assistance to troubled industries to reduce the impact on communities and regions;

- A commitment to address job security in the public sector in the context of restructuring;

- Support of labour-based work methods for civil engineering projects undertaken with public funds. (Cosatu signed an agreement with the industry on this a fortnight ago.)

- A total of R49 million for job creation and small business; and,

- A commitment to a more ambitious programme of public works to redress infrastructural backlogs.

Other agreements include the restructuring of the Public Tender Board, and proposals to improve the efficiency of the customs and excise function to reduce the illegal import of goods and so reduce job losses in affected industries.

The NEF also recommended the establishment of a National Development Corps as a voluntary programme for young people.



# Forum spotlight on job creation

CT 6/7/93

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From GRETA STEYN

JOHANNESBURG. — The National Economic Forum yesterday announced wide-ranging short-term economic policy proposals mainly aimed at creating jobs and cushioning the recession's blow to workers.

While little progress was reported in formulating a consensus long-term economic policy for SA, indications are that Finance Minister Derek Keys's normative economic model will be substantially rewritten.

The forum's short-term working group effectively rejected one of the key tenets of Keys's model — decentralised wage bargaining — by saying: "Centralised bargaining is one of the tiers of our collective bargaining system and as a matter of policy the parties agree not to undermine this arrangement."

A key area of disagreement between forum participants was the restructuring of the public service and the retrenchment of public servants. A committee has been established to consider the different parties' proposals on restructuring.

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In the medium term, a more ambitious programme of public works was needed, addressing on a wide scale the provision and maintenance of infrastructure to historically deprived communities. A rigorous pre-investment investigation would have to be undertaken.

## SESSION HIGHLIGHTS

FINANCE Minister Derek Keys said yesterday specific "concentrated attention" would have to be paid to underdeveloped areas of the economy. In a speech to the National Economic Forum, Keys said it was clear that increased emphasis will have to be placed on programmes for "improved distribution".

"... trickle-down effects from growth, even quite high growth, in the formal sector are not enough in themselves to have a material effect on seriously underdeveloped situations (such as low cost housing as equal job opportunities)."

● A Budget was unlikely to be presented next March, according to the Finance Minister's special advisor Japie Jacobs.

Dr Jacobs said this was in view of national elections set for late April 1994.

● The NEF said it has persuaded the government not to proceed with the privatisation of Abacor — the state-owned network of abattoirs.

● Renewed efforts would have to be made towards significantly reducing fraudulent customs clearing transactions. It was recommended at the session that the number of inspectorate posts and their staff levels be increased, and the identities of companies guilty of the fraudulent practices be published.

Calculations by the Development Bank, released earlier this year, showed that R5bn could be invested in such a programme.

The forum said yesterday it would set up a committee of seven people nominated by labour, government and business, to finalise the structures necessary for a pre-investment investigation and its terms of reference. It did not, however, appoint the Development Bank to conduct the investigation, as speculated earlier this week.

Also in the medium term, the forum's technical committee would formulate a national framework for small and medium business development.

It also hinted at a change in the Small Business Development Corporation's board by saying organisations using public funds for small business development should have representatives of all major stakeholders in their decision-making body. "Accordingly, the (forum) will interact with existing institutions to im-

plement this principle and will finalise this matter by the end of August 1993."

The emphasis on labour issues in the short-term working group's proposals was further reflected in agreements on job security, restructuring the Unemployment Insurance Fund, targeted assistance programmes, labour-based construction, the public tender system and the establishment of a National Development Corps.

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# Helping jobless build self-esteem

By Buntj West

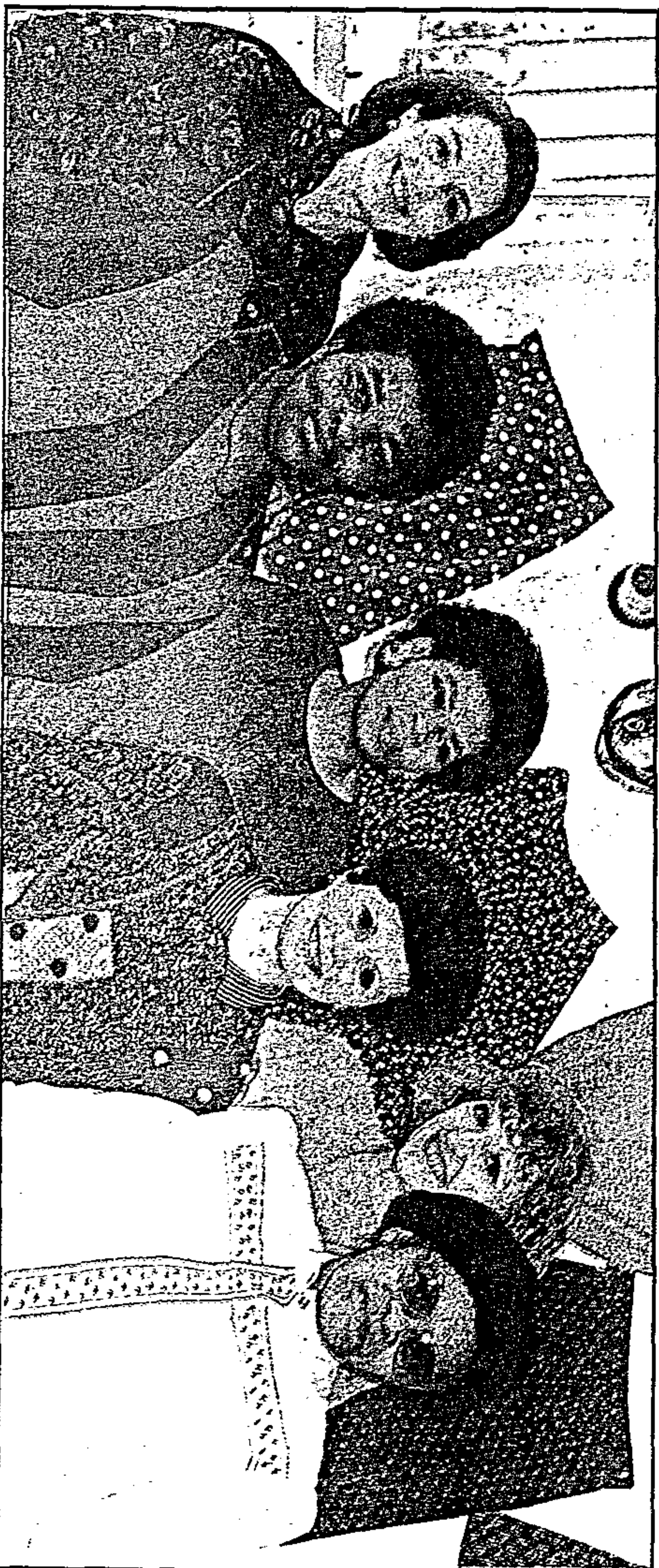
The daunting problems of unemployment have prompted a group of concerned Krugersdorp residents — the Women's Outreach Foundation (WOF) — to offer training in cottage industries to unemployed township women.

WOF, led by Tersia Wessels, recently launched a scheme to build self-esteem through self-help programmes. During its two-month existence it has already provided 18 women from Swannieville and Kagiso with the essentials to start their own businesses.

## Confidence

The emphasis of the foundation is to enable women who have received training to go back to their communities and teach others the same skills.

Working on old-fashioned sewing machines, the women battled to build up confidence. But now they have received a boost with the donation by two companies of six sewing machines to the class, which is held at Krugersdorp Technical College.



Reaching out to the community . . . instructors Maddle Maree, Lucky Nhlapo, Isabel Grobler (back), Wilhemina Phukube, Tersia Wessels (chairman of WOF) and Elizabeth Raboriti.

During the handover ceremony guests were shown some of the work already produced by the women. More people will be trained at the centre after the initial course is completed.

Wessels said: "During this period of transition South African women are standing up and helping one another, not just by building self-esteem, but by championing the cause of res-

torning peace, contributing to the economy, and educating the next generation. "Sustainable projects such as this encourage women to start businesses and help feed their

families. In these harsh economic times, it is often the woman who must support a growing number of dependants, and by teaching sewing skills, entrepreneurship will grow."

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Picture: Buntj West



# LABOUR NEWS IN BRIEF

Compiled by SHARON SOROUR

## Short-term action for economy

THE National Economic Forum (NEF) this week approved recommendations for short-term economic action — including protecting collective bargaining and job creation through public works programmes. (173)

At its first plenary session since its establishment last October, the NEF, comprising organised business, government and labour, also voiced its intention to secure a partnership role with the government of the day in setting economic policy. (10/7/93)

Finance Minister Mr Derek Keys emphasised the need to create an economy that answered more closely to the needs of the community.

Centralised bargaining was acknowledged as "one of the tiers" of the collective bargaining system.

# More farm jobs a solution

Si Times [RUSS]

ABOUT a quarter of the black labour force is without work, says the World Bank.

As a solution it calls for a shift to labour-intensive agriculture.

Its paper on the South African economy — prepared from informal studies — suggests a programme to transfer land to small-scale black farming.

It also recommends a fundamental change in agricultural policies to eliminate distortions, such as subsidies on credit in the commercial-farm sector that are biased against small farmers.

Public works schemes would help job creation. So would encouraging the growth of small to medium-size firms.

The bank estimates that less than half of the black labour force holds a job in the formal sector.

Although subsistence agriculture in the homelands and the informal sector provide employment, about 25% of the labour force has no work.

By CHERILYN IRETON

The bank says informal-sector growth has only partly filled the widening gap between black labour supply and employment.

"Unemployment has thus grown rapidly among blacks. In contrast, there was full employment among whites up to 1985, but since then white unemployment has

grown significantly."

High investment between 1965 and 1991 failed to generate more jobs because of the corresponding increase in the economy's capital intensity.

The work input among the unskilled has declined. Long travel distances of black workers is a possible reason for the decline. Another is the increase in mandays lost through strikes and industrial action.



# Cosatu call for focus to be on job retention

CF 12/7/93

Own Correspondent

**MARITZBURG.** — Cosatu has called for business decisions in the SA economy to be made with the focus on retaining jobs rather than on bottom-line profits.

Speaking at a workshop on job creation at the South African Chamber of Business (Sacob) conference in Maritzburg this weekend, Cosatu spokesman Gareth Coleman said business should be taking labour more seriously, especially towards job security, and in the future be more concerned with employing people than with profit margins.

"South Africa operates under a profit-driven market economy which does not concern itself with the necessities of feed-

ing and housing its employees but rather with earning the greatest company profits. Job creation is not the centre stage," Coleman said.

He said the economy should "attack poverty and depravation" and ensure sustainable job creation and development for the country but did not explain how this could be done in terms of economic principles.

Although scathing about unproductive competition, he begged business to accept centralised bargaining and investment decisions taken to benefit employees, not company profits.

Director development of the Urban Foundation, Alan Bruce, said job creation must be seen in terms of socio-economic development and empowerment and was "the most urgent challenge facing South

Africa today".

He said job creation would have to enhance equity and access to employment especially by the most disadvantaged, otherwise it would continue benefiting the minority.

He outlined 12 different ways of creating new jobs in the economy, expanding on the generally-accepted micro- and small to medium enterprises and public works programmes solutions.

⊗ A wealth tax would seriously damage business confidence and prospects for economic growth.

The Sacob conference, in a resolution passed unanimously, condemned comments attributed to an ANC official that a 50 per cent wealth tax should be introduced.

# Retrenchment victims 'should pool resources to create work'

SHARON SOROUR  
Labour Reporter

RETRENCHMENT victims should pool their resources, ability, knowledge and skills to develop a self-help network and self-employment schemes, says an out-of-work Cape Town engineer.

According to Mr Anthony Barker, unemployed people should stop trying to get jobs that "don't exist".

Mr Barker said they should form a "club" or a "network" similar to those which arose in Britain in the 1970s when retrenchment was rife.

He said: "I believe there are a lot of people out there who find it impossible to get work. I would like to form a network, similar to those in Britain.

"Many people who lost their jobs got together to pool their knowledge and skills and built up small businesses which became very successful."

Mr Barker — an experienced engineer with management, financial and computer skills who was retrenched in Johannesburg last year — believes the same is possible here.

"The idea would be to form a club or a network of people to try to come up with self-employment schemes rather than try to get jobs that don't exist."

Mr Barker said he had no funds, premises or facilities to get a project of this nature off the ground on his own and called on others to respond.

"I wanted to communicate these ideas to the public to see what sort of reaction I would get. My ideas are half-formed at the moment, and I would need to talk to people who are out of work and assess their abilities and perhaps point them in a new direction, like retraining for a new type of work."

Mr Barker, who ran his own business in Cape Town until it collapsed in 1990, went to Johannesburg to find work. He secured a job for 18 months before the company which employed him closed down.

"I have been told now that I am either too old or too qualified to be employed."

He moved back to Cape Town to be closer to his family and "a chance of support".

Mr Barker said attempts to find work overseas had failed because "there isn't any work, even in Britain or America".

He said attempts to get work through personnel agencies were often futile and the Small Business Development Corporation was not able to handle grassroots developments.

However, personnel managers could help get a self-help scheme off the ground, he said.

● For more information  
☎ 488 4551.



# PAC airs jobs plan

Property Editor

A new, democratically-elected government should use unemployed youth to provide housing, giving them on-the-job training in much the same way the present government had when it built townships such as Soweto and Mamelodi. (248)

So says Mosebjané Malatsi, senior policy analyst of the Pan Africanist Congress (PAC). (173)

Speaking at the recent Portland Cement Institute

seminar, he said the provision of shelter was a critical issue for about 40 percent of the black population.

"The youth, most of which is unemployed, should be encouraged to get involved. They could receive on-the-job training after formal training of say, a year, and should later be able to obtain employment on the basis of their newly acquired skills or to start their own businesses as small or medium-scale contractors."

# focus on reconstruction

Sowetan 14/7/93

**F**IVE years after the first democratic election on April 27 1999, the majority of our people are still denied housing, land, jobs, electricity, health care and decent education, they will say that the vote has been worthless.

That it has totally failed to address the brutal effects of apartheid-rule. We believe that this "low road" scenario is one which has to be avoided at all costs, if we are to emerge from the nightmare of apartheid into the daylight of a vibrant democracy which puts its people first.

The challenge of addressing apartheid's legacy should not be left to any one section of society, or even to a democratically-elected government.

This massive task of reconstruction is not unlike the rebuilding of societies ravaged by the second world war; it requires the involvement and commitment of the whole society if it is to succeed.

We are proposing a Programme for Reconstruction and Development aimed at addressing in a planned, coherent and systematic way the enormous social and economic problems we have inherited from years of apartheid misrule.

Empty promises of jobs, housing, and so on which we are sure the Nationalist Party and their allies will make in the coming elections will not put food in our people's bellies or a roof over their heads.

We need programmes with clear time frames and targets, which spell out how we will provide housing over, say, the next five years, how we will create jobs, how we will create a national health system, and so on.

## Five pillars

The Reconstruction Programme we are proposing rests on at least five major pillars:

- Job creation through large-scale public works programmes which would both kick start the economy and extend social services to the previously excluded majority in the urban and rural areas.

Parallel to this, an urgent restructuring of our moribund industry aimed at creating sustainable jobs, and encouraging investment in productive activity. If our economy continues on the cheap labour path, combined with speculative investment in shares, glass buildings and export of capital we will only deepen our desperate crisis of structural unemployment, and remain trapped in an unbreakable cycle of poverty.

- Secondly, a programme to overhaul the entire education system, and develop a national training scheme that addresses the high levels of illiteracy, the low skill base, and the inefficiencies of the economy.

- Thirdly, the Reconstruction Programme will have to address the social poverty in which the majority of people live. National resources will have to be channelled away from the mili-

This is part one of the *Sowetan* series on reconstructing the economy in South Africa, written by Cosatu general secretary Jay Naidoo:



Jay Naidoo ... Job creation important.

tary machine and wasteful bureaucracy, and into extending basic necessities such as housing, health care, electricity, water, and pensions to people in the rural and urban areas.

Further, a rural development and land reform programme will have to be implemented. These measures should be seen not only as a necessary programme of redistribution, but also as growth-generating activity which will change the shape of our economy, in that it will bring all our people into the mainstream of economic life.

## Unleash energies

- To implement these programmes it will be necessary to advance and protect the rights of ordinary people to empower them to drive the reconstruction programme and to unleash their creative energies.

For example, the process of centralised bargaining and the participation of workers in industrial decision making is essential, if trade unions and employers are to effectively embark on the restructuring of our industries, job creation, and training.

Other sectors of civil society as well need to be empowered to participate in decisions which affect their lives. This grassroots democracy is a vital countervailing power to ensure that the new state becomes responsive and accountable to ordinary people, unlike the arrogant and corrupt state machinery we have to deal with

today.

- Lastly, there must be a democratic political solution, and effective and accountable government. If the democratically elected government is to be able to implement a programme of reconstruction and development, the majority party has to be able to implement its programme without interference from minority parties.

This implies a strong central government, as opposed to the "lame duck" government envisaged by the NP which would be unable to govern effectively.

This programme of reconstruction will be driven by forces in civil society, together with a new democratic state. Nevertheless, we believe that many of the processes necessary to implement the programme can be initiated now, albeit in a limited way, to prepare the ground, and to ensure that we begin to concretely address some of our people's most critical needs.

Many of Cosatu's current initiatives are precisely geared to meeting this objective.

## National Manpower Commission

The restructuring of institutions such as the National Manpower Commission, the National Training Board, the setting up of the National Economic Forum, and issue-based negotiating forums such as the Housing Forum, as well as industry restructuring committees, has already begun.

In the medium term these will create the institutional framework within which the reconstruction programme can be negotiated and implemented.

In addition, job creation, housing and other programmes negotiated through these forums are aimed at delivering concrete results in the short term.

As we move through this transitional phase the obvious issue is what replaces the apartheid system and how to ensure that democracy means more than just a vote every five years.

The programme for reconstruction is our answer.

Through discussions with our allies and others in civil society we are trying to ensure that such a programme has broad based support and that it will underpin the process of political transition.

In forthcoming articles in this series I will explore in more details how different elements of the Reconstruction Programmes will be implemented.

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# Regional plan creates 35 666 jobs

B/Bow 15/11/93

EDWARD WEST

SA's new regional industrial development programme had attracted investments worth R6,26bn and created 35 666 jobs since its introduction two years ago, the Regional and Land Affairs Department said.

The incentive packages had also attracted R433m in foreign investment — mainly from Taiwan and the UK — creating up to 9 200 jobs.

The programme, introduced in May 1991, was a five-year incentive package aimed at industries capable of sustainable wealth and direct and indirect job creation. The policy was market and profit orientated, the department said. Its incentives included an establishment grant, a profit/output incentive and a relocation grant for foreign companies. (173)

The budget for the programme in the 1993/94 financial year was R739m, 66% of which would be spent on projects approved under the 1982 industrial development programme.

The old regional policy gave investors, who set up businesses at points designated by government, inputs such as transport and housing subsidies aimed at compensating for disadvantages caused by their locations.

The Board For Regional Industrial Development said long-term incentives granted under the old programme — a transport rebate, electricity concession and tender price preferences — were phased out on June 30 1993. The housing

subsidy for key personnel would be phased out in stages by June 1996.

The relocation grant provided in the old programme's short-term incentives had already expired, but the rental and interest concession, the labour incentive and the incentive scheme for small businesses would expire as the projects reached seven years of age.

The old regional industrial policy was discredited in 1990 when a government-commissioned report recommended that the policy, which artificially stimulated industry in the TBVC areas, be abandoned.

The new programme was criticised recently by a Development Bank of Southern Africa report advocating a non-interventionist policy where market-allocated resources were based on regions' natural development potential.

The board's stance has been that the ideal regional and industrial policy would offer no assistance to industry.

"Most countries offer generous incentives . . . and they are vying for foreign investment which introduces new skills, develops home-grown technology, and through multipliers, provides much needed employment, fixed investment and income," director-general Coene de Villiers was recently reported as saying.

# No pay or food - but it will help community

● From Page 1

after a shift of tough manual labour. Some are tenants facing eviction.

And the trust's secretary, Mmapula Maake, brings her two young children to work because she cannot pay a nearby creche to look after them any longer.

Motsepe is determined to keep going and says the trust's aim is to teach labour-intensive skills that will be useful in the community. After the roads, they will look at sub-economic housing. In the meantime, the roads have already made a difference.

Residents are making pretty gardens on the unpaved verge between their front gates and the road. And cutting the grass. Where women from C2 were sometimes raped on the way home from the Mamelodi taxi rank 2 km away, they now get dropped at the nearest corner.

The tarred streets are kept meticulously by residents, the value of their homes has increased and people from other areas are badgering the trust to tar their streets as well.

About 1,5 km of roads at the top of C2 has been tarred and drained so far as a pilot project, with about 10 km to do. The finish is a lot rougher than the nearby N1 freeway, but it works. The trust put 10 trainee roadbuilders, all matriculated, through a course at the Pretoria Technikon. An engineering consultant who saw their work says they "appear to be well-informed regarding the requirements of this type of road construction".

All the work is done by hand except for final compacting done by plant-hire specialist Brian Smith of Johannesburg. He is owed more than R10 000 by the trust but stays on because he, too, believes in the project.

Like everyone else involved, he hopes to be paid one day.

● Good news this week was that Pretoria Portland Cement is donating at least 40 bags of cement to secure loose stones lining the water channels.

# No pay or food - but it will help the community

By Peter Welman

On the stony hillside of Mamelodi's C2 section, near Pretoria, 35 young men with blunt and broken picks are working without pay or food for an ideal they believe in.

Ask them when they are going to stop, and they say not until the whole of C2 has a basic tar topping, with stormwater channels. They lack basics, such as a water tank and spray to stabilise the road base. So they carry

the water. They use local soil and rocks, and say simply that they are doing it for their township.

Soon the picks will be useless for digging, say the men behind the project, former ANC high-profilers Godfrey Motsepe and Moss Chikane. Motsepe was a diplomatic representative at the Organisation of African Unity; Chikane went underground in South Africa, and was sentenced to 10 years in jail. But the problem with the picks may be academic, for

there is now no money at all. At the end of the month, the telephones in the spartan Mamelodi office of the National Labour-Intensive Projects Trust will be cut off. Motsepe is the trust's Mamelodi administrator, Chikane the chairman.

About R500 000 was donated a few months ago by Heks, a Swiss Protestant outlet for that country's development aid. Heks administrator Helen Baumann visited the project yesterday and is trying to help, but

could make no promises. She said the work was efficient and up to date, and the project was well managed. She praised the way it used community resources.

The road crew was paid R35 a day until the money ran out two weeks ago. The trust has had to buy everything for the project, and some of the sparse furniture is borrowed. Some of the road crew walk 12 km a day, hoping neighbours will feed them when they get home

● To Page 2



# Keys urges action to create new jobs

51 Day 16/7/93

ERICA JANKOWITZ

DURBAN — Unless SA developed an economic policy which could offer employment opportunities to the bulk of new entrants to the labour market and those affected by structural unemployment, it would not succeed in redressing past imbalances, Finance Minister Derek Keys said last night.

Speaking on economic reconstruction at the opening of the annual labour law conference, Keys said "social objectives remain the test of validity of economic policy".

As such, SA's present economic policy had failed and it was the duty of all parties to attempt to develop a new policy to address the most pressing need: job creation.

To date no party had come up with a viable solution, but it was their job to do so, he said.

Keys suggested that the two most important pillars of viable economic growth were the "expectations gap" created by political change and the development of entrepreneurs.

He said creating expectation in disadvantaged communities was the equivalent of creating a collective drive for wealth which would "generate the ability to sacrifice and think on a long-term basis".

In finding a reconstruction process acceptable to all parties, they would have to find a way to harness this desire in a productive way so that it

fitted in with a drive for economic growth which could, in turn, progressively satisfy needs, Keys said.

He said SA was not unique in its economic problems as most Western countries were attempting to solve their unemployment and low growth problems. (173)

"If European countries, with millions of jobless citizens, invest in this country, it will not be to purchase our products which would be produced in direct competition to their industries," Keys said. Therefore economic growth would have to come from within as many trading blocs had imposed import quotas.

Cosatu negotiations co-ordinator Jayendra Naidoo told the conference Cosatu's reconstruction programme was not based solely on economic restructuring, but also had a social aspect.

The programme was "an absolute priority" which needed to benefit people immediately to prove that political change would redress "apartheid-created disparities".

State funding was essential, as were job creation, centralised bargaining and "a comprehensive programme of industry restructuring".

In respect of restructuring, Naidoo restated Cosatu's position on centralised bargaining and a living wage policy.

# R10-bn is earmarked for upliftment and jobs

Star 16/7/93

By Derek Tommey

Some R9 billion to R10 billion worth of projects, intended to improve the living standards of South Africa's poorest people and also provide several hundred thousand jobs, are in the pipeline, reports the Professional Economic Panel (Pep).

Pep represents a group of economists, businessmen and politicians who earlier this year, in the form of the widely exposed Nedcor/Old Mutual Scenario exercise, presented a report outlining 22 action priorities for positive change.

In a progress report, Pep says that the National Housing Forum and Department of Housing are expected to disburse a R500 million government grant within weeks. This money will be used to encourage private-sector funds to invest in the low income housing market.

This news will be welcomed by many economists and businessmen who see a major drive to build low-cost housing as one of the quickest ways of creating employment. It would also give the hard-pressed building industry and building supplies industry a useful stimulus.

Some of the housing money will go into direct subsidies, says Pep. But part will be employed as a guarantee to underpin efforts to mobilise institutional funds for

the development of low-income housing. Investec Merchant Bank is designing a capital market instrument to appeal to prospective institutional investors.

Commenting on the report, Matthew Nel, chairman of the coordinating committee of the National Housing Forum, said that urgent consideration was being given to defining the structure and criteria for dispensing the funds. However, he was not prepared to give a precise date for when the funds will start flowing.

~~SEP~~

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## Works programme

Pep also reports that the short-term working group of the National Economic Forum is close to finalising a proposal for a R5 billion to R6 billion national public works programme.

This is to be launched next year and included in the 1994-95 Budget.

The Government has accepted the proposal in principle but financing is still under discussion.

The Development Bank of Southern Africa has outlined projects needing more than R5 billion which have the potential to create direct employment for more than 300 000 people.

Meanwhile the National Electrification Forum has been given the objective of developing within a year a strategy to accelerate

the electrification of the country with particular emphasis on disadvantaged communities.

Eskom has struck a R500 million deal with the Life Offices' Association (LOA) to part-finance its R3 billion "electricity for all" drive.

This is the first project undertaken by the investment development unit of the LOA in socio-economic development.

The electrification participation notes offer a 6 percent fixed coupon Eskom bond with interest payable twice a year.

Eskom guarantees a return of no less than 11,98 percent, but this is also linked to a warrant which offers a variable return element based on 30 percent of the turnover generated by the electrification drive.

This instrument could at some stage be adapted to allow other forms of socially desirable investment, such as in housing, health and education.

Eskom intends to bring electricity to at least a million people.

It is becoming more involved in the retail end of its market, says Pep. It is set to supply power directly to millions of residents in virtually all PWV townships. It has been negotiating with almost all local authorities where it does not already enjoy supply rights.



# Huge response to self-help plan

SHARON SOROUR  
Labour Reporter

173  
APR 20/17/93

AN appeal to retrenchment victims by an out-of-work Cape Town engineer to set up self-employment schemes by pooling resources, knowledge and skills has had enormous response.

The Argus recently reported an appeal by Mr Anthony Barker, an experienced engineer with management, financial and computer skills, that retrenched people form a network similar to those which arose in Britain in the 1970s when retrenchment was rife.

Mr Barker asked unemployed people to contact him in an attempt to formulate

ideas to create work which was not to be found in the job market.

He said: "I am thrilled with the response I have had from an enormous range of people, as well as business and private individuals offering work, services and facilities."

Mr Barker said there would be a public meeting at the Claremont Civic Centre at 2pm today.

Many respondents said they were in the same position as Mr Barker, as attempts to find work had proved futile and they were told repeatedly they were too old or too qualified to be employed.

Mr Alex Shonfeldt, a 45-year-old Fish Hoek hotel and

catering manager who has been in the industry for 22 years, was "fairly" retrenched in February.

"I have been unable to get work. The hotel trade caters for younger people as the hours are long and there is a lot of weekend work — so young people who cost less to employ are given work.

Mr Shonfeldt, whose wife is supporting him, said it was the first time there was "nothing going".

Mr Gordon Graham, 55, a transport manager with 18 years' experience, was not retrenched but returned to South Africa from Britain 17 months ago and has not been able to find work.

On returning, he went into partnership with a trucking company which collapsed, costing him R20 000.

"Now I am making furniture in between applying for jobs. But I am mostly told I am too old or too qualified. People assume you are looking for a sky-high salary, which is not necessarily the case."

Mr Graham, from Goodwood, said he still had "a few rands in the bank" to cover electricity and water and his wife had a job.

"It is a huge personal blow to be unemployed. I have only had four jobs in my life, but it's amazing the sort of rejection you now have to confront."

# White-collar workers under pressure

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23M 23-29/7/93

**A** PART from fending off the odd attempt at backstabbing from colleagues and trying to live up to the boss' expectations, office workers used to live a quiet life.

No longer. Thanks to the recession coupled with business fashion and affirmative action pressures as South Africa slowly sloughs its old apartheid skin, the predominantly white white-collar worker — and particularly women office — should be feeling distinctly uncomfortable.

A survey undertaken by Professor Karl Hofmeyr of Unisa Graduate School of Business Leadership found 45 percent of 500 managers polled report that morale in their companies has worsened in the past year. One in three would leave South Africa if given the chance.

Hit by four years of recession, South African companies have whittled away at the white-collar staff complement as well as retrenching blue-collar workers on a big scale.

*Many office workers will find themselves between a rock*

*and a hard place unless the*

*economy sees reasonable*

*growth. By REG RUMNEY*

*they will not be able to create more jobs*

*in the foreseeable future, while nearly*

*30 percent of those who answered the*

*question believe they will have to make*

*even more people redundant.*

*While a number of respondents were*

looking for a widening of their markets during the next two years, they were prepared to downsize even further if conditions do not improve.

In these volatile circumstances white women are particularly vulnerable, says Duncan Innes, publisher of the *Innes Labour Brief*.

"Where companies look at where they have most flexibility, the jobs of white women will be considered. White males are often in more key positions. White women are often in subsidiary roles. Those are the posi-

tions into which management would seek to put blacks and from which to train and develop them."

So affirmative action may turn out to be a zero-sum game.

Innes notes that companies which put in place affirmative action programmes three or four years ago were compelled by recession to retrench those blacks they had employed, in terms of the last-in-first-out principle.

"For affirmative action to really take hold in this country the precondition is economic growth."



Innes: White women vulnerable

Throughout the Western world the traditional office working environment has been shaken up as companies try to cope with technological change and frenetic competition. With "re-engineering" and "downsizing" as war cries firms have cut swathes out of the class of workers who have usually — and, it turns out, erroneously — felt more secure in their jobs than blue collar workers.

That wave has only hit South Africa in the last six months to a year, according to PE Consulting Services managing director Martin Wescott.

The retrenchments that began in 1989, when the recession first began to bite, were motivated purely by cost considerations rather than companies intentionally downsizing to fit a niche in the market.

After two or three years of job cuts, companies are reluctant now to have further retrenchments, believes Wescott, and would rather try to use natural wastage.

But there's no room for any employee to be complacent, particularly as firms attempt to change their racial composition to mirror that of the society more closely. Hofmeyr's survey indicated, not surprisingly, an increasing awareness of affirmative action's importance, along with some resistance: 38 percent felt more black advancement would lead to deterioration of standards.

So employees may have survived the waves of recession only to be swamped by a new wave of affirmative action, whether legislated or moves by firms to pre-empt legislation.

A survey of 500 companies, ranging in size from 52 employees to 28 000 employees, by Chart Outplacement Consultants found that nearly 60 percent of companies believe



# JOBS

# SA slipping down the job and productivity ladder

**SOUTH Africa is slipping further behind its competitors in productivity and job creation, says the National Productivity Institute's Productivity Focus.**

SA productivity increased by a mere 1% a year between 1980 and 1990 compared with annual rates of 6,5% in South Korea, 5,4% in Taiwan and 2,9% in Japan.

NPI economist Karin Liebenberg says: "Unfortunately, SA's increase was the result of the least desirable methods of improving productivity because it coincided with a decline in employment. Employment opportunities among developed nations increased at a faster rate than the population."

## Sharp

The inability to absorb entrants to the labour market — the result of low economic growth and poor productivity — exacerbated unemployment.

The two industries to register the highest gains in productivity were beverages and paper, both of which showed sharp increases in both employment and productivity. Capital productivity declined in almost half

By **CIARAN RYAN**

the industries, the result of capital inputs growing at a faster rate than outputs.

In most other cases, the report paints a depressing picture of an economy losing its competitive grip.

Another alarming trend, says Mrs Liebenberg, is the growth in public-sector employment. Almost 300 000 jobs were created in the formal sector between 1980 and 1991, but 366 100 more people were employed in government. Only 25 100 more people were employed in manufacturing.

"This is a cause for concern because manufacturing is the single largest sector in the SA economy and serves as the engine for growth. It is responsible for almost a quarter of all economic activity and should play an equally important role in providing jobs for the growing population."

In spite of a 204% increase in wages in the manufacturing sector between 1986 and 1991, workers benefited only marginally because inflation accelerated at almost the same rate. The report shows that real earnings grew only slightly between 1970 and 1991, but productivity rose

even less.

Labour productivity in the private economy increased by only 1,1% between 1970 and 1991. The biggest improvements were in agriculture (3,9% a year), transport (2,3%) and electricity (2,2%).

"Between 1990 and 1991 all sectors, except agriculture, registered positive labour productivity growth rates," says the report.

Labour productivity growth rates were highest in electricity (8,1%), mining (4,3%) and transport (3,8%). All sectors, except manufacturing and agriculture, achieved higher labour productivity growth rates between 1990 and 1991 than between 1970 and 1991.

## Cycle

The report highlights the decline in capital productivity in all sectors except agriculture between 1970 and 1991. Capital productivity in the private economy declined by 1% between 1990 and 1991.

"The long-term trend in fixed capital productivity shows that fixed capital is much under-used as a factor of production," says Mrs Liebenberg. "This is unfortunate because capital is SA's scarcest resource."

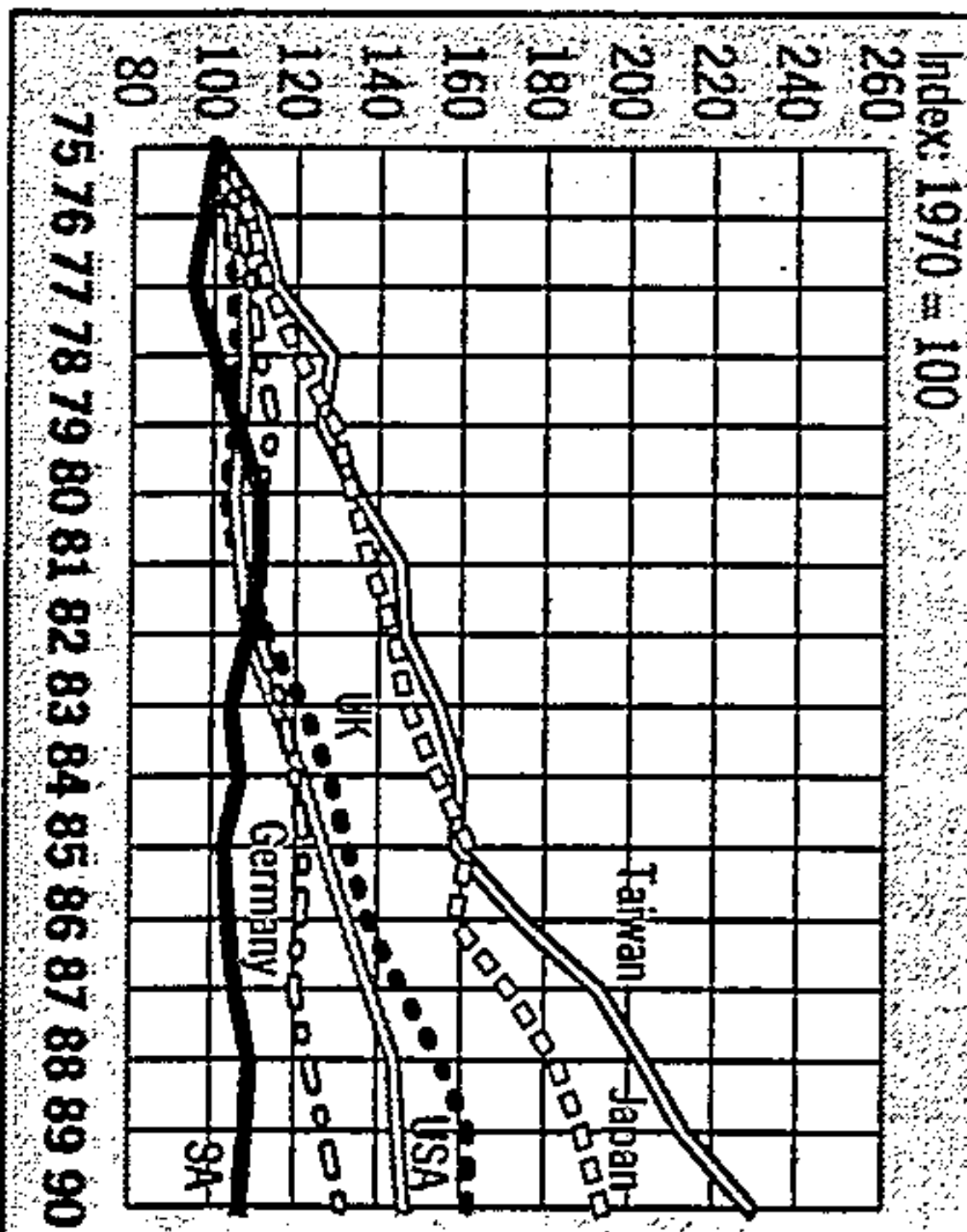
The most comprehensive measure of productivity is multifactor productivity, reflecting a combination of labour and fixed capital productivity trends. The report shows that only four sectors, agriculture, electricity, commerce and transport, achieved multifactor productivity gains.

Sharp sectoral differences in capital productivity reflect the capital intensities of different industries. Only 14% of the capital employed in clothing is fixed capital, 86% of it is working capital. In contrast, the textile industry's working capital represented only 51% of the total capital employed.

Fixed capital productivity growth between 1977 and 1985 — the only years for which figures are available — declined 4,5% in the manufacturing sector as a whole, the biggest drops being in chemicals, paper, furniture and non-metallic products.

Capital productivity for the economy as a whole fell by only 1,2%. In spite of declines in fixed capital productivity in food, beverages, wood and non-metallic products, all these sectors showed overall gains in capital productivity because of strong gains in working capital productivity.

## Labour productivity in manufacturing



Graphic: FOM/MSCH Source: ABSA

"Fixed capital is adversely influenced by downturns in the economic cycle because of low capacity utilisation," says the report.

## Control

"Productivity of working capital in most industries was higher than fixed capital productivity, mainly because management has more control over working capital, and high interest rates were probably the most important driving force behind this improvement."

The average return on investment (ROI) for manufacturing in 1991 was 12,8%, 2,5 percentage points below inflation. Eight industries recorded ROI figures above 20%: beverages (24%), tobacco

(35,3%), leather (30,5%), footwear (27,6%), printing and publishing (33,8%), plastic products (30,1%), electrical machinery (20,6%) and professional equipment (35,7%).

Although most industries recorded declining ROIs between 1989 and 1991, there were five exceptions — food, beverages, tobacco, leather and printing and publishing. The industry with the highest value added was chemicals, accounting for 16,9% of the total value added in the manufacturing sector, followed by base metals (12%) and food (9,8%).

Economic growth in SA averaged 1,3% a year between 1980 and 1991, compared with rates in excess of 7% a year in Taiwan, South Korea and Botswana.



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# Workforce skills need to be rapidly improved

By Stephen Cranston

No country can expect to make rapid economic progress if 60 percent of its economically active population is functionally illiterate, as in South Africa says Isaac Sam, World Bank infrastructure division chief for Southern Africa.

Speaking at the Nafcoc annual congress in Sun City yesterday, Sam said the most urgent task facing a new government would be to improve the skills levels of the workforce.

The Nafcoc Management and Leadership Development Centre was a very important step that would help equip future generations of black South Africans with the skills necessary to compete internationally in the next century.

However, the centre was but one step towards the creation of a more skilled workforce. To achieve that objective, it was up to the black business community to put forward new initiatives and to be willing to work with government as well

as labour and other sectors of the business community.

He emphasised the need for black entrepreneurs to step forward and lead the way in attracting both foreign and domestic investment, in initiating technological progress and in encouraging increased worker productivity and higher skills levels.

Sam said that in every dynamic economy entrepreneurs were the link between innovation and production. To play this role they needed access to the latest technologies and this required a "permissive rather than prohibitive environment."

"An open and enabling environment demands a government that is committed to the free flow of goods, capital, people and knowledge.

South Africa's overly-protective trade regime had created substantial problems. "For one there is very little predictability in the tariff structure which makes it very difficult for exporters to plan and budget properly.

"Ill-defined and fluctuating trade policies are a sure-fire way to discourage the exchange of goods and services in the global marketplace."

He said the country's domestic markets were artificially protected and resulted in higher local prices for a broad range of products.

"Import substitution has run its course, and the policy framework needs to be changed to remove the internal bias."

A new trade regime, with a simpler, more stable and transparent set of tariffs would have to be set up, but would have to be carefully thought out to avoid shocking the economy and leading to further hardships.

"An abrupt liberalisation of trade could be disruptive and could increase the already unacceptable rates of unemployment.

"But as an initial step exporters can use various options such as free trade zones, bonded warehouses or duty drawback schemes to achieve duty-free access to inputs."



# Giving workers the key 'spanner skills'

Sowetan 29/7/93

By Joshua Raboroko

MERCEDES-BENZ of South Africa, involved in manufacturing high-technology products relying on top quality throughout a complex process, see human resource development as essential.

If the key to becoming a world-class manufacturer is increased efficiency and productivity, then the only way to cut the key is to empower employees to become more efficient and productive.

Through education And the way to empowerment is through education and training.

## Through education

Empowering employees lies at the heart of MBSA's human resource development initiatives, and the company's HRD department is busy evolving an integrated education programme designed to help employees acquire skills and knowledge.

As explained by the company's HRD manager for the East London manufacturing plant, Mr Alan Eyre, these are the "spanner skills" with which all future education is built.

To develop these skills, the company in conjunction with the major representative employee trade union, the National Union of Metalworkers of South Africa, initiated the company's Adult Education Centre.

Life skills Employees needing to develop literacy, numeracy and life skills are taken off the production lines and put through a series of courses, starting with "mother tongue" literacy.

These courses not only teach reading, writing and arithmetic, but also how to solve problems, think critically and become effective students.

One of the most touching moments for the tutors came barely a month after the AEC opened when some of the learners, for the first time in their lives, were able to sign their own names for their pay slips.

It signified a milestone in taking control of their lives.

Eyre said it was MBSA's immediate priority to get each and every employee in the company up to the basic standards set at the AEC.

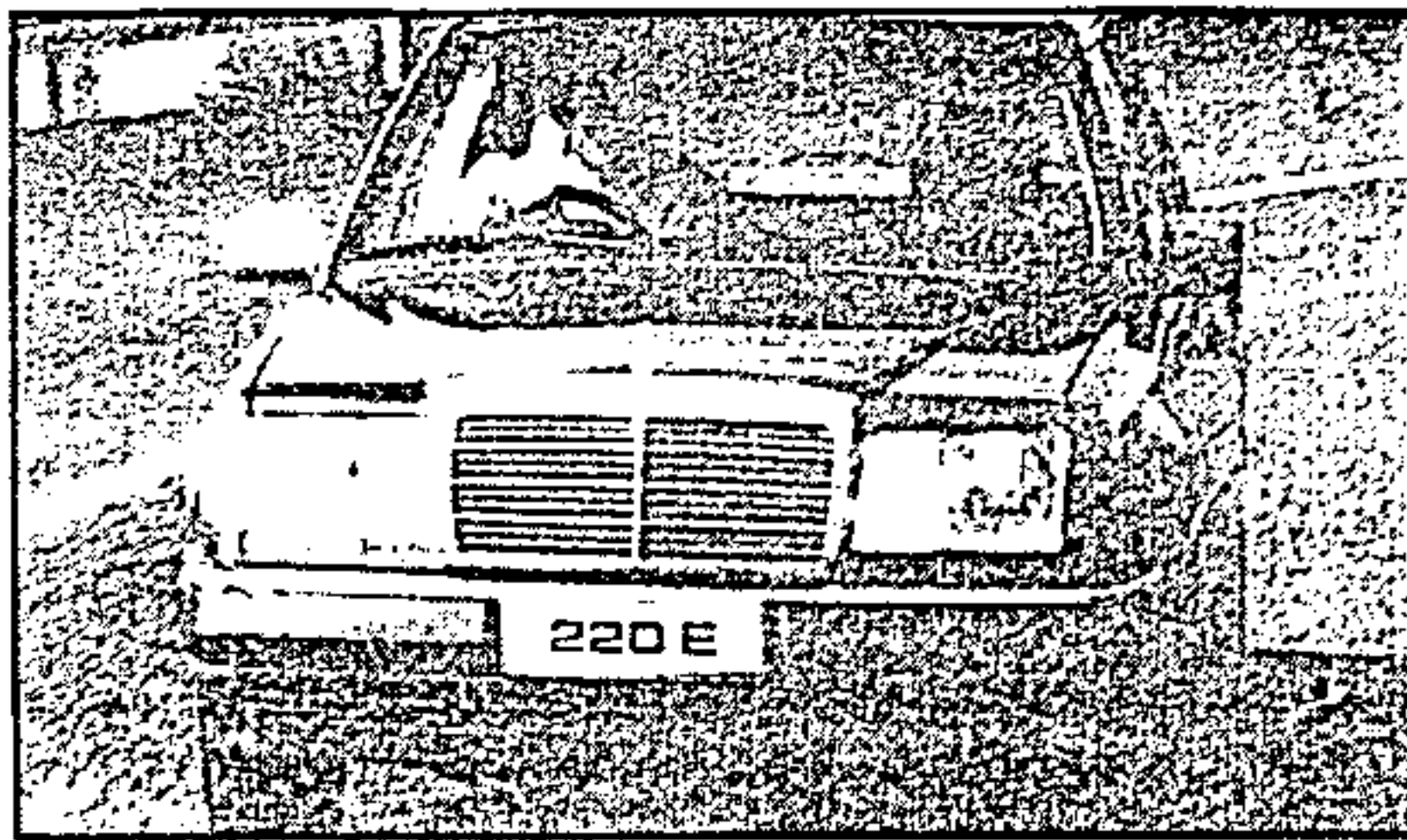
Only then would they be able to take full advantage of the many other educational opportunities provided by the company.

These include a series of courses along a career path in either commerce or engineering, recognised throughout the motor industry and, hopefully, in a future national education dispensation.

All of the initiatives,

says Eyre, are aimed at creating and fostering a culture of learning in the company. As the employees empower themselves, the company will become increasingly participative and that spells more flexibility and better productivity.


These courses not only teach reading, writing and arithmetic



End product ... the Mercedes-Benz car.

## MEETING THE CHALLENGE OF CHANGE

In the sign language of the road our highly visible emblem stands for moving power and product excellence. But there is another less obvious face of Shell. One that is focussed on tomorrow's world, seeking out the problems and finding viable solutions. That is why Shell is actively involved in developing natural resources. Researching innovative oil and chemical products. Encouraging the development of human resources. Striving to make tomorrow a good day for South Africa and its people.



**Working to make a difference.**



COMPANIES IN TRANSITION FEATURE

# Recipe for jobs is sought

Sowetan 29/7/93

**By Joshua Raboroko**

THE National Economic Forum, aimed at finding a "recipe" to forge a new economic order in South Africa, has announced wide-ranging short-term policy proposals mainly with the purpose of creating jobs and easing the recession's hard blow to workers.

In the immediate future, the forum will spend R49 million on job creation and R30 million on small business development programmes.

The forum has asked the Développement Bank of Southern Africa to investigate urgently the viability of job creation programmes suggested by regional and other forums and government departments.

The forum consists of 17 business organisations, major labour movements, Congress of South African Trade Unions, the National Council of Trade Unions, Fédération of Labour Organisation and the Government's Department of Trade and Industry and Finance.

**New order**

The fundamental motivation of the parties to the forum has been to find a "recipe" to forge a new economic order in South Africa which will achieve efficiency and equity.

It also aims to find and agree on a desirable pattern for redistribution of wealth in a way that does not conflict with the growth potential.

Business Forum chairman Mr David Brink said NEF had been "fire-fighting to find solutions" to problems in the ailing economy.

In future, he said, it would have to turn its attention progressively away from the consideration of short-term interventions, and more towards long-term wealth creation.

Finance Minister Mr Derek Keys assured members of the NEF that a worthwhile job creation programme put together on an integrated basis would have a powerful claim for increased financial support from the government.

**Main architect**

"In my opinion the forum itself is not the manager of such a programme, but it must be one of its principal architects," the minister said.

Cosatu's general secretary, Mr Jay Naidoo, said the forum was a major breakthrough for creating legitimate inclusive multi-lateral structures for the coordinating of economic

policy initiative.

Its meeting this month agreed that in the medium term, a more ambitious programme of public works was needed, addressing on a wide scale the provision and maintenance of infrastructure to historically deprived communities.

Of importance was that it agreed that a rigorous pre-

investment investigation will have to be undertaken at the time when sanctions have become a controversial issue in South Africa.

The forum has agreed it would set up a committee of seven people nominated by labour, government and business, to finalise the structure necessary for a pre-employment investigation and its terms of reference.

It also agreed that it would formulate

a national framework for small and medium business development.

**Labour issues**

The emphasis on labour issues in the short-term working group's proposal was further reflected in agreements on job security, restructuring in the Unemployment Insurance Fund, labour-based construction and the establishment of a National Development Corps.



Cosatu general secretary Jay Naidoo

Naidoo said democracy must mean:

- Jobs at a living wage for millions of unemployed;
- Decent housing for millions of homeless; and
- A proper education and training of unskilled and deskilled black people and an effective health care system that permanently eliminated the ravages of malnutrition and other diseases.

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## SOWETAN/ESKOM WOMAN OF THE MONTH

# Providing skills

*Sowetan 30/7/93*

**■ JOB CREATION** Former cook teaches dressmaking to students from as far afield as Namibia and the Transkei:

By Sizakele Kooma

**T**EN YEARS ago Anna Kholumo worked as a cook at Western Holdings gold mine. Today the Welkom mother of four owns a school that has provided skills for more than 800 men and women countrywide.

The story of Tswelopele Dressmaking and Tailoring School goes back to 1983 when Kholumo, tired of the routine of a mine kitchen, left her job to undergo 18 months' training in dressmaking in Pretoria.

Two years after she came back she rented a room at an industrial site outside Thabong, Welkom, and started the school with eight students and five sewing machines.

The school has grown to three lecture rooms, 180 students and two dormitories that house 54 students from as far afield as Namibia, Transkei and the PWV area.

"While still working from home I noticed an enthusiasm among some of my clients about what I was doing. I thought if I started a school I would bring out a lot of talent and provide people with the means of making a living," said Kholumo.

Of the hundreds of students who have completed the course, which takes a year and costs R700, some have established their own businesses at their homes and in towns. One has even set up a school in Bloemfontein.

The two tutors who assist Kholumo were also students of Tswelopele. "There are very few jobs going and almost all of them need skills. We have to teach one another the little bit we know."

"It is not possible for everyone who has completed the course to start her own business. But those who cannot afford to go it alone stand a better chance of being employed at a clothing factory than an unskilled person," she explains.

There are three other dressmaking schools in the Thabong area offering a similar service but Kholumo, whose school was established first, says her students have not become fewer.

She does not know why but one of her students, Ntombentle Somtyele, of Bizana in Transkei, summed



ESKOM



it up. "I went to one school and it closed down a month after we had started. Others have programmes that last three to six months. There is not much you can learn in so short a period if you have no background in dressmaking."

"Tswelopele starts us at the very beginning, with draughting. If you are involved in drawing and cutting a pattern, it is easy to follow the other steps and assess yourself through the process. At some schools you buy a ready-made pattern and start sewing from there."

Anna Kholumo is the August finalist of the *Sowetan*-ESKOM Woman of the Year award in the category of job creation.



Anna Kholumo



# 18 Southbusiness

## Jobs project angers small business tenants

Tenants in a Phillipi small business hive claim a job creation organisation which rents them premises has neglected them:

**T**ENANTS at small business hives in Phillipi are angry about working conditions and lack of technical support.

They said promises by the Cape Town Job Creation Project, which manages the hives, had not been fulfilled.

But project manager Lionel Maqina said the problems arise from trying to balance third world business in a first world context.

The hives were officially opened last October to provide a "shopping mall" atmosphere for residents from surrounding townships.

Maqina said many of the tenants are barely literate and lack basic business skills.

However, tenants also complain a leaking roof over the hives has caused hundreds of rands' damage. Joiner Xolile Monzi and clothing designer Jackson Lungiso said they complained about the roof last December but it had not been repaired.

Monzi, who owes R400 in rent, said storms in April had let ankle-high water into his hive and he was forced to throw away damaged wood.

Maqina said the project had repaired the roof, but much of the material used had been donated and was below standard, which caused the roof to break again.

Monzi said the project had also promised to secure contracts with outside businesses, and to place advertising boards in Lansdowne Road, bordering on the hives, but this had not been done.

Maqina said the project had not



**ANGRY: Ganief Isaacs and Zola Maneli are among a number of tenants at the Cape Town Job Creation Project complain about a lack of support and poor working conditions at their hives in Phillipi**

promised this. It had tried to assist in securing contracts; but many products from the hives were below standard. Many outside companies

were also difficult to "penetrate". He said the advertising boards were only an idea, and had been scrapped as many of the businesses

failed or moved on.

When rain caused R1 800 damage to television and radio repairperson Zola Maneli's business in

February, the project allegedly promised to pay for repairs. Now the project apparently says it cannot pay and Maneli says his equipment is being withheld at another repair shop.

However, according to Maqina, all the hives were insured and it was a matter of time before Maneli received his money.

Sheet metal workers Wilson Matontsi and Kelby Fani said they were refused loans after these were promised to them when they moved in. Matontsi asked for a R1 000 loan to buy building material but was told the project did not have enough money.

Maqina said the project did not provide loans but would assist the tenants in getting money.

Appliance repairperson Ganief Isaacs admitted he made mistakes in his business, but said the project now wanted to evict him.

A father of six, Isaacs is R1 500 in arrears. He said his business suffered because many traditional clients from Mitchells Plain refused to come into the townships. He has now rectified the situation by placing his home address in advertising, but the project does not want to give him another chance.

Maqina, however, denies wanting to evict any of the tenants. He says the project has to pay R5 000 a month for rental of the old factory in which the hives are situated, but received only about R1 000 a month in rent.

**WAGHIED MISBACH**

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# Organisations work together for jobs

SOUTH 317-448/93

A NUMBER of community organisations have joined ranks to provide jobs in the strife-torn townships in South Africa.

The Informal Business Training Trust (IBTT) has joined forces with organisations which include the National Institute for Crime Prevention and the Rehabilitation of Offenders (Nicro) and other

organisations in areas like Botshabela in the Orange Free State.

The organisations are hoping to spread the "One-Up Business Training Programme" or "Township MBA" to other areas in the country. Already more than 6 000 people have gone through the course.

(173) The course is geared towards the

needs of the informal sector business entrepreneur.

The programme is based on simple workbooks divided into eight modules which cover the main aspects of business in this sector. Modules include skills like using a calculator, buying, selling, costing and pricing, working out a business plan, stock control and weekly

money management.

Training is backed by a major bank which provides guaranteed access to mini-loans.

The sole requirement for people to join is proof of commitment to and knowledge of completing the One-Up programme. The programme also provides business counselling.

# JOBS

## Big business falters but here comes village power

STANLEY KARNOW [CRUSS] 11/8/93

A REPORT last month in Business Times concerning the phenomenal success of corporate villages as a job creation tool in China, struck a chord with Bloemfontein-based consultant Charles Grindlay.

Mr Grindlay has been trying for 10 years to sell South Africans the corporate village concept which the Chinese have used to create nearly 100-million jobs in the past decade.

Corporate villages are entities owned and run by villagers. The Chinese villagers farm their fields in the morning and work in their enterprises in the afternoon.

There were 1.5-million of these villages in 1978 when the economic reform programme began. Now there are 19-million, employing 96-million people.

The villages, which set their own wages and reinvestment policies, have been the backbone of Chinese economic reform, supplying cheap goods and investing in industrial centres.

They have also immeasurably improved the quality of the lives of the villagers as profits have been invested in new infrastructure and consumer goods.

Stanley Karnow, author of Mao and China, says the

ARE corporate villages the solution to SA's jobs crisis? By KEVIN DAVIE

The countryside went through an astonishing transformation as peasants, aside from growing food, branched out into manufacturing fire-crackers, transistor radios and other simple items.

"In Sichuan province, for example, an American correspondent visited a village whose income had soared from \$70 000 in 1977 to \$1.5-million in 1984.

"The village looked like one big construction site, with new houses crowding out the rice fields.

"One family, flush with profits from the production of rice liquor, had gone on a spending spree to purchase a colour television set, a washing machine and a electric fan — a far cry from the day when a wristwatch and a bicycle were the most a Chinese peasant could hope to acquire.

Besides improving rural living standards, the sideline activities absorbed the excess labour that would otherwise have clogged the cities and increased unemployment."

Mr Grindlay believes the corporate village would work well in SA. He has been

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canvassing local authorities and non-government organisations in Bloemfontein, and has identified possible villages to try the idea on a model basis.

The city and province has already expressed support and identified possible land which may be made available, says Mr Grindlay. Now he is meeting the civic or gets grassroots support.

He will then approach funding organisations for technical and financial support.

Mr Grindlay says the village should have sufficient land and know-how to enable its community to fend for itself.

"Its organisation and operation permit the individual with an enterprising spirit to increase his wealth and the poorest person in the village is not in want of either subsistence or dignity."

The village owns itself, maximises sweat equity and retains its own wealth.

Mr Grindlay says a key idea is that the village is a viable unit and taxed as a unit.

"Taxation of the individual

is by the village." Anglo American's strategic guru Clem Sunter says village networks will be the engine of job creation in the future.

The jobs which are now being lost worldwide as big businesses such as IBM and General Motors contract are gone forever.

"We're moving out of the age of industrial agglomeration, the 200-year massing of people in big organisations. Technology is eliminating those jobs; they're never coming back."

Government too is increasingly unlikely to be a source of job creation. Governments across the world are under pressure to retrench and cut back as their deficits have grown. They are no longer a source for creating huge numbers of jobs.

Mr Sunter says big businesses' job creation prospects in SA are limited. A major new colliery can only provide perhaps about 300 jobs when a fully operational, even a major multi-billion rand project such as Alusaf creates only 2 000 new jobs.

But SA, according to Reserve Bank governor Chris Stals, needs to create 400 000 jobs a year to absorb new market entrants and tackle backlogs.

Mr Sunter sees the solution



CLEM SUNTER: Village networks have potential

in the creation of small village-like enterprises which have been so successful in the fast-growing economies of south-east Asia.

"They have thousands and thousands of small firms which are ultra-specialised and ultra-competitive."

"These firms supply individual components to the large, well-known firms such as Toyota and Nissan. Six out of seven people work in small businesses."

"Each function is specialised, for instance one firm just making blanks for knives. Another just does the sharpening, and so on."

Mr Sunter says there is some evidence in SA of a move to small business and village-based job creation solutions.

Village enterprises may be individually owned as in much of south-east Asia or communally owned as in China. The issue of individual or communal ownership is less important, suggests Mr Sunter, than results: "What works works".

Anglo's small business unit is increasingly sourcing stores needs from small businesses, not stresses Mr Sunter for altruistic reasons, but "to make real cost savings".

He sees a growing trend where workers who are fed up with megacities will return to village life. "We face an enormous challenge; we can respond to it by setting up village networks."

"This is a central part of the high road, there is no other way to cure unemployment."



# Graduates create jobs

By ZILLA EFRAT

118193

SI Times (Business)

SEVERAL unemployed young black graduates have formed a non-profit company, the Southern Africa Centre for Economic Development (Saced), to foster foreign investment and create jobs. Its emphasis is on creativity and its first project has been to bring out US-based Bicontinental Corp president Benedict Izebu who says he will open an office in SA this month and lead a US business delegation to the country later this year. (173)

Bicontinental is involved in international trade, engineering, construction and providing services to the oil and gas industries. It has offices in Britain, Nigeria, Russia and Hong Kong.

Saced managing director Siphio Mashego, who studied economics in the US, says this project shows that a little bit of initiative can go a long way.

# WORKERS' cash to create jobs?

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REG-1/8/93

## ALIDE DASNOIS

Business Staff

**MILLIONS** of rands of workers' provident fund money could be channelled into medium-sized companies if a trade union scheme to create an enterprise board gets under way.

The Congress of South African Trade Unions (Cosatu) is considering the creation of an enterprises board to direct workers' contractual savings into small and medium-sized companies capable of creating employment. Labour Research Service (LRS) director Mr Gordon Young revealed the scheme at a meeting of the Western Cape Economic Development Fo-

rum's Small Business Task Group this week.

The LRS has been advising the union movement on the scheme.

The South African Clothing and Textile Workers' Union (SACTWU) organiser and union representative on the Forum, Mr Ronald Bernickow, said the project was being discussed in Cosatu and within the national structures of the individual unions.

The final form had yet to be decided, but the scheme could form part of Cosatu's reconstruction proposals, he said.

Mr Young said workers wanted more say in the investment of the billions of rands lying in provident funds.

"Instead of going into empty office blocks, these funds should be channelled into job-creating enterprises."

At the same time the scheme would give small and medium-sized companies access to equity capital.

"At present it's very difficult for a company with assets of less than R100 million to raise equity capital — as opposed to loan capital", he said.

The enterprises board would be controlled by the unions and the local authorities and could have representatives from employers.

Criteria for investment in a company would include job creation, recognition of the union and adequate working conditions, Mr Young said.

"But of course the unions will be looking for good returns on their investment at the same time."

He said that the union movement saw unemployment as South Africa's most serious economic problem.

"We have to create 7 million jobs in 20 years — as many as have been created in our entire history up to now. Each job in the manufacturing industry costs about R90 000."

Gross domestic fixed investment, which did not even cover depreciation of the capital stock last year, would have to double to meet minimum job creation targets, he said.

There was no shortage of savings available, but the problem was to transform savings into investment.

This had been pinpointed not only by the unions, but by the government in its Normative Economic Model, said Mr Young.

"It's a question of delivery. The life offices and other big financial institutions are sitting with R50 billion in cash and short-term bank deposits."



## NEWS IN BRIEF

### 'Boere mafia' held

NINETEEN alleged members of the "Boere mafia", a syndicate specialising in white-collar crimes and which has netted at least R4m, have been arrested in a police swoop.

Almost 200 policemen were involved in a swoop on Sunday night which prevented fraud of about R36m, spokesman Capt Evan Johnson said. Alleged crimes ranged from illegal possession of weapons and cocaine to vehicle finance fraud and theft.

Seventeen of the 19 suspects appeared in the Pretoria Magistrate's Court yesterday. Two more are to appear today.

### Wolvaardt posting

PIETER Jacobus Wolvaardt had been appointed ambassador to Brazil, Foreign Minister Pik Botha announced yesterday.

### St Lucia report

THE CSIR's final report on the St Lucia dune mining proposals would be published only in mid-September, while the review panel hearings scheduled for this month had been postponed to November, the CSIR said yesterday.

### New plant offered

OCEANA Fishing was offering to set up a vegetable freezing plant in Lambert's Bay to stave off unemployment when it closed its fishmeal plant in the town, director Leon Conradie said yesterday. The Food and Allied Workers' Union threatened to seek a court interdict to stop the closure as 100 fishing industry workers could lose their jobs.

### Transnet results

IT was incorrectly reported yesterday that Transnet would release its results later in the day. In fact, the results will be announced on August 30. Business Day regrets the error.

REPORTS: Sapa, Business Day Reporters, Own Correspondent.

# Funding criteria for job creation

Business Day 3/8/93

GRETA STEYN

THE National Economic Forum yesterday unveiled the criteria to be used in allocating R49m for job creation and said more funds would become available if it appeared necessary. (173)

It also announced that the forum's process committee met the planning committee of the multiparty negotiating process yesterday. Forum labour representative Jayendra Naidoo said it was decided to set up an informal liaison committee between the two bodies to take forward the dialogue on how constitutional issues affected the economy.

The forum has also liaised with the ANC on its strategy to form a "united front" on foreign investment.

Naidoo said the forum was also discussing the restructuring of the SBDC board and working on a policy framework for small business.

Other forum activities disclosed included a meeting yesterday to discuss the latest GATT offer and a meeting later this week on co-ordination of bargaining.

On the job creation programme, forum business representative Bobby Godsell said: "We are pioneering a new way of accessing public funds. A partnership is being forged between civil servants and civil society."

The forum invited the public to apply to it for funds, stating it would base its decisions on: the number of jobs envisaged and the period of employment, the amount of state funding needed and details of available

supplementary funds, the usefulness of the goods and services emanating from the project, the envisaged management of the project, audit and financial controls proposed and required for a project of the type envisaged, sustainability of the project beyond the funding period, the project's training component and the value of the skills acquired, the project's envisaged labour standards and how they compare with industrial norms, the nature of community involvement, the regional impact of the job-creating project in relation to undeveloped areas and areas of high unemployment, and social tension and its impact on economic growth.

Applications should also contain details on the sponsoring group and a short description of the project.

Government representative Japie Jacobs said it was impossible to quantify how many jobs would be created. He said government projects financed from sales of strategic stockpiles of Ribn had created about 60 000 jobs. "But this is a new approach, from the bottom up instead of from the top down. We really cannot say how much new employment will be created, but preference will be given to labour-intensive projects." He hoped existing projects would also apply for funds.

Godsell said the programme's most important aspect was the process of involving civil society.

## Public sector remuneration increases

PRETORIA — Public sector salaries, wages and bonuses had increased on average by 14,7% in the first quarter of 1993, the Central Statistical Service reported yesterday.

It said that with the exception of the agricultural marketing boards, all other components of the public sector registered increases in total salaries, wages and bonuses — including employer's contributions —

in excess of 11%. The boards showed a 6,8% increase on average.

The CSS said at the end of March, the public sector provided work for 1 665 376 people or 8 880 fewer than for the same quarter in 1992.

The self-governing territories had taken on more than 37 000 extra people in the first quarter.

## ANC to give research, development incentives

AN ANC government would introduce fiscal incentives for industries to engage in research and development to advance science and technology locally, ANC national science co-ordinator Roger Jardine said yesterday.

Jardine was speaking in Midrand at a seminar on the need for technological advancement.

The conference was hosted by the SA Institution of Mechanical Engineers, Nafcoc and the SA Black Technical and Allied Careers Organisation.

THEO RAWANA

Jardine said the ANC attached much importance to science and technology and SA was not doing enough about research and development and industries were also "falling short" in this field.

"For technical advancement you need to have science and technology in basic education — they should form part of general education," Jardine said.

Companies would be encouraged to conduct research on technical and

economic development and be given incentives for waste and pollution minimisation, he said.

Anglo American executive director Michael O'Dowd said SA should avoid early specialisation.

Students should have a grounding in a broad range of engineering before they limited themselves to a particular sub-branch, he said.

"It seems to me that the scientific basis of engineering is... not at all at the cutting edge of science and the mathematics used by engineers in practice is not very advanced."

By GRETA STEYN  
JOHANNESBURG. — The National Economic Forum yesterday unveiled the criteria to be used in allocating R49m for job creation and said more funds would become available if it appeared necessary.

It also announced that the forum's process committee met the planning committee of the multi-party negotiating process yesterday. Forum labour representative Jayendra Naidoo said it was decided to set up an informal liaison committee between the two bodies to take forward the dialogue on how constitutional issues affected the economy.

The forum has also liaised with the ANC on its strategy to form a "united front" on foreign investment.

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On the job creation programme, forum business representative Bobby Godsell said: "We are pioneering a new way of accessing public funds. A partnership is being forged between civil servants and civil society."

# R49m job creation project launched

(173)

CT 3/8/93

The forum invited the public to apply to it for funds, stating it would base its decisions on:

- The number of jobs envisaged and the period of employment;

- The amount of state funding needed and details of available supplementary funds;

- The usefulness of the goods and services emanating from the project;

- The envisaged management of the project, audit and financial controls proposed and required for a project of the type envisaged;

## Funding

- Sustainability of the project beyond the funding period;

- The project's training component and the value of the skills acquired;

- The project's envisaged labour standards and how they compare with industrial norms;

- The nature of community involvement; and

- The regional impact of the job-creating project in relation to undeveloped areas and areas

of high unemployment, and social tension and its impact on economic growth.

Applications should also contain details on the sponsoring group and a short description of the project.

Government representative Japie Jacobs said it was impossible to quantify how many jobs would be created. He said government projects financed from sales of strategic stockpiles of R1bn had created about 60 000 jobs.

"But this is a new approach, from the bottom up instead of from the top down. We really cannot say how much new employment will be created, but preference will be given to labour-intensive projects." He hoped existing projects would also apply for funds.

Godsell said the programme's most important aspect was the process of involving civil society.

- The National Economic Forum plans to join forces with other parties in the country to market South Africa overseas as a destination for foreign investment.



# Job creators can Star 318193 apply for grants

By Michael Sparks

The National Economic Forum (NEF) opened applications yesterday for grants from the initial R49 million fund put aside by the Government for job-creation programmes.

Trade unionist Jayendra Naidoo said the programme was important as it addressed unemployment. (173)

The NEF announced that applications could be made until September 13. (18)

The criteria on which applications would be judged included the group's sponsorship and the existence of other available funding and the cost of the project.

The number of jobs that would be created and the duration of that employment, the value of the goods made and the training levels and la-

bour standards of the project would be considered as well as financial controls, sustainability of the project and its effect on economic growth.

The business representative on the NEF's process committee, Bobby Godsell, said all applications would be considered by a technical committee with representatives from business, labour and the Government, with the Development Bank of SA monitoring their implementation.

Government representative Japie Jacobs emphasised that more money could come from the Government if it were spent wisely.

Naidoo said emphasis was being placed on the creation of jobs, and that "a living wage" from those jobs was not a prerequisite at this point, though it would be taken into consideration.

## BUSINESS Party time a feast for Siphc

# R49-m allocated for job creation

*Sowetan 5/8/93*

THE National Economic Forum has launched a campaign to identify and fund viable job creation projects throughout the country. (173)

This week the organisation announced that it had obtained the R49 million allocated to job creation in this year's national Budget and it was ready to fund viable community-based job creation projects.

Cosatu's representative on the NEF, Mr Jayendra Naidoo, said the organisation was awaiting applications for funding for existing and planned job creation projects.

If an application was successful, the group behind the project would get a grant from the NEF. The Development Bank of Southern Africa would act as a secretariat for the programme.

Naidoo said the Government would supplement the R49 million should the money be used up though he declined to say how much the Government would be prepared to inject into the programme.

Viability, community involvement and the ability of a project to create jobs were among guidelines which would influence decisions on funding applications.

"It is important that we use up all the money so that we can get extra finance from the Government for this programme," said Bobby Godsell, business



**Bobby Godsell**

representative on the NEF.

The deadline for applications is September 13 and those who want to apply can phone the NEF at (011) 618-2079 for more information.

During the month of September, the NEF will release a number of reports on issues such as the role of small business in a post-apartheid scenario and how the Unemployment Insurance Fund could be restructured. (174)

Applications will be invited in the near future after the NEF has announced a funding programme for small business development projects in rural South Africa. Individuals and non-governmental organisations will benefit from this programme for which R30 million is available. (175)



# Government announces R724m drought relief and jobs programme

**PRETORIA** — In a bid to combat unemployment and limit the effects on the rural economy of SA's worst drought, government yesterday announced that it had allocated R724m for drought relief programmes and labour-intensive schemes.

Agriculture Minister Kraai van Niekerk said Cabinet had approved the expenditure this month of R469m to assist a wide range of agricultural activities.

Manpower Minister Leon Wessels said R255m would be obtained from the sale of strategic oil supplies to fund the expansion of job creation schemes.

The drought aid package, which includ-

ed R81m in assistance to stock farmers for the maintenance of herds, and R52m for areas with emergency water shortages, was designed primarily to safeguard thousands of jobs in rural areas and SA's food supply, and to prevent the collapse of the rural economy.

If the drought continued it would bring "unprecedented hardship to rural economies and the national economy".

The aid package, the result of an in-depth investigation carried out by several Agriculture Department task groups, has been approved by the Cabinet. It includes:

- R20m for the sugar industry;

**ADRIAN HADLAND**

- R45m in interest subsidies on loans to farmers aimed at the re-establishment of long-term crops and vegetables, and R50m for low-interest production loans;

- R133m in continuing aid for self-governing territories and TBVC states; and
- R52m for sinking of boreholes and pipeline construction in areas with emergency water shortages.

SA Agricultural Union president Boet Fourie said organised agriculture was grateful for the aid which would help the

sector contribute to an economic upswing.

While the R469m was considerably less than the union had requested, it understood government had to find money from a Budget "already under enormous pressure", Fourie said.

Van Niekerk said although normal and well-distributed rain this year had caused a substantial improvement in some areas, "dire circumstances" were being experienced in large parts of SA, including the eastern Cape, the central Karoo, the northern parts of the Transvaal and along the east coast from Ciskei to KwaZulu.

Wessels said that of the additional

R255m allocated to create jobs, R25m had been set aside for training, R20m for the maintenance of government buildings by small businesses and subcontractors, R5m for the erection of places of safety for the young, and R25m for getting beginner farmers started.

The balance would be administered by the National Economic Forum using structures already in place for the creation of labour-intensive schemes.

Where special skills were required, such as in the building of roads and dams, the

□ To Page 2

## Drought relief

Manpower Department would provide support for the schemes, Wessels said. The projects, which would be expected to use labour-intensive methods of construction, would be allocated according to tenders.

"Where possible, labourers will be paid on a basis of job-work and in the case of daily wages it will be lower than the minimum wage in order to create maximum job opportunities," he said.

About R300m had now been made available for job creation programmes.

ERICA JANKOWITZ reports that Co-

satu yesterday welcomed government's announcement of additional funds for job-creation programmes (173)

Spokesman Keith Madonsela said any move to create jobs was positive. But the funds should be seen only as part of continuing measures and not as the solution.

The money would be allocated according to the parties' National Economic Forum positions and would focus on public works programmes aimed at improving standards of living.

□ From Page 1

Friday 6/8/93



Business Report

# Call for jobs tax incentive

172 CT 6/8/93

By AUDREY D'ANGELO  
Business Editor

LENCO executive chairman Doug de Jager called at the AGM yesterday for a tax incentive to encourage manufacturers to employ more people rather than using capital-intensive methods.

He also suggested that SA manufacturers should be able to buy raw materials produced in this country for less than the prices paid by competitors overseas — who were currently able to undercut local products in the domestic market.

Stressing the need for jobs, he urged other manufacturers to follow Lenco's example in breaking into export markets even if this meant an initial loss.

De Jager told shareholders: "For the last 12 months we have experienced considerable losses in trying to penetrate the US market. But we very recently received an order from the

US which justified our patience." The group had also suffered a total loss of R800 000 in the UK in its first year of penetrating that market. But the success of this venture had ensured that 400 people still have jobs on a dedicated export clothing production line.

De Jager said he expected a 15% rise in Lenco Holdings' earnings for the six months to August 31.

The improvement in last year's interim earnings of 25,75c a share was expected although tax would be paid at a rate of 20% compared with zero last year.

"We anticipate that the operating margin, which last year was just below 10%, will increase to double digit figures in the first six months of the current year.

"It will still lag behind the target of 15%, which is considered appropriate by the board for a manufacturing concern such as ours.

"But that improvement in margin is

in our view acceptable given the current economic climate."

He said clothing manufacturer House of Monatic had "accelerated its penetration of export markets and 35% of production is now exported."

Exports of housewares were also buoyant and "have ensured that Hendler & Hart is on track to improve its budgets."

However, the metal division at Hendler & Hart was under pressure from cheap imports. Retailers could sell imported products at 80% of Hendler & Hart's raw material costs, even allowing for customs duties and shipping costs.

"This sounds marvellous for the consumer. But is it in the long term, given our current socio-economic situation?"

"In essence, the effect is to export jobs. And the greater the unemployment, the greater the instability we have."

Urging retailers to buy from local manufacturers, De Jager said retail-

ers should consider the drop in demand caused by lack of jobs.

He said he was not pleading for more protection against imports "but rather for encouragement on three fronts."

"First, for retailers to take a long-term view in the interests of the country, to reconsider their strategies and try to work with, and negotiate hard with, local manufacturers before opting for imports."

Secondly, institutions should stop ploughing cash into retail centres "and rather look innovatively into investing funds in manufacturing."

Thirdly, government should "favour labour-intensive investment activity as opposed to capital investments".

De Jager said the Combined Packaging division was performing well. It had a new product which was "light years ahead" of those of competitors in this country and abroad.

It was intended to internationalise this, either through a joint venture or acquisition.

market will



# More money for job creation

173  
WMB-12/8/93

Weekly Mail Reporter

**I**F the National Economic Forum-inspired job creation scheme goes according to plan, the government will provide more funds than the initial R49-million budgeted for employment creation this year.

Government economic advisor Japie Jacobs this week said this amount could be supplemented by the fiscus subject to the effective disbursement of existing funds.

He could not put a figure on what this supplementary amount would be, but acknowledged that R49-million would not go a long way to solving the unemployment or infrastructural problems of the country.

The NEF this week invited proposals for job creation projects and outlined the criteria such proposals would have to satisfy.

Anglo American's Bobby Godsell said the job creation scheme marked a "new way of accessing public funds".

He added: "The process is much more important (than the money allocated). It's a transparent process with a new set of rules involving the public in the disbursement of public funds."

The overarching criteria for grants from the NEF are that envisaged projects should be labour intensive and be geared toward the provision of urban and rural infrastructure and for skills development and training.

A committee of nine people will appraise proposals and disburse the funds. The committee consists of equal numbers of representatives of labour, business and the government.

Labour representatives are the National Union of Mineworker's Kate Phillips, who heads the union's co-op projects, and the National Union of Metalworker's secretary for the Border region, Enoch Gogondwana.

The committee will consider the number of jobs, the length of employment and the skills-training a project offers as well as the sustainability of that project.

Payment on job creation projects is not likely to match industrial council rates and will be task-based instead. But one of the things the committee will consider are the labour standards of any proposal.

● Job creation projects can be sent to NEF Secretariat at the following address by September 13: P O Box 2352, Johannesburg, 2000 or fax (011) 618-2079

# Millions will benefit from jobs project (173)

ARC 7/8/93

JOHN MacLENNAN, Political Staff

MILLIONS of jobless people are to benefit from a twin-prong national effort aimed at creating skills, work and pay packets.

The first is focused on the "lost generation" who cannot even find work as labourers. The second is intended to create a new group of entrepreneurs.

Both projects are government initiatives supported by the ANC and other organisations.

A national spread of service and training battalions is intended to absorb many young people who have no proper education nor any prospect of finding a job. Home Affairs Minister Danie Schutte envisages that the scheme will place them on the road to a career.

Volunteers for the service and training battalions will sign up for six months to a year; they will be paid a monthly allowance and a lump sum on completion of the course.

Skills they could be taught, for example, would equip them for jobs in agriculture, the motor repair industry and electrical work. The government is proposing that a youth foundation be established.

The second venture, announced by Manpower Minister Leon Wessels this week, involves pumping R300 million into training and the creation of work-intensive projects to provide opportunities for entrepreneurs. This is being organised by the government in conjunction with the National Economic Forum.

The money is being raised by sales from the strategic oil reserve.

Government sources see the money as an investment in a peace offensive.

The idea is that entrepreneurs will be trained and asked to tender for jobs the state needs done.



# JOBS

# When high-tech can't do the job

THE conventional wisdom on technology, as articulated by Harvard guru Michael Porter, stresses that technology is the cutting edge in determining a country's competitiveness. In SA, the Atomic Energy Corporation (AEC), for one, has taken up this line, using the fact that it has developed sophisticated know-how while secretly making six nuclear bombs to justify the R451-million handout it continues to receive from the State.

The AEC's argument is that unless SA is at the leading edge of technology, it will slip into the Third World. Export markets will decline and SA will face increasing poverty and desperation.

With heavyweights such as Porter being quoted to support this view, it appears that the multimillion-rand subsidy is a justifiable, if expensive, way forward. The argument has been put to ANC notables, who are buying it: high-tech shall set us free.

At the same time, a welter of reports about economic transition in SA have argued for labour-intensive strategies to combat unemployment.

But some economists argue that SA's labour-intensive industry is not competitive. Heavyweights such as the Industrial Development Corporation (IDC) agree. Capital-intensive industries may create few jobs, but they are competitive undertakings which can stand on their own in world markets.

This means that the fiscus continues to support the AEC while the State-controlled IDC pours billions into capital-intensive projects which stand to earn lots of foreign currency but will provide relatively few jobs.

But while high-tech and capital-intensive rule, 40% of the economically active population is estimated to be without formal employment. Although the status quo may appear confused and contradictory, closer examination is illuminating.

The AEC's high-tech products were developed in the sanctions era. It had to develop its own technology because it did not have access to foreign inputs.

It has a range of items such as air cleaners and radioactively testing devices which it is marketing here and abroad. But the products, almost without exception, are not targeted at mass markets. Even if the AEC does win export orders, it will not provide much employment.

Nor will it earn much revenue: its products are too specialised for mass markets.

Denel has paid a R60-million dividend to its shareholders, the Government. But so long as it still benefits from a large chunk of the R3,7-billion classified business which Armscor does with the Special Defence Account, it is impossible to determine who is paying whom.

If the AEC and Denel are able to win export dollars and generate employment, well and good. But let them do it without State support to prove their viability.

There is, of course, a case for State support for research and development, but

as noted by analyst Michael Cherry, the AEC's annual subsidy is nearly twice that of SA's largest research institutions, the CSIR.

The same could be said of the Government's support for big business and capital-intensive projects at the expense of small business and labour-intensive development.

There is no shortage of IDC money for multi-billion minerals beneficiation and the Small Business Development Corporation (SDBC) has in the recent past funded loans from its own cash flow of about R20-million a month.

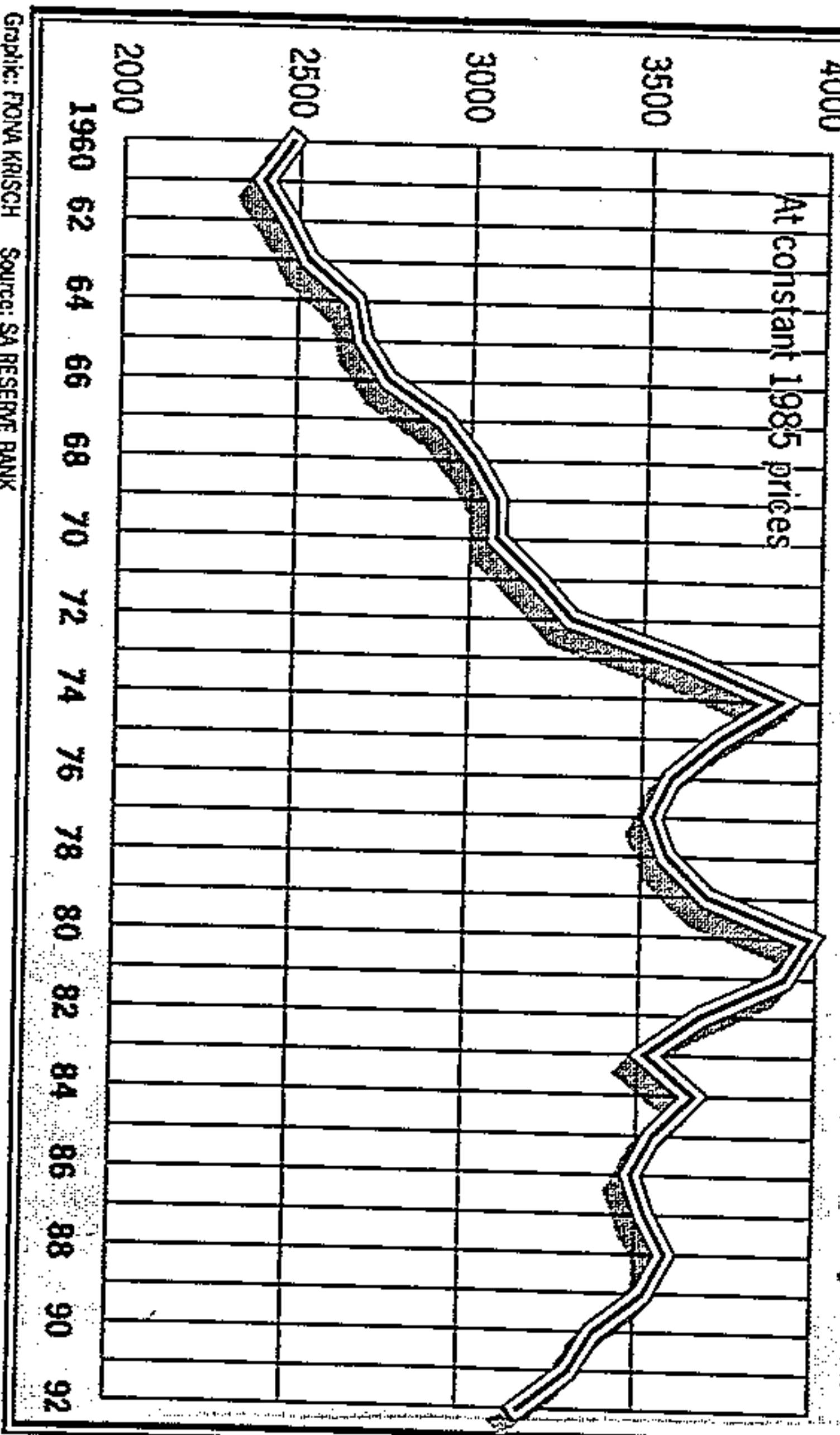
Shortage of funds has led it to reject far more applications than it approves — this when it is internationally recognised that small business is the locomotive of economic growth.

The SDBC's entire cash flow of R884-million from its shareholders, the IDC (50%) and the private sector (50%), has been used to create loan capital of R1,6-billion and 350 000 jobs. Compare this with the R1-billion the IDC will invest in the Columbus stainless-steel project, creating only 100 jobs.

It is said that on a recent visit two ANC luminaries were told by the Chinese authorities that China was facing the problem of a overheating economy.

"Well ours is frozen stiff," the ANC men replied. "I had a chance this year to see how China has been able

South African gross national product per capita



Graphic: ROMA KRISCH Source: SA RESERVE BANK

to attract floods of investment from around the world.

With an abundance of labour, but little access to technology, China has targeted mass consumer markets where it can exploit the advantage of its large labour force through ventures with foreign partners who supply the technology.

A visit to a joint venture near Beijing showed television sets being put together by scores of workers in labour-intensive production. Break a television set into its component parts and even

relatively unskilled workers can put them together.

But the refrain in SA is that labour is not skilled enough; there is the notion that you have to be able to design a television set before you can assemble one.

China's growth has been signposted by the examples of Korea, Taiwan and Singapore where rapid growth has accelerated per capita income virtually overnight.

These economies now produce high-tech consumer products, but as in the case of Taiwan, growth started from

a low-tech base. Relatively poorly paid labour using simple technology, employed in small businesses, has been the motor of growth.

Where monopolies exist in the production of basic inputs such as steel and plastics, the government intervenes to ensure that they are supplied at least at world prices, if not below. But in SA's case, as noted in a recent report by the General Agreement on Tariffs and Trade, steel and plastic prices can be 50% above the export price.

Many SA entrepreneurs

find they are enthusiastically received abroad until the price is mentioned. In some cases not even the general export incentive scheme paid for by the taxpayer is enough to provide a contract.

It is widely believed in SA that the labour force is not as hard working or productive as that in South-East Asia.

But there is no shortage of a work ethic in SA, be it employees who get up in the early hours to make it to work on time, litterates who study after hours to improve themselves, hawkers who'll spend all day on a cold street corner earning pitiful money, shop owners who work 16 hours a day, seven days a week, self-employed builders who...

Any market clears at a price. At R350 a month in joint ventures the Chinese labour market clears. In SA at R1 000-plus a month for unskilled labour, 40% of the economically active population cannot find jobs.

Right now the vast numbers of unemployed are SA's chief liability, requiring tax support, contributing to crime and violence and classing investment away.

Allowed to work for the dignity of what their labour can fetch in a competitive market, they could become a major asset, the base for stability. Investment, exports, skills development, increasing per capita incomes and growth the like of which SA has not seen for decades



## IDC's R100m plan to create 5 000 new jobs

BISAY EDWARD WEST 10/8/93

THE Industrial Development Corporation (IDC) had allocated R100m to create up to 5 000 new jobs in the formal manufacturing sector over the next two years, IDC senior GM Jan de Bruyn said yesterday.

The scheme follows last week's announcement of R255m being made available by government for job creation, and the release of the National Economic Forum's criteria for a R49m employment programme. (173)

In terms of the IDC plan, finance would be made available at preferential interest rates to manufacturing companies whose investments would create at least 10 jobs. The scheme was aimed at smaller independent entrepreneurs who did not usually have access to capital at the competitive rates available to larger undertakings.

Funds for the new scheme became available after it became clear the R200m allocated for low interest rate schemes promoting exports and multishift production was underutilised. The IDC currently provided finance to about 700 companies through its various schemes, he said.

The new scheme would provide funding for independent industrialists and groups with total assets not exceeding R100m.

The finance would be provided at an interest rate of 5% a year for the first three years with the remainder being charged at the IDC's variable interest rate — currently 14,2% — thereafter.

The finance would be available only if a feasibility study showed that the cost of the employment created did not exceed R100 000 a job, said De Bruyn. The average cost of creating a job in the manufacturing sector in the PWV ranged between R250 000 and R300 000, he said.

If the cost of creating a new job was below R50 000, all funds would be made available at 5% a year. If the cost was between R50 000 and R100 000, the applicant would qualify for only half the loan at 5% a year. The balance would be taken up at the IDC's normal variable interest rate.

Responding to previous criticism that conditions on IDC loans were too stringent for a development organisation, De Bruyn said there was little use in funding projects which did not appear to be profitable.



# IDC unveils job creation plan

Star 10/8/93

## BUSINESS STAFF

The Industrial Development Corporation (IDC) has unveiled a plan to create a targeted 5 000 jobs in the next two years at a projected cost of R100 million.

It will work through "soft" loans to smaller industrialists who are able to create a minimum of 10 new jobs at a cost of less than R100 000 a year.

The interest on loans to create these jobs, largely in the smaller manufacturing industry where assets do not exceed R100 million, will be 5 percent for the first three years and at the normal IDC rate (currently 14,2 percent) after that.

If, however, industrialists are able to create those jobs at between R50 000 and R100 000, the 5 percent rate will apply for the duration of

the loan.

The IDC believes the scheme will encourage investment at the lower end of the industrial market, creating greater business confidence in the process.

## Assets

The scheme will remain in force for an initial period of two years.

There is no lower limit on the assets of the companies which would

qualify.

However, it is not aimed at the informal sector and normal IDC lending criteria will be applied.

The scheme is aimed at independent entrepreneurs, rather than subsidiaries of well-established groups.

The IDC points out that employment in industry has declined by 5 percent since 1989 and taken 71 000 jobs out of the market in that time.

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Own Correspondent

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## IDC allocates R100m for job creation

(173) CT10/8/93  
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# NEF jobs scheme

South 7/8 - 11/8/93

THE NATIONAL Economic Forum launched its job creation project this week — with an emphasis on labour intensive schemes. (173)

The programme will be financed from R49 million the NEF has secured from the government.

The government, labour and business convenors of the programme called for applications for job creation schemes to be sent in before September 13 this year.

NEF process committee labour convenor and trade unionist Mr Jayendra Naidoo said a tripartite technical body had been set up to assess and allocate proposed job creation projects.

The technical committee, with the Development Bank of South

Africa will monitor projects.

Business convenor and Chamber of Mines outgoing president Mr Bobby Godsell said the job creation project was pioneering a change in the way government spent its funds.

"I hope we are laying down a new set of rules for the public funds used for the public's good," said Godsell.

Government convenor and the Finance Minister's Special Advisor Mr Japie Jacobs said the state was likely to have to provide more funds.

"It (the initial funding) will not make a great impact on the problem, but we would like to see it augmented."

He said the September 13 date was not a deadline but a way of "kick starting" the process.

— SAPA

# Three Eskom directors to quit jobs

*B7 Day 12/8/73*  
THREE of the nine executive directors on Eskom's management board are to leave the utility. The move follows hard on the heels of the recent choice of sales and customer service executive director Allen Morgan to succeed CE Ian McCrae.

McCrae said yesterday finance executive director Mick Davis, electricity generation executive director Johan van den Berg and corporate affairs executive director Paul Semark had indicated they would leave in the next 12 months.

Davis and Van den Berg had been widely tipped as candidates to succeed McCrae when he retired in March.

McCrae said the resignations were not the result of operational or management disagreement. He said their departure was not unexpected considering that they were still relatively young, their dynamism and

EDWARD WEST

the changes to top management. *(173)*

Davis said the new CE's appointment presented an opportunity to pursue other options. His plans were not finalised.

Van den Berg said changes to the top structure of Eskom provided the catalyst to make a career change. His future plans had also not yet been finalised, he said.

Semark referred queries to McCrae. McCrae said Semark planned to retire early from the first quarter of next year. Semark would provide consultancy services to Eskom and would remain executive chairman of Eskom's commercialised maintenance operation Rotek.

The electricity council, which appoints Eskom's management board, was considering the appointment of new directors.



# Keys warns on need to employ thousands

CT 13/8/93 (173) ~~(325)~~

**SOUTH AFRICA** had to find a way of employing its hundreds of thousands of jobless people — and “the market economy may just not do it”, Finance Minister Mr Derek Keys said last night.

Mr Keys said the most important economic problem facing the country was that not enough jobs were being created for the more than 300 000 people who entered the job market every year.

Nonetheless “it was a great day” for the economy because the growth rate in the first quarter was 1,4% while the economy experienced a growth rate of 5,1% in the second quarter.



The Get Ahead Foundation has been forced to use a battering ram to break down the barriers that excluded black entrepreneurs from the economic mainstream. Its successes are marked by the launch of more than 15 000 mini-businesses, reports Michael Chester

# Foundation gets ahead breaking law

Star 17/8/93

The confession causes a jolt, especially coming from a highly-respected attorney: "We have been breaking the law for years — and enjoyed every minute of it."

The admission makes a lot more sense, however, when explained more fully by Don MacRobert, managing director of the Get Ahead Foundation, which has been engaged since the mid-'80s in a crusade to bring black entrepreneurs into the economic mainstream.

MacRobert, who was the founder chairman of Lawyers for Human Rights to take on apartheid injustices, is talking about the countless number of times that he has had to flout rules and regulations imposed to hold budding black entrepreneurs at bay from even a foothold in the business world.

"Breaking the law was inevitable when a battering ram had to be used to get through the barriers of red tape that tried to hold back black initiative," he says.

The hassles have proved worth it. A new count shows that the Get Ahead Foundation has been behind the launch of more than 15 000 mini-businesses since the mid-'80s — most of them starting out as one-man operations and, in turn, creating many more thousands of jobs.

Moreover, the triumphs have been achieved on funds as modest as R7,5 million,

meaning each new entrepreneur has been able to carve a niche in business on loans as little as R500 on average.

"Bringing problems down to earth and looking at the potential of the informal sector," says MacRobert, "we have discovered it's possible to create jobs for as little as R350, only a fraction of the investment needed by the big companies in the formal sector."

"It could involve no more than the cost of tools and timber to set up a carpenter in business on his own, or cooking utensils and a trolley to start a food take-away, or a good tool kit to start a backyard auto repair workshop."

## Turnover

MacRobert pulls out the file on Shadrack Khopitse, who applied his talents as a woodworker to start a mini-business in the backyard of his home in Alexandra.

From the base of a small loan from the foundation in 1986, he was able to move into a proper workshop. Today, he runs S P Khopitse and Sons in nearby Marlboro with a sales turnover of around R100 000 a month.

He tilted his skills to start producing fireglass products such as canoes, swimming pool covers, bathtubs, water tanks, car accessories, drainage pipes.

MacRobert says Shadrack is now on the brink of export orders from the United

States and elsewhere.

"The successes scored by thousands of our borrowers have proved the potential of the latent black skills and entrepreneurship that can be mobilised when given the opportunity," says MacRobert.

The lessons have been taken to heart elsewhere in Africa.

Get Ahead now acts as consultant to encourage similar initiatives in a growing list of neighbouring countries — Swaziland, Zimbabwe, Mozambique, Namibia — and as far afield as Kenya.

Layers of apartheid bureaucracy have not been the only frustration as the foundation battled to find a formula to assist black advancement among the unemployed and at community level.

There has been the problem of access to finance, even in the most modest amounts, when aspirants have had no collateral to secure loans from the formal banking system.

The Get Ahead Foundation has used African solutions for African problems. It mobilised the stokvel system that has long been in use in black society to raise loans, with entire groups acting as volunteers to guarantee each individual loan and, if necessary, using peer pressure to ensure repayment.

The system works. The foundation has found that only a minuscule proportion of

loans has gone sour, even in the worst of times.

"During the sanctions era," MacRobert recalls, "no fewer than 16 overseas governments — plus hundreds of corporate and private donors — made contributions to our budgets when they learned about our operations."

"At first, the concern of overseas donors was that impoverished and jobless black families should not be the innocent victims of international isolation.

"With the collapse of apartheid, the concern has now shifted to encouragement of socio-economic development and black advancement out of the poverty syndrome of chronic unemployment.

## Job creation

"Assistance is now flowing in faster than ever. Also, more and more multinational corporations and local companies are co-operating in schemes such as sharing out subcontract work to mini-businesses and opening up their training facilities for budding entrepreneurs in neighbouring communities.

"We have been able to set our 1993 budget at around R30 million and the creation of new job opportunities has now accelerated to more than 1 000 a month.

"If all goes well, we shall be able to double

our annual budget next year, and move ahead even faster with job creation and community projects."

Even now, however, with political reform well underway, MacRobert finds he regularly needs to roll up his sleeves in readiness to do battle with bureaucracy delaying black business progress.

On a recent exercise he was still able to list no fewer than 23 packages of rules and regulations he considers outmoded obstacles, "not least the rignmarole of complex official forms that need to be completed by budding black entrepreneurs but which would tax even a trained legal expert."

"For instance, we have a new Business Practices Act that promises to give a new deal to black newcomers to the business world.

"Nevertheless, it is left to individual provincial administrators to put the new rules into effect at local level.

"Do you have any idea about the number of local ordinances under which there is still harassment of street traders and backyard business operations?" he asks.

"Orders that lay down limits on how much time a hawkers can trade on one spot before he is forced to move at least 100 m along the street, even orders on the precise minimum size of the piles of newspapers that a street vendor can lay out on the pavement?"



Don MacRobert :... battling and regulations impose black entrepreneurs :



# NEF job creation programme gets off to a bad start

WJM 20-26/8/93 Q73

**OPINION:** Louise Colvin

**T**HE government's announcement of a R300-million grant to the National Economic Forum's (NEF) job creation programme is welcome.

What many of those in the development world hoped and expected was that the NEF would rise to the challenge of effectively distributing these funds in a way that would not repeat the mistakes of old, and were more than willing and able to facilitate this.

But the manner in which this programme has been set up leaves cause for grave concern. The NEF brings together some of the major players and has made important agreements for the economic reconstruction of South Africa, but the constituencies this programme seeks to address are not represented on this structure.

For an effective programme, the NEF should have drawn in others who could make an important contribution. Here was a golden opportunity to respond to criticism it has publicly faced, not least by the regional economic forums, that it is unrepresentative, centralised, urban, male and largely white.

The pitfalls include:

- The exclusive nature of the programme structure

- The top-down approach, where allocations are decided in Johannesburg by seven people from the three

NEF constituencies

- A centralised procedure which excludes representative organisations, especially regional development and economic forums

- The unrealistic deadline (September 13) for submitting applications, which only those with expertise and resources can meet

- Raising expectations through public announcement without proper planning. Having called for applications there is a singular lack of clear information and guidelines.

- The apparent lack of facilitators who are essential to ensure community based or controlled projects

- The over-emphasis upon rapid delivery and expenditure of funds, to bolster the NEF image

- The lack of long-term vision and absence of mechanisms so that these short-term projects can feed into a well-devised and planned long-term programme within a coherent development policy.

This shows little understanding of the realities, pays little attention to the need for development planning and which, on the whole, can only respond to those who are able to articulate their demands.

We do not believe that these are intended obstacles; it is a question of a few men making uninformed and hasty decisions, without seeing fit to draw upon the wealth of experience that exists in the area of development.

There are many worthy communi-

ty-based projects that seek to change the paternalistic ways of old and assist communities to take control of their own lives.

All of them will tell you that this requires a new approach, a transparent and accountable process, lots of time and careful nurturing. It is not a question of merely providing short-term (and possibly poorly paid) jobs. That is simply a quick fix with no long-term future.

All bodies, including government, can apply. With obvious financial constraints it would have been better to limit allocations to those who do not have ready access to funding, especially state budget allocations.

As it appears decisions for allocation are to be made on the consideration of written proposals only, then yet again it is precisely those whom the programme needs to reach that will be axed from the process.

There has been no careful planning on how to access communities to this information, nor any attempt to facilitate their applications, especially in the rural areas where unemployment runs at 80 percent.

This brings us to the most disturbing issue of all: the complete disregard of representative structures, and the need to involve communities. Civics and regional forums are in a much better position to reach people, inform and advise on procedure, facilitate projects and proposals, and make recommendations for final allocation. In this way there is a

greater chance of projects meeting the criteria and fitting in with a local or regional development strategy. The NEF could have attempted to strengthen its base and credibility, but, instead of incorporating them, it ends up undermining them through a top-down approach and centralised procedure.

Seven people sit on the NEF's technical committee and once a week play "God" to decide on allocations. With the best intentions in the world they face an impossible task.

When talking of large funds, it is absolutely crucial that there is effective monitoring and evaluation which is transparent and accessible. Lessons learnt must be made public to improve our development planning and practices.

The Consultative Forum on Drought and Rural Development has always mooted that this programme should be co-ordinated with the pre-investment work for a national public works programme, so that the short term is influenced by and feeds into the long term. However, the NEF has chosen to separate the two.

There is time for the NEF to reconsider the programme, so that it can become a more focused, accessible and relevant programme in the long term.

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Louise Colvin represents the Consultative Forum on Drought and Rural Development and the Employment Task Force.

# Houses built on jobs' foundation

Sunday Times (Business) 22/18/1983

YOU know you have a terrible problem when the more you try to fix it the worse it gets.

Apartheid caused severe distortions by keeping blacks in the homelands at the cost of developing a market in affordable housing.

Huge housing backlogs resulted. Underdevelopment as it manifests in rampant violence is now the major challenge for the Government and, if not countered, could bring about the downfall of the next government.

Plans to counter the backlog have been formulated and finance raised. But the housing crisis gets worse and worse.

Private institutions advanced hundreds of millions of rands of mortgage finance in the 1980s but have retreated in the face of an intractable bond boycott.

Civics association Sanco wants R30-million in salaries in the next two years to help end the R3-billion boycott. But Sanco doesn't have the ability to get the boycotters to pay.

Its power lies in being able to spread the boycott to new areas.

Fewer and fewer houses for low-income earners are being built. Development agencies have all but given up

**The most effective way to tackle the country's housing shortage is to give even greater priority to providing jobs. COMMENT by KEVIN DAVIE.**

building low-cost houses.

One innovative scheme which has managed to get off the ground is the Independent Development Trust's R7 500 grant for a serviced site.

But this scheme has made matters worse in some areas because bond boycotts have erupted next to the serviced sites. Give us the R7 500 and we will pay our bonds again, these boycotters say.

But still the shout is for more finance. Housing Minister Louis Shill called this week for new mechanisms to raise more money. This also won't be spent.

To make up the backlog, 300 000 houses a year would have to be built over the next decade at a present cost of R7-billion to R8-billion a year, says Mr Shill.

The ANC, like Mr Shill, believes more money is needed. It wants to raise funds through wealth taxes or reconstruction levies at the risk of further eroding investor confidence.

But SA is not alone. Attempts at non-market housing solutions have failed miserably in other parts of the world.

World Bank staffers, studying housing in former socialist Europe, found that where the state had made housing a right, at best a depressed, inefficient market was created.

Waiting lists of many years were common. Once a flat had been acquired, the occupier was stuck with it. Better jobs may have been available elsewhere, but the housing shortage prevented movement.

But there are successful examples of developing societies which have buoyant housing markets.

South-east Asia, the great success story of our times, puts job creation first. Housing is a priority, but not the priority.

As employment grows so does housing provision. A man who has a job can service a bond. His interest payments can be used to make new

loans, housing more and more people in the process.

This approach has been used by among others, Singapore, which makes smart use of pension fund money to house its people.

But in SA, as popularised by the Nedcor-Old Mutual scenario, housing has been given priority over jobs.

Job creation gets lip service, but it is a telling point that while many development agencies are awash with cash, the two with a job-creation record, the SBDC and Get Ahead, are starved of money.

Perhaps housing provision has appeared to be more easily achievable than job creation.

To provide jobs, uncompetitive vested interests, both business and labour, will have to be tackled. Competition will have to determine prices.

Tax incentives for the big and the powerful will have to favour the small and meek. Small business is, after all, recognised worldwide as the engine of job creation.

Tax breaks which favour capital intensity will have to be extended to encourage labour-intensive production.

The housing problem can be solved, but only once the jobs crisis has been fixed.



# Aid plan for jobs, houses

ST Times (Buss) 22/8/93

By TERRY BETTY

SEVERAL foreign aid agencies are considering providing between R50-million and R100-million for training 1 000 black builders and building 4 000 houses in South Africa.

Building Industries Federation of SA (Bifsa), executive director Ian Robinson — a member of the National Housing Forum (NEF) — says much work has to be done in the next six weeks before the Bifsa-proposed project receives the go-ahead. (32)

"Bifsa has held discussions with 15 aid agencies and indications are strong that the money will be made available." (423)

If the project gets the go-ahead, about R6-million will be used to train 1 000 people who will build 4 000 houses. (173)

The rest of the money will be used as collateral for the private sector to provide bond finance for the houses.

"The commercial banks have shown an in-

terest. However, as far as possible we would like to channel the loans through community banks because they are structured to lend to the lower-income black community."

Mr Robinson will not say where the houses will be built: "We would hate to raise hopes until the matter has been made final."

A condition of the aid money is that at least 50 businesses capable of operating in their own right must be set up in the housing area.

"So in addition to providing building skills, certain people will be selected for further training in how to run a business, such as building supplier or contractor. H

"Basically, the aid agencies are happy to give the money if it means people will be trained and then employed."



## JOBS

# Money in need of work

SHORTAGE of loan finance for big and small businesses has never been a problem for the Industrial Development Corporation, says IDC chairman Christo Wiese in his first interview since taking up his post in March.

If anything, the IDC's problem is a lack of applicants for its money, some of which is available at highly preferential interest rates, particularly for small and medium enterprises (SMEs).

Mr Wiese says: "We're willing and able to make loans, especially to SMEs. We want this more widely known."

One of the IDC's successful customers is Margaret Macfarlane, a businesswoman of the year, who started her successful smoke-detector business in her home.

The IDC's special schemes, such as low interest rates for companies which operate multishifts and deals for ecotourism development, have also met with less demand than the IDC budgeted for.

Pepkor chairman Mr Wiese says "SME development has always been the IDC's thrust.

Although it is better known for its involvement in projects such as Sasol, Alusaf, Safmarine and Columbus the IDC has always run itself so that "the big projects never inhibit its capacity to help small and medium businesses".

But Mr Wiese believes SME promotion will receive more emphasis.

"We know that our most pressing problem is unemployment."

The IDC has projects which could play a catalytic role in getting large-

If you have a feasible business idea, the Industrial Development Corporation has the money to back it, writes **KEVIN DAVIE.**

scale employment projects going. "We have just announced a low-cost employment scheme. Other things, such as agricultural development projects, which could be used to create jobs, are on the table."

An example is an IDC-backed tea estate near Tzaneen where labourers are given patches to look after themselves.

"They become little entrepreneurs, earning marginally better incomes than they would on the plantation itself. If they manage their patches well, they can increase their incomes substantially."

Mr Wiese says the IDC took heed of criticism that it had mature investments and was not fostering development sufficiently.

He stresses, though, that no viable project has been rejected in favour of nurturing safe, mature investments.

"We decided long before the criticism became so loud that we would be even more of a catalyst for large-scale development to counter the decline in gross domestic fixed investment (GDFI).

"Someone had to make the commitment. The IDC committed itself to make R10-billion available for large projects such as Alusaf, Columbus and Namakwa Sands which would lead to R33-billion in fixed investment.

"I shudder to think how dismal the GDFI picture would look without the IDC investment."

The IDC is three years into the

R10-billion programme and is on target. But its spending on SME and special schemes is less than hoped for. This spending should be at 60% of total, but is only 27% and 37% of target respectively.

The reason is that businessmen are not coming forward with ideas — "People don't seem to be investing."

A major problem is that formal-sector jobs cost upwards of R200 000 each. Mr Wiese says the high cost of creating jobs can be traced to a small pool of skilled people, a tendency to favour capital intensity because of labour problems, the encouragement through the tax system of capital intensity and the loss of the potential to acquire high-tech expertise.

"I have a degree of sympathy when unions tell management that it is not that productive either. But there's more than enough evidence about labour productivity that, with a few exceptions, we're simply not in the race.

"Now voices say the tax regime should be used to encourage labour intensity. We all know the Far East story. But how are we going to compete against its wages, the discipline, the lack of a philosophy of entitlement? I just don't know.

"We have to promote the idea of people working for themselves — home and cottage industries. An example is women hand-knotting carpets at home."

The IDC looked at home and cottage industries a few years ago and is

considering the idea again. SA will not be able to create jobs "if we think the way we used to think. Everyone will need a change of mindset, otherwise we're dead."

Mr Wiese does not believe the next government will be more interventionist than the present one — "we've been so interventionist in the past 40 years".

He says ANC policymakers have been hammered so hard by the IMF, World Bank and foreign bankers that it has accepted the need for a market economy. But he believes many ANC leaders still privately favour socialism.

The IDC serves the government of the day. It has done this in the past and will continue to do so.

Protracted negotiations have had the advantage that "everyone is now aware of the problems. We may still differ on solutions; but everybody is aware that this is not a rich country and that we are in an extremely competitive world."

Mr Wiese says SA has many advantages for investors — a good infrastructure, surplus capacity, regional importance, a vast pool of labour albeit uncompetitively priced and an emergent black consumer market.

But investors don't take kindly to being told how they will be allowed to invest.

"There's not a lot of investment capital floating around the world. In the rest of the world investors are begged to invest."

Mr Wiese gives the example of an invitation — delivered to his home — to set up in Gibraltar.

The perks include access to the huge EC market and 25 tax-free years.



CHRISTO WIESE: People must work for themselves



# Govt plans to create 100 000 new jobs

Biday 23/8/93

ROBYN CHALMERS

GOVERNMENT has provided almost R1bn for job creation programmes and small business development this year and expects to create more than 100 000 jobs, says Manpower Department director-general Joel Fourie. (173)

Fourie said at the weekend it was difficult to quantify the exact number of jobs which would be created. "We are concentrating on labour intensive projects which are able to get off the ground as soon as possible."

The National Economic Forum was examining projects which government envisaged would not only increase employment, but would uplift communities, he said.

Labour, business and government have stressed the need for job creation. The three sectors have banded together through the forum, which has been given guardianship over a large proportion of the available

funding.

In the 1993/94 budget, Finance Minister Derek Keys set aside R45m for job creation and the Manpower Department allocated R4m for the training of people in these projects.

A further R112,6m was made available for small business projects, of which R75m went to the Small Business Development Corporation, R30m was allocated to the forum and the balance went to universities which have small business units.

Manpower Minister Leon Wessels announced earlier this month that R255m would be made available for job creation and related projects to be administered by the forum.

The Industrial Development Corporation allocated R100m for the creation of up to 5 000 new jobs in the formal manufacturing sector over

the next two years.

The balance of the funding came from the Public Enterprises Ministry in the form of R480,1m left over from government's 1991 sale of strategic oil stocks, which raised R1,079bn.

In addition, the Development Bank has targeted about R5bn it believes could be diverted from government spending on civil engineering works to more labour intensive projects.

The need for job creation programmes is evident in figures from the National Productivity Institute, which show that employment in the formal economy increased by only 0,7% between 1980 and 1990 while the total population grew by about 2,6%.

Reserve Bank figures indicate that about 300 000 new job seekers enter the market each year and only a small proportion find work. In 1992, 46% of the economically active population was classified unemployed.

# Firm to tap business skills

*Sowetan 26/8/93*

**By Joshua Raboroko**

A NEW company which aims to develop black business skills and create jobs for thousands of unemployed people has been launched.

The Initiative for Economic Empowerment has been established to encourage the spirit of self-help among people who are potential job creators and to discourage blacks from depending on hand-outs. (173)

The company has been formed with the help of Johannesburg Consolidated Investments, BP

South Africa and the National Job Creation Action Committee.

The Development Bank of South Africa, Independent Development Trust and Future Bank have been invited to participate by providing loans, services, expertise, mentoring and other essential services.

The company's chief executive, Mr Lucas Ntuli, says many blacks have the potential to become entrepreneurs and could play a meaningful role in creating jobs and wealth.

Ntuli, who is a former chief executive of the

Small Business Education and Training Academy, says the company is dedicated to training blacks to become successful entrepreneurs.

"We aim to develop training methods and systems designed to optimise the entrepreneurial potential in our communities," he says.

After 13 weeks of intensive training, Ntuli said, successful candidates would be helped with start-up loans. Ntuli can be contacted at 5th Floor, Suzuki Building, Juba Street, Braamfontein, Johannesburg, or telephone (011) 339-1166/7.



## Boost for jobs on <sup>(173)</sup> the cards CT 26/8/93

By ARI JACOBSON

LOCAL job creation could be given a major boost in the next few weeks if the proposals of the Western Cape Economic Development Forum (WCEDF) are accepted at its plenary forum on September 1, according to WCEDF deputy chairman of labour Adrian Sayers.

Sayers said that there were up to 16 projects awaiting approval which included job creation in road engineering and housing construction.

He added that other job development programmes were being considered such as certificates to provide training in, for instance, paramedic services.

Sayers was speaking after a media briefing held yesterday at the Ambassador Hotel in Bantry Bay.

The executive director of Wesgro, David Bridgman, added that a R2m study was nearing completion on a key industrial strategy for the Western Cape region.

Bridgman said that cooperation among participants from business, labour, the community and political organisations was "phenomenal".

# focus on reconstruction

Sowetan 27/12/93

**T**HE REAL scandal of the apartheid system is the grinding poverty into which the majority of our people have been locked.

This poverty is the result of a systematic policy of controlling black communities to ensure an endless supply of cheap labour.

The system of apartheid's social engineering, including bantustans, group areas, forced removals, pass laws, bantu education and the township system itself, were all geared to this end.

While some elements of apartheid are now collapsing, its legacy of poverty and social misery is deeply imprinted on our society. A programme of reconstruction, if it is to have meaning, must effectively attack this cancer.

Apartheid has created extremes of wealth for the few. In terms of the "Gini coefficient", the international measure to assess inequality in income distribution, South Africa is among the most unequal societies in the world.

But poverty in our society goes beyond disparities in distribution of income. Rampant disease, hunger, homelessness, and so on, are also the direct result of deliberate denial of basic social services to oppressed communities.

This exclusion has been accompanied by the creation of sophisticated services — virtually a welfare state — for the minority.

The social deprivation created by apartheid is well known: An estimated eight million people are without basic housing; about 90 percent of African families, urban and rural, are without electricity; over 60 percent of African child deaths are due to malnutrition; 17 million people live below the poverty line; 6-7 million are unemployed and over 80 percent of the population have access to 13 percent of the land, much of it barren.

The central aim of our reconstruction programme is to address this desperate poverty. Some argue that only a miracle can achieve this in the foreseeable future. Our view is that such a miracle is possible, and that many 20th century examples demonstrate this (including reconstruction of the infrastructure in post-war Germany, the wiping out of preventable disease by the Cuban health system, and so on.)

To win this war against poverty we need coherent targets and timeframes, full involvement of ordinary people in the anti-poverty programmes, reorientation of priorities and resources, and the national will to succeed. We cannot plan to fail.

A legitimate question often asked is how the programme will be financed. We shouldn't rely primarily on external funds and assistance. Rather we need an internally-funded "Marshall Plan".

Preliminary results of research indicate that there is a vast amount of surplus liquidity which

An internally-funded "Marshall Plan" is needed for South Africa's reconstruction programme in health, education and job creation, says **Jay Naidoo**, secretary-general of Cosatu:



**Combating poverty requires a strong emphasis on rural development and land reform**

can be tapped for social investment. In workers' pension and provident funds alone, there is over R200 billion, much of which is going into speculative investment.

A movement away from speculative investment, white elephants, wastage, corruption, and unproductive bureaucracies to unlock the poverty programmes is not only socially necessary, but will help put our economy on a new growth path. The other side of the coin is the restructuring of our industries, as the economic engine of reconstruction and development.

To deal with poverty the reconstruction programme must address certain priority areas: housing, health, infrastructure (including electricity, water, sewerage, refuse removal, roads), land, and food prices. The programme must aim to ensure that all people, whether in rural or urban areas are given access to these basic necessities, within specified timeframes.

A comprehensive social security net must be put in place for the most vulnerable, particularly the unemployed, elderly and disabled.

We can't promise that, after elections in 1994, all people will have instant access to houses. But

**The central aim of our reconstruction programme is to address this desperate poverty**

the programme must plan how many houses will be built in year 1, year 2, year 3, of what quality, costing how much. The job-creating and training element of these programmes, immunisation campaigns and anti-Aids education are carried out. We must also ensure that social programmes protect and improve the environment.

Combating poverty requires a strong emphasis on rural development and land reform. It is estimated that over 11 million of the 17 million poorest people in South Africa live in the rural areas. This is a direct result of apartheid policies which have trapped African people, particularly, women, children and the aged, in rural poverty, landlessness and starvation.

Current attempts by parties such as the NP and DP to constitutionally freeze the exclusion of the majority from land, is a recipe condemning rural people to perpetual poverty. Landless or land-hungry peasants in the present bantustans and white farming areas will have to be given access to land, to support themselves and to increase food production. A land reform programme also needs to address the subordinate position of women, to give them direct control over the lands they till.

Rural communities must be given access to adequate infrastructural development. This will not only raise the quality of life of rural communities, but also unlock their economic potential, as producers and consumers. Electrification of rural areas will, for example, also encourage small business and industrial development.

The creation of viable rural communities will allow the mass of rural people to establish themselves, without being constantly pressurised to move to the urban areas. At the same time, it must be recognised that much of the current population distribution is artificially created by apartheid, and that there will be an inevitable reorganisation of rural/urban patterns.

A new society will have to deal with the legacy of large concentrations of economically and socially unviable "rural" communities created by apartheid. Our programmes of rural development should in this sense not set apartheid in concrete, by entrenching the isolation of unviable communities in remote areas. All communities will have to be consulted about their needs and aspirations.



epudiates CP charge

# White skills needed in SA - Mandela

Sowetan 6/9/93

■ **JOB CREATION** Do not leave country plea:

By Ruth Bhengu

**W**HITES SHOULD NOT leave South Africa because the country needed their skills and expertise to create jobs and to stimulate the economy, African National Congress president Mr Nelson Mandela said at the weekend.

Speaking at a fundraising dinner in Nelspruit in the Eastern Transvaal on Friday, Mandela said: "We need whites to build this country just as much as they need us."

"We cannot build this country without white people. We need their skills and their expertise."

The R300-a-table dinner held at the Promenade Hotel was attended by KaNgwane government officials, business people and academics.

Mandela said whites had certain fears

about the future but they were not the only ones.

"Everyone is uncertain about the future. There are white fears, coloured fears, Indian fears and black fears. The ANC appreciates these fears and believes they should be addressed," he said.

Mandela also tried to allay fears about the ANC's alliance with the South African Communist Party.

"There are those who say how can we trust the ANC when it has an alliance with the communists? We understand that. We want to say that our alliance is based on common interests. This alliance can be reviewed when the ANC is in government," he said.

Meanwhile, threats of a revolt within Umkhonto we Sizwe were defused after an agreement for the "total restructuring" of MK's leadership and the establishment of a R10 million fund to deal with serious welfare problems in the ANC's armed wing.

# New scheme to aid Star 8/9/93 retrenched set up

■ BY PAUL BELL  
LABOUR CORRESPONDENT

A redundancy support scheme, among the first of its kind in South Africa, has been established by Premier Food Industries in consultation with the Food and Allied Workers Union (Fawu).

The scheme, announced by PFI chief executive Willem de Kok and a Fawu delegation led by the union's president, Ernest Theron, has been developed against the backdrop of the economic crisis, rising retrenchments and hardship for workers who lose jobs.

It is expected to soften the blow for up to 1 200 workers facing retrenchment from PFI's 18 000-strong workforce over the next few months. The

company is retrenching throughout its ranks.

All PFI employees, from the chief executive down, will contribute 1 percent of their remuneration to the scheme, and the company 2 percent. De Kok said the fund would receive up to R900 000 a month.

The scheme allows workers retrenched from PFI to enter a labour pool, draw 30 percent of their last wage while in the pool and be eligible for preferential re-employment from the pool when the company begins rehiring. (173)

Fawu spokesman Mandla Gxanyana said the scheme encouraged job creation by PFI and would help negotiations with other employers.



# Job link for work-seekers

CLIVE SAWYER

Municipal Reporter

(173)

MAR 9/9/93

A NEW employment and training centre in Epping will link job seekers with work opportunities in the formal, informal and public sectors, says mayor Clive Keegan.

Other opportunities would be in public works programmes, casual work, and self-employment.

The centre, opened yesterday, is the first to be set up in terms of a city planning policy on low cost job creation.

Its role will include enabling people looking for casual work — who until now have lined the road outside the Cape Showgrounds — to be introduced to employers in a more formal and efficient arrangement.

Mr Keegan said all types of business should support the centre.

South Africa was poverty-stricken, with seven million people in sub-standard housing and about six million unemployed or underemployed.

One way to make the country rich and free was to boost the informal sector.

In America, Japan, and Europe most businesses were small, employing less than 20 workers.

About 53 percent of the South African workforce was unskilled, Mr Keegan said.

"Our responsibility is to share and spread our economic experience in playing an active and meaningful role in the training and development of the job market."

# Call to create jobs to end SA's crisis

Sowetan 9/9/93

THE South African Chamber of Business is calling for labour-intensive development to tackle the country's immense unemployment problems.

Quoting latest Reserve Bank figures - 46 percent of the economically active population is without jobs — the organisation says high unemployment increases the potential of social instability, crime and political exploitation.

"Even without putting figures to it, the magnitude of unemployment among the youth is great enough to present a big problem," says Sacob's director-general, Mr Raymond Parsons.

There are signs, however, that the recession is beginning to abate. The possibility of an economic upswing this year still hangs in the balance.

However, the organisation's economic policy director, Dr Ben van Rensburg, is optimistic that if things go well the country will record a growth rate of about 2 percent next year. This hinges on a number of factors, says Van Rensburg.

A successful election next April, the

decline in the current wave of violence, low interest rates and good summer rains are some of the major factors that would determine whether the economy comes out of its four-and-a-half years of recession. (173)

Sacob's monthly Business Confidence Index increased 0,5 percent to 97,2 in August. (335)

This increase is attributed to, among other things, the downward trend in the inflation rate, a rise in the volume of exports and the reduced number of companies going bankrupt. The organisation will hold its annual national convention next month. In addition to an opening address by the chairman of Anglo American Corporation, Mr Julian Ogilvie-Thompson, a leading official of the World Bank, Dr Uri Dadush, and the Industrial Development Corporation's chairman, Mr Christo Wiese, are also expected to liven up the convention's economic debate.

Among the major motions will be economic growth and job creation, taxation and the informal sector.



# NUM takes job creation unit to the retrenched

Biday 10/9/93

THE NUM and development company Rutec had developed a "mobile job creation unit" to show retrenched workers the range of self-help occupations open to them, NUM development co-ordinator Kate Philip said yesterday.

The unit, in a 20-ton truck painted in union colours, was kitted out by Rutec with equipment required in such projects as candlemaking, roof tile manufacture and T-shirt printing. The unit was manned by retrenched miners trained to demonstrate use of the equipment.

The NUM had been forced to find innovative ways to help retrenched workers as more than 160 000 jobs in the mining sector had been lost during the past few years. The initial co-operative project developed by the union had found employment for only 500 workers, so a new phase was being entered, Philip said.

Mining houses had been approached to set up national funds for people who had been retrenched rather than the mine-specific funds, as migrant labour was drawn from widespread areas. The houses had not responded to this proposal, but the union had begun the second phase of job

ERICA JANKOWITZ

creation. This entailed establishing a "range of initiatives laying the basis for building an institutional framework of economic co-operation, which strengthens the base of a local economy, and is particularly important in marginal and rural areas".

The NUM would continue to support existing co-operatives and would support new initiatives through a national buying service for members, offering marketing and business training, support and credit facilities.

□ The NUM and the Chamber of Mines met this week to discuss the future of the mining summit — a body of union, management, government and expert delegates who debate the future of the industry and try to develop a coherent strategy.

Mineral and Energy Affairs Minister George Bartlett was a guest at the meeting, at which it was decided to press ahead with the summit.

An NUM source said the union had agreed that the summit should remain in place despite its proposals not having had much success.

# Boost for self-employment

173 WMM 10-16/9/93

THE challenge to the IDT's job creation portfolio — headed by Dr Len Konar — has been to identify projects likely to make a significant difference to the stock of jobs in the country.

As a result, the portfolio has tended to avoid small-scale funding applications.

Support has gone to:

- Organisations which assist entrepreneurs
- Macro initiatives with the potential to make an impact

## JOB CREATION

■ Co-ordinated skills training programmes

■ Co-operative large-scale ventures with other development funding agencies.

The demands on the portfolio's resources — R115 million for job creation and R50 million for skills training — have been considerable.

Dr Konar recognises that entrepreneurial development is a long-term matter. Applications

based on requirements for more than one year are considered.

He says the range of activities being supported straddles all the significant vocational areas. Most applications come from urban areas.

An attempt is being made to bring together all the major skills training agencies to plan better use of their facilities.

"We envisage one-stop training facilities, loans offices and employment placement centres. This will be a major boost to self-employment."



**DR LEN KONAR:**  
Head of the Job  
Creation portfolio.



# Thousands of new jobs for West Cape

SI Times [C/Metro]

12/19/93

173

THOUSANDS of new jobs are likely to be created in the Western Cape soon.

This has been facilitated by initiatives on the part of the civil engineering industry, trade unions and civics to ensure that R300-million made available for job creation by the government is used to provide skills development and training for disadvantaged communities.

The money is being

By FRED ROFFEY

made available through the National Economic Forum.

Contractors are being invited to participate in these moves through a ground-breaking framework agreement for public works projects which provides a set of guidelines drawn up by representatives of the civil engineering industry and organised labour,

including the Congress of SA Trade Unions (Cosatu) and the SA National Civics Organisation (Sanco).

The framework agreement seeks to encourage construction by labour-intensive methods wherever possible, with the aim of contributing to job creation in the construction industry.

Much of the R300-million will be used to provide the type of training that will enable previously unskilled workers to enter the labour market — but this does not mean simply replacing machines with men.

Contractors involved in the framework agreement will have to:

○ Adhere to guidelines for contract documentation, criteria for employment selection, task-based payment services and conditions of employment;

○ Engage their unskilled workers in meaningful training schemes to ensure that at the completion of a project they are able to utilise their newly-acquired skills for the benefit of their own communities;

○ Get community approval at the early stage of a project, so that the parameters of the project are clearly spelled out and documentation details the steps that should be followed for the duration of the project.

The proportion of costs spent on labour in urban development projects amounts to about 10 percent of the contract value, says Graham Power, chairman of the National Committee for Labour Intensive Construction (NCLIC).

"This can be increased to about 40 percent through effective labour-intensive projects in urban areas and up to 25 percent on rural developments such as trunk roads," he said.

## Effective

A rethink by the construction industry of existing standards and practices was necessary, as labour-intensive construction was the effective substitution of equipment with labour without significant increase in expenditure, he said.

"Although the civil engineering industry is not able to solve South Africa's unemployment problems, it can be a major role-player.

"I believe that within three years 50 percent of all state expenditure on construction will be on projects containing some form of labour-intensive construction," Mr Power said.

○ The Cape Town-based Southern African Bitumen and Tar Association (Sabita) and the Department of Transport has completed a review of road-building activities to investigate the extent to which labour-intensive construction could be applied to road-building.

## HOUSE OF ASSEMBLY

## QUESTIONS

Indicates translated version.

For written reply:

General Affairs:

Public Service: persons employed/salary intervals

399. Mr R M BURROWS asked the Minister of Education and Training (Minister responsible for Commission for Administration):

- (1) Whether, with reference to the reply to Question No 8 on 15 February 1993, he is now in a position to furnish a breakdown of the number of (a) males and (b) females in each population group in respect of each of the eight salary intervals referred to in that Question; if so, what are the relevant statistics; if not, why not;

- (2) whether he or the Commission for Administration intends implementing a policy of making the public service more representative of the population and gender composition of the total population in the Republic; if not, why not; B939E

The MINISTER OF EDUCATION AND TRAINING (Minister responsible for Commission for Administration):

- (1) No, the required information is still not available. The information per department/organizational component in respect of—

- (a) population group is no longer maintained, as a result of the repeal of the Population Registration Act, 1950; and
- (b) gender is not available due to the manner in which the relevant data base is compiled.

- (2) Yes. The Commission for Administration has already issued directives based on the merit and efficiency principles

with a view to bringing about a Public Service which will be more representative of the groups served by departments/administrations. Changing circumstances, however, necessitates continuous adjustment of this programme.

Funds for job creation in Black communities: accountability/auditing (173)

406. Mr R V CARLISLE asked the Minister of Manpower:† HANS B967E

- (1) Whether funds made available in the financial years 1983-84 up to and including 1988-89 to (a) development boards and (b) provincial administrations for job creation in Black communities have been (i) fully accounted for and (ii) properly audited; if not,

- (2) (a) why not and (b) what amounts made available for this purpose in respect of (i) the area of jurisdiction of each development board and (ii) each provincial administration have not yet been fully accounted for and properly audited;

- (3) whether any steps are being taken to rectify this matter; if not, why not; if so, what steps? B967E

The MINISTER OF MANPOWER:

- (1) The Department of Manpower was not responsible for the administration of any job creation funds for the 1983-84 and 1984-85 financial years. Funds in respect of the 1985-86 to 1988-89 financial years were made available directly to the various participating institutions by the Cabinet. The Department of Manpower was responsible for co-ordinating the program and for the appropriation of job creation funds allocated by the Cabinet to the Department of Manpower. The Department can therefore not speak out with regard to the accountability or auditing of funds of the other participating institutions. Funds allocated to the Department of Manpower by the Cabinet are fully accounted for and audited.

- (a) (i) and (ii) The development boards were phased out during 1986. The



## R40-m for work projects

APR 22 1973

JOHANNESBURG. — The Central Witwatersrand Regional Services Council has R40,5 million for labour-intensive projects in greater Soweto and the Ennerdale township, south of Johannesburg. Of this amount, R30,5 million has been allocated to Soweto, R5,5 million to Deepmeadow, R3,5 million to Dobsonville and R1 million to Ennerdale. (13)

# Boost for labour-intensive construction

THE national committee for labour-intensive construction said yesterday it had finished designing on-the-job training programmes for civil engineers on labour-intensive projects.

The committee represents the civil engineering industry in the framework agreement with Cosatu and SA National Civic Organisations.

For a project to be declared labour intensive, it has to receive approval of a board set up in terms of the framework agreement.

The training courses were waiting

JOHN DLUDLU

for accreditation by the Manpower Department, a measure which would establish the courses as a national standard, committee member Mike Judd said yesterday. 23/9/93

The programme would entail underground services, kerb casting and laying, roadworks, block moulding and manhole construction.

Funding for training would be through the National Economic Forum which recently allocated R300m for all labour-intensive construction

projects. B/Day

The committee would continue to raise funds from government and other sources for training students at technikons and universities, and for financing research.

The on-site course was designed by contractors in conjunction with the Western Cape Training Centre. A lesson plan was due for completion in November. (173)

Provision was being made for trainees to complete their courses at tertiary institutions when on-site training was cut short, Judd said.



Star 29/9/93

## Demand for job creation assistance flows in

■ BY THABO LESHILO

More than 600 individuals and organisations have applied to the National Economic Forum for job-creation assistance worth R1,2 billion, says co-convenor Jayendra Naidoo.

He says 290 applications were from individuals and private bodies, 280 from the public sector and 40 from the private sector. (173)

The job creation programme was unveiled in August and endowed with R49 million. Funds received from the Government raised the sum to R225 million. A further R29 million is available for training linked to job creation.

Naidoo says a special meeting of the NEF process committee will consider applications on October 25. About half of the available funds would be allocated after the meeting and other R10 million before the end of the 1993/1994 financial year.

NEF business representative Bobby Godsell says R20 million given to the NEF by the Government for small business development will be used in the TBVC states and homelands.

# Civil service plan for youth

CT30/9/93 (173)

Own Correspondent

JOHANNESBURG. — A voluntary "national service" scheme aimed at drawing at least 50 000 unemployed young people into a programme of community projects and education is to be launched next year.

The newly-formed National Youth Development Forum (NYDF) conceived the project, which has also been backed by the National Economic Forum, the government and development bodies.

The NYDF was launched at the weekend.

When fully operational by the end of next year the programme will cost about R1 million a day

to run, including the payment of a small allowance to volunteers, the forum said.

A forum spokesman, technical group leader Mr Bob Tucker, expressed confidence about fund-raising prospects.

"Everybody is desperately concerned about the youth. The state is keen to assist and so is everybody else."

He said the National Youth Service Initiative would be launched by February 1994 and could be functional within months with about 2 000 participants. This would grow to 50 000 volunteers by the end of the year.

Projects would include housing construction, rehabilitating urban and rural infrastructure, education, conservation and health care.

Initially volunteers would get an allowance of R7,50 a day and a meal.

Mr Tucker said the initiative was not based on creating "youth brigades" and then looking for something for them to do, but instead would negotiate for a representative share for youth in a range of socio-economic projects.

Forum convener Ms Sheila Sisulu said the initiative followed analysis of other programmes worldwide as well as local proposals.

She said a National Youth Service Commission would be established to ensure activities were undertaken in co-operation with existing organisations. The initiative would provide education and training to supplement on-the-job skills development.



NEWS New publisher has links with ANC • State bent on reducing unemployment

# Blacks in control

By Mzimkulu Malunga

**A** NEW BLACK-CONTROLLED publishing company was launched this week. Nolutwazi Educational Publishers is a joint venture between Thebe Investment Corporation, Skotaville Publishers and the Swaziland division of British-based publishing giant Macmillan.

"It has taken a lot of hard work to arrive at this point," said Thebe managing director Mr Vusi Khanyile. Between the two of them, Thebe and Skotaville control 52,5 percent of the

■ **JOINT VENTURE** Company to even

**imbalances in SA's publishing industry:**

new company, while Macmillan holds the remaining 47,5 percent. Thebe alone has a shareholding of 42,5 percent in Nolutwazi, while Skotaville has 10 percent.

The new company, to be based in Johannesburg, is expected to become fully operational by January next year. According to Macmillan director Christopher Paterson one of the main

objectives of Nolutwazi is to address the imbalances which exist in South Africa's publishing industry. The initial funding for Nolutwazi is R2 million. "We want to move from being an alternative publishing house and enter the mainstream," said Skotaville MD Mthobi Muloatse. Thebe has links with the African National Congress.

# Plan to create jobs

By Ike Motsapi

THE government has set aside R304 million for job creation programmes, according to the *South African Labour News*.

The bulletin says in its latest edition that about R229 million will also be distributed through structures set up by the National Economic Forum for the same purpose.

It says: "Three days after the NEEF revealed details of its R49 million job creation fund on August 2, the Government announced that an extra R255 million was being allocated to boost

employment.

"Of this amount, which has to be raised through the sale of strategic oil supplies, R180 million was to be administered by the NEEF structures, while the remaining R75 million would be allocated to other projects.

**Grant applications**

"Applications for grants from the NEEF Fund opened on August 2.

"Although Government, labour and business representatives from the forum were unsure how big an impact the initial fund would have, all hailed it as an important step in dealing with the unemployment crisis," the bulletin says.

# Tax breaks a fillip for job creation

BIDAY 11/10/93

CHARLOTTE MATHEWS

PROJECTS valued at more than R17bn had been approved by the Trade and Industry Department for benefits under the industrial incentive scheme, director-general Stef Naude said yesterday.

About 11 000 job opportunities are expected to be created while these projects are being established. After completion, about 8 000 permanent jobs will have been provided, while indirect job opportunities are expected to number about 45 000.

The projects will come on stream during the next six years. (173)

"The positive influence of the projects on the economy will be experienced over a long period and will make a substantial contribution towards greater confidence in the economic future of SA," Naude said.

Some of the projects that have qualified for concessions under the scheme include Alusaf's R7,2bn smelter expansion project, the R3,5bn Columbus stainless steel expansion project and the R1,1bn Namakwa Mineral Sands venture in the western Cape.

Naude said the scheme's objective was to establish internationally competitive undertakings that processed local and imported raw materials, while creating jobs and adding value downstream.

The period during which applications

could be approved for benefits under Section 37E of the Income Tax Act 1962 expired on September 10. During the two years that the scheme was in force, 26 applications for benefits were received and 17 projects were approved.

According to a tax expert, the offer did not attract many applications mainly because the export requirements were considered to be fairly stringent but also because the benefits were not substantial. They were timing benefits, rather than special investment allowances.

Original guidelines for investors on how to apply for the benefits of the scheme specified that projects which qualified had to add 200% value and export 60% of the final product.

Depreciation write-offs on qualifying machinery and plant, erection costs of factory buildings as well as pre-production interest on qualifying assets could be written off from the year in which the expenses were incurred.

In addition, negotiable tax credit certificates were issued for deductions which could not immediately be written off against income.



## Incentive plan approves SA projects worth R17bn

From CHARLOTTE MATTHEWS

173

JOHANNESBURG. — Projects valued at more than R17bn have been approved by the Trade and Industry Department for benefits under the industrial incentive scheme, director-general Stef Naude said yesterday.

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is manufacturing • Huge demand by pupils

# Let business ape the Asian Tigers

By Mzimkulu Malunga

## ■ CHANGING ENVIRONMENT

**T**HERE IS NEED for a new structure within the framework of the National Economic Forum to formulate industrial policy for this country, says the South African Chamber of Business.

"The engine for job creation has to be the manufacturing industry and this sector must be structured in line with the changing environment," says Sacob president Mr Spencer Sterling.

It is envisaged that in addition to labour, business and Government, the proposed IPF should include technologists — a move aimed at addressing the crucial issue of international competitiveness.

The organisation's chairman of the industrial policy committee, Mr Paul

### Aim to address competition:

(173) Hatty, say the document is not a blueprint, but see to set some guidelines for a future industrial policy.

He says the current industrial policy is not in line with the changing situation in the country and needed restructuring.

Central to the success of any policy is the cultivation of a broad consensus among major stake holders like labour, business and major political parties.

Also, an industrial policy should be subordinate to economic policy, says Hatty. However, such a policy should refrain from seeking to address issues relating to employee/employer rela-

tionships, investment codes and policies, structure and ownership of businesses as well as distortions in the economic and social sectors.

Sacob's deputy director Mr Ron Haywood says experiences in highly successful Asian countries shows that concentrating efforts on expanding the wealth cake in the initial stages of developmental plans works.

Joint ventures and the small to medium sized enterprises as well as state, business and labour co-operation are vital to transforming countries like Malaysia into what is commonly known as the "Asian Tigers".



Star 13/10/93

## Boost for black civil engineers

EDUCATION REPORTER

A Johannesburg engineering company yesterday pledged more than R200 000 to finance the education of aspirant black engineers as part of its programme to empower disadvantaged youths.

The scholarship programme will be run jointly by BKS Engineering and the South African National Civic Organisation. Sanco will identify needy black matric pupils with proficiency in mathematics and science to study for a degree in civil engineering at a South African university.

BKS director Ralph Catterall said the programme would be launched with three students next year and it would be reviewed annually, considering demand and the economy.

Sanco president Moses Mnyakiso said civil engineers would play a constructive role in the rebuilding process in the new South Africa, particularly in the general improvement of the standard of living.

Star 13/10/93

## Lebowa civil servants on strike after 15 fired

BY JUSTICE MALALA  
and OWN CORRESPONDENT

The embattled Lebowa homeland was yesterday paralysed by the second strike by its more than 60 000 civil servants in less than a month after South African officials fired 15 civil servants.

Civil servants decided to down tools in solidarity with the dismissed workers, who were members of the civil servants' organisation, the Interdepartmental Co-ordinating Forum (ICF). The strike has affected all services except health and the police force.

### Obstacles

The Department of Regional and Land Affairs, which took over Lebowa's financial administration on September 1, said the 15 had been fired because they were obstacles to the functioning of the taskforce sent by Pretoria.

A spokesman said the 14 Works Department employees had threatened the taskforce members with violence last week and had ordered other clerks not to process payments for contractors until re-

ductions made in salaries last month were reversed.

It was then decided to give the 15 workers indefinite paid leave.

Striking civil servants yesterday camped outside the parliamentary buildings in Lebowakgomo all day demanding to meet Minister of Regional and Land Affairs André Fourie, who was in Cape Town.

### Refused

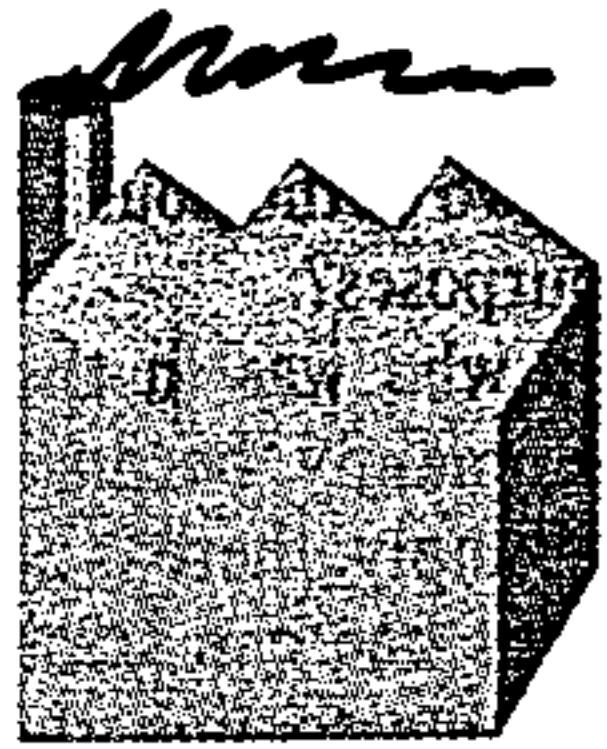
ICF chairman Moseamo Sebola, said the Works Department officials had refused to pay white suppliers of services to Lebowa because thousands of labourers and general assistants on the Lebowa payroll had not been paid their August salaries.

A meeting of civil servants later decided that they would all go on strike in solidarity with the dismissed workers, he said. "We are saying that if SA is so eager to pay the white suppliers why is it not ready to pay the labourers their meagre R500 salaries?"

"The strike will continue for as long as our members are walking the streets," Sebola said last night.

# The pain has to be faced

Using taxpayers' money to create jobs is not the answer



An incoming populist government might resort to discredited measures in trying to relieve unemployment. The temptation to go for a quick fix would certainly be strong; unemployment is thought by

some to explain much of the current social violence.

A misguided strategy for reducing joblessness, however, would prevent the economy from fulfilling its substantial longer-term potential. Such a strategy could include reflating the economy by boosting the money supply; strengthening barriers against import competition; rapidly increasing the size of the civil service; and engaging in a massive and sustained public works programme.

Boosting the money supply to reflate the economy would set the inflation rate rising again and, as JCI group economist Ronnie Bethlehem observes, there seems to be a direct link between rising inflation and shrinking job opportunities.

Strengthening import barriers would, through retaliatory action, exclude SA producers from the very export markets that are vital for this country's economic growth and job-creation process.

Increasing the size of the civil service or starting a public works programme would, through the fiscus, deprive the economically productive sector of vital investment funds.

What is needed is a multifaceted economic structural adjustment programme that deals with major reasons why, for the past 20 or more years, the economy has grown ever more slowly to the point where the formal sector can no longer keep up with the rate of population growth, let alone raise the general standard of living.

It is of some comfort to learn that there is already broad agreement between government, business and extraparliamentary interests, such as trade unions and the ANC, and that investigations and discussions into what needs to be done are under way, mainly through the National Economic Forum (NEF), launched a year ago.

There is, for example, government's Economic Normative Model that was released in March. With 1,3m additional jobs in the formal sector by 1997 as its prime aim, it calls, among other things, for government's current expenditure to fall by 1997 from its present 31% of GDP to 24%, and for a significant reduction in company and individual income tax to enable gross domestic fixed investment to rise from its present 16% of GDP to 23%.

The NEF is discussing not only that input but also more specific issues, both short term and long term. At one extreme, a task group is working on general trade policy; at the other, work is being done on restrictions applying to street hawkers. "In almost every aspect of the economy," says Michael MacDonald, economist of the Steel & Engineering Industries Federation and its representative in the forum, "something is going on in the NEF to achieve changes."

The aim is to make individual sectors, as well as the macro-economy, more efficient. Already there are sector forums for the mining, metals and clothing/textiles industries. What Cosatu wants to see, says its publicity officer Neil Coleman, are clear technology strategies, with more attention to R&D and people development — in short, a redirecting of investment.

Meanwhile, two broad initiatives have been announced to alleviate unemployment in the short term.

The first is a R225m national job-creation assistance programme launched by the NEF. No jobs target has been revealed by the NEF which appears merely to have invited proposals from organisations and individuals on how to spend millions of taxpayers' money.

Predictably, such proposals have not been slow to materialise. The NEF's Jayendra

(173)

Naidoo says more than 600 have been received, of which almost half came from the public sector. Again, no details have been received about even the general nature of these proposals or the criteria the NEF will use in deciding which to support — only that their total cost is a reported R1,2bn.

However, when the NEF decides this month which it will back, it will be putting no more than R100m on the line. Taxpayers will have to wait for a further announcement to learn on what basis it will decide the timing and size of its next handout; and whether it will judge the success of its first outlay before committing further funds, or simply draw quick breath before plunging on. So much for transparency of policy formulation and implementation.

The second scheme also invites scepticism.

Put forward by the recently formed National Youth Development Forum, it will create next year a voluntary national youth corps for those aged 16-30 (who account for almost half the unemployed, says Dr Ina Snyman of the Human Sciences Research Council). Costing an estimated R1m a day, it would involve some 50 000 people.

The activities in which largely uneducated young people are expected voluntarily to participate include working with old people and street children in the name of "social service;" assisting in hospitals and clinics in the name of "health care;" engaging in "peace work" by acting as monitors and helping victims of violence; contributing to environmental improvement by cleaning up rivers and townships; working in agricultural co-operatives; and building houses, roads and the electricity infrastructure.

## Travel allowance

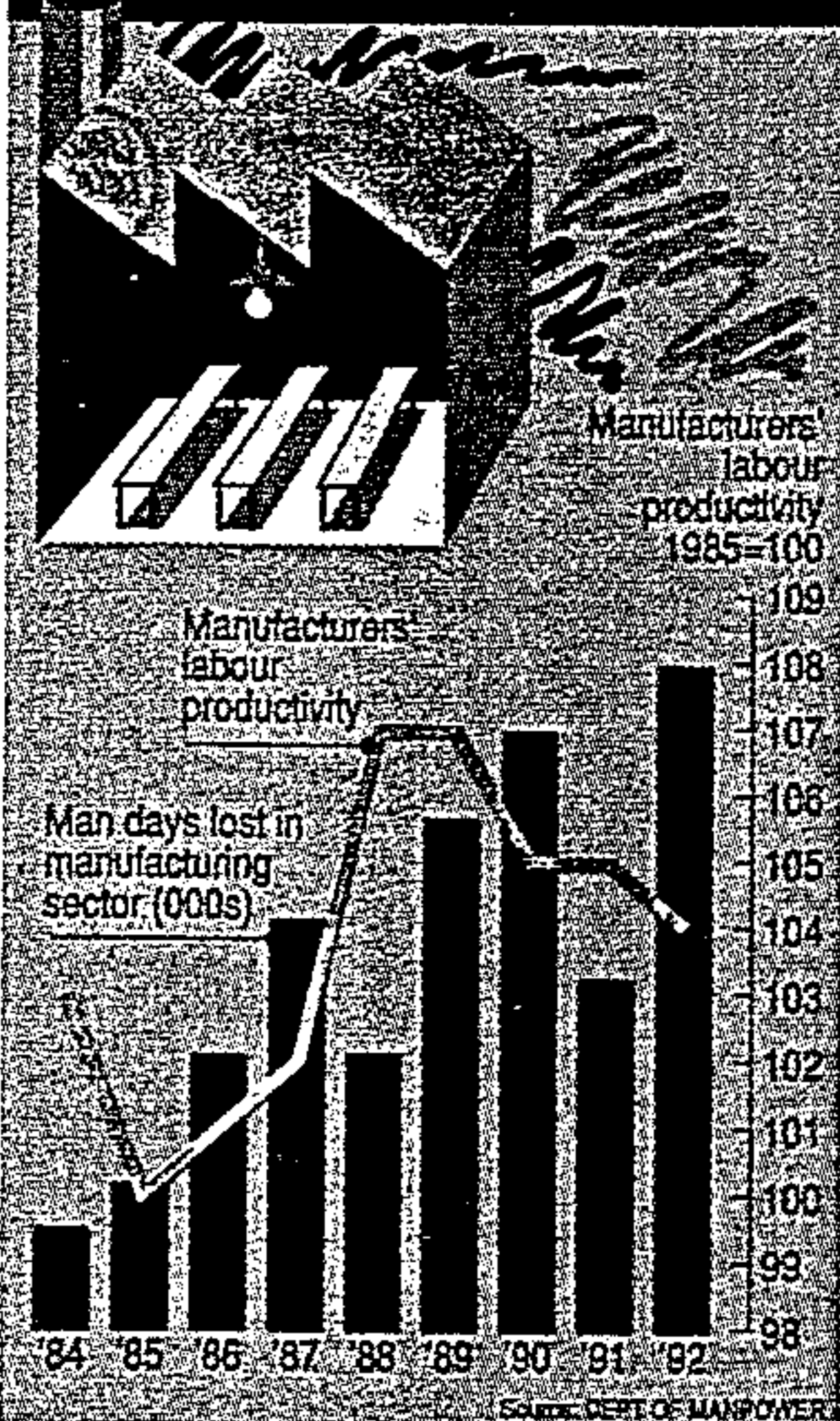
In between all this, participants will (say those propounding the scheme) receive accredited basic education and vocational training to supplement what they were learning on the job. Initially, they would be paid R7,50 a day and be given a meal, clothing and possibly a travel allowance.

It comes as no surprise that the "adult" organisations supporting this misty-eyed proposal are Cosatu, the National Council of Trade Unions, Department of National Education, assorted teacher organisations, National Olympic Committee of SA, the SA Council of Churches and the World Council on Religion & Peace. Business organisations appear to have maintained a tactful silence. The best that can be said of such schemes is that they are well-intentioned and could serve to release some political steam from the problem. But they will not get to grips with the unemployment problem.

The only real hope for the unemployed lies

## Strikes and productivity

### Absent workers mar efficiency



P.T.O CONT →





Picture: DOUG PITHEY, The Argus.

**EMPLOYED!** Anthony Barker, centre, chairman of Aid, with those who have had jobs created, from left, salesman Ernest Magele, brickmaker Bertwell Key and salesmen Albert Kolo and Lunga Genu. (173) ARG 18/10/93

## Group brings Aid to those willing to help themselves

**SHARON SOROUR**  
Labour Reporter

A MUCH-NEEDED cash boost has enabled the Association for Income Development (Aid), formed to create jobs for retrenched people, to finance four projects.

At least 30 jobs have been created since the organisation's inception, thanks to a R2 000 donation from the Cape Town Business Network, which was involved in Aid's formation.

Aid chairman Anthony Barker said a team of salesmen, a brickmaker and a knitter had been financed.

The company also was setting up a management consultancy.

Sales team leader Ernest Magele, an Aid committee member, sells furniture made in a Montague Gardens factory to custom-

ers in Guguletu, Khayelitsha, Nyanga and Langa.

"I sell lounge suites, wardrobes, almost anything. I read about Aid in The Argus and decided to approach them with an idea. I was working on projects for a community-based organisation then," said Mr Magele, who is based in Guguletu.

Mr Magele, 43, walks or uses public transport and has been operating for three weeks with a few assistants including Lunga Genu.

Mr Barker said it had cost about R300 to get the business going.

Brickmaker Bertwell Key, who makes cement blocks and sells them in Khayelitsha, also has been financed by Aid.

Mr Barker said: "He needed money to buy to buy raw materials and we got him started."

Another salesman, Albert Kolo from Guguletu, has started selling stoneware, bedding, glassware and other household goods.

Aid introduces him to suppliers and provides management and financial control.

The organisation also was starting a management consultancy based on a new product, Vision 360, a corporate planning and development technique which allowed organisations to plan future goals and pursue them on a daily basis. A total of 10 people would be employed.

Mr Barker said Aid had about 200 members, but the organisation was strapped for cash and had not been able to finance any more projects.

● Anyone wanting more information can contact Mr Barker on ☎ 419 9388.



**FOCUS ON BUSINESS** Petrol supplier launches ecotourism trust to boost job creation

*Sowetan 22/10/93*

# Engen hits the tourist trail

**A** S A CONTRIBUTION TO REVITALISING the South African economy, Engen oil company has announced it supports for the growth of the ecotourism.

Engen will launch an ecotourism trust which is geared to develop a comprehensive strategy that will include job creation linked to the utilisation of the environment.

## ■ SPEEDY MOVE Potential to

### revitalise economy and create jobs:

In addition to founding the trust, the company has made grants to help establish the first job creation and community involvement programme to be implemented in the Richtersveld National

Park. Travellers will also be assisted through the provision of the tourist information at their network of service stations by Engen Limited.

Engen's chief executive, Mr Rob Angel, said the launch of the new strategy was the product of two years of comprehensive consultation with all of the major parties in the environment and tourism industries.

"We believe that the concept of what is often referred to as ecotourism is the industry which shows the potential for revitalising South Africa and creating the many jobs that this country so dearly

needs. "The experts have persuaded us that with the support which we and other companies can provide, this industry can rapidly be developed to the benefit of all South Africans," he added.

Angel pointed out the need to this country to be given a positive vision and direction if it was to succeed in providing a reasonable standard of living for all its people, without destroying its natural attributes.



# Black empowerment makes slow progress in a sluggish economy

STimes (Buss) 3/10/93

By KEVIN DAVIE

AN analysis of the top 100 JSE companies in 1992 showed that of 550 directors, only about 40 were black.

An SA Institute of Race Relations (SAIRR) study of black economic empowerment says there were only 11 black executive directors in 1992.

In 1989, 9% of all managers were black compared with 5% in 1979.

"There is no one way to black economic empowerment," says SAIRR research officer Elizabeth Sidropoulos. (173)

"There is also no feasible long-term 'quick fix'. Ultimately, projects and undertakings will have to focus on the benefits to the masses and not on politically acceptable programmes which may benefit only a select few.

"Paternalistic efforts will not unleash the entrepreneurial spirit and initiative which are essential to this process."

The study quotes a Central Statistical Service estimate that the informal sector contributed 7,9% to gross domestic product in 1990. The average net monthly wage in the informal sector was R603 in 1990.

It says several businesses have set up initiatives to provide opportunities for black small businesses.

Anglo and De Beers began the Small Business Initiative (SBI) in 1989. By the end of December 1991, SBI had contracts of R27-million spread among 106 small businesses, 65% of which were black.

These contracts saved R4,4-million in one year on mining timber purchases. Reconditioning of mining

equipment saved more than R5-million.

JCI has also launched a small-business initiative, stressing that procurement criteria are strictly commercial. The group also helps retrenched individuals to set up businesses.

The study notes several initiatives to promote small and black business.

The KwaZulu Finance and Investment Corporation (KFC) has three industrial estates housing 300 industries which created about 40 000 jobs.

KFC made loans to 2 216 small businesses totalling R18-million in 1992.

The Development Bank of Southern Africa made loans available to 18 000 entrepreneurs through several institutions in 1990-91.

In the 1992-93 Budget R3,8-million was allocated to the Small Business Development Corporation. The amount rose to R112,6-million this year.

Estimated unemployment was 5-million last year.

The study says: "At the same time these circumstances have exacerbated the difficulties associated with bringing blacks into the mainstream economy even though the legislative barriers have been removed.

"The long economic recession, sanctions and political violence have undermined efforts especially aimed at job creation."



# JOBS

# Many find skills, few find work

SITWOD (Buss) 31/10/93

(173)

Here's a school which trains plasterers, plumbers, motor mechanics, waiters, bartenders, welders, typists, secretaries and carpenters. But few gets jobs, writes **CIARAN RYAN.**

**THE Alexandria Community Education (ACE) Centre can train more than 1 000 pupils a year, but less than 5% will find work unless the economy recovers.**

The rest eke out a living in the one sector which continues to grow — informal business.

Little wonder, therefore, that trades such as welding and carpentry are hopelessly crowded in this township of 300 000 people to the north of Johannesburg. These courses are the most popular at the ACE Centre.

The centre offers training in motor repairs, woodwork, sewing, catering, computers, typing, secretarial skills, welding and many other occupations.

There is no shortage of talent. Some of the clothing made by domestic science pupils would not be out of place in the finest stores in Johannesburg. The same goes for woodwork by standard six pupils.

A six-month course costs R260. The courses are heavily subsidised by the state and the Department of Education and Training provides teachers and equipment. Eventually the centre will be weaned off state funding and fees will rise.

Built at a cost of R20-million under the aegis of the Rotary Club of Bramley, Johannesburg, with financial support from major corporations, the centre opened three years ago to provide the children of Alexandria with technical and commercial

skills. But they face an uncertain future and virtually no prospect of jobs in the formal sector.

A primary reason for the low employment rate of successful trainees is unrealistically high minimum wages, says the centre's technical sub-committee chairman, Tony Young.

Trade unions call for re-skilling as a solution to unemployment. But the deregulation lobby points to minimum wages and restrictive conditions of employment as the primary source of low job provision.

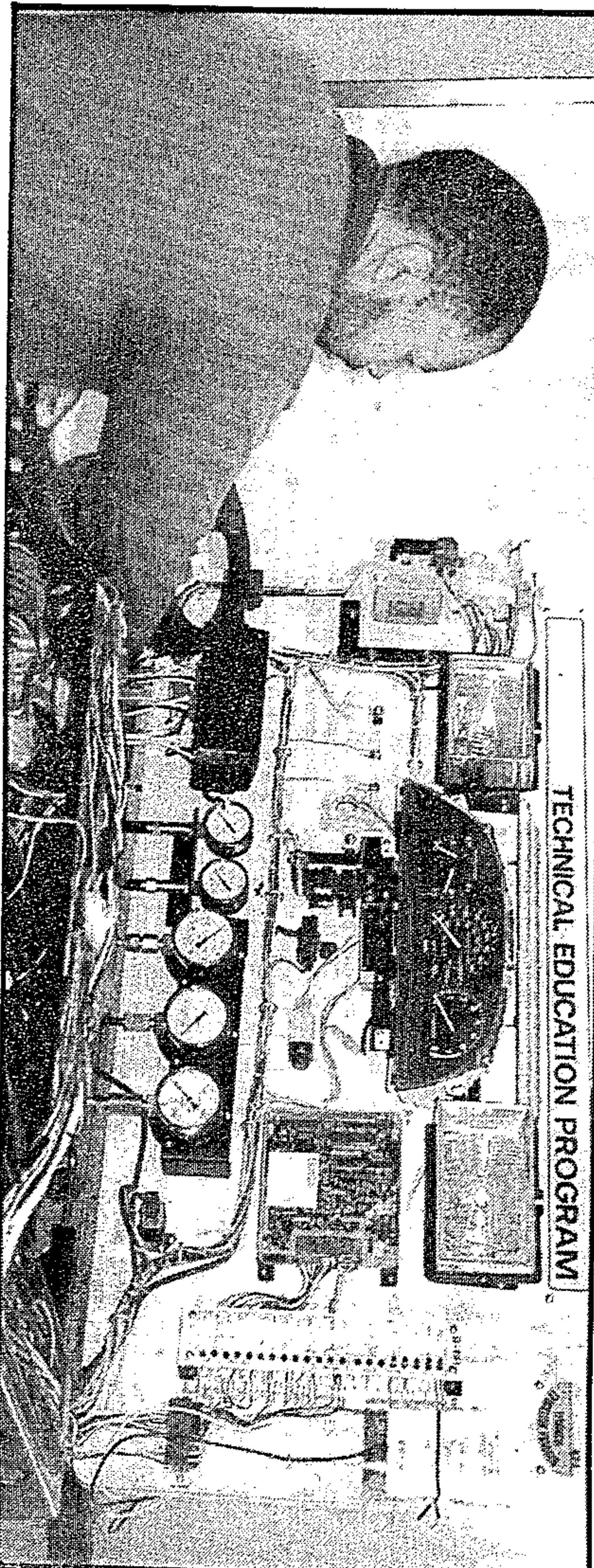
Mr Young says: "Trade unions should realise that they cannot set minimum wages at levels which make it unprofitable for industrialists to take on trainees."

Many of those who qualify at the centre would be happy to work for less than the minimum wage. But they are denied the opportunity of practical training and consequently stable employment.

"Most of our pupils are being trained for self-employment," says centre principal Jan Fourie.

"Graduates return to the township armed with a certificate and new skills, but find there is no demand for them there. Ideally, they should be given basic business training to prepare them for self-employment."

Political unrest and the overspill of violence in Alexandria to nearby industrial areas have forced scores of businesses to move. Recession also forced many to close.



TECHNICAL EDUCATION PROGRAM

**AN ENGINE FOR THE ECONOMY:** The centre is supported by the DET and several major corporations **Picture: CIARAN RYAN**

But Alexandria is no longer the flashpoint of political unrest which brought it notoriety in the 1980s.

Political violence has subsided, the number of political killings this year falling to half the figure for the corresponding time last year.

The situation is fragile, however, with unemployment at 55% and nearly half of Alexandria's 44 000 children not attending school.

Mr Young says that with so many people out of work or refusing to attend school, unrest could break out at any minute.

For thousands of parents, the ACE

Centre is the best hope of providing their children with a better life.

The centre is divided into two: a technical training college and a high school. More than 1 500 standard five pupils from all nine primary schools in Alexandria come once a week to acquire basic technical skills.

The best of Alexandria's standard six pupils are given technical training one day a week.

ACE high school principal George Nel says: "Eventually we will have pupils from every standard in every high school in Alexandria coming here for training."

The centre is contributing to a fall in truancy. Mr Nel says pupils who refuse to attend their own high schools "have no problem in arriving here for training".

Using a computerised training method known as Toan, pupils improve their knowledge of mathematics and English. Computer courses in DOS, word processing, spreadsheets and other basic programmes are the most popular commercial courses.

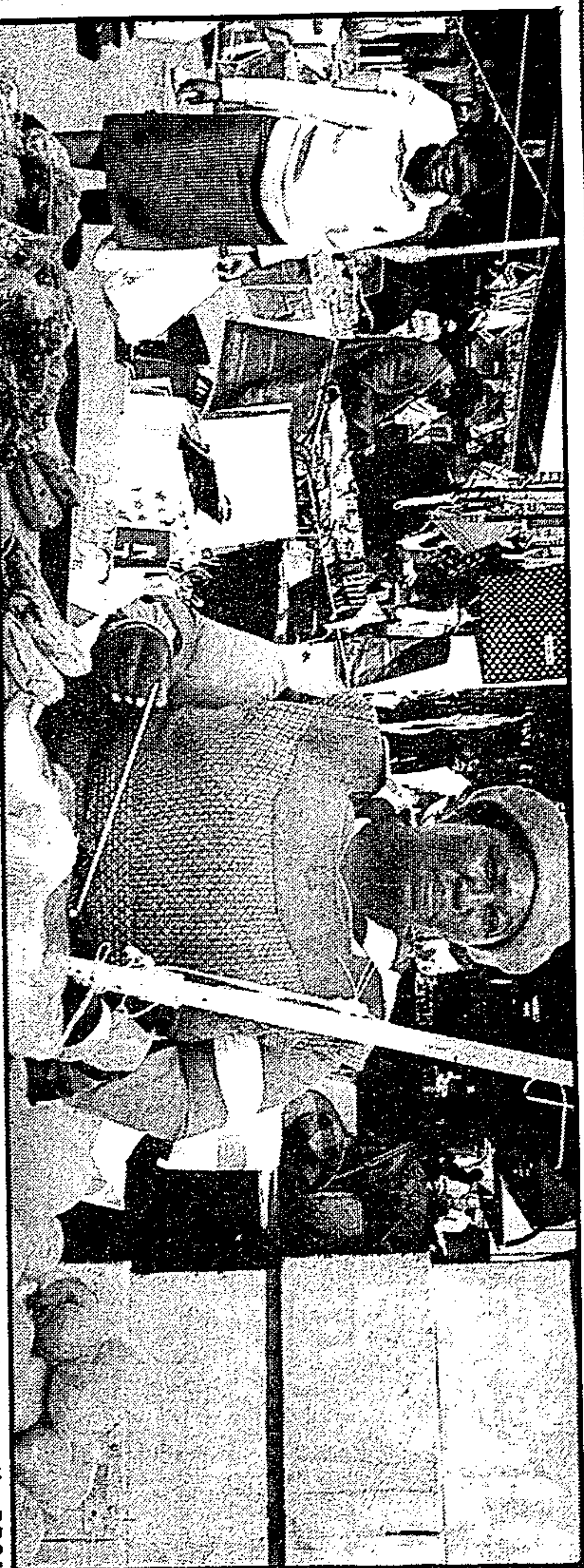
The technical college trains 500 pupils at any one time, 230 on technical and 270 in commercial courses. These courses last six months, after

which the pupils write examinations prepared by the Department of Education and Training.

A repair workshop equipped by Toyota includes six working car engines, a similar number of lawnmower engines for beginners and a complete working model of a Toyota automatic engine with diagnostic monitors for instruction.

The college plans to introduce a hotel school in preparation for the expected boom in tourism, but no backing has been forthcoming from the hotel trade.





FORCED SALE... more than 2-million people eke out a living in the informal sector because they have no other choice, says the DBSA

# Formal plans for the informal sector

*Sitiveni Buss* 31/0/93

By CHERILYN IRETON

ALMOST R1-billion should be spent on a special public works programme to create jobs for 300 000 people, says the Development Bank of Southern Africa (DBSA) in its policy model for human development in South Africa.

The detailed document is being touted by economists as a possible framework for future national policy on human-development and economic reconstruction. (173)

The DBSA believes a labour-intensive job creation programme would provide a safety net for those poor rural households which have able-bodied work seekers unable to earn a living.

It warns that management and design of any such programmes are critical to their success. They should therefore:

- be directed towards appropriate infrastructure development or income-generating goals;
- complement and contribute to ongoing development programmes;

- not conflict with existing labour markets;
- facilitate skills training and community empowerment.

The DBSA says the size of any job creation-linked public works programme would depend on the effectiveness of all other policy measures taken to increase the demand for manpower.

The model confirms that a critical situation has developed over the past two years, during which the absolute number of formal sector jobs has fallen by 266 000.

During the same period, 764 000 people have entered the labour market. In the mid 1970s the growth in employment against increase in the labour force was 60% but this has declined to 13% in the period 1985 to 1990.

The DBSA estimates that only 4.8-million, or

41% of the potential black labour force is currently employed in the formal economy. More than 3.5-million eke out a living in the informal sector and only 1.5-million of them by choice.

Although a large number of people who are unable to tap into the income-generating opportunities in the formal economy earn their living from the informal sector, the DBSA still maintains that the main platform for future prosperity lies in drawing them into the formal economy.

At present problems inhibiting involvement in the formal economy include a lack of physical assets and low levels of productive capacity due to inadequate social circumstances.

Factors inhibiting entrepreneurs include a lack of access to adequate financing, a lack of appropriately sized and priced commercial premises, lack of support institutions and a lack of business management and technical skills.



# 'National Service' for South Africa's youths

In an effort to deal with the problems of this country's 'marginalised' generation, youths are to receive basic education and training — and a little money — through voluntary work, reports **Alex Dodd**

**A**t least 50 000 young people are to be drawn into voluntary work by the end of next year, in terms of a proposed national youth service.

The programme would be aimed at young people between the ages of 16 and 30 who would be paid a stipend for their services. Participants would receive accredited basic education (life skills, career counselling, leadership training) and vocational training to supplement on-the-job skills

development.

This is one of the key proposals to come out of the recent launch of the National Youth Development Forum (NYDF) aimed at combating the marginalisation of South Africa's youths by putting it on the national agenda. The proposal was forwarded by the 130 delegates, mostly drawn from youth organisations.

Some of the key private, public and non-governmental sectors also represented in the forum are the Congress of South African Trade Unions, the National Council of Trade Unions, the Department of National Education, teacher organisations, the National Housing Forum, the National Olympic Committee of South Africa, the South African Council of Churches and the World Council on Religion and Peace.

The question of a national youth service programme was the item most hotly debated at the forum's

(173) WMM 1-7/10/93  
inaugural meeting, at which Shella Sisulu and Vuyo Mosana were elected co-convenors. It was agreed that a pilot programme would be implemented in February 1994.

The proposal of a national youth service programme was put before the NYDF following an intensive analysis of programmes around the world as well as 15 proposals made locally after the assassination of South African Communist Party leader Chris Hani earlier this year.

"South Africa's youths — particularly black, male youths — are frequently associated with acts of violence, in newspapers, on television and the radio. At the funeral of Chris Hani, as protesters and police fought running battles, commentators speculated about the ability of the supposed 'lost generation' to undermine a future political settlement," says David Everatt, of the

Community Agency for Social Enquiry, who has carried out comprehensive research on South African youths.

"The result was a flurry of activity as political parties, unions and other organisations proffered methods of controlling young people, ranging from labour camps to enforced physical exercise to national service."

The proposals identify 11 areas in which youth service programmes can be launched. These include social welfare (working with old people and street children), health (assisting in hospitals and clinics), environmental conservation (cleaning rivers and assisting in community clean-ups), peace work (monitoring and helping victims of violence), rural development (agricultural co-ops), education and training (leaching, literacy, educare and voter education) and housing and infrastructure (building houses, electrification

and roads).

"It is hoped that by engaging in community or 'national' service, youths will attain a greater sense of community involvement and thus become better integrated into community life," say members of the National Youth Development Coordinating Committee, the non-partisan coalition through which most of the youth organisations are represented in the NYDF.

A number of countries have used youth service and training programmes as a way of addressing the marginalisation of youths. In Africa, the Botswana Youth Development Brigades are aimed at involving primarily rural youths in development.

The Nigerian National Youth Service is aimed at university graduates, to ensure that they use their skills in the national interest and to build national unity.



# Profiting from the recession

Mondli waka Makhahya

(173) cum 15-21/10/93

Corporate South Africa only paying lip service to its commitment to fostering economic growth and creating employment?

Yes it certainly is, if one buys the Labour Research Service's (LRS) argument that the decline in the profit retention rate and increased dividend payout is a sign of this.

And no it is not, if one believes the business explanation that this phenomenon is due to the recession's having depressed the market and forced companies to operate below capacity.

The LRS's Profit Review 1992 Fourth Quarter and 1993 First Quarter says that during this period companies retained only 46.9 percent of their profits as opposed to 51.6 percent in the previous reporting period. More companies paid out dividends to shareholders.

This means less money re-invested

in expansion programmes by companies, argues the LRS, and "is bad news for many millions of unemployed workers... and this comes at a time when there is a desperate need for job creation".

The LRS reserves special criticism for building and engineering companies which, it feels, should be investing heavily in township construction and housing. Instead these two industries' profit retention rate dropped from 46 to 37 percent and 48 to 43 percent respectively.

The LRS's Mark Anderson says the group is now examining companies that reported in the second and third quarters to see what effect the new year's March budget, announced in this year's March budget, had on the retention rate. The tax is meant to encourage companies to retain a larger proportion of profit and spend it on fixed investments.

Using this decline in the retention rate as justification for the Congress

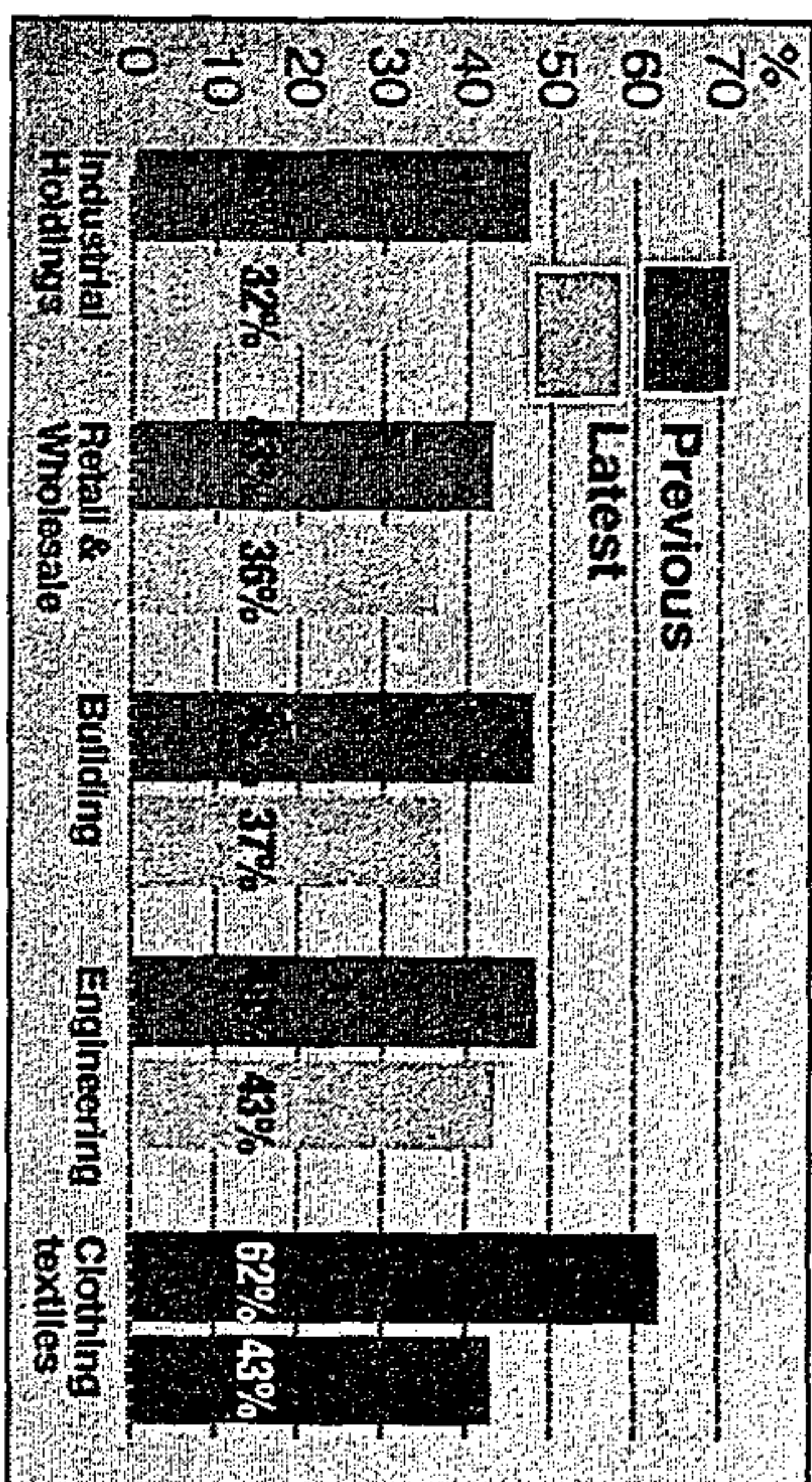
of South African Trade Unions' call for a Reconstruction Accord between the country's economic players, the LRS claims "company directors and managers are telling us that they do not want to contribute to the building up of the economy".

But the business community responds that the economy is suffering its worst recession in decades. And since the recession has put a squeeze on consumers' pockets, companies have cut back on production and fixed investment.

"Economic circumstances are not conducive to fixed investment. A large number of firms are operating at below capacity," says Nedcor chief economist Edward Osborn.

Companies are unable to invest in expansion and are therefore using any excess cash to reward their shareholders.

"Unless you have plans for expansion, there is no point in retaining cash. What a lot of companies are



Profit retention by sector... Clothing/textiles showed the biggest fall

SOURCE: LABOUR RESEARCH SERVICE

doing is looking at a stagnating domestic market and a world economy that is not looking so hot, and taking a wait and see attitude," says South African Chamber of Business economist Keith Lockwood.

Nothing this, Anderson points out that profit retention should not have been declining at the beginning of 1993 since the recession had passed its deepest point. "Surely companies should be gearing up to take advantage of the opportunities presented by the political changes and the opening up of the economy. They have their blinkers on and are just not thinking creatively," Anderson remarks.

## NMC meets on lockout today

273/11/93  
THE National Manpower Commission is to meet today to discuss the disputed lockout provision in the interim Bill of Rights, NMC chairman Dr Frans Barker said yesterday.

"Our aim is to reach agreement on how the clause should read, or whether to reopen debate on the matter," he said. (S) (13)

The meeting follows six days after the Congress of South African Trade Unions led about 10 000 marchers to the Kempton Park negotiating forum with demands that the provision be scrapped. — Sapa



## A boost for job seekers

A JOBFINDER service for casual labourers has been launched by the Western Cape Training Centre. (173)

This has been done to assist casual workers and to eliminate risks for potential employers.

Once casuals have been screened and registered the centre offers basic training after which a certificate is issued.

The centre operates during the week from 8am-4.30pm and from 8am-noon on Saturdays and Sundays.

People requiring casual labourers can call Mr Cradwell Mxenge on (021) 542-2420.

# R18m township plan creates 500 jobs

Property Editor

A R18M LABOUR intensive contract for the provision of 2 000 serviced sites near Kraaifontein has been awarded to Power Construction in consortium with Haw and Inglis.

This is one of the first four township construction projects so far accredited as labour intensive under the Framework Agreement between Cosatu, Sanco and the civil engineering industry.

The contract at Chris Hani Branch, formerly the Bloekombos squatter camp will create employment for between 450

and 500 workers drawn from the local community.

According to Vaughn Forrester-Jones, Power Construction's project director, this is more than four times the number of workers usually employed on a project of this size.

"Every possible aspect of the contract including road levelling and construction, trenching and pipelaying, kerbing, site clearance and levelling to toilet construction will be done by hand."

The project has been split into two separate contracts.

CT 12/11/93 173  
The East section, designed by consulting engineers Ninham-Shand and awarded to Power Construction will take nine months to complete.

The West section, designed by Wouter Engelbrecht and awarded to Haw and Inglis will take 12 months.

The contracts for the Cape Provincial Administration will run concurrently and are scheduled to begin late January.

Forrester-Jones said the workforce was already being assembled for a month of intensive training starting on November 15.

# Forum proposes lump sum housing subsidy

By MAGGIE ROWLEY  
Property Editor

THE National Housing Forum has proposed the replacement of all state housing subsidies, including the first time homebuyers, with a system of lump sum subsidies.

The proposals have been put forward to the Department of National Housing as an interim measure to tackle the growing housing crisis and are currently the subject of intense negotiation between the two parties. The actual amount of the lump sum subsidy is forming part of these negotiations, said Matthew Nel who heads up the NHF's co-ordinating committee.

He said the urgency for resolving effective and equitable subsidy measures and promoting sustainable housing provision had been highlighted by the increasing conflict around the country, particularly the Western Cape and Natal between the housed and the homeless.

"The NHF is committed to resolving the plight of the homeless. The resolution of these immediate conflicts, however, must be addressed in a manner which does not further entrench inequitable, unsustainable and ad hoc responses to what is a national crisis."

Nel said at the heart of the conflict is perceived and continued real racial inequality in the level of state assistance

currently provided for housing.

"It is critical that with immediate effect the interim subsidy arrangement should be applicable on a non-racial basis, irrespective of the current, fragmented, racially based housing administrations.

"The NHF will seek to meet with the affected communities to facilitate an acceptable and sustainable resolution to these conflicts."

There are currently about 12 different state housing subsidies and a system of lump sum subsidies would not only reduce the administrative burden but also allow greater flexibility of housing budgets and could be effectively applied in rental programmes.

"This will allow us to know every year how much we are in for and we will not have the housing allocation eaten up by previous year's commitments as is presently the case."

The NHF believes that an effective state housing subsidy, together with access to home loans remains the key to breaking the current logjam in the provision of housing.

The recently concluded agreement between the NHF and the Department on interim arrangements for housing makes it possible to act in the short term with broad-based consensus so as to support desperately needed assistance for housing projects.

This agreement provides for the

National Housing Board, once established, to consider "as a matter of urgency an equitable level of subsidisation for the interim."

Nel said progress was being made on establishing the board. A procedure for appointments to the board had been agreed on and the NHF had put forward its nominations for both the national and regional boards. A second meeting would be held with the Minister on Monday.

Nel said the agreement on interim arrangements calls for subsidies to be both fiscally and socially sustainable and acceptable and should be done without pre-empting the outcome of longer term policy negotiations.

It was expected that the fiscal allocation of between R2,5bn and R3bn would be needed to stimulate the production of between 250 000 and 300 000 housing units per year. However the NHF does not support the "socially undesirable" site and service option.

According to Nel, the NHF proposes a lump sum subsidy sufficient to provide for more desirable shelter options at the lowest income level.

"However the proposal is non-prescriptive in terms of housing type."

Regarding first time home buyers interest subsidy, the NHF proposes this be replaced by a lump sum subsidy with this subsidy continuing to apply to mortgage credit provided by the private sector.



# R33bn-a-year plan for jobs

St. Times 14/11/93

By KEVIN DAVIE

A R33-BILLION-a-year reconstruction programme which invests in human development and creates 4-million jobs in five years is sustainable, says an updated version of the Platform for Investment (PFI).

The original PFI, co-sponsored by Frankel Pollak, Sanlam, Ernst & Young and the Human Sciences Research Council, was presented to 3 000 business, financial and academic leaders in late 1992 and early 1993.

Presented in the bleak days of the Boipatong and Bisho killings, it argued that political accommodation was likely and that huge job-provision possibilities arose from investing in human development.

PFI II follows requests for an updated version to take in likely political scenarios after April 27 and to assess whether reconstruction programmes are affordable.

Thirty companies and institutions back PFI II, including Anglo American, Eskom, JCI, Malbak, Sun International, Transnet, Fedsure, Genbel, Macsteel, Plate Glass, Massmart and W&A. It also

has the support of the US Investment Services and the Israeli Embassy.

PFI II includes an analysis by the HSRC's Lawrence Schlemmer of support for various political parties, likely trends in political alliances and probable developments in political structures.

Another analysis looks at convergence in economic thinking and the greater concentration of investment in human development.

PFI II says the capital investment requirements of a programme of reconstruction, including provision of social infrastructure for the disadvantaged, would amount to R33,5-billion, or 9,5% of gross domestic product.

The investment rate would have to be restored to 25% of gross domestic product from its present 16% as a prerequisite for sustaining this development. This rate was achieved on average between 1946 and 1985.

PFI II investigates the options available to raise the savings rate and ensure

optimal use of savings to finance the capital requirements of the new SA without endangering macro-economic stability or causing a surge in inflation.

The employment impact of the package would create 800 000 jobs a year.

"Housing, social infrastructure, rural restructuring and small-scale farming will provide some of the work opportunities."

"However, the major job opportunities will need to be generated in the small and micro-business sector and in the formal economy," says PFI II.

A sustained investment programme of this size could create about 4-million jobs in five years.

The study concludes that a stable capital foundation can be established to meet the challenges of the new SA.

"New investment will play a critical role in future economic development and the optimal allocation and effective usage of capital should make such investment affordable in the context of current and future resources."

Presentations of PFI II will be held in Johannesburg this week and next and in Cape Town and Durban next week.



# R1,5bn project to build peace, jobs and housing

SITimes 14/11/93



By CIARAN RYAN

GERMISTON hopes to solve its unemployment problem through a R1,5-billion city re-development, including a mass-housing project. The entire scheme will provide more than 200 000 permanent jobs.

It is the brainchild of Stocks & Stocks marketing consultant Peter Mancer (who earlier this year won a legal suit against Absa) and the Germiston City Council management committee.

Germiston is the first city to amalgamate with its neighbouring black township, Katlehong, which has an unemployment rate of 65% and is racked by unrest.

Financial institutions are expected to back the scheme, with the Government acting as facilitator and providing limited guarantees.

Stocks & Stocks vice-chairman Bart Dorrestein says the Germiston redevelopment is a blueprint for mass housing and job creation and could be replicated elsewhere in SA.

"You cannot solve the problems of this country without creating jobs. People cannot buy houses unless they have jobs. This scheme provides employment which enables people to pay for their houses."

Mr Dorrestein says mass-housing efforts have flopped because they have not provided for employment.

Stocks & Stocks proposes building 35 000 low-cost houses split into communities of no more than 2 000 which will

be further sub-divided into self-contained clusters of 20 units at a cost of R25 000 a unit. Each starter home will be about 50m<sup>2</sup> on a 250m<sup>2</sup> stand.

Money will be raised through stocks. Money will be raised through stocks. Money will be responsible for mortgage payments.

Mr Dorrestein says financial institutions are expected support the scheme because the community will be accountable for mortgage payments.

Germiston management committee chairman Leon Louw says the scheme is a departure from apartheid-style town planning which established black townships as labour camps for white business.

"Germiston's central business district desperately needs revitalisation," says Mr Louw. "We need to bring people back to the CBD and the way to do this is to develop residential areas close to the centre."

A total of 17 000 low and medium-cost houses will be built around the CBD in self-contained news-type units, selling for between R20 000 and R120 000 each. Parts of the city will be pedestrianised to attract shoppers back to the city.

The third leg of the development is centred on Rand Airport and Germiston Lake. They will be linked by a walkway connecting a 25 000m<sup>2</sup> shopping mall to a new airport concourse.

The lakeside development will in-

clude a wharf, entertainment centre, 17 000m<sup>2</sup> of office space, 400-bed hotel and up-market accommodation for 12 000 people, ranging in price from R100 000 to R450 000.

Mr Dorrestein says the housing project stresses the family unit.

"The reason for the breakdown of social structures in the townships is the breakdown of the family unit," he says.

Katlehong mayor Macdonald Mhlana says the scheme has the support of civic associations which were consulted in drawing up the plans. The ANC has also indicated its support.

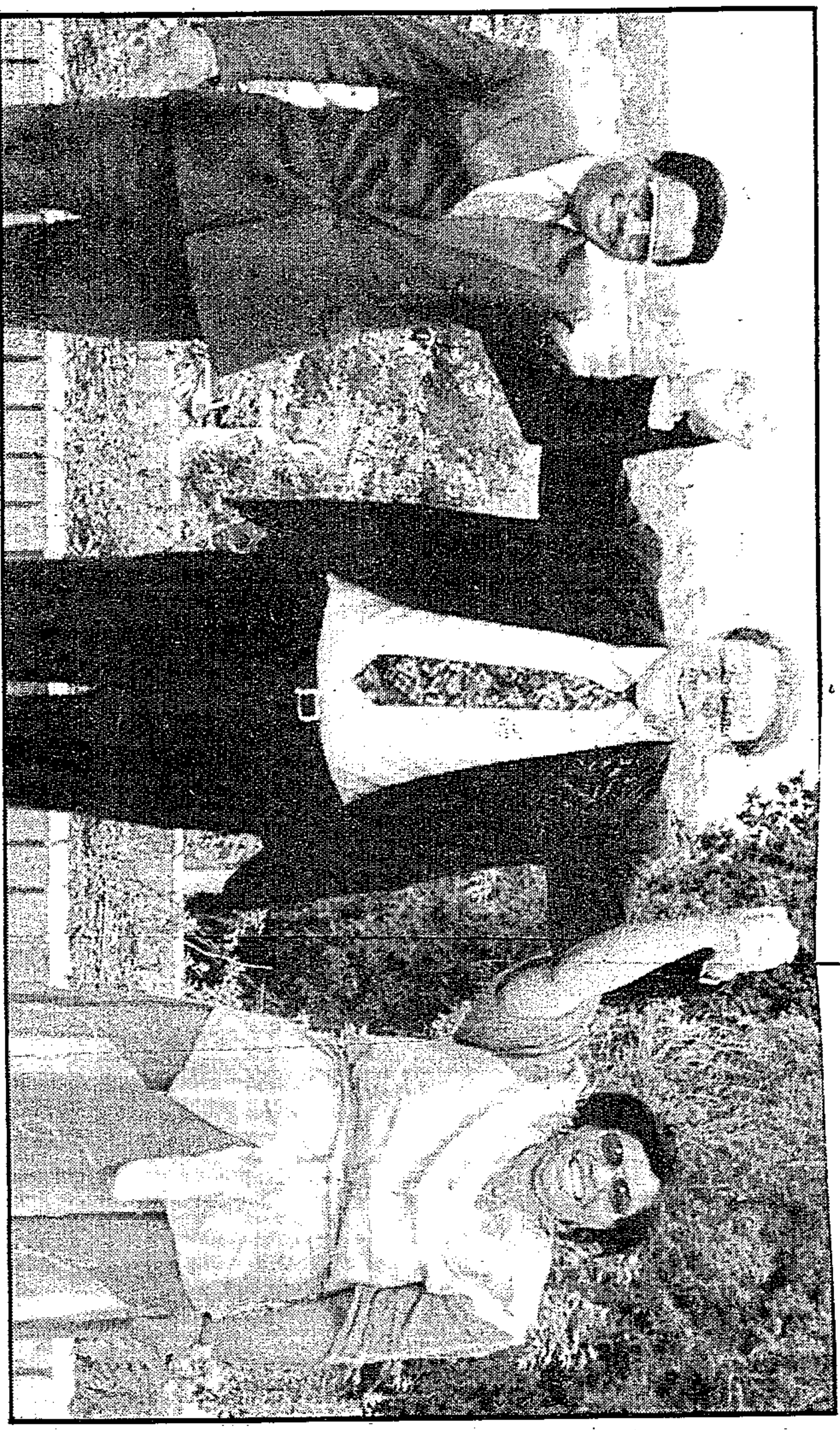
Mr Mhlana says: "The root causes of the problems we are experiencing of violence and rent and service boycotts are addressed in this scheme.

"People do not pay because the services are inadequate. There will be no rent boycott in the new housing development. I believe it will contribute to lowering violence in Katlehong."

Mr Dorrestein says: "By showing the residents of Katlehong an alternative lifestyle, we will be able to assist in the reduction of violence and then, over time, go back into Katlehong and assist in redeveloping it."

The new development will be three kilometres from Katlehong to coax would-be house-owners out of strife-torn Thokoza, Katlehong and Phola Park.

The major beneficiaries will be Katlehong's unemployed, accounting for an estimated 400 000 in a population of 700 000.



JOINT EFFORT: Project members Macdonald Mhlana, Leon Louw and Ruth Leotlela

Picture: CIARAN RYAN



# Business Report

Business Editor

# US: 'Duty to create jobs in SA'

(173)

CT 18/1/93

MANY Americans feel they have a duty to help develop the SA economy and create jobs because they supported sanctions, Jonathan Zemmol, vice-president, planning and development, of International Media Partners — organisers of a major international business conference at the Cape Sun — said yesterday.

Others see "a tremendous unserved market" with opportunities to expand into the rest of Africa.

And others see it as "an interesting way to invest, and the idea that it is socially responsible to do so helps. Social responsibility is important to Americans."

The conference, attended by senior executives of major international companies began with a speech by the chairman of the ANC, Thabo Mbeki, at a dinner last night. It will end with an address by State President FW de Klerk on Friday.

In between there will be panel discussions ranging from business in the new SA and the role of corporations to regional integration.

Zemmol said he had no doubt there would be investment in SA. Com-

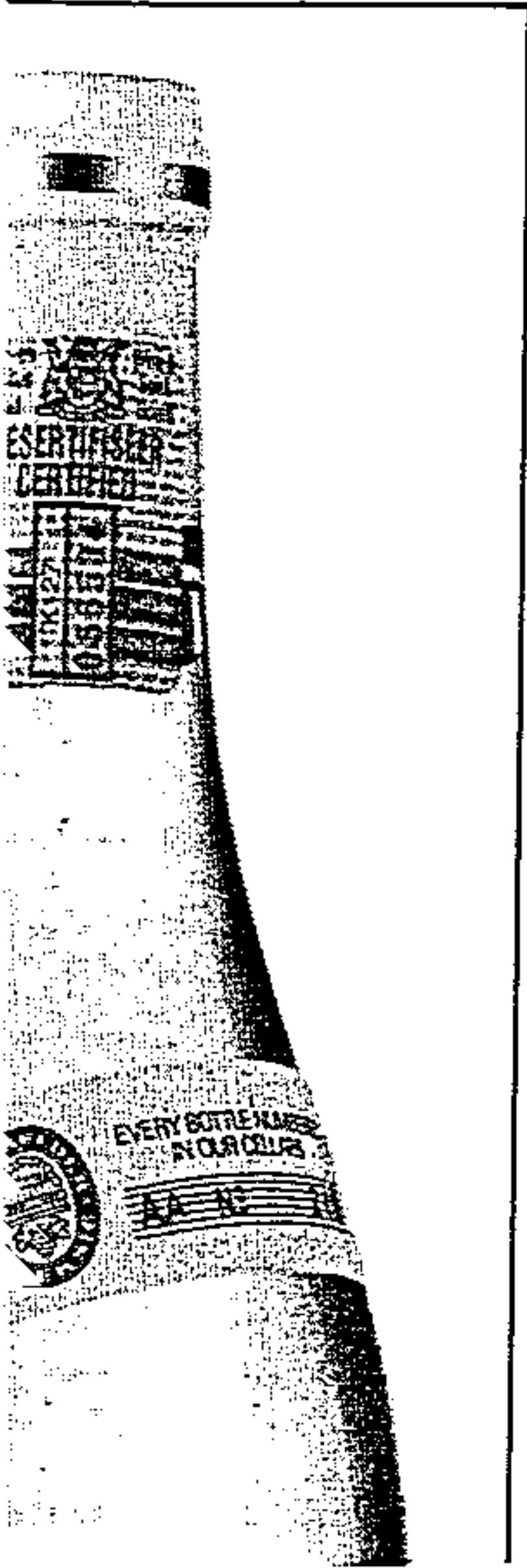
panies coming in to provide competition for local manufacturers and retailers would provide new jobs.

And "I think a lot of money will be coming in indirect investment, through the financial markets."

But, Zemmol warned, there was competition from Eastern Europe, South America and South East Asia for foreign investment. In addition to providing a stable environment free from violence SA would have to market itself.

International Media Partners organise conferences for senior executives of blue chip companies, who are searching for emergent markets, all over the world. There will be one in St Petersburg in April and in Vietnam at the end of May.

This is the first in SA but it is planned to hold a second in Johannesburg next year.



Cape Conference, D12 2-1-93

# 'Jobs galore at Absa'

Sowetan

18/11/93

THE Amalgamated Banks of South Africa are to embark on an affirmative action programme on the East Rand aimed at blacks who aspire to take up banking as a career.

To achieve this objective Absa has commissioned a consultant company, Progress Careers, to help it realise its ambition. (173)

Mrs Maralyn Viviers, managing director of Progress Careers, said her company would hold a career fair on the East Rand next Tuesday.

The purpose of the fair would be to attract action-orientated candidates who are drawn to this new, dynamic and rapid recruitment pro-

cess.

"People will get the opportunity of being interviewed for jobs without having to first apply for them. This is unique in that it is a totally different approach to get a job," Viviers said.

Trained consultants will screen and interview candidates. Selected candidates will conduct final interviews with Absa line managers.

She said the aim of the fair, to be held at Fanie Coetzee Theatre, Germiston Civic Centre, would be to get as many people as possible.

Job opportunities are available at Trust Bank, United Bank, Volkskas Bank and Allied Bank.



# Urgency over job fund allocations

THE National Economic Forum, faced with applications for more than R1bn for job creation from the R254m made available by the state, has missed two deadlines to allocate the funds. **BIDA**

Forum labour process committee member Jayendra Naidoo acknowledged there was pressure on it to deliver. The real test of its success would be implementation of agreements. However, delivery was in the short-term more serious a problem than the lack of funds. **18/11/93**

The Development Bank of SA-led technical committee on job creation had made recommendations for R40m in projects, but this could not be approved by the forum's process committee because the necessary mechanisms had not been put in place. Existing institutions lacked implementation capacity.

A key issue was the need to ensure community support. This would be done by appointing labour reference representa-

GRETA STEYN

tives in every region. Cosatu was in the process of appointing 10 unionists to network with organisations on the ground and establish whether projects enjoyed community support.

Once there was agreement between the labour reference representative in a region and the technical committee, a project could proceed. **(173)**

Naidoo hoped the full R254m would be allocated before the end of this fiscal year, to be spent over 18 months. It should be seen as a pilot for an extensive public works programme, he said.

A public works workshop would be held next week, with a report expected to be completed by March next year.

A review of Manpower Department training was taking place, as agreement on labour standards and training for a public works programme was impo-

# Job creation first task, bankers told

ARC 19/11/93 (173)

**BRUCE CAMERON**  
Business Staff

UNEMPLOYMENT will be the first major challenge for the new government of national unity, Finance Minister Derek Keys has told city bankers.

He predicted that South Africa would have a glowing future after the historic compromise on an interim constitution.

The first task of the new government would be to "seize the problem of job creation at the first opportunity.

"You couldn't set our new government of national unity a more appropriate problem — it is going to provide the ideal topic on which we will have to find each other," said Mr Keys.

He told guests at the annual dinner of the Institute of Bankers that after all the ups and downs of the 30-month negotiating period it was not surprising many people were despondent.

But the position could be compared with a faulty new car.

A motor industry personality, the late Brian Porter of Cape Town, had once decried to him the problems of what was known as a "Monday car".

Cars assembled on Mondays always had faults.

Mr Porter had said it sometimes took months to get the car right, but problems were always corrected. The next problem was to get the owner right.



'SEIZE PROBLEM': Derek Keys

The owner expected things to continue going wrong with the car even though it had been completely fixed. The owner had to be convinced that everything was fixed.

The position was much the same in South Africa.

Mr Keys predicted that restructuring in the economy which had taken place would remain more or less on track.



# Fewer jobs predicted

(173) ARG 19/11/93

THE higher economic growth expected for 1994 will not be enough to increase job opportunities, Sanlam chief economist Johan Louw says today in the group's latest economic survey.

Businesses were expected to continue rationalising, which would mean even fewer jobs in the formal sector.

Sanlam estimated that pay increases to workers outside the farming sector would increase by 8 percent to 10 percent on average in 1994, compared with an estimated 12,8 percent this year. With expectations of an inflation rate around 7,5 percent, real wages and salaries would show little growth.

Mr Louw said the economy was expected to grow about 2 percent next year. A small positive growth rate of around 1 percent was estimated for 1993, following a real gross domestic product fall of about 3 percent over the past three years.

Inflation should average 9,7 percent in 1993 — the lowest since 1973's 9,4 percent. A rate of 7,5 percent was forecast for next year.

Continued monetary discipline should result in a further drop in the bank rate.

Mr Louw said banks' prime overdraft rate could be around 14 percent towards the end of 1994. — Sapa.

# 'Growth in '94 won't produce jobs'

By ARI JACOBSON

THE higher economic growth expected in 1994 will not be sufficient to increase job opportunities, Sanlam chief economist Johan Louw warned.

But better news coming out of the latest Sanlam economic survey was that productivity was improving rapidly and in addition the country could look forward to further declines in inflation and interest rates

next year.

Sanlam is forecasting a 2% increase in real domestic product next year, with about 1% estimated for 1993.

Louw argued that "businesses are expected to continue rationalising, which will mean even fewer jobs, so despite somewhat better economic conditions unemployment in the formal sector will continue to increase".

Louw said that the official fiscal policy should be "mildly stimulatory" in 1994, while relief in monetary policy will be "only gradual" as foreign reserves will remain relatively low.

As for interest rates he predicted that the bank overdraft rate would be at about 14% towards the end of 1994 because of tight monetary discipline.

On other aspects of the local

economy he said that productivity had "improved strongly" with the drastic fall in average wage increases over the last six months.

On the major focal point of inflation Louw said that this measure would increase by about 9,7% in 1993 and will fall further to a 7,5% in 1994.

"This is substantially lower than the average rate of 13,6% for the two decades up to 1992."



# ANC pledges to clamp down on immigrants who snatch jobs

**MICHAEL MORRIS**  
Political Correspondent

AN ANC government will tighten immigration controls to curb the influx of Europeans who are snapping up jobs at the expense of unemployed black, coloured and Indian South Africans.

This undertaking was given by ANC national executive committee member Carl Niehaus in response to a question from the floor during last night's ANC meeting at the Durbanville town hall.

He also assured coloured people that they, just as much as blacks, would benefit from affirmative action programmes.

But he moved to allay fears in the civil service of an ANC government sweeping whites from their jobs and replacing them with people of colour.

Mr Niehaus responded to wide-ranging questions — many of them from Afrikaner residents of the area — in a protracted question session.

His comments on immigration controls were in response to a

question by a young man who complained about "unskilled soccer hooligans" from Britain emigrating to South Africa and getting good jobs simply because they were white.

Mr Niehaus said that under an ANC government "South Africans, and the oppressed people, will get preference, but obviously on the basis of merit".

He added: "We will not allow easy immigration into South Africa of those with white skins who come to take our people's jobs. That easy access will stop."

On the civil service and affirmative action, he said: "The ANC is working for affirmative action, not because we want to push people out of their jobs.

"We have negotiated an understanding in terms of which there will be security for those who are prepared to serve in the new South Africa."

An ANC government would also honour pensions.

"That is reasonable and just, and that is what people have worked for.

Mr Niehaus told the meeting the ANC was not claiming it would be able to provide jobs and houses for "the masses" immediately after taking power, but that it would launch a reconstruction programme to begin tackling these needs immediately.

## 'Crony capitalism' axed

JOHANNESBURG. — South African business is a form of "crony capitalism" and a more enlightened and creative corporate leadership is crucial to building new, mutually advantageous relations between industry and emerging black leadership.

Mr Eugene Nyati of the Centre for African Studies' director added in a Johannesburg address this week that South Africa could never be a world player if it continued to have low training budgets.

"The narrow Anglo Saxon bias that tends to look at business purely as return on capital to investors needs a philosophical revision," he said.

Mr Nyati added that South Africans will have to learn to do more for less. "Both blue and white collar workers will have to dramatically increase productivity and accept reduced average remuneration to build a firmer medium to long-term." —

Sapa

(173) (877) ARG 20/11/93



# 'Jobs SA's key concern'

173  
CT 20/11/93

By AUDREY D'ANGELO  
Business Editor

SA's "greatest, fundamental need is going to be for jobs," the Minister of Finance, Derek Keys, told leading foreign business people at the CEO Institute conference at the Cape Sun yesterday.

"There is nothing as important as putting unemployed people, and people coming on to the jobs market, to work."

Admitting that Western economies were also unable to cope satisfactorily with this problem at present, Keys said the difference was that they had static populations while SA's was growing.

Every other problem SA had to face "pales into insignificance beside this one."

The head of the ANC's economics department, Trevor Manuel, said SA was faced with two broad issues.

In addition to the need for jobs there were other issues such as the need for housing, education, training, water and sanitation.

Some of these needs could be dealt with simply by "more efficient delivery" and the others offered opportunity for investment.

Alan Walters, vice-chairman of insurance organisation American International Group and a former adviser to Margaret Thatcher, who was acting as moderator of the discussion, said SA was an "Afrikaans socialist state"

and a great deal of capital had been wasted on the wrong projects.

This capital could now be diverted to growth.

Discussing the expectations of the majority, Keys said some people saw this as a threat but he saw it as "a tremendous flywheel which, if properly harnessed, will do a lot to drive the economy."

Manuel said the ANC was not against big organisations but the way in which conglomerates stifled competition led to inefficiency. The ANC was committed to an anti-trust policy.

## 'Protection'

Commenting: "I would not wish US-style anti-trust laws on anyone", Walters said the pyramid companies prevalent in SA prevented shareholders from being able to keep top management on their toes and protected inefficient managements from hostile takeovers.

Keys said the major shareholders in SA were the institutions, who would not allow their unit trusts to slip back in the table because of poor management of their investments.

Walters said he was worried about the emphasis on redistribution: "It is the alleviation of poverty that is the problem — not the need for redistribution. They are not the same thing."

"If the economy grows it will bring the poor up, eliminating poverty, as happened in Taiwan and Hong Kong."

# Freedom is fine, but jobs are few

By ALI MPHAKI

POLITICIANS can rave and rant, but what the unemployed South African needs most is a job!

While the goings-on at the World Trade Centre have concentrated on a political solution, it should be borne in mind that political freedom will not necessarily bring economic freedom.

The problem is that there are qualified people on the street who have all the necessary credentials — but no job.

For instance, there are small business training centres springing up throughout the country but without the necessary links to financial institutions.

These are the reasons a new company was formed recently by BP South Africa and Johannesburg Consolidated Investments (JCI).

Called Initiative for

Economic Empowerment (IEE), this new company aims to develop black business skills and create jobs for thousands of unemployed people (173)

IEE chief executive Lucas Ntuli, former chief executive of the Small Business Education and Training Academy, says IEE is engaged in real economic empowerment and doesn't "follow the old style of handouts and dependency".

"After attending our 13-week training, the student drafts a business plan and if the plan is viable, he gets finance. We do not just give people certificates and leave them in the lurch," he said.

"After obtaining finance we also do after-care servicing and mentoring of his business," added Ntuli.

He said their training was intensive, and equips the student with neces-

ary skills for assessing the viability of a business and helps him market his business ideas to potential financiers.

"Experience has taught us that a lot of black people would like to start their own businesses, but due to financial constraints, their enthusiasm wanes.

"More often than not, black people haven't the necessary skills to start a business, giving the financial institutions reason enough to reject their loan applications.

"Our training is aimed at equipping these people with the skills they need in business so as to be in a better position to enter the competitive world of business."

Ntuli can be contacted on the fifth floor, Suzuki Building, 62 Juta Street, Braamfontein, Johannesburg, or telephone (011) 339-1166/7.



R33-bn a year needed for next five years

# High cost of job creation

Star 24/11/93

**PROPOSED** spending could result in 860 000 new jobs a year, with the promise of 4 million more over the five-year period

**■ BY CLAIRE GEBHARDT**

SA needs to fork out R33,5 billion, or 9,5 percent of gross domestic product (GDP), a year for economic reconstruction over the next five years if it wants to create jobs for its millions of unemployed.

That's the message from a Platform for Investment initiative launched yesterday by a consortium of Frankel Pollak Vinderline, Sanlam, Ernst & Young and the HSRC.

Frankel Pollak economist Mike Brown said the twin objectives of a successful investment platform were investment



**Mike Brown ... Budget must be streamlined.**

and employment.

The proposed annual spending could result in 860 000 new job opportunities a year, with the promise of four million more over the five-year period.

Brown said the 9,5 percent

increase in new capital investment would put a considerable burden on SA's capital formation, but suggested that the investment/GDP ratio could be raised from its current 16 percent to 25 percent of GDP by.

■ The gradual elimination of government dissaving, which had risen to an average 4,7 percent of GDP in 1992.

■ A reversal of capital outflows, which has averaged almost two percent of GDP over the past six years.

■ A 1,5 percentage point increase in the average corporate savings/GDP ratio as the economy recovers.

Fixed investment by the Government should be raised from an average of 2 percent to as much as 5 percent or 6 percent of GDP as part of a national reconstruction programme to finance housing, water reticulation, rural reconstruction and business and human development.

"Part of contractual savings

could also be shifted into direct investment until normal investment cycles are re-established."

Brown said the Government also faced huge current or recurring expenditure over and above capital spending (173)

"The Development Bank of Southern Africa (DESA) puts the cost of raising the basic level of education and health and widening the social safety net at some R30 billion over five years."

Brown said this would raise government expenditure from 34,1 percent of GDP for the current fiscal year (1993/94) to 36,1 percent of GDP.

"Raising the state's capital expenditure rate by two percent of GDP and recurrent spending by 2 percent of GDP would put the total government share of the economy at some 38 percent of GDP — dangerously high."

Brown said the Budget would clearly therefore need to

be streamlined by either curbing government spending, direct or indirect tax increases and the broadening of the tax base.

"A VAT increase might provide the optimal means of broadening the tax collection base in the near future to take advantage of the disinflationary conditions in the economy ie. the inflationary impact of the VAT increase would be lessened, as was the case with the VAT increase earlier this year."

Brown said a broadening of the tax base through wealth taxes, capital gains taxes, land taxes, etc, interfered negatively with the process of capital formation.

He also believed that a future government would not be able to avoid for long the privatisation of state assets in order to reduce state expenditure, finance capital development programmes and achieve productivity gains.

# Multi-billion rand bid to create 4 million jobs

ARG 24/11/93 (173)

CLAIRE GEBHARDT

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- The gradual elimination of government dissaving, which had risen to an average 4,7 percent of GDP in 1992;

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He also believed that a future government would not be able to avoid for long the privatisation of state assets in order to reduce State expenditure, finance capital development programmes and achieve productivity gains.

- More than 40 000 new jobs have been created in KwaNdebele this year following new investments and expansions worth more than R40 million in the industrial, commercial, small business and agricultural sectors.

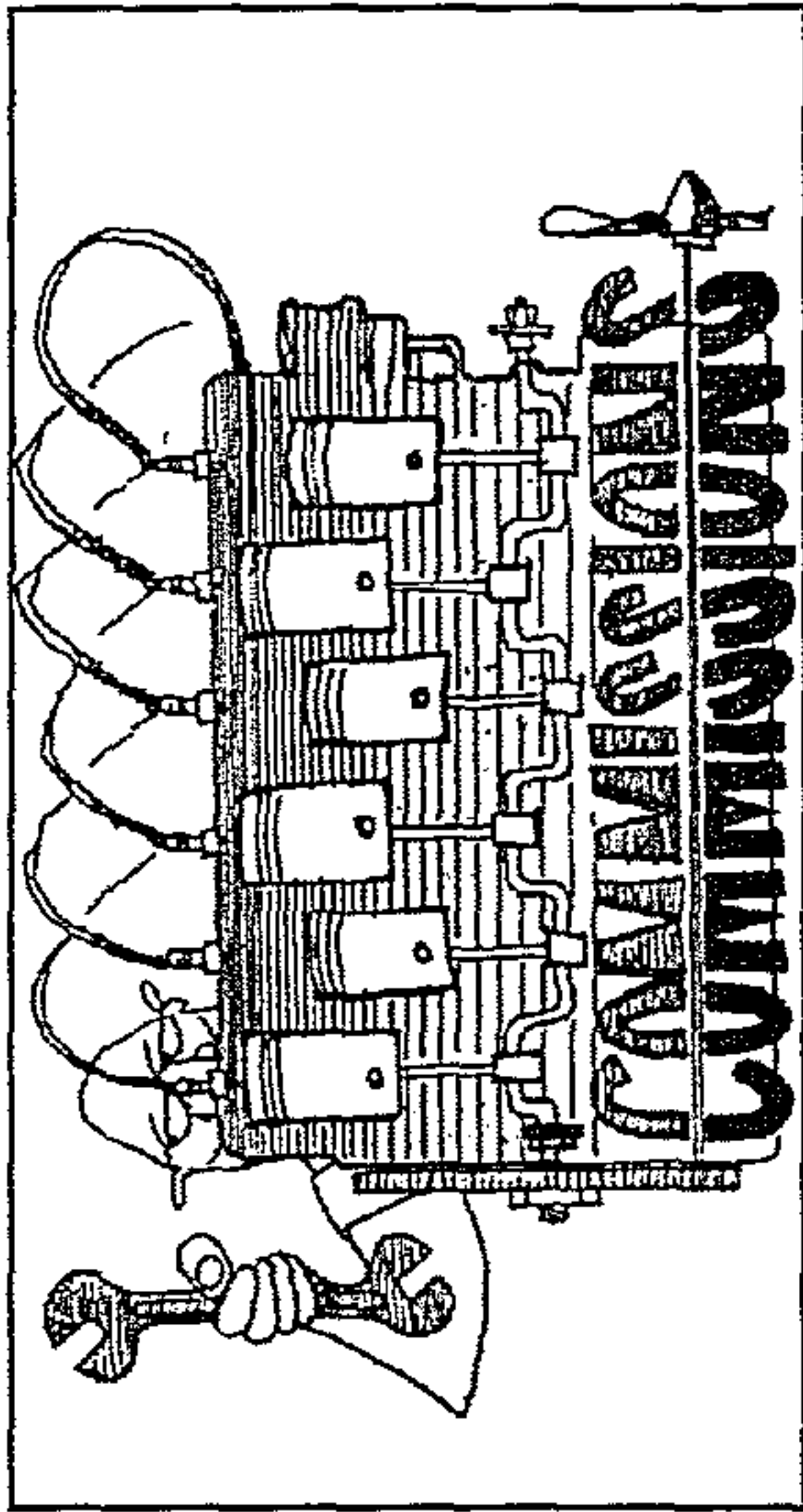
In its annual report, the development arm of the territory, the KwaNdebele National Development Corporation, says this brought the total industrial investment in the national state to more than R500 million and the creation of more than 29 000 jobs in both the formal and informal sectors.

Meanwhile a shopping complex worth millions of rands is to be built in Kwaggafontein while the existing one in Siyabuswa, the former capital, is to undergo an expansion of more than R8 million.



# WCEDF aims to develop Cape

South 26/11 30/11/93



**M**EETING the development challenges of the Western Cape is no small task, but the Western Cape Economic Development Forum (WCEDF) has set its sights on doing this.

The forum, which has broad-based support, hopes to establish the basis for sustainable development in the region through devising strategies on the basis of consensus,

identifying priorities and engaging in action-oriented work.

The WCEDF, launched in December last year, is the most representative forum in the region.

It has the active support of key metropolitan stakeholders — business, labour, local and regional authorities and political and community organisations, as well as development, service and funding organisations, central government and parastatals.

Together, these groups are devis-

ing appropriate development strategies and initiating and co-ordinating action aimed at building the Western Cape economy.

The forum would like to see sustained job creation, better education and training, urban development and economic growth and restructuring.

It has set up commissions to work on these key areas. These commissions are the forum's "engine room". Their work is co-ordinated by the steering committee and all the commissions

report-back to a plenary of WCEDF members.

The Job Creation commission has been evaluating Western Cape applications for national funding for job creation projects. It intends conducting a "skills audit" in the region.

The information gathered will serve to guide work on training, vocational guidance and job placement.

Three critical areas of educational concern are literacy and numeracy, vocational training and organisational capacity building.

The Education and Training commission has met with literacy organisations in the Western Cape and moves are afoot to co-ordinate literacy programmes with a view to conducting a large-scale literacy drive in the region.

The commission is also looking at assisting community-based organisations to participate more effectively in the forum.

Export promotion, the creation of a tourist culture, support for small and medium sized enterprises, industrial growth and restructuring and attracting local and foreign capital investment are the tasks of the Economic growth and restructuring commission.

Two long-term commissions are the Urban Development commission and the commission on rural development and agricultural strategy.

The Urban Development Commission is drawing up guidelines for the development of a metropolitan government and the physical development of the city.



**H**ALF OF young South Africans (between 16 and 30 years) depend on their families for income.

This means a lot of people in what could be the most productive time of their lives are not even earning enough to support themselves.

This crisis facing South African youth prompted the Western Cape Economic Development Forum (WCEDF) to set up a youth task group, which is convened by Mr Greg Erasmus of the Careers Resource and Information Centre (Cric) in Athlone.

Erasmus believes creating jobs for young people must be part of a broader development strategy for the region that includes both job creation education and training.

This will ensure not only that jobs are available, but also that young people have the skills to take them up.

When dealing with people under 16, for example, the priority should be improving access to quality education so that they can compete to their full potential in the job market when they are older.

Young people also need to be educated to be realistic about the jobs they seek.

"There is a high rate of young people looking for white-collar jobs where those positions might not exist, and technically-oriented jobs would be more readily available," Erasmus says.

One survey revealed 86 percent of young people would like to work in the formal corporate sector, in full-time employment. The formal sector means any kind of established business, be it a multinational oil firm or a corner cafe.

Yet this sector can accommodate only 10 percent of school leavers, so a lot of people are forced to adjust their ambitions to suit the reality of the situation.

"The key issue is, what are the

# Job creation is part of development

South 26/11 - 30/11/93

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## NO LUCK: Finding a job can be very frustrating

alternatives to traditional employment?" Erasmus says.

"We have to orientate young people to view the labour market as much broader than a traditional job in the formal sector."

It is not enough simply to throw every school leaver into small business without preparing them prop-

and access to finance for establishing business."

A more competitive job market is going to call for increasingly skilled labour.

"In the past, educational qualifications didn't matter much," Erasmus says. "If you were black you could get a job if you could push a wheelbarrow. In the future there needs to be more of an emphasis on skills and qualification."

Erasmus says this process of training must not end when a student leaves school. Rather, more priority should be given to in-service training and adult education.

Education aside, the task of searching for a job is beyond the capabilities of many young people. At the moment, only 30 percent of unemployed youth are actively looking for work.

So, what are the 70 percent doing? While some may have been discouraged by the overwhelming task of finding work, Erasmus suggests that many may simply not have the resources to go job-hunting.

When you don't have a job, who pays your train fare into town to look for one?

The problem is particularly acute in rural areas, where, if there are no opportunities locally, job-hunting means travelling to the nearest city.

Erasmus sees some signs of hope for jobs in the western Cape with the region's potential for tourist development.

The need for housing on the edges of the city also opens employment opportunities in construction.

When a new housing development is completed, it opens a whole new range of needs for services — roads, drainage and electricity must be built and maintained, shops, schools and other facilities must be set up to serve the new communities.

Erasmus believes these openings should be exploited to promote job creation.

Nationally, the transfer of state power to the Transitional Executive Council could also have implications for job creation.

Once the police and the defence force have lost their political stigma, it is likely more young people will regard them as acceptable career choices.

Affirmative action in the civil service will also see opportunities arise for black youth — but only for those with appropriate education.

In the meantime the National Youth Service Scheme provides openings for youth without previous training.

Established under the auspices of the National Youth Development Forum, the scheme involves young people for up to two years in social service projects in areas such as health, child care and rural and urban development.

Two years working on one of these projects will give people experience which will be useful when they look for a job.

Obviously training and job creation do not come for free, and Erasmus believes the state is going to have to make a substantial investment in appropriate training initiatives.

"If we rely on foreign investors and the goodwill of the private sector there will be problems — in a time of recession, they cut back. The burden is on the state to actively encourage job creation."

But throwing money at the problem will only lead to further frustration — unless job creation is tackled along with community development and education in the broadest sense.



# Job creation 'a top priority'

PRETORIA — Job creation should be the top priority in economic policy, Finance Minister Derek Keys yesterday told an SA Communication Services briefing.

While the achievement of social objectives was the ultimate test of the validity of any economic policy, "our social objective is jobs". Any policy that did not seek to create jobs would have no validity.

Fortunately there was a happy correspondence between what most underprivileged communities needed and what the unemployed could be trained to do, he said.

Policy planners had to feel self-confident, energetic and relaxed to be creative in tackling unemployment. "Businessmen have been down during the recessionary years; they have suffered from an inferiority complex and self-doubt."

Biday

ADRIAN HADLAND

Recent economic indices from virtually every sector suggested that prospects for sustainable growth were excellent.

"This is a far cry from when I first became involved in January 1992 and I am counting my blessings." 26/11/93

The success of multiparty negotiations, the "win-win" process of the National Economic Forum and government's willingness to consult on matters of crucial economic policy were further good signs for the future and had contributed to a resurgence in optimism. (173)

"My simple message is that we have no need to feel down, we have weathered the worst and must now look forward to what will be a wonderful time for us."



# 'There is work to do — and there are people'

SOUTH 26/11-30/11/93

**YOU'RE UNEMPLOYED.** You live in a squatter camp, or a township with dirt streets and no drains. All day long you look at the depressing scene and wish you could do something about it.

You wish you had a job.

This situation is what a new job creation scheme has been designed to tackle. There's work that needs to be done — there are people to do the work.

This is the idea behind the public works programme established by the Western Cape Economic Development Forum — to use people previously unemployed to build roads, homes, drainage and other public facilities in areas where these are inadequate or lacking.

But how do you create and pay for jobs where there were no jobs before?

A sure way to destroy jobs is to replace workers with machines — so the public works programme reverses this trend.

Projects must become less capital intensive (in other words, relying less on investment in expensive technology) and more labour intensive (employing more people to do the task instead of machines).

It's all a question of how employers spend money — on technology



## **SANTA'S HELPERS: Unemployed people can find work outside the formal sector**

or wages.

Mr Adrian Sayers of the National Union of Metalworkers of South Africa (Numsa) says the civil engineering industry has been a capital-intensive one, using heavy-duty machinery such as earth movers.

The public works plan has been made possible by the extensive dis-

cussions between Cosatu, local authorities responsible for construction, civil engineering companies employed by local authorities, and community organisations.

Talks between them secured a commitment from the engineering firms to shift towards a more labour-intensive way of working.

When it comes to planning individual projects, the community determines the shape of the project. A community with unemployed people which lacks infrastructure can send representatives to present the community's needs to the Economic Development Forum.

A community liaison person will

be part of every project management team. Another important feature of the public works programme is that workers are paid for each task they complete rather than a daily rate.

A task-rate approach gives workers more say in how much work they do. This makes the operation more productive and enables workers to make more money by working faster or putting in longer hours. It is particularly useful for single parents, as it allows workers to use their time flexibly. Since they get paid according to the tasks they complete, there is no need to be at work from nine to five every day.

Sayers says unemployment in the Western Cape ranges from 30 to 50 percent. (173)

"You can deal with this problem in two ways — you can take a crisis-type approach or a longer term approach."

While a permanent solution to unemployment is needed in the long run, Sayers emphasises that the public works programme is aimed at short-term poverty alleviation.

But he says this scheme "will hopefully impact on future levels of employment," adding that a drop in unemployment is also likely to bring down the level of violence.

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Jobs the 'key'  
to country's  
bright future

PRETORIA. — Job creation should be the top priority in economic policy, Finance Minister Mr Derek Keys said yesterday (173)

"Our social objective is jobs," Mr Keys told an SA Communication Services briefing.

Mr Keys said that recent economic indices showed excellent prospects for growth in virtually every sector.

The success of multi-party negotiations, the "win-win" process of the National Economic Forum and the government's willingness to consult on matters of crucial economic policy were further reasons for the resurgence of optimism, he said.

# 'Create jobs OR COURT big trouble'

ANGRY businessmen, upset at what they see as a trampling of their interests at the government-sponsored National Economic Forum (NEF), have formed a new body in Cape Town to protect the interests of small business.

The body, called the Federation of Independent Business Associations (Fibasa), claims to represent several hundred employers.

It was formed because small to medium businesses felt their interests were being ignored by big industrialists and commercial interests in cahoots with government and trade unions.

The organisation has elected businessman Darawees Gesant as president and appointed business consultant Frank Lighton as executive director.

The federation is planning to

■ A businessman has warned that without large-scale job creation in the private sector, the country will be in trouble.

**BRUCE CAMERON**  
Business Staff

demand membership of the National Economic Forum and the National Manpower Commission, which it claims are dominated by vested interests.

It accuses NEF members of ignoring the needs of small business and the potential of small business to create jobs.

Spokesman David Matthews said the federation in fact aimed at maximum job and wealth creation for the entire population regardless of race, education or ideology.

He said the majority of South Africans of all races had been impoverished by the "self-serving vested interests that had controlled the economy for the past 40 years by means of regulation and monopoly".

"The economy over that period was milked and stunted by powerful vested interests for their own benefit and the danger facing all South Africans today is that one set of controlling vested interests will merely be replaced by another.

"I refer specifically to the tripartite alliance of government, big businesses and organised labour which is now negotiating a heavily regulated economic system which will favour the vested interests and protect them from free and rigorous competition in an open market.

"Control and regulation will be justified as being necessary for the good of the masses, as it always is, but the real pur-

pose of the regulation will be to grant trade and labour monopolies and to protect certain privileged individuals and groups. This will shield them from the rigours of open competition.

"In the protection of the vested interests, the opportunity for ordinary South Africans to escape the poverty trap and to generate growth and wealth for themselves in an open, competitive market will be lost for another generation.

"The greatest threat to the well-being of South Africans today is massive, chronic unemployment that will divide our society perpetually into two warring camps of the privileged employed and the perpetually unemployed."

Mr Matthews added: "None of us can afford this. Recent history has taught us that only an open, productive economy capable of taking its place in the competitive world market can create significant wealth for all its citizens."

ARG 27/11/93

#173



# Rocks in SA's road to creating more jobs

(173)

Platform for Investment II raises some thorny issues.

## Reg Rumney reports

**H**OW seriously can we treat the idea put forward by Frankel Pollack Vinderline economist Mike Brown this week that four million extra jobs could be created over a five-year period?

In the latest "scenario exercise", the *Platform for Investment Mark II*, Brown stresses we cannot put all our efforts into creating jobs. We must restructure the economy towards exports, as suggested by the World Bank, or run into — among other problems — a "trade gap".

Brown is compelled to mention — and dismiss — niggling doubts in his admirably researched document. There are, for instance, the well-known "delivery problems" in creating jobs: violence and insurrection,

the quest for political leverage, a lack of community co-operation, non-payment of rentals and service bills, and misallocation of development funds. And there is the problem of affordability.

Crucially, Brown's premise rests on soon restoring the investment rate, ie the ratio of investment to gross domestic product (GDP), to the levels of 25 percent sustained through much of the Sixties, Seventies, and early Eighties. That rate is now around 16 percent, the lowest level since World War II.

A 25 percent investment rate (and a net investment rate of 10 percent at present capital-labour ratios) would provide 460 000 jobs a year.

That in itself is not enough. Brown then sets out various interventionist strategies, such as the job creation projects being worked on by the National Economic Forum, which could raise that figure.

The total number of new jobs created, Brown reckons, could be as high as four million over a five-year period.

Creating those 860 000 jobs a year entails capital spending of R33,5-billion or 9,5 percent of GDP a year. That in turn could come from eliminating government dissaving, the revival of corporate savings, increasing government investment, ending exports of capital for debt repayment, and directing contractual savings into direct investment.

Brown remarks on other adjustments the economy has to make. South Africa is being drawn back into the world community at a time when trade liberalisation is a global phenomenon.

Aside from the need for reduction of protective tariffs, removal of the "anti-export bias" and lower inflation, there will also have to be exchange rate stability.

The big IF relates to labour's natural scepticism about reining in demands for living wages. Brown points out the economy needs not only macro-economic discipline but wage and general labour discipline when the economy recovers. South Africa will also have to be competitive at all levels, which means ditching restrictive labour practices and "short-cut" redistribution policies like high wage policies to close income gaps.

It means raising productivity and reducing protection. But it also means anti-trust policy to ensure free access to markets, something vested interests can be prepared to fight.

On raising government fixed investment, Brown says the "Yito Mboweni short-cut" should be avoided and loan funds used for capital formation, rather than higher tax being relied on to finance capital formation.

Wm 26/11 - 2/12/93

The increasing use of indirect taxes to finance recurrent spending will fly into union flak. And the neatest method of raising capital to finance development — privatisation — is still fiercely opposed.

International trends will also aid growing convergence on economic policy, Brown believes, and there is a global trend towards social pacts between business and labour.

But resistance to those trends has not vanished.

The Macro Economic Research Group is soon to release its own report which, it is understood, will set its face against the common wisdom Brown puts his faith in. And the union movement has its own "high wage, high productivity" model.

So while Brown's figures add up and there is growing consensus on economic policy, there is still potentially a rocky path to the Platform's own "high road".

# Job programmes aid peace in Alex

Star 7/12/93

■ BY ANNA COX

The creation of jobs through people development programmes has contributed greatly to the peace which has existed in Alexandra over the past year, said National Health director-general Coen Slabber.

Slabber was on a visit to Alexandra, near Sandton, on Friday to visit the social upliftment programmes sponsored by his department (173)

The programmes are facilitated by the O'Connor Foundation and implemented through Direct Action, a pressure group which is representative of all political and social sectors of the community.

Direct Action has started several development projects in greater Alexandra which include brickmaking, food gardens, sewing, vegetable growing and pottery and through them has not only created employment for hundreds of people but has

taught people to become self-sufficient.

In the IFP and hostel areas, which were previously regarded as trouble spots, Direct Action has implemented brickmaking and sewing projects. It has also opened two creches catering for 150 children and started adult literacy classes which are attended by some 200 people a night. Direct Action also recently facilitated the clean-up of the hostel areas by residents themselves.

Slabber said the most important factor of these programmes was the fact that the people were being given employment opportunities.

"Where people are unemployed there can never be peace. I am pleased with what I see in Alexandra. A year ago this was a no-go area and people were afraid — today there is a different atmosphere.

"Although there is a lot to be done, great steps have been taken," he said.



# Bricks mean jobs for Alex

Star 8/12/93

■ BY ANNA COX

A brickmaking project which will create jobs and empower many unemployed residents of Alexandra, near Sandton, was launched yesterday.

Phuthaditjhaba Brickworks will operate as a community-based commercial venture.

It will be managed and operated by the people of Alexandra with the assistance of the business sector. (173)

Five brickmaking machines were donated by the O'Connor Foundation, a private welfare organisation.

Five teams, each consisting of six people, will produce 25 000 high-quality bricks and blocks a day which will be sold to

the community and the building industry.

The Portland Cement Institute, the training base for all cement producers in the country, will provide the expertise and technical training.

O'Connor Foundation co-ordinator Richard Mollentze said at the launch: "This project is vitally important because, if it works in Alexandra, it could be instituted in other townships.

"The scheme is a shining example of what can be done when people stop talking about upliftment and get on with it at grassroots level."

Mollentze said the project would directly or indirectly create job opportunities for at least 1 000 people.

# 'Invest in small business to create more jobs'

(173) ARG 9/12/93

## Business Staff

DURBAN. — South Africa's economic employment-creation priority will be best served by investing in small business before major projects such as Sasol, Mossgas and Columbus Stainless Steel, in the view Republic of China Ambassador to SA I-Cheng Loh.

He told delegates to an ANC business development conference in Durban that Taiwan had created its double-digit economic growth on the back of almost 1m "small and medium" enterprises.

He described how the Taiwanese government had helped turn small and medium enterprise into the dominant force in the national economy.

Firms capitalised at less than R5 million with fewer than 300 employees accounted for 97 percent of companies, employed 62 percent of the workforce and produced 40 percent of GDP.

They also exported 57 percent of Taiwan's foreign-sold goods.

Outlining the measures taken by the RoC (Taiwanese) government to promote the highly successful drive for prosperity in his country by smaller businesses, Mr I-Cheng said while SA had a magnificent research organisation in the CSIR, its work had not been tapped in the best interests of the country.

The Taipei authorities had estab-

lished the Industrial Technology Research Institute, where "thousands of scientists work in dozens of laboratories conducting research into industrial application of new technology" for transfer to the private sector free of charge.

This was just one of six steps taken by the government and which had helped nurture its dynamic small and medium business sector.

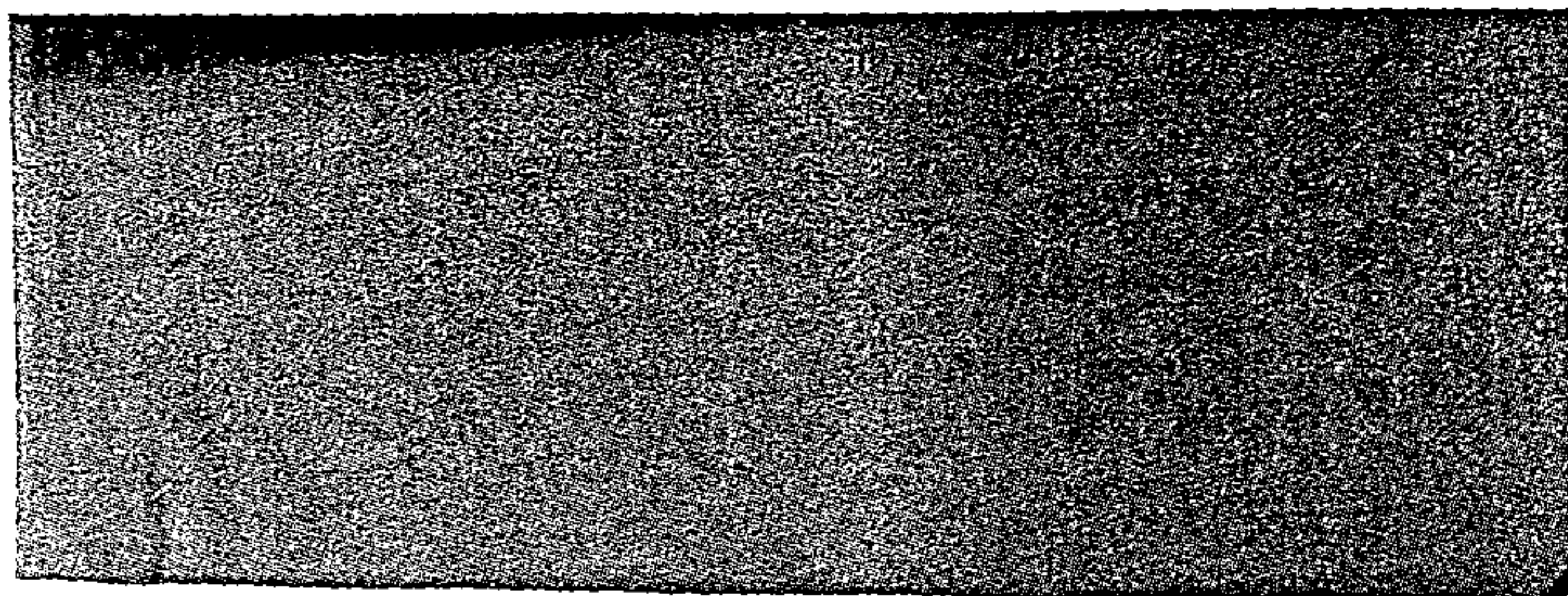
■ Anti-trust laws and effective affirmative action are key ingredients in the ANC's recipe for shifting the focus of financial institutions towards support for small business — particularly black-owned.

Addressing the ANC small business development conference here, the organisation's economics head, Trevor Manuel, said control of all major lending institutions was held tightly in the hands of a small, powerful group of white-owned corporations.

Anglo American controlled First National and Standard Banks and Liberty Life Assurance. Old Mutual had charge of the Nedcor group and Sanlam held the reins in the sprawling Absa group — which comprised most of the remainder of the sector.

He believed the corporates needed to be changed from within and he felt effective affirmative action — to which the ANC gave its "unashamed support" — would prove to be a major force in achieving.

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State upgrade worker skills • Speeding privatisation

# 20-year training campaign urged

By Mzimkulu Malunga

**T**HE private sector will have to help the State develop the skills of black workers in the country.

According to a report released by an ANC-aligned intellectual group, the Macro Economic Research Group, commitment is required among employers to upgrade skills of their employees. A Merg report submitted to the ANC last Friday proposes massive investment in training for a period of 20 years to narrow the skills and wage gap between blacks and whites.

In a chapter on human resources the report says failure to effect radical changes in the education system will result into a negligible seven percent improvement in the wage gap between blacks and whites.

For instance, while in 1990 black wages were about 40 percent of salary earnings of whites, the figure could only rise to 47 percent by the year 2010 if the

status quo is maintained.

However, if radical changes are implemented, Merg projects that the wage earning capacity of black workers could rise to 70 percent of white wages during the same period.

"By end of the projection period (2010) only about 5 percent of the economically active black population will be confined to the lowest education skill category compared to 28 percent if policies remain unchanged," says the report. (173) ~~170~~

Using 1992 figures it is estimated it will cost the Government about R5 billion a year to provide 10 years of education to all children in the country.

Merg also proposes an adult basic education programme to upgrade the skills of semi-skilled employees.

Such a programme will require the Government to employ additional teachers and trainers costing in the region of R80 million. It is expected that the government could alleviate the burden on employers who embark on the

adult basic education programme by subsidising their wage bill during the period that companies spend training their employees.

The organisation claims that employers could recover the remaining part of the costs of the basic education programme through increased productivity and an efficient work force. Nominal tax holidays and subsidies are among the incentives which Merg advocates to lessen the burden on employers.

"The proposed reforms of the industrial relations system would widen the scope of such industry-level negotiations to relate wages, skill formation training, investment, technological change and work reorganisation," says the report.

Meanwhile the Development Bank Southern Africa has welcomed the Merg report as an "important contribution from the democratic movement to the current debate about the design of new policies for economic reconstruction and development in South Africa".

Sowetan 9/12/93

# 'More jobs in the new SA'

(173)

CT10/12/93

By AUDREY D'ANGELO  
Business Editor

THE "new" SA has the potential to create more jobs than the old — particularly if the adversarial relationship between unions and employers changes and productivity increases, Boland Bank economists say in their last Economic Review of the year.

Hoping for this to happen, Cape Town Chamber of Commerce says in its current newsletter that, meanwhile, "management must prepare for various scenarios as it adapts to the inevitable changes that will come about in a future SA".

The Boland Bank Economic Review says SA's labour market will be affected by the period of change which lies ahead.

"Much has been debated during the past few years about the structural weaknesses of the labour market. Several short and longterm solutions have been identified many of which have not materialised into real actions for a number of reasons.

"The expected 'post-1994' features of the SA labour market may contribute to the hastening of such solutions. We regard the

## Rise in productive labour

most important of these as:

- Fewer labour disruptions.
- Lower real wages.
- Extension of training initiatives.
- More labour intensive production processes.
- Accelerated informal job creation."

The review points out that organised labour action was an integral part of the political struggle in SA.

"This process, however, yielded few winners since thousands of labourers lost their jobs and several producers saw prices of their products rise to uncompetitive levels.

"Political emancipation also holds the promise of labour market emancipation. The decrease in strikes and work stoppages in recent times is probably the first sign of greater stability in this

respect.

"In the past two years an average of 1.5m mandays were lost per year due to work stoppages as against an average of nearly 2.5 mandays per year in the preceding five years.

"The gradual and natural estrangement already occurring between important labour unions and political organisations is probably another sign of this."

Discussing wages in relation to productivity, which caused a swing towards capital-intensive methods, the review continues: "Labour has become a particularly expensive production factor in SA. This phenomenon not only aggravated the struggle against inflation but also led to producer resistance to labour as a production means.

"In a labour market such as the SA one, where an estimated unemployment rate of more than 20% exists, labour should strictly speaking be very cheap. Since 1980, however, real wages increased by almost 20% as against an increase of only 7% in labour production.

"The removal of political artificialities should enable normal market forces to take their course again."



# R254-m earmarked for job creation and training

ALIDE DASNOIS

Business Staff *173* *ARL 11/12/93*

THE National Economic Forum has allocated R45 million to job-creation projects and R2,4 million to training in more than 200 communities.

So far the Forum has received more than 900 applications for funds from its job-creation programme, which is to make available a total of R225 million for job creation and R29 million for training.

Applications close on December 15 and the NEF intends to have allocated all its funds by March next year.

After site visits and discussions with applicants and with regional interest groups, the NEF decided on a first set of allocations, which include:

■ R31 297 828 for assistance to rural community-based projects

for creches, community centres, classrooms, water supply, road provision and conservation in Natal Kwazulu, the Transvaal, the OFS and the Northern Cape, including the Karoo Agricultural School.

■ R460 000 for the rehabilitation of the Moshana Community Dam in the Western Transvaal.

■ R340 000 for the Boichoko Pre-school and Community Resource and Training Centre near Postmasburg in the Northern Cape.

■ R385 000 for the Lima Rural Development Foundation in the upper Tugela region of Kwazulu.

■ R512 000 for the Muchinson/Bhoybhoyi Water Supply Programme on the Natal South Coast.

■ R218 000 for the labour-intensive construction of a bridge linking Limehill and Egalipi in Natal.

■ R100 000 for the construction

of water piping for the Bell Village in the Border-Kei region.

■ R49 157 for a sewerage project in New Bethesda in the Cape, involving the emptying of 138 pit toilets which are a serious health risk to the community.

■ R1 650 560 for the construction of 47 kilometres of access road in North Pondoland in the North-Eastern Transkei.

■ R789 000 for the upgrading of community facilities, roads and historical buildings in Genadendal in the Western Cape.

■ R4 488 321 for the rehabilitation of rural roads and the provision of water for communities in the Fort Beaufort area.

■ R275 000 for the Port Elizabeth Job Creation Centre, a joint initiative by more than 50 organisations.

■ R1 404 000 for the Sunflower Project's Small Builder Programme in the PWV region.

# R50m for 195 job projects

JOHANNESBURG. — The National Economic Forum (NEF) said yesterday it had allocated almost R50 million for job creation projects and worker training from its budget of R254 million.

The NEF said R45 million was approved this week for 195 projects out of over 900 applications and a further R2,4 million for

the training component of these schemes. (73)

The money represented a total of nearly 127 000 man-months of employment in over 200 communities countrywide, it said.

The aim of the Job Creation Programme is to allocate funds to viable job creating projects in the provision and maintenance of urban and rural infrastructure, and to provide training

linked to the projects.

There is an initial budget of R225 million for employment generation projects and R29 million for training linked to the schemes.

All the money would be allocated before March in three monthly portions and applications would still be accepted until next Wednesday, the NEF said. — Sapa



# Fewer jobs for whites

5/13/12/173

CHANCES of job placement and promotion among white people should be reduced but not completely stopped, SABC development manager Prof John Makhene has said in Pretoria.

Addressing the National Quality Conference of the National Association for Productivity and Quality Circles in South Africa, Makhene said white men occupied 85% of management positions in South African companies.

"Clearly they will be crucial in the transfer of management and professional skills to those who had been disadvantaged before."

If opportunities for job placement and advancement among whites were stopped completely, it could lead to the demotivation of staff and a reluctance to transfer

skills to the disadvantaged.

## Results

Makhene suggested extremely valuable white employees should be compensated in other ways.

Equity should have a legal basis. ANC official Papie Moloto recently indicated that his organisation would initiate legislation to equalise opportunities and redress imbalances, said Makhene.

It was suggested that organisations be rewarded or punished according to their results in the equity process.

Companies had to develop skills to manage the high expectations among blacks and fear among whites which accompanied equity.

## Major priority

A number of strategies

had to be implemented to ensure equity contributed to an increase in productivity and quality improvement.

These included substantially increased investment in training and development initiatives, particularly for black people and women; developing an inclusive corporate culture to empower all employees; and participants in training and development programmes should be made to understand that performance should precede reward and promotion.

The only way in which South Africa could improve its international competitiveness was to concentrate on human resource development as a major priority and to fully intergrate the equity process into companies' strategic business plans, he said. — SAPA

*Blow to Edenvale carwashers*

# 40 lose jobs

# after project bites dust

SECUR 23/12/93

■ BY HAYLEY SCHONBORN

More than 40 men have been left unemployed since the Edenvale Town Council scrapped the Help for Out-of-work People in Edenvale (HOPE) carwash project at shopping centres this month.

According to HOPE consultant Shirley Kelly "rebel" carwashers have taken advantage of the lucrative idea and begun harassing shoppers. HOPE received a bad name as a result.

The project started three years ago and ran at three shopping centres in the Edenvale area. (173) (333)

"We are very upset at the way the Edenvale Town Council stopped the project without warning or discussion — and just before Christmas-time. The council never gave us a chance to defend ourselves or give us any options," Kelly said.

Edenvale town clerk Piet Jacobs said they had to ban the carwash project because there were numerous complaints by the public, not about HOPE, but about the other carwashers who

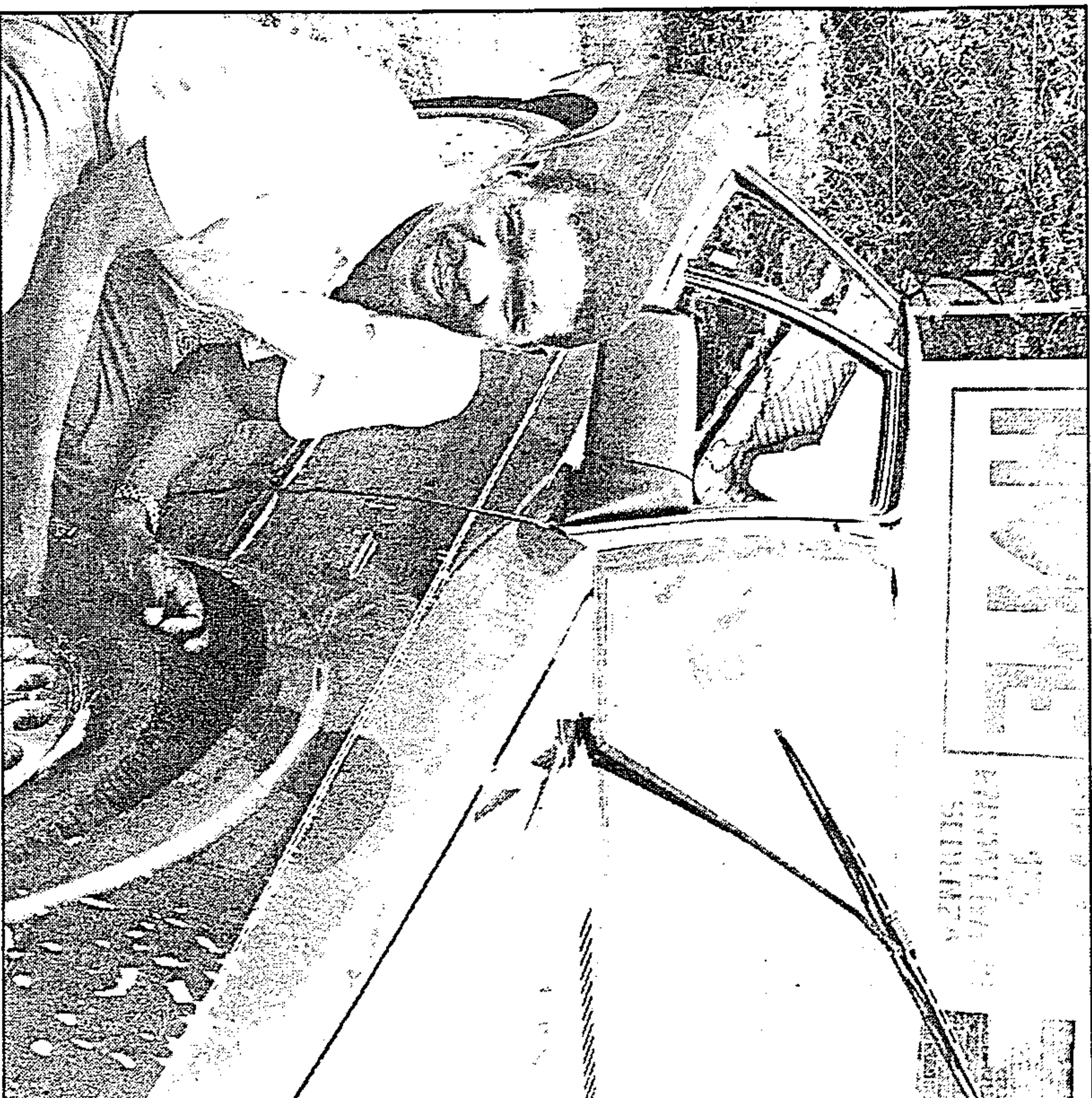
**ANGER as council puts an end to scheme for unemployed men after 'rebels' harass shoppers**

harassed shoppers. "Our own bylaws also prohibit carwashers in parking areas," he said.

Kelly agreed that the "rebel" carwashers were a problem. "Cars would sometimes be scratched and aerials broken when people refused a carwash. We called a meeting and it was agreed that the employees would co-operate with a supervisor. But police could not help us and the supervisor received threats."

HOPE chairman John Povey has drafted a letter to the council asking it to consider alternatives, such as the Verwoerdburg Town Council's practice of offering permits for washing cars.

"There has to be another way. After all, kindness to the poor is an act of worship," said Kelly.



Ever hopeful . . . Mshiselwa Skosana, who has been unemployed since the HOPE carwash project was stopped.

PICTURE: ALF KUMALO



MANPOWER - GENERAL

1994

A Economically  
active growing  
B/DOM 5/11/94  
THEO RAWANA

THE economically active population of SA will increase from today's 12,3-million to 17,6-million by the year 2000, the SA Institute of Race Relations says.

The institute's latest Fast Facts publication said blacks would make up 74% of the economically active population, coloureds 9%, Indians 3% and whites 14%.

The National Manpower Commission's mid-year estimates for last year, obtained from the 1992 annual report, showed that of the 12,3-million, 64,8% were black, 11,6% coloured, 3,3% Indian and 20,3% white.

The institute said the current figure was 300 000 more than the 1992 figure.

Blacks would fill 6% and whites 90% of senior management positions by 1995, compared with 1% and 98% in 1992. (173)

The institute said 46% of the working population was not employed in the formal sector last year, compared with 39% in 1988.

About 18-million people lived below the minimum monthly living level of R750 a family and about 8,5-million were "completely destitute".



**JOBS**

Sl Turok (Buss) 9/11/94 (173)

# ANC's blueprint focuses on employment

**AFFIRMATIVE** action will end discrimination in hiring and promotion, ensure training and education on a broad scale and foster the development of black-owned businesses.

Now in its fifth draft, the Reconstruction and Development Programme was discussed last month at an alliance meeting which included the SA National Civics Organisation (Sanco).

It is to be written into a sixth draft by Tito Mboweni, Ben Turok, Jeremy Cronin and Alec Erwin. The effects of apartheid cannot be undone overnight, the RDP says.

The RDP says affirmative action will be monitored by a strong "ombud" system. Hand-outs for the unemployed should be avoided and all programmes should take into account the need to maintain incomes and expand employment.

Private-sector retrenchments must be discouraged. A public works programme authoritatively, with costs of not more than 1% of projects, is envisaged.

This programme would spend R1-billion in 1994-95, benefiting 100 000 people. By 1999 600 000 people could take part in it.

A national youth service programme (NYSP) would mobilise 50 000 volunteers in 1994-95 and cost R300-million. By 1999 it would have 300 000 volunteers.

A community development fund would have a R100-million budget

**How will an ANC government create jobs? The answers and strategies are contained in the ANC-Cosatu-SACP alliance's Reconstruction and Development Programme (RDP). By KEVIN DAVIE.**

to provide resources for poor communities.

The RDP supports dynamic small and medium business. It criticises repressive regulations which undermine black business.

Micro, small and medium enterprise, particularly black business, will be expanded under the new government, it says.

Industrial policy must focus on job creation. Investment incentives are being reviewed to develop a stable, effective and defined structure.

"The objective will be to promote manufactured exports." Trade reform would simplify tariffs and reduce protection "in a manner that minimises disruption of employment and sensitive socio-economic areas".

The RDP wants a climate conducive to foreign investment. Specific programmes would be introduced to promote company-level technological development. Anti-trust legislation would prevent anti-competitive behaviour. Unbundling into more focused, effective corporations would be extended.

Wage policy is critical, says the RDP. "The democratic state must seek to ensure a living wage for workers." New laws "will as soon as possible" compel companies to disclose all information relevant to their communities and workers.

In financing the RDP, "we must ensure that we do not defeat its objectives by fuelling inflation or creating an exchange rate crisis".

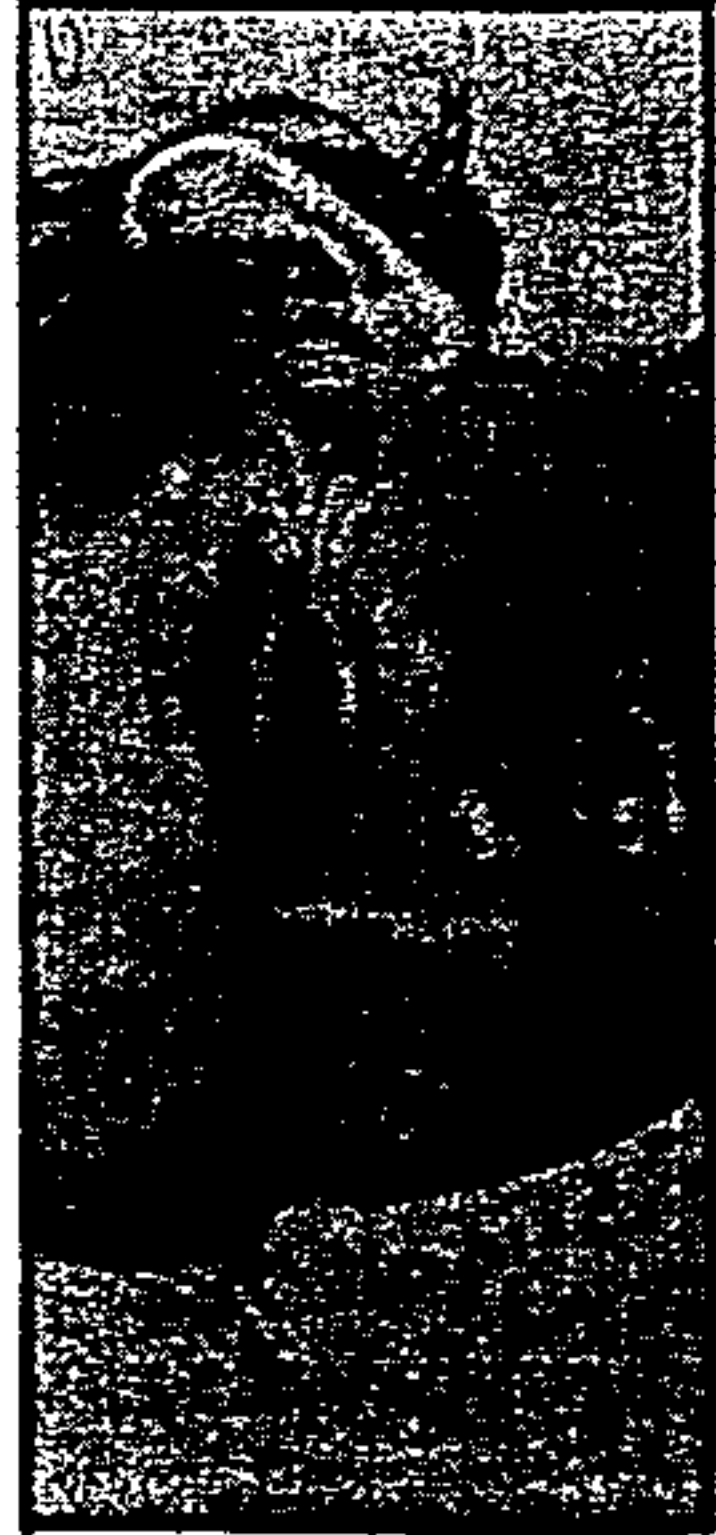
A fifth of the national Budget at present is spent on education and health. But the results are poor. SA suffers from higher literacy and worse health than almost any other similar country.

"Some of the 'hormalands' piled up debt, which we must all now pay." New funds could be mobilised from a reconstruction bond to be marketed at home and abroad.

"If local financial institutions do not take up an appropriate share, the state will consider prescribed assets to reduce costs."

The state might also introduce a reconstruction levy that would last for only the first five years of the RDP. The levy would be a temporary wealth tax affecting only the higher-income group.

Personal tax would be reviewed



**THINK-TANKERS:** Tito Mboweni, Alec Erwin, Jeremy Cronin and Ben Turok, who will prepare a sixth draft of the alliance's RDP report

to reduce the burden caused by fiscal drag on middle-income earners. The state cannot fund the RDP without support from the private sector. Financial institutions must help by funding individual programmes to meet basic needs, especially housing, and by improving their service to small-scale pro-

ducers and black communities. "At the same time we realise that we cannot compel the financial institutions to make long-run losses." The state must assist the very poor. "The major financial institutions are controlled by white men. They are not sufficiently accountable to

the communities in which they operate. "They should attempt to include representatives of trade unions and civil society in their boards." "Pension funds should become more accountable to their policy-holders. The state will change the law to ensure that trade unions, as

the workers' representatives, have seats on the boards of the pension funds." An "ombud" system for the financial sector would be set up to enforce laws against discrimination. Negotiating forums provide a new approach to policy making. They would be strengthened and

restructured to make them more accessible, efficient and representative.

"Public funding will be made available for them to function properly."

The ministries of finance and state expenditure would be combined in a single department.

The lending criteria of the IDC, the DBSA and SRDC would be changed to support small enterprise.

The RDP aims to give 10 years of general education to all children.

Training boards with equal representation of employers and workers are envisaged to facilitate skills development.

Funding would be provided for land for those who need it and those who lost it because of apartheid laws.

Beneficiaries would pay according to their means. A land tax on rural land would help to raise revenue.

Housing policy must empower communities, be affordable and sustainable.

State housing would be transferred to long-term residents free of charge. Payment arrears would be written off.

The RDP says the building materials industry must be examined with a view to improving output and reducing costs.

"Cartels, price agreements and market share agreements must end," it says.



# Slight recovery unlikely to boost creation of jobs

B/S Day 17/11/94

JOHN DLUDLU

THE slight recovery in most sectors of the economy late last year and the marginal projected improvement in economic growth are unlikely to generate large-scale employment, economists say.

Research by the Development Bank of Southern Africa attributes the economy's relatively low rate of employment generation to a weakening labour absorption rate. A bank study cites the rapidly growing labour force and corporate rationalisation as aggravating factors.

The survey notes that since the beginning of the downswing in 1989 to the end of 1991, employment declined by 188 000, wiping out nearly all the gains made from 1986 to 1989. Other causes are the continuing drift towards capital-intensive production, which reflects firms' attempts to counter the problems of rising labour costs and low productivity.

The figures show that between 1960 and 1965 the de facto labour force increased by about 195 000 while formal employment opportunities increased by about 158 000, implying that 81% of newcomers could be absorbed by the formal sector.

Since then the situation has declined sharply, with only 8,4% of the increase in the labour force accommodated by the formal sector between 1985 and 1990.

In spite of optimistic economic growth forecasts — some as high as 2,5% for 1994 — by many analysts, and a marked decline in retrenchments, economists agreed that employment opportunities were unlikely to improve dramatically this year.

Econometrix economist Tony Twine said the good summer rains, which had led to a recovery in agricultural output, would make the farm

sector a more secure employer rather than generate new jobs.

However, Twine was optimistic that new jobs could arise in the manufacturing industry towards the end of 1994 if the sector continued showing growth signs. "If manufacturing attempts to reorientate itself towards external markets we might see more jobs being created, but these would be at the more skilled levels. This could put lesser skilled jobs at risk." (173)

An increase in the demand for minerals meant the mining industry was a promising sector for job creation. Higher demand should lead to new jobs, Twine said.

The rise in the gold price indicated the mining industry was set for a new recruitment drive after massive retrenchments in the 1980s.

AHI chief economist Nick Barnardt was less optimistic about the outlook for new jobs this year, although he conceded employment in sectors such as financial services and retailing might improve towards the end of the year.

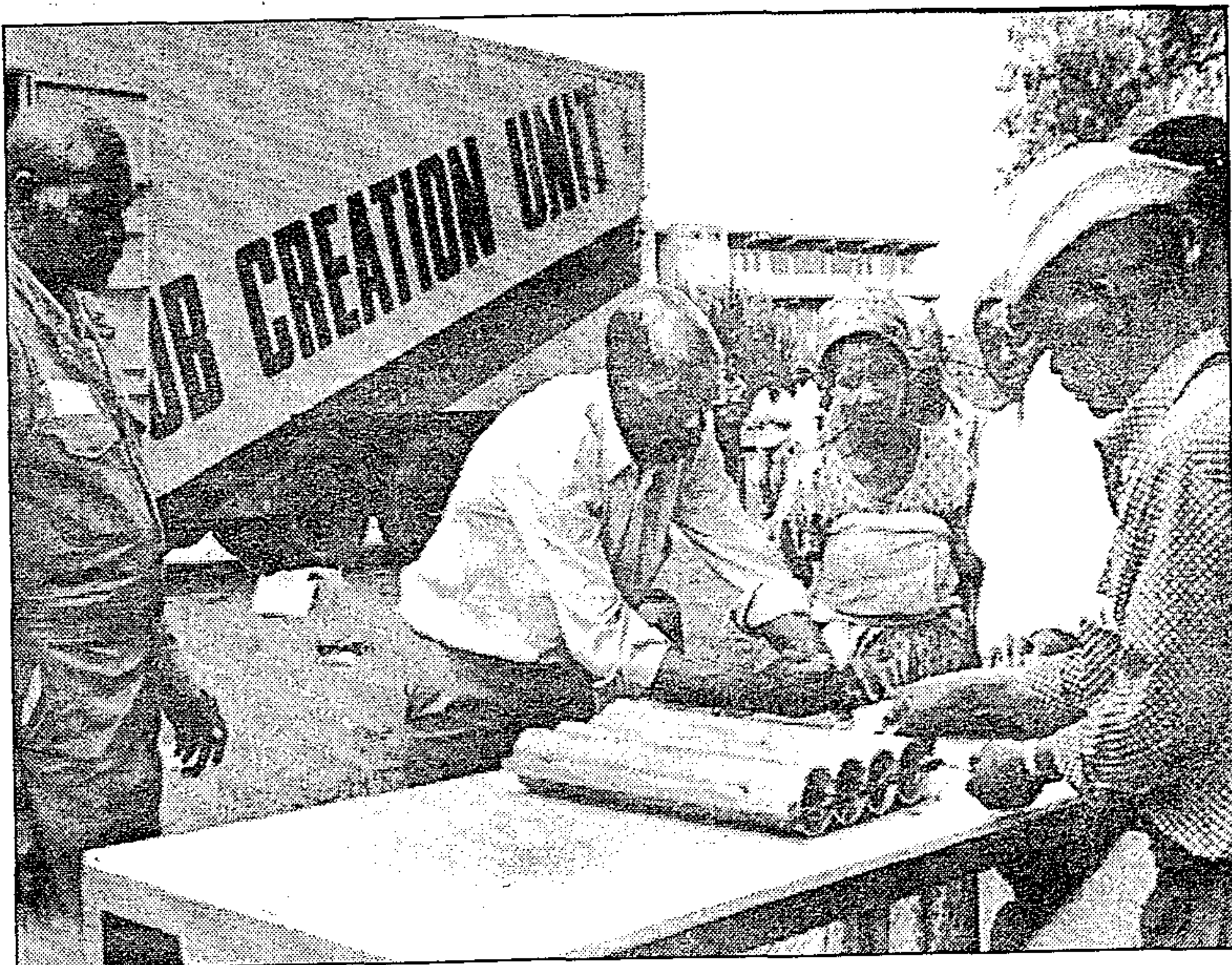
The advent of a new government and change of policy priorities might brighten prospects for employment in the public works industry.

The current emphasis on strong regional governments, and the increasing of the number of regions to 10, could result in the expansion of the already large public service.

Analysts pinned their hopes on a successful political transition. Factors such as the holding of free and fair elections and a stable government would be critical to employment prospects.

An improvement might be visible after April 27.





Retrenched mine workers receive training in the business of candle making PHOTOGRAPH: RUTH MOTAU

## From miners to masons: Trucking in new skills

WJM 21-27/1/94

(173) (2/1)

Retrenched miners no longer sit outside their homes — they can now earn a living running their own businesses. **Ferial Haffajee** reports on the mobile job creation unit launched by NUM and De Beers

**A**NDREW MAHLASE, retrenched from a diamond mine last year, no longer calls himself a mineworker. "I would say I'm a small businessman," he says.

A graduate of the National Union of Mineworkers' development unit, Mahlase owes his newfound occupation as baker, candlemaker and stone mason to the skills of those who run the union's "job-creation truck".

It is a job creation programme like no other in South Africa. Run from a 20-ton trailer festooned with the emblems and bright red and yellow colours of the NUM, the unit offers a choice of 40 different trades to retrenched mineworkers to enable them to start small businesses back at their homes.

Mahlase now dreams of starting a business selling gravestones in his home town in kwaNdebele, but has also been taught how to make and market juice, produce candles and make bread. "The most interesting one was gravestone production," he says, adding "people in kwaNdebele buy gravestones in towns and they're very expensive".

His training has introduced Mahlase to aspects of business which are quite new to him. "The

price is controlled by what I must pay those who help me, the cost price of everything and my profit."

Last week the truck made its maiden journey to De Beers Premier diamond mine near Cullinan, outside Pretoria. By word of mouth, news of the truck's arrival had reached retrenched miners, who had been sitting at home for months. They flocked to the mine.

For eight days four former miners, who have become trainers, trained scores of retrenchees under the trees near to the truck's parking space. One of the trainers, Alpheus Ramakhoasa, said: "We teach people that it's possible to make everything." In the week's training — paid for by the mining house — trainees can choose any number of options, as each of the 40 trades on offer takes just an afternoon to learn. The first part of the day is taken up with learning the nuts and bolts of basic business: profits, costs, and how to cut your losses.

Trainer Douglas Mboweni explains rudimentary capitalism: "Take a battery charger. It charges 18 batteries a day at R7 a battery. And the cost of the charger is so much. So, over one year your profit is ..."

The tools of the trades are kept in the huge truck. Stowed randomly in it are the foundations of new lives. Juice cartons jostle chicken incubators, the latter being the first step to becoming a rural Farmer Brown. Bags of chicken feed and flour lie stacked to the roof of the truck. Moulds for everything from gravestones, bricks, roof tiles and window frames lie on the floor, designed for basic house construction.

Outside the truck, two other

trainers teach an attentive group how to make candles and print T-shirts. One group painstakingly heats wax in an urn and empties it into moulds.

How will the trainees persuade people to buy their candles, in preference to the standard items sold at the general dealers? "Our candles burn longer and brighter. The wax is imported from China and for the same price we sell candles in red, navy, yellow and green," says Ramakhoasa, displaying his newfound entrepreneurial and marketing skills.

With peace being the most marketable commodity around, trainees learn how to make T-shirts which simply say: "Peace in our land". But not only political T-shirts sell. "We can print for societies, football clubs, schools and fun-runs," they say.

**T**he mobile job creation unit has been financed by a joint NUM/De Beers retrenchment fund, and focuses on technology which is appropriate for rural and peri-urban settings, while trainees are encouraged to learn trades which will boost their local economies.

After choosing their trade, graduates can buy their equipment from the union, which rails it to them once money is deposited in the NUM account. If they can't pay, they can go to one of four production centres where they can hire equipment, produce the goods and pay only for raw materials.

The allure of small business has already got to the retrenchees. Asked whether he would go back to his job at the mine if recalled tomorrow, Mboweni replied: "Not a chance!"



# R200m job project started

ET 21/1/94 (173)

Own Correspondent

**JOHANNESBURG.** — A R200 million project to provide jobs for more than a million people in rural areas was launched by the Independent Development Trust (IDT) yesterday.

The two-year Community Employment Project (CEP) will develop skills in rural communities and build up basic infrastructures which will continue after the project.

Funding has been provided by the IDT, the National Economic Forum and the TBVC

states. The IDT has also approached international donors.

IDT director of health and rural development Dr Sholto Cross said at a news conference here the plan would build on what had been achieved by the relief and development programme launched in 1992.

While the initial programme focused on drought afflicted areas, the new project would be extended to rural communities countrywide.

He said communities would decide on the projects in their areas. Scores of applications

had already been received to fund the erection of schools, community centres, roads, water projects and vegetable gardens.

As well as supporting innovative schemes for land reform and resettlement, the IDT will co-ordinate the efforts of various development agencies.

IDT spokesman Mr Jolyon Nuttall said by targeting rural areas, the project aimed to unlock the potential of these communities. It would be a "primary attack on the tap roots of poverty", he said.

An assessment by the UWC's economics department concluded that the IDT's initial relief programme was an "impressive intervention".

The findings, presented yesterday, concluded that by the time the R100m had been allocated, some 68 000 temporary jobs, often successfully targeted at the poorest of the poor, had been created.

It found that through the project rural communities were beginning to display initiative and assume responsibility for their own development.

## crack of dawn



That poll that predicted an ANC landslide — was that before or after the ANC said they were going to increase the tax on smoking?

BUSINESS DRIFT

# SA's motor industry exports soar by 24%

ET 21/1/94

Own Correspondent

**JOHANNESBURG.** — Motor industry exports soared 24% last year to R1.8 billion, following the lifting of sanctions, the National Association of Automotive Component and Allied Manufacturers said yesterday.

Exports of completely built-up vehicles accounted for R530 million, and component exports were R1.3bn.

Total automotive exports were R1.5bn in 1992 and R900m in 1991.

The association's president, Mr John Brandtner, predicted that exports would continue growing, eventually making up more than 50% of the component manufacturing industry's output.

● Volkswagen SA yesterday confirmed that it was to resume exports of left-hand-drive Jettas to China.

VWSA managing director Mr Peter Searle said an order for 3 800 units had been placed. The order is worth about R125m.

# Massive police bust — 2

By JACKIE C

POLICE arrested two businessmen with a massive haul of property worth more than R60 000 last night.

One of the men was arrested on the R100m Road when police found his car packed with more than 100kg of shelled per

Shortly afterwards, police arrested a man at a house in Drommies Road when they found two men, aged 49 and 41, in the Somerset West area. The police were acting



# IDT targets rural communities in R200m job creation programme

A R200m project to provide employment for more than a million people in rural areas was launched by the Independent Development Trust yesterday.

The two-year community employment project is aimed at developing skills in rural communities and building up basic infrastructure.

Funding has been provided by the IDT, the National Economic Forum and the TBVC states. The IDT has also approached international donors, guaranteeing that it will cover administrative costs so all their funds will go directly to projects.

IDT health and rural development director Dr Sholto Cross told a news briefing in Johannesburg that the plan would build on what had been achieved by a relief and development programme launched in 1992.

While that programme had focused on drought-afflicted areas, the new project would assist rural communities throughout the country.

Cross said he expected the programme to double the 8-million job days created through the initial drought relief development programme.

About R100m for the new initiative was

already in hand, R31m from the National Economic Forum. The rest was expected to be raised within the next month.

Communities would decide on the projects they wished to initiate in their areas.

Scores of applications for funding for schools, community centres, roads, water projects and vegetable gardens had been received already, Cross said.

By creating basic infrastructures and teaching skills, the project intended building sustainable community capacity.

As well as supporting innovative schemes for land reform and resettlement, the IDT would co-ordinate development agencies' efforts.

IDT spokesman Jolyon Nuttall said that by targeting rural areas, the project could unlock the potential of poor communities. It would be a "primary attack on the tap roots of poverty", he said.

An assessment by the University of the Western Cape's economics department found that the IDT's initial drought relief programme had been an "impressive intervention". The findings, presented yes-

terday, concluded that by the time the R100m that had been allocated was exhausted, about 68 000 temporary jobs would have been created.

Through the project, rural communities were beginning to display their ability to show initiative and assume responsibility for their own development. More than 60% of the funds had been spent on wages.

The researchers recommended that the IDT expand on the opportunities for development which had been opened up to these rural communities.

● Picture: Page 2

KATHRYN STRACHAN

2/11/94



# ANC aims at 2,5m new jobs

Own Correspondent

JOHANNESBURG. — The ANC's election manifesto released at the weekend predictably targeted the organisation's primary constituency, promising houses, jobs and peace but at the same time it assured whites and business that they would not suffer.

At the launch of the manifesto at Nasrec on Saturday, ANC president Mr Nelson Mandela stressed that the ANC would stick to the constitutional principles negotiated by all parties.

The manifesto contained no reference to nationalisation, but it envisages a great deal of state intervention to create jobs and provide a range of services in such areas as health, training, agriculture and the development of small business.

CF 31/1/94

## Pledge to homeless, business

The main thrust of the manifesto states that "to overcome the social and economic devastation caused by generations of apartheid rule, SA needs a government that will rise above narrow interests and do something tangible for all South Africans".

The ANC promises a government which will serve the majority by:

- Immediately launching a national public works programme which will provide jobs and training for 2,5m people over the next 10 years;

● Building a million homes in five years, providing running water and flush toilets to a million families and electricity to 2,5m homes in its focus on the needs of 7m squatters;

● Guaranteeing primary affordable health care;

● Launching a rural development plan focusing on small farmers and welfare programme guaranteeing pensions;

● Giving increased loans to small business;

● Scrapping of VAT on basic food and reduced taxes for those earning less than R4 000 a month, and

● Scrapping unfair taxation on women.

It concedes that achieving these objectives will not be easy but asserts that these programmes will not be done at the expense of anyone or lead to a lowering of standards.



printing machine.

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Star 512194

# Ray of light for jobless and unskilled

10

(173)

WHEN former MK member Wallace Madikiza, codename "Star", returned from exile to his birthplace at Kagiso on the West Rand a year ago, he was destitute. Having left the country after school in 1979, he had never had a job.

"I had military training, that was all. I couldn't get a job and it is very difficult to survive here," Madikiza said.

But he has a talent for drawing. Having met and watched the late Alexandra artist Thami Mnyele at work in exile in Gaborone, Madikiza went on to teach basic writing and drawing to other MK cadres in the various camps in Angola and Tanzania.

## Lucky

Madikiza says he was lucky to have met up with the dynamic Rev. Joe Mabuela from the Apostolic Faith Mission in Kagiso. Mabuela last year approached Rural Technology (RUTEK), a community development company specialising in giving people the skills to earn their own money and start their own business.

Madikiza was sent to RUTEK

**RUTEK'S concept is simple: give people the basic tools, teach them the basic skills and give them access to raw materials at the right prices. Hopefully a measure of independence will follow. LOUISE MARSLAND reports.**

by Mabuela and, with his neat artwork, Madikiza is now teaching others how to silk-screen T-shirts by hand in a church hall in Kagiso. Many of the youngsters he is training were young political detainees in the late 1980s who, after spending most of their high school years in jail, were left with no job skills or education.

Training courses cover everything from T-shirt printing to bread making, maize milling, beer brewing, fruit juice bottling, brickmaking, fence making, casting grave-stones, and even how to raise chicks for a chicken farm.

RUTEK provides training courses at its Johannesburg headquarters, but is also setting up community production centres (CPCs) in areas where the need is the greatest. When a

CPC is established in an area, it is given to a community-based organisation to operate as a non-profit-making venture, providing free training to the community as well as materials and equipment at cost.

The first CPC will open in Mala Mala next month and RUTEK director and founder John Dommett hopes to have 40 up and running within the next couple of years.

"Our concept is simple: we give people the basic tools, teach them the basic skills and give them access to raw materials at the right prices. A CPC will bring those three things into the community for the man who has less than R50 in his pocket."

Dommett believes they get to the man on the breadline and

get him employed, with immediate results.

RUTEK also trains people to go back into their communities as trainers to teach others their skills. Once training is over and equipment delivered to the community or group involved, people can be baking bread or making bricks the next day.

Dommett, a civil engineer by trade, sees his company as a service organisation. He has designed much of the equipment himself — such as the bread-baking oven can run on coal or electricity, and the machine to roll barbed wire which incorporates a bicycle and pedals.

## Formula

He has also devised a business-plan course for people who are illiterate.

"There is not enough money for welfare for the millions of poor and jobless people in this country who are unable to access the funds of development corporations; many are illiterate and innumerate and live in shacks," Dommett says.

"Our formula is an 'instant help concept' in tackling the unemployment problem."

# Mandela: Jobs are being created now

(173) 2/5/2/94

## Roof collapses at ANC rally

**KROONSTAD.** — At least 30 people in a crowd of 15 000 waiting for ANC president Mr. Nelson Mandela were injured when the roof of a stand at the Seisoville stadium near here collapsed yesterday. People at the packed stadium said a group got on to the corrugated iron roof of the Grandstand and began to toyi-toyi. A corner of the roof collapsed and began to fall into the crowd. The injured were taken to local hospitals, sending many to be seriously hurt. Of 16 before Mr. Mandela's arrival. — Sapa

been done by the National Party?" Mr. Mandela said the Conservative Party was now in the same situation as the NP was in a few years ago. "The ANC was able to put the NP's fears about ANC to rest, and we could do the same for the CP and the Freedom Alliance," he said to loud applause. Earlier, at a breakfast at the Sasol Club, he said his welcome there showed how times had changed. There cooperation had been attacked. The ANC's armed wing uMKhonto weSizwe in the past. — Sapa



**BLANKET SUPPORT** ... ANC president Mr. Nelson Mandela wraps himself in a blanket presented to him by supporters at an election rally in Sasolburg yesterday. Picture: AP

**SASOLBURG.** — The ANC would provide free compulsory education and medical services, ANC president Mr. Nelson Mandela told about 4 000 enthusiastic supporters at Zamndela here yesterday. He told the crowd that already jobs were being created by the lifting of sanctions and by progress made in South Africa. The National Party federal congress was paralysed by a spirit of gloom as party leadership had no vision, he said. "They say they removed apartheid ... The people brought an end to apartheid." Mr. Mandela said the NP was terrified of the right-wing, and cited the Radio Pretoria stand-off as evidence. The ANC vision of moving the country forward had been lauded by foreign heads of state, business people and executives of international lending organisations, he said. "We have done all this, what has



Job experts arrive

(173)

27/2/94

PRETORIA. — A delegation from the International Labour Organisation has arrived in South Africa to give technical advice on job creation.

2

# Priority is creating jobs — De Beer

Political Correspondent

THE need for honesty in politics and the creation of jobs were yesterday targeted by DP leader Dr Zach de Beer as the party's chief concerns in the coming election.

Addressing party candidates at the official launch of the DP's Western Cape campaign and election manifesto, he said DP supporters throughout South Africa faced "a huge job" countering the authoritarian tendencies of both the NP and the ANC.

He told an audience at the colourful ceremony on Signal Hill that the ANC and NP were making so many unrealistic promises in a bid to buy votes that people were already seeing that the NP and ANC could not be trusted.

On the issue of jobs, Dr De Beer said that 50% of South Africans who wanted to work could not find employment.

He blamed the high unemployment on the mess the NP had made of the economy and added that the ANC's economic policies would not produce the growth and stability necessary for the creation of jobs.

CJ 12/2/94

273 (173)



## Proper planning vital to job creation schemes

BIDA  
GRETA STEYN 9/2/94

JOB creation through public works should be planned properly to avoid inefficient building and construction resulting from hurried efforts to raise the labour component, the National Economic Forum says in a study of public works programmes. (173)

The overview has been distributed among forum members who will be attending a two-day workshop on the best form of a future national public works programme. The aim of the workshop is to build consensus on the shape of a future public works programme in SA.

It will be compatible with the ANC/Cosatu/SACP reconstruction and development programme, which noted "the key area where special measures to create jobs can link to building the economy and meeting basic needs in redressing apartheid-created infrastructural disparities."

The forum's initial overview of public works programmes noted many projects designed for conventional construction had been "labour-intensified" to obtain funds, leading to "inappropriate and inefficient solutions devised by inexperienced personnel".

Lack of thorough planning and the short-term nature of the programmes had resulted in poor quality products and insufficient consideration of maintenance requirements.

It was found that productivity and quality was poor on "labour intensive" road projects financed through the sale of strategic oil. Only half of the strategic oil funds allocated to roads went to projects that could be considered labour intensive.

# Keys backs moves on jobs

173 ARG 16/2/94

MICHAEL MORRIS  
Political Correspondent

FINANCE Minister Derek Keys has endorsed the need for a programme driven by "public sector entrepreneurs" to train unskilled labour to build houses and provide services for deprived communities.

Addressing the theme of economic restructuring in Southern Africa at the International Press Institute conference, Mr Keys said providing jobs "dominates our field of problems and overrides every other consideration".

"I am very sure that a programme that encompasses training for unskilled people of between, say, 17 and 27, and their upliftment of communities through building houses and providing services is going to be essential," he said.

"Rural development is just as important. These are two great programmes, waiting for public sector entrepreneurs, which will alleviate our problems to a great extent."

In the same session Rob Davies of the African National Congress highlighted the ANC's public works programme, designed to provide employment for 2.5 million in five years and provide a million homes, and other services.

Another ANC speaker, Dullah Omar, said it would take more than market forces to create a more equitable economy and the state would have a role to play.

Apartheid had created huge disparities which could not be left to market forces to correct, but the state would have to act "in co-operation with the private sector".

Edwin Bornemann, deputy director of the International Monetary Fund's African Department, told the conference that stimulating growth through an "appropriate" economic policy was an urgent priority in South and Southern Africa.

The IMF's experience elsewhere in Africa and the world had shown there was "just no other way than to try to produce growth through sound macro economic policy".

It boiled down to the simple fact that "you cannot spend more than you have".

Executive director of the South African Development Community (SADC) Kaire Mbuende told delegates South Africa should not expect to become the powerhouse of the region, but take its place as a "equitable partner".

Mr Keys — who acknowledged that he had taken no major economic decisions in the past 18 months without consulting the ANC and others outside government — said South Africa would not be much good to its neighbours without a growing economy.

He added that any regional economic arrangement would work only if benefits accrued to all concerned.

While he "respected" Mr Omar's call for an economic "debt of gratitude" being paid to neighbouring states through the creation of equitable trading relations, "these things tend to amortise rather rapidly in the face of hard economic realities".

"Regional arrangements without an economic basis, without advantages flowing both ways, simply will not work."

Nevertheless South Africa should not be put off by the difficulties, he said.

● Mr Keys and Professor Davies both dismissed speculation that the rand would be devalued after the April election.

Mr Keys said he could see no reason for it.

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**DALING:** 'We need a vision of success to give hope to everybody.'

(173)  
 Sanlam  
 APR 16 2 194  
 chief  
 attacks  
 violence

**BRUCE CAMERON**  
 Business Editor

**VIOLENCE** must end and the country must be provided with a vision of success or it would sink into chaos, Sanlam chairman Marinus Daling told the company's annual meeting today.

Mr Daling, who took over Sanlam last year after the death of Pierre Steyn, said he was optimistic about the future but the climate was one of great uncertainty.

He warned against tampering with the savings base of the country and spelled out conditions a new government would have to meet to ensure economic growth.

But he also criticised the private sector for doing too little to develop the country's human resources.

"We require a vision of success to give hope to everybody," he said.

"Without hope we will sink into chaos. And without challenges and opportunities we will lose expertise and entrepreneurs."

Mr Daling said Sanlam stood ready to contribute but an economic environment of low inflation and fair taxes would have to be created to encourage individuals to save.

Mr Daling said successful organisations worldwide spent five percent of their salary accounts on training and development. In South Africa this figure was probably not more than one percent.

Mr Daling said: "It is simply not possible to provide enough trained and skilled workers with such restricted spending."

Employers should develop people to their full potential rather than use a quota system as part of affirmative action.

Total development of employees included skills, opportunities and support, as well as their living conditions.

Mr Daling said the government had to make an important contribution to achieve the vision of success and bring an end to the violence and crime "tormenting this country on a daily basis".

The disturbing outflow of capital over the past year could largely be attributed to the uncertainty and instability created by lawlessness and unrest.

Rembrandt Group chairman Johan Rupert, told the meeting that economic reconstruction was urgent.

But it would be successful only if done in a spirit of partnership between the business sector, the government and organised labour.

But attention had to be given to the "ownership of the partnership".

"The three partners in this reconstruction process must work in the interests of the country, and not in their own interests. If they do this, the general living standards of everybody will be improved," he said.



**RUPERT:** 'We must work in the interests of the country, not ourselves.'

Star 16/2/94

# Job creation overriding priority, says Keys

173

## OWN CORRESPONDENT

Cape Town — Finance Minister Derek Keys has endorsed the need for a programme driven by "public sector entrepreneurs" to train unskilled labour to build houses and provide services to deprived communities.

Addressing the theme of economic restructuring in southern Africa, Keys told the International Press Institute conference that providing jobs "dominates our field of problems and overrides every other consideration".

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"Rural development is just as important. These are two great programmes, waiting for public sector entrepreneurs, which will alleviate our problems to a great extent," he added.

Speaking in the same session, Professor Rob Davies of the ANC



Derek Keys ... train unskilled labour.

highlighted the ANC's public works programme, designed to provide employment to 2,5 million people in five years and provide a million homes, as well as other services.

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Colin Eglin ... tolerance will be tested.

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It boiled down to the simple fact that "you cannot spend more than you have".

South African Development Community executive director Kaire Mbuende told delegates that South Africa should not expect to become the power-house of the subcontinent, but rather take its place as an "equitable partner" in the region.

Keys — who acknowledged that he had taken no major economic decisions in the past 18 months without consulting the ANC and others outside government — said South Africa would not be much good to its neighbours without a growing economy.

Both Keys and Davies dismissed speculation — raised by a Swazi delegate — that the rand would be devalued after the April election.

Keys said he could see no reason or permanent advantage to be gained from doing so.

■ The tolerance of a future South African government would be severely tested by the nature of the country's society and the extent of its problems, veteran politician Colin Eglin told the conference.



# White-collar job ads reflect recovery

Bl Day 11/3/94

KELVIN BROWN

THE economic recovery in the white-collar job market is reflected by the surge in job advertisements, which last month posted the first year-on-year rise since 1989.

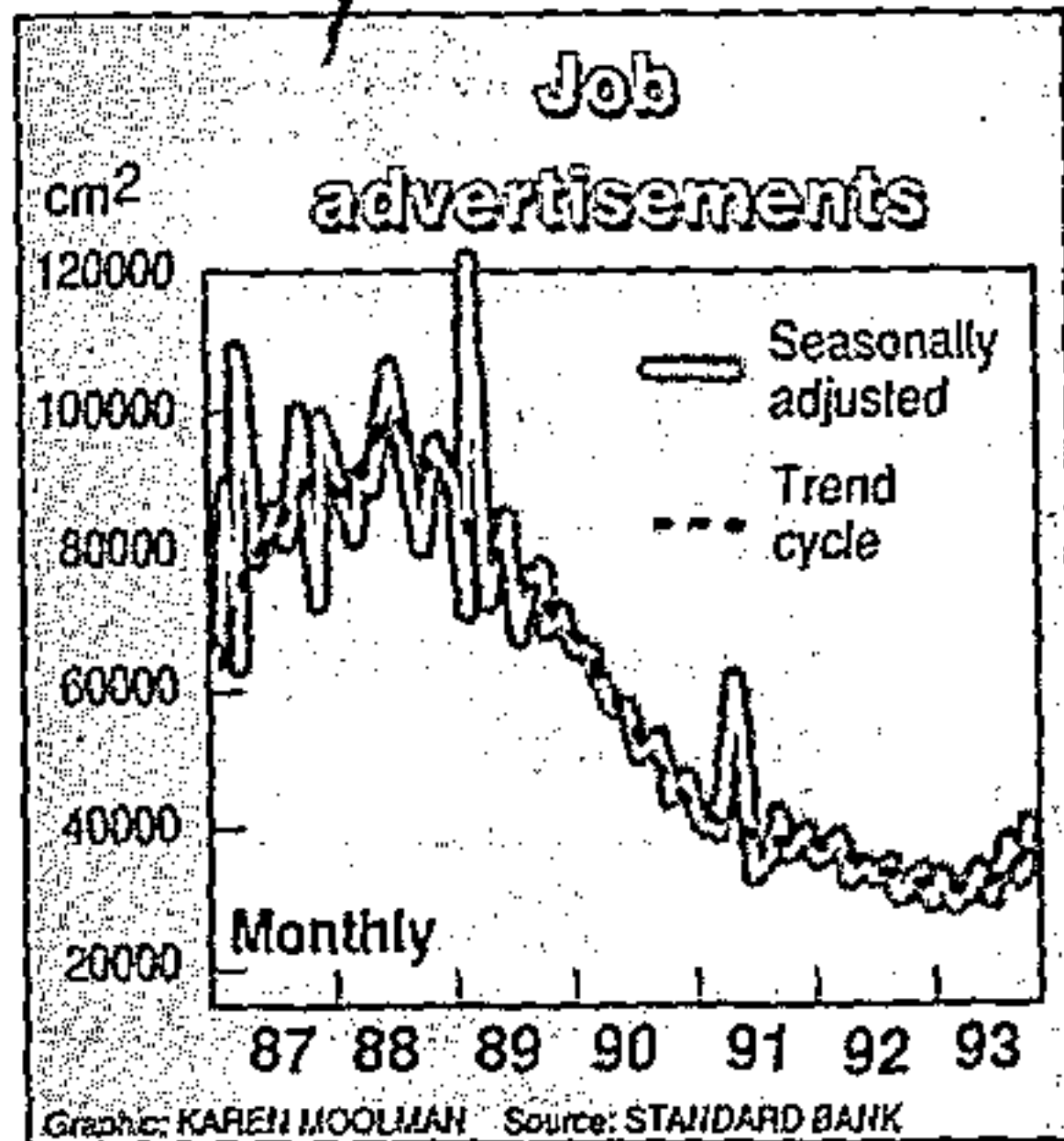
Recruitment advertising is seen as one of the best barometers of the state of the economy. Job placement agencies have noticed a rising trend since the middle of last year, when the recovery began spreading to the rest of the economy.

John Barry, MD of SA's largest placement group, Adcorp, said January had been a very good month for the job ad market with the total column centimetres of recruitment advertising up 40% on the same period last year.

He believed the trend would be sustained as recruitment advertising figures had bottomed out in the middle of last year and since then Adcorp had registered year-on-year increases every month. (173)

In the period August to December total centimetres of job ads placed was up 33% on the same period in 1992. "We have statistics going back 14 years which indicate job ads always reflect an upturn before the man in the street notices it."

Adcorp had noticed sectors across the board were beginning to advertise positions, with the Transvaal, severely hit by the recession, showing the most noticeable



recovery.

The mining industry was back in the recruitment game after keeping a low profile for three years.

"This is a very positive factor as it is a big employer and has a marked effect on other fields of economic activity," Barry said.

But he cautioned there was still some way to go before pre-1989 levels were reached. Last year the total size of ads was only 40% of what it had been in 1989.

Standard Bank group economist Nico Czipionka said the pick-up was not sur-

□ To Page 2

## Job ads

prising as the economy had bottomed out earlier last year. "It indicates SA is over the worst in the white-collar job market but there is still some way to go before it becomes a seller's market again."

The recovery would be characterised by a steady progression rather than a steep upward movement.

□ From Page 1

Many companies were still focusing on cost containment and had found they could cope quite well with a smaller workforce. Labour laws had also made it more difficult to get rid of workers, so companies were unlikely to hire in any big way until they were certain they needed the extra manpower, Czipionka said.

# Jobs, housing — and future planning

ARC 8/3/94

(173)

□ Far more applicants want slice of the pie than there is money.

The job-creation programme launched by the tripartite National Economic Forum has so far concentrated on short-term relief measures, but the next goal is planning a route towards permanent answers for the unemployment crisis. **MICHAEL CHESTER** reports.

The Argus Correspondent **JOHANNESBURG.** — The daunting size of the unemployment crisis has been underscored in the National Economic Forum (NEF) by the avalanche of responses to an invitation to join the job-creation programme.

The R225 million budget earmarked for special projects, plus R29 million for training schemes to spread new skills among recruits, seemed to shrink as the clamour for funds increased.

The queue was still growing when the forum had to announce the closure of applications on December 15. The final number of applications was more than 1 800 with the combined value of projects at well over R2.4 billion — 10 times the size of the budget.

Even after a weeding out of applications that did not strictly meet the criteria — viable projects in the provision and maintenance of urban and rural infrastructure with emphasis on job creation — at least R1.7 billion would have been required to cope with demand.

"Now comes the task of devising ways and means to spin out the limited budget," said Roddy Payne of the NEF interim secretariat.

"While investigations continue into the potential impact of nationwide public works programmes on longer term solutions, the initial priority has been to find work, even temporary jobs, and improve living standards at community level. The forum has allocated

completed inside the next 18 months to two years, and the jobs finished too, it could be assumed that the whole operation is a flash in the pan — temporary repairs when an extensive overhaul is desperately needed.

But in many ways the exercise is serving as a pathfinder that may provide a rough road map of the route that could be followed by the huge public works programmes that the next government is expected to set in motion in search of longer term answers.

"We're in territory that has been largely unexplored until now," said Mr Payne.

"Rural villages in particular are quite astonished to be invited to have a genuine say in listing their own local priorities and taking over the launch and running of projects.

"Consensus at community level is the vital element that can spell success or disaster for projects, particular when the communities themselves work out with the unions such details as wage rates.

"Also, even if the jobs that come on offer may be temporary, the skills that are generated will be permanent. So too will the improvements in community services and overall living standards."

DBSA general manager Nick Christodoulou, who concentrates on short-term job creation strategies, agrees.

"Our role has been advisory," he said.

"For example, one community might request funds for new roads and start planning to spend R200 000 to buy a bull-



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The forum has allocated around R61,5 million of its jobs budget. That has triggered the launch of as many as 233 projects around the country, from building better roads and bridges to the construction of new clinics and classrooms.

Well over 168 000 man-months of employment have been generated as the release of funds pulled in supplementary aid packages.

The size of projects has been secondary to relative value and impact. Among the mini-projects, R48 500 allocated to build a new village clinic at Tulwe, north of Pretoria, will provide jobs for 14 workers for four months.

At the macro end, almost R4,5 million has been ploughed into road and water schemes at Fort Beaufort in the Eastern Cape that will provide work for a labour force of 1 500 over the next 12 months.

Allocations concerned with housing have been tailored down to avoid duplication of planning by the National Housing Forum.

Similarly, there has been a cutback in allocations for new small businesses that could duplicate work in progress by the Small Business Development Corporation, the Industrial Development Corporation, the Get Ahead Foundation and other task forces.

The balance of the R225 million should be shared out by the end of next month as experts at the Development Bank of Southern Africa (DBSA) work on assignments to identify the most worthwhile projects and offer guidance on honing the details.

Since the first wave of projects started under the NEF programme will have been

great government is expected to set in motion in search of longer term answers.

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"Rural villages in particular are quite astonished to be invited to have a genuine say in listing their own local priorities and taking over the launch and running of projects.

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"Also, even if the jobs that come on offer may be temporary, the skills that are generated will be permanent. So too will the improvements in community services and overall living standards."

DBSA general manager Nick Christodoulou, who concentrates on short-term job creation strategies, agrees.

"Our role has been advisory," he said.

"For example, one community might request funds for new roads and start planning to spend R200 000 to buy a bulldozer and steamroller that could do the job in a couple of weeks — and then stand idle and rusting.

"Our task might be to convince them to rather spend the cash on wheelbarrows, picks and shovels and wages to keep 200 or 300 unemployed villagers in work for six months.

Also, rather than tar the new roads, which would need periodic and costly maintenance work, why not pave them with inter-locking concrete blocks — more labour-intensive and perhaps more economical?

"The next community," might consider a couple of new pre-school classrooms as the most pressing priority. We could perhaps help with the design and where best to buy materials, said Mr Christodoulou.

"We might also set the ball rolling with plans to put the classrooms to use in the evenings for adult education courses and at weekends as recreation and/or job training centres."

The constant objective is to select projects that not only promise to create new job opportunities but also have the widest permanent impact in improving community living standards.

"There's a delicate balance that has to be agreed about the batting order of priorities," said Mr Payne.

"Which comes first — the quick completion of a particular project, or the number of new jobs involved?"

Next on the agenda at the NEF is welding its short-term and long-term task forces to search for new strategies that promise more permanent answers to unemployment and utter poverty.

# Factory employment up first time in years

Own Correspondent

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JOHANNESBURG. — Employment in the manufacturing sector rose for the first time last year since the end of the 1980s. *CF 17/3/94*

According to Development Bank figures, the number of jobs rose by 19 400 (1,32%) last year to 1,47 million. The sector is the most important provider of employment in the economy, with government services a close second.

Government services and finance have been the only sectors in which employment has increased consistently during the recession.

The Development Bank's figures are not official employment statistics. Only the Central Statistical Service numbers carry an official stamp.



# Housing scheme will create 1-m jobs

## Details released of controversial subsidy plan for low-income homes

**DAVID YUTAR**  
Staff Reporter

THE new multi-billion-rand housing subsidy scheme approved by the National Housing Forum will create between 1,3 million and 1,8 million new jobs, according to the Department of Housing and Public Works.

Over 10 years the scheme is expected to provide an annual subsidy of R3 billion, which will be matched by a R66 billion annual subsidy by the private sector, a spokesman said.

Details had yet to be finalised. These included the specifics of a mortgage indemnity insurance scheme.

It is hoped to build between 35 000 and 390 000 low-income units during the next decade to cope with an expected annual population growth of 200 000.

The scheme was initially shrouded in controversy after it was alleged that the department had ignored a Transitional Executive Council instruction to suspend it.

Ministerial liaison officer

Pieter du Plessis said the scheme would create 80 new jobs directly and 120 indirectly for every R1 million of expenditure.

It makes state subsidies available for low-cost housing, setting an upper limit of R65 000.

The subsidy will be in the form of a lump sum payable to the new homeowner at the time of taking transfer of the property.

It replaces all existing family housing subsidy schemes and will terminate the First Time Home Buyer's Interest scheme with effect from a date to be announced.

It provides for three categories of subsidies according to the income bracket of the purchaser.

- A maximum subsidy of R12 500 for new homeowners with monthly household incomes of not more than R1 500.
- A subsidy of up to R9 500 for purchasers with a monthly household income of between R1 501 and R2 500.
- A subsidy of up to R5 000 for those with monthly household incomes between R2 501 and R3 500.

The scheme also extends earlier subsidies for the acquisition of serviced sites, enabling beneficiaries to obtain additional finance towards building a house.

Mr Du Plessis said this would alleviate the shack-dweller problem by making it easier for squatters to build permanent houses.

He said that as well as creating new jobs, the scheme would also "create home affordability" in the low-income sector and that the private sector had indicated its willingness to take part in its implementation.

REC 17/3/94

173





# Pay cuts to make us all better off than we are

*St. Times (Buss)*

15/3/94

JOB, one would think, don't have to be created. In a country that, like South Africa, is light years from satisfying all its citizens' needs, there should be work for everyone. Involuntary unemployment should be unknown.

But we are told almost daily about the distressingly, and dangerously, large number of people with no remunerative jobs. Several million more try to make ends meet in inferior employment, or self-employment, in the so-called informal sector.

The problem of so-called structural unemployment, in which the number of unemployed fails to respond significantly even to strong cyclical upturns in the economy, is not unique to SA.

We want, and expect, everybody to work for a wage that will ensure the necessities and some of the comforts of life. We expect this regardless of the worker's ability to contribute to the net output of the firm he works for. This ability may be low through no fault of his own.

Paradoxically and unhappily, the result is that many who could earn a "living wage" are prevented from doing so.

International Monetary Fund staff have identified SA's unemployment problem as essentially "structural", being due to a real wage level that is higher than the market-clearing level of the real wage. This is attributed to the

power of the trade unions; to deliberate efforts to narrow skilled-unskilled wage differentials; and to an (understandable) reluctance to allow real wages to be reduced below subsistence levels.

World Bank staff say SA employment has been weakened by sustained upward pressure on black wages. Black wages have also been comparatively insensitive to black unemployment.

What we need are not more jobs: the number of available jobs is nearly unlimited.

What we do need are more workers able and willing to work for real wages that formal-sector employers are willing and can afford to pay.

Private-sector employers cannot pay an additional worker more than the real value of his net addition to the firm's total net real output.

The positive flip side of this statement is that, in a competitive economy, competition will not allow a firm to pay the worker any

less than that. Nor would it be rational for the firm to stop hiring workers when a "profit" can still be made out of hiring additional ones. (173)

The argument is not for sweated labour. Even less is it for starvation incomes for the workers and their families.

It is certainly pertinent to note, however, that the demand for SA labour may well be "real wage elastic" — as it has been found to be by IMF researchers.

This means that a lowering of the real wage per worker will raise employment sufficiently to also increase the total of all real labour remuneration.

In principle, therefore (and provided we handle



JAAP MEIJER ... the road to jobs for everyone

## Our greatest challenge

**DR JAAP MEIJER**, Deputy Governor of the Reserve Bank, continues a Business Times series in which trade unionists, academics, politicians and businessmen give their ideas about the nation's No 1 issue — employment.

the distribution and incentive problems correctly), a wage reduction would allow every one of us to be better off than we are.

But if "high" real private-sector wages also mean "low" private-sector employment, what about the government as an employer?

Not being tied down by having to show a profit (or to generate an "operating surplus"), governments can indeed afford to pay their workers more than they are worth.

Budget constraints will, however, limit the extent to which any government can do so: observing the budgetary limits will then result in well-paid government

positions for a favoured few.

Moreover, paying workers more than they are worth is inherently inflationary.

Neither common sense nor sophisticated analysis provides an escape from tested if superficially unimaginative solutions: sensible formal-wage restraint in the short run, strengthening of labour productivity in the longer term.

We should also recognise, however, that the worker's material welfare is not solely a matter of his current earnings. Education and skills development improve a worker's lot. Up to a point, improved income prospects may be a substitute for current pay.



# NEF acquires more funding for jobs

Own Correspondent

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JOHANNESBURG. — The National Economic Forum has secured additional funds of R130m from non-government sources for job creation projects, the NEF said at the weekend.

The NEF also announced it had allocated a further R20,5m to 34 job-creation projects in the third allocation of its kind. About R1,2m had also been allocated to the training component of these projects.

CT 28/3/94  
The funding represented more than 36 000 man-months of employment, bringing the total to 205 000 months in more than 260 communities.

The projects to which funds were allocated this month included a school, creche and community centre in the PWV area, water purification in the northern Cape, stormwater drainage in the western Cape and upgrading of roads in Natal/KwaZulu.

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# ANC seeks the 'missing link'

Sowetan 7/4/94

■ **WAY FORWARD** Job creation will be one of three key economic factors in new SA:

By Mzimkulu Malunga

**T**HE AFRICAN NATIONAL CONGRESS is seeking partnerships with the private sector for the efficient implementation of its Reconstruction and Development Programme.

The organisation's election candidate, Mr Jay Naidoo, says the framework to set the RDP ball rolling is already in place. He says the only missing link is the private sector.

Naidoo sees the way forward to economic stability as centering on three key factors, the prime one being job creation (173)

Investing in human resources development is crucial to increased productivity and efficiency, says Naidoo. He adds that investing in science and technology while not overlooking labour intensive development orientation must form

part of the overall strategy.

Other important factors include the development of the small and medium sized enterprises through ensuring that entrepreneurs in this sector access finance, markets and skills.

"This will require the restructuring of certain structures, such as the Small Business Development Corporation and the Development Bank of Southern Africa," he says.

Black economic empowerment should be part and parcel of this process, says Naidoo.

In consultation with trade unions and engineering companies, it has been agreed that wages for workers who will be involved in a public works programme will be lower than those of employees in the formal sector.

The public works programme should be seen as a temporary measure and not an end in itself, he says.



# Jobs plan 'facing R12bn-a-year bill'

B/Day 13/4/94

ERICA JANKOWITZ

PUBLIC works programmes aimed at creating about 2-million temporary jobs for the most economically disadvantaged would absorb about R12bn a year, an Urban Foundation research report has found. (173)

This amounted to about 10% of SA's annual Budget, or just more than 3% of GDP.

Although such programmes would offer only a short-term palliative to the economic problems of the country, they would also help to provide much-needed skills training to give the long-term unemployed an opportunity to find work.

They would also provide the new government with an effective way of delivering some economic relief to the unemployed, Urban Foundation executive director Ann Bernstein said yesterday.

She said SA already spent about R6,2bn a year on a variety of poverty relief programmes. If this was taken in conjunction with the R15bn to R18bn spent annually on infrastructural development, an effective public works programme could be implemented without additional revenue being found to finance projects. However, Bernstein stressed that the next government would have to co-ordinate and integrate projects and prioritise spending to make any inroads into the unemployment situation.

She said public works programmes

should not be viewed as the only means of fighting unemployment, but should be one mechanism for providing some income to the potentially economically active.

The report said: "The rate of open unemployment in SA at present is probably about 20%, with the figure for Africans at 25%.

"Another 25% of the African labour force is in the informal economy or subsistence agriculture."

Bernstein said public works programmes should offer workers "substantially below" market wage rates to ensure only the most disadvantaged were attracted to projects which would, therefore, not compete with other labour markets for workers. She said the report had worked on a R10 a day rate for rural projects and R20 a day for workers employed on urban infrastructural development schemes.

This rate was not "cast in stone", she said, but open to negotiation between the parties involved, including local government, communities and civil society. Budgetary constraints should also be taken into account, as should the number of workseekers in a particular area.

The low wage rates would also ensure that workers were attracted to the formal economy once improved economic conditions led to more job opportunities, she said.

# Benefits of public works

Star 13/4/94  
173

■ BY JO-ANNE COLLINGE

A properly implemented public works programme could bring "early and significant" benefits to a new government, says Urban Foundation (UF) executive director Ann Bernstein.

Presenting a new study by the UF's Development Strategy and Policy Unit in Johannesburg yesterday, Bernstein cautioned that despite their potential, public works programmes remained a risky business.

UF research showed that poorly conceived public works programmes wasted resources, and could in addition aggravate inflation and damage the economy. Properly designed, however, public works programmes could:

- Create temporary jobs for about 2 million people relatively fast.
- Create vitally needed infrastructure.
- Show that a government of national unity could deliver on its promises.
- Help break the cycle of poverty and dependence in disadvantaged communities.

■ Contribute towards creating a skilled population.

Dr Julian Hofmeyr, one of the researchers, said the UF believed public works programmes could be most effectively funded, in a non-inflationary and sustainable way, through reallocation of Government Budget expenditure.

The UF team estimated that 1 million temporary jobs could be created in rural areas for R4 billion or 3,5 percent of the current Budget.

If the same number of jobs were created, at higher wages, in the urban areas, the cost would be R8 billion or 7 percent of the 1993 Budget, the team calculated.

Bernstein also emphasised that the UF looked to communities, non-governmental organisations and the private sector to fine-tune and implement public works programmes.

This, she predicted, was "where we will quickly get some delivery". Besides which, the aim was "to empower communities, not bureaucrats".



## PUBLIC WORKS PROGRAMMES

### Note of warning

Hot on the heels of a call by the SA National Civic Organisation (Sanco) for an ANC government to break up the Development Bank of SA, because of alleged tardiness over job-creating public works projects, comes an Urban Foundation report on the international and SA experience of public works programmes.

Unlike Sanco, the foundation's report advocates a crucial need for partnerships between government and the private sector, as well as local community involvement, as a key element of future employment policies.

It emphasises that the central government should not be seen as the sole, or even the main, player in the development of public works programmes as it is extremely difficult to conceive an effective "developmental" state which on its own can design, manage, implement, maintain and monitor a sound programme.

According to the report, SA spends R6,2bn a year — about 5% of its national budget — on a variety of projects that are partially public works.

It is noted that the programmes (centre-piece of the ANC's election manifesto), are likely to be an important component of the new government's reconstruction and development programme. But the foundation's Ann Bernstein warns that while such programmes can have strong benefits, they can also be costly failures if poorly thought out.

In raising the question of whether it is possible to increase significantly the labour

## CURRENT AFFAIRS

intensity of economic growth, while simultaneously improving international competitiveness, Bernstein says many critical choices need to be made concerning the design and implementation of public works programmes.

Natal's Gavin Maasdorp, who compiled the report, points out that the unemployment and underemployment rate is nearly 50%, adding that public works programmes alone are not the solution. They provide only relief through temporary jobs. He advocates that works programmes are mechanisms which should be turned off as the economy recovers.

Inappropriately conceived and funded programmes can be inflationary, wasteful and even damaging. Properly run, though, they can: create temporary jobs for about 2m people relatively quickly; create vitally needed infrastructure; provide visible delivery for a government of national unity; help break the cycle of poverty and dependence; build individual and community confidence; and help create a more skilled workforce.

"Various funding scenarios indicate that creating 1m temporary jobs, all in rural areas, would cost the country R4bn a year," says Maasdorp, "while creating 2,5m temporary jobs, all urban, would cost R20bn."

He adds that an investment in works programmes offering temporary employment to about 2m people, in urban and rural areas, at any one time appears to be affordable. These programmes would absorb about R12bn a year — about 10% of the budget and just more than 3% of annual GDP.

International experience shows that sound management is the key to success in public programmes, with co-ordinated planning being of overriding importance. Developing country experience shows that these programmes can quickly become corrupted.

SA's surprisingly long history of works programmes goes back to the Thirties, with work schemes for poor whites. Though successful, they helped a minority at the cost of the majority when the economy was growing rapidly.

More recent experience has been mixed, says the report. On the one hand, government's Special Employment Creation Programme of the Eighties has shown that hastily implemented, poorly designed programmes are ineffective and wasteful. On the other hand, works programmes such as the IDT's Relief Development Programme and the Valley Trust Labour-Based Programme in Natal indicate that nongovernmental organisations have important capacity and experience in this field. ■



# JOBS

# Ambitious programme for a working public

STUART (RUSS)  
17 14/94

FROM as early as the 1900s authorities became increasingly concerned about the growing "poor white" problem — estimated in 1932 to involve 300 000 people.

Apart from introducing race-based employment laws and increasing government services to whites, the state intervened during the 1920s and 1930s by launching ambitious public works programmes (or PWPs) for unskilled white labour.

It is estimated that over 230 000 people were assisted by these schemes, which played a crucial role in breaking the cycle of poverty in which poor whites had become trapped. Employment on the relief schemes gave them a sense of discipline and achievement and taught them basic skills.

Until 1974, South Africa enjoyed a high economic growth rate. From 1975 onward, however, economic growth was low. By the 1980s, unemployment was highest among blacks, who found themselves in a similar predicament to poor whites in the 1920s and 1930s — poor education, inadequate social services, and a lack of job opportunities.

The need for PWPs in South Africa today is often accounted simply at face value. It is important, however, to consider carefully why the country requires such a programme as these objectives will have implications for the acceptance and design of an appropriate programme. Similarly, great clarity

Urban Foundation executive director **ANN BERNSTEIN** argues in this edited extract from UFresearch that a public works programme could be crucial to a successful employment policy for the future SA.

ity and pragmatism is required concerning precisely what PWPs can achieve, and at what cost.

Since the unemployed are not a homogeneous group, it is also inadequate simply to increase the supply of jobs. The long-term unemployed, for example, present special problems. Properly designed PWPs can provide training in basic skills, enabling such individuals to take up normal jobs once these become available. It is crucial, however, that PWPs should not displace normal jobs, and participants should be encouraged to take them up when the opportunities arise.

PWPs are not designed to become permanent features of the economy. Whereas the programme should be allocated the time and resources necessary for successful and effective implementation, once the objectives have been accomplished it should be terminated.

To be worthwhile, PWPs must alleviate unemployment significantly within a reasonable time. This raises two questions: how many people should a PWP employ, and, given existing capacity con-

straints, how many people can PWPs actually put to work?

The black labour force is about 10.5-million, of whom about 2.6 million (25%) are openly unemployed and about 3.2-million are in the informal economy and subsistence agriculture.

This gives a potential target of 5.8-million blacks plus a much smaller number of individuals from other groups. The number of unemployed needing assistance, however, is not quite as daunting as it initially appears. Some of those in open unemployment are unavailable for PWPs. They are queuing for formal-sector wage employment and are not part of the immediate problem.

Moreover, an open unemployment rate of about 10%, while undesirable, is probably politically containable. Some of those in the informal economy are doing sufficiently well not to want wage employment. Thus, the realistic numbers who could potentially participate in, and benefit from PWPs are probably about 3- to 3.5-million.

The overriding objective of PWPs is to help people move per-



ANNE BERNSTEIN ... PWPs are not designed to become permanent features of the economy

manently out of a state of unemployment into productive employment, whether in the formal or informal economies. Under a scenario of low economic growth (less than 2.5% a year), some 60% to 70% of the 3- to 3.5-million people could be employed in PWPs at any one time. Under conditions of rapid economic growth (over 5% a year), this proportion could fall to about one quarter or one third.

The cost of PWPs depends on several factors, particularly the numbers to be employed, wage rates and certain other costs. Wages paid in PWPs depend on four criteria:

- The urban-rural mix — given the existence of community support systems in rural areas can be lower than those in urban areas.
- Direct benefits to the communi-

ties involved — wages can be lower in projects which produce income-generating infrastructure (such as roads, land reclamation or dams), as opposed to socially useful infrastructure (such as schools, clinics or community centres).

- Private sector wages — wages must be low enough not to attract people away from formal-sector jobs in that region.
- The training offered — lower

wages can be offered in return. PWPs should preferably be as labour intensive as possible. However, rigid application of project to labour cost-ratios have been found to lead to inefficiencies, with projects being rejected because they do not meet some arbitrary criterion. Such ratios should therefore be used only as a guideline.

It is not possible to give a single estimate of the total cost of PWPs. Three possible scenarios can be suggested — to provide 1-, 2- or 2.5-million temporary jobs a year. These scenarios are based on wage rates of R10 a day in rural areas and R20 a day in urban areas. They also assume that labour costs represent 60% of the total budget.

PWPs nationally could absorb between 3.5 to 17.5% of the national budget, and 1% to 5.5% of GDP, depending on how many temporary jobs are created, and whether they are all rural or all urban. In reality, the most likely ranges for PWPs would be a 60:40 to 40:60 split of rural to urban jobs representing 4.9% of GDP. It seems likely that an employment target of 2-million PWPs absorbing 10% of the Budget, and 3% of GDP.

It is important that the central government should be seen as the sole or even the main player in the development of PWPs. Given the capacity constraints that the government will face, it is clear that the country will have to be creative in using all its resources — public,

private and community particularly important programme empowers and not bureaucrats.

It is important to 1) country currently \$ R6.2-billion (around 5% get) on a variety of could be described in including public sector cated to the IDT, NEI relief and training.

At a macroeconomic is little possibility of ing inflation in the e vided it is not funded in any manner. In terms area of most concern for building materials that parts of this man than competitive (es garding cement, l bricks). It is conceiv introduction of a sub struction-based elem will result in price incr than increased outpu these non-competitive not be inflationary in the money-supply increas lead to an undermining tives of PWPs.

Finally, PWPs can impetus for econor through their immediat the demand side, via multipliers (such as the wages). By increasing ity of human skills an ture, PWPs can also term effect on the s economy.



**COMMENT**

17/4/94

S1 Times Business 7/7/9

# Nelson Mandela's job card

(173)

"JOBS, jobs, jobs", shouts an ANC election poster, but its reconstruction and development programme (RDP) has little to offer on this front.

The RDP wants a public works programme (PWP) to create 2,5-million jobs over five years, but as the Urban Foundation (UF) warned this week, a PWP could be costly at R12-billion a year (10% of the Budget).

The real problem with PWP jobs — as the UF points out — is that when taxpayer funds dry up, so do the jobs.

We have in recent weeks seen closer scrutiny of key sectors of the economy, including agriculture, motor and fuel. The news is not good.

Agriculture got R4,1-billion in 1991

from the government to support total sales of R24,4-billion. Protection of the motor industry costs R3,9-billion annually against sales of R13-billion.

Engen boss Rob Angel said this week that fuel deregulation could save R2,5-billion to R4-billion a year. This is extraordinary because annual fuel sales are about R15-billion.

The potential R4-billion fuel saving could be compared with SA's total (corporate and individual) net savings last year of a mere R6-billion.

The Small Business Development Corporation's Edwin Basson, a leading labour economist, calculates that each (formal and informal) job contributes about R20 000 on average to

gross domestic product.

Every R20 000 freed creates another potential job. Fuel deregulation could create up to 200 000 jobs a year.

But 50 000 forecourt jobs will be threatened as uneconomic petrol stations are closed. But even if half of these jobs go, the potential net gain over five years runs close to a million.

Nelson Mandela's government will find it tough to meet RDP promises.

But if Mr Mandela wants to create real jobs — and lots of them — he must unleash the forces of competition retarded by apartheid.

**Kevin Davie**  
TML, 11 Diagonal Street, Jhb.

# Young guns clash at UCT quietly

Political Correspondent

AFRICAN National Congress and Democratic Party youth leaders differed on plans for a youth ministry, but they agreed to differ at one of the most good-natured debates of the election campaign to date.

The number of empty seats in the University of Cape Town's Beattie Theatre indicated many students had had enough of the election jamboree.

Some wondered whether the same applied to the National Party ... its debater, Craig Morkel, pulled out at the last minute.

The theme of the debate was whether South Africa should have a youth ministry, an issue on which president of the ANC Youth League Lulu Johnson and national chairman of the DP Youth Colin Douglas struck sharply divergent positions.

Mr Johnson argued that the legacy of apartheid — chiefly the alienation of young people, and the depressed socio-economic conditions in which many of them lived — demanded decisive state action.

But Mr Douglas argued that creating a new bureaucracy would waste money that could be better spent on education and training and job creation.

(News by M Morris, 122 St George's Mall, Cape Town)



## W Cape development projects proposed (173)

Political Staff CT 21/4/94

THE Democratic Party yesterday proposed the launching of at least nine developmental mega-projects in the Western Cape.

The DP also called for the Western Cape and the Greater Cape Town area to be made increasingly attractive as the location for corporate headquarters and for the expansion of Cape Town's significance as a financial services centre.

These proposals were made in the DP's provincial Job Creation position paper, which it released yesterday. The developmental mega-projects would have far-reaching effects on employment, it said.

# Rural areas are targets of public works project

By Carl Peters

RURAL communities would be the major targets for a public works programme (PWP).

Leading players such as the ANC, the National Rural Development Forum, the Urban Foundation and the South African National Civics Association, agree that a rural-urban balance has to be struck to provide essential services to impoverished rural communities.

They believe that reconstruction has to be labour intensive, so as to create jobs and that rural communities should contribute to the decision-making process and management of PWPs.

In its Reconstruction and Development Programme, the ANC says that local people should be employed in building infrastructure to get them out of the cycle of poverty and dependency.

The PWPs must maximise the involvement of women — many of them living in rural areas — and youth in poor rural homes to create assets such as water supply, sanitation and clinics.

About 11 million rural people live below the poverty line and 17 million overall in SA.

The ANC believes there are enough resources in the country to feed, educate, house and provide health for all its citizens.

The Urban Foundation says in its study released this month that the allocation of these resources is crucial if PWPs are to succeed.

Its study projects that R20 billion could create well over 2 million jobs each year at a casual pay rate of R10 a day in the rural areas.

About 11 million rural

people live below the poverty line and 17 million overall in SA

The organisation agrees that R10 a day may be low, but it does give something to those who have nothing or can't find employment anywhere else.

The National Rural Development Forum, a non-governmental organisation consisting of rural voices, believes strongly that rural people must play a major role in creating and managing infrastructures that are created through the programme.

The major parties involved agree that a national land reform programme is a central and driving force of rural development.

The South African National Civics Association argues that the local government and the Independent Development Trust should play a major role in providing services so that black rural communities would not be left to provide for themselves as in the past.

It says the Kagiso Trust and the IDT should merge functions and that the Development Bank of Southern Africa, considered to be an unchanging luxury, be scrapped.

# Economic report stresses SA's role

By Mzimkulu Malunga

THE BENEFITS of Southern Africa's economic integration will depend on the political will of the countries on the sub-continent and proper amalgamation of existing structures.

These are the conclusions of economic research conducted on Southern Africa by the African Development Bank.

The study highlights the fact that economic co-operation groups such as the Preferential Trade Area and the Southern African Customs Union have been rendered ineffective because member states closed their borders for goods from their supposed trading part-

bank suggests removal of trade barriers:

ners.

While it is important to harness regional economic structures together, such a process must avoid duplication at all costs, argues the ADB report.

The study advocates a regional economic policy which will give high priority to investment and the expansion of productive capacity.

Barriers which prevent free trade between countries in the regions should be steadily phased out as part of a coordinated economic integration process.

## Vodacom will have links abroad

SOUTH African cellular telephone users travelling abroad would in future be able to make and receive calls on one number in any of 19 countries, Vodacom said on Wednesday.

Vodacom managing director Alan Knott-Craig said reciprocal roaming agreements had initially been signed with four countries and access to a further 15 networks had been obtained through a deal with UK-based partner Vodafone.

Vodacom said it had signed reciprocal agreements with Vodafone (United Kingdom), Vodafone Australia,

Panafon (Greece) and Smartone (Hong Kong).

"These agreements will automatically enable Vodacom customers to use their cellular phones with their Vodacards in any of these countries and make and receive calls on their regular cellular number. Visitors from those countries would be able to do the same in South Africa," Knott-Craig said.

Vodacom customers would be able to roam not only in the UK, Australia, Hong Kong and Greece but also on networks in an additional 15 countries. The service starts on May 7.

The ADB says governments in the region should create a climate that will promote private sector investment. The bank believes that clear economic co-operation between Southern African countries will minimise costs. Meanwhile South Africa has been invited to join the ADB as this country is seen as the heartbeat of economic development in the whole of southern Africa.

However critics of the study suggest it overlooks factors such as poverty alleviation.

## Failure rate 90pc

NINETY percent of all small business undertakings in South Africa fail.

This figure was released by Mr Martin Vosloo of the Advice Bureau for Small Businesses at the University of Potchefstroom.

Vosloo says the main reasons businesses fail is because of poor management skills and because people enter a field of business without the necessary training.

He said he expected an improvement if the political promises of more jobs were realised.



# Jobs and poverty at top of agenda

Star 22/4/94

The most pressing issues facing South Africa's new political and economic dispensation are the creation of sufficient work opportunities and the fight against poverty, says Johan Louw, Sanlam's chief economist, in the company's latest economic survey.

This, he said will place great demands on the management of the real and financial sectors of the economy.

"In order to satisfy these needs the country requires, inter alia, a sustained high real economic growth rate — one considerably above the current ceiling rate of about 3 percent a year, which is determined mainly by restrictions on the balance of payments."

Louw said the progressive weakening of the economic growth rate and the associated impoverishment of the population could, in turn, largely be ascribed to the lack of, and unproductive use of capital sources.

According to the SA Reserve Bank, the gross domestic fixed investment as a percentage of the gross domestic product was only 14,5 per cent in 1993, against 26,9 per cent in 1970-79, when it last rose above 25 per cent. (24) (173)

"What is even more worrying is the fact that net domestic fixed investment (that is, investment after provision has been made for the replacement of existing assets), was negative in 1993.

## No growth

"This means that for the first time since the second world war, the country's fixed capital stock showed no growth last year," he said.

"The message to South Africa is clear: to achieve a considerable higher economic growth rate and be able to maintain it for long periods, a strong and sustained increase in domestic and foreign investment and a reversal

in the current unfavourable relationship between investment and government consumption expenditure will be essential.

"South Africa needs direct investment — capital expenditure which contributes to large-scale job creation and development of the community without placing too great a burden on the repayment of the investment.

There were strong indications, said Louw, that foreign investors were ready to invest even larger sums in both South Africa's financial markets and real economy as soon as the political situation stabilised after the election, violence decreased and it became clear that the new government was adhering to free-market principles.

"If these become a reality, they will make a significant contribution to the reconstruction and development of South Africa and the prosperity of its people.

# Engen pushes fuel for growth

(Times (Russ))

By KEVIN DAVIE

A MARKET-driven oil industry could fund 10% of the ANC's reconstruction and development programme (RDP), including creating 400 000 jobs and building 160 000 houses, according to Engen. 115194

It says in advertisements in major newspapers today that there is no reason why the oil industry should not become the leading example of free and fair competition at its best, and the engine room of South Africa's economic recovery.

It says that legislation from the apartheid years continues to undermine SA's progress. (173) (S)

"One such inheritance is the cost to the economy of a regulated oil industry."

Engen calculates that on the experience of deregulation elsewhere, 7 000 petrol attendant jobs would be lost over 15 years in SA.

"We anticipate only a third of SA service stations will offer self service by 2009."

"While deregulation will create a measure of short-term unemployment, lower fuel prices will benefit all sectors of the economy and encourage the creation of sustainable new employment and a significant number of small businesses."

Engen says deregulation could bring fuel prices down by as much as 25c a litre, keeping R4-billion in the economy annually.

"To put this in perspective, that is enough to fund 10% of the RDP. Or build 160 000 new homes in the coming year. Or provide 400 000 jobs. In fact, properly spent, it could probably do all three."

Engen's campaign represents a major challenge to ANC policymakers who have opted for regulation of the fuel industry to continue.

The RDP says: "The regulation of the fuel industry is necessary to ensure a stable, high-quality supply, stable investment and low input prices to the economy and consumers."



# Jobs depend on growth

Sowetan 5/5/94

■ **PUBLIC WORKS** Looking for a

method to alleviate poverty:

By Mzimkulu Malunga

**T**HE SUCCESS OF A public works programme will depend on the level of economic growth South Africa achieves. (173)

A study conducted by the Urban Foundation on PWPs, both internationally and locally, suggests that such a programme may have to exist for 15 years if it is to alleviate unemployment.

"It is generally accepted that a high economic growth rate is the basic requirement for sustained employment in South Africa.

"Even with PWPs in place, their success in permanently reducing unemployment will rely on having a growing economy into which participants can be absorbed," says the report. The Urban Foundation says over 25 percent of the total black labour force is unemployed and the PWPs can provide jobs for about 3.5 million people.

"This is still a very large challenge," says the report. Such programmes have been used effectively in this country in the early 1930s and in Europe and United States during the great depression.

The South African Government used PWPs to empower poor whites in the 1930s.

"The crucial role of PWPs was to break the cycle of poverty and dependence in which poor whites had become trapped."

The success of the 1930s PWPs for poor whites can be mainly attributed to three factors.

Firstly, the programme was seeking to empower only about 300 000 people. Secondly, the assistance to poor whites was made at the cost of the majority through the displacement of black labour and job reservation.

Lastly, the country entered into a period of economic boom soon after, a factor which played a vital role in absorbing semi-skilled workers into the formal employment sector.

# JOB — key to student employment

DALE KNEEN  
Weekend Argus Reporter

173

ARG 7/5/94  
JOB co-ordinator Navine Christian said: "The cost of a university education is increasing and many students are finding it difficult to afford the fees. Funding is limited and having a part-time job helps."

Most students are placed in jobs on the campus and their salaries are paid by JOB. A few are placed in the private sector, especially at businesses close to the university.

Many of the part-time jobs on the campus are specifically created to give students employment so they can get experience in what is referred to as

JOB's CV building programme.

Mr Christian said: "JOB should not be considered as a commercial employment agency only. It has a broad developmental aspect to its placement."

"JOB is attempting to address social issues but is also committed to meeting employers' expectations."

"The university provides a certain amount of financial support, but when it comes to employing large numbers of students we need to have additional funding."

THE University of Cape Town is helping financially-strapped students find part-time jobs which will provide them with experience to give them a head start when they look for permanent employment after graduating.

Hundreds of students have already been provided with employment through the university's Job Opportunities Bureau (JOB), which was created by the Student Affairs Department in September 1992.



# Tito aims to keep organised labour at arm's length

*SITIMES (RUSS)*

1515194 (173)

**LABOUR** Minister Tito Mboweni says his department is not an extension of the trade-union movement.

He has begun a two-week series of meetings with unions, forums and business to acquaint himself with the most pressing labour issues. He then intends briefing the Cabinet on a programme of action for this year. Ad-hoc planning must be avoided, he says.

"We must try to prevent a situation of firefighting,"

Mr Mboweni, sworn in on Wednesday, had met Cosatu leaders before an interview with Business Times on Thursday. A meeting with outgoing Manpower Director-General Joel Fourie was planned for Friday.

"I expect he'll show me to my office, where the telephone is, where to make tea..." says Mr Mboweni, asking that he be called Tito, not minister.

He says personnel of the Department of Manpower, which has been renamed the Department of Labour, are not representative of SA society. A programme of training, re-training and affirmative action will begin. Mr Mboweni was due to meet David Brink of Business SA and Anglo American's Bobby Godsell, as well as

By KEVIN DAVIE

representatives of the National Economic Forum, the Chamber of Mines, Setisa, NUM, Nactu and Fedasal.

The ANC has identified a four-point mission statement to guide its approach to the labour market.

Economic and human development and social justice will be promoted through support for collective bargaining, development of fair labour standards and practices, human resource development and the facilitation of tripartite relations among social partners at national and industrial levels.

Mr Mboweni says labour-based public works projects, as outlined in the reconstruction and development programme (RDP) may be housed in the Department of Labour.

One of six cabinet ministers in their 30s, Mr Mboweni sees a period ahead of acclimatisation in which Cabinet procedures, rules and protocols will be learned.

He was told he had been chosen for the labour job after the ANC's national working committee meeting last Wednesday.

Ministries will have to help implement the RDP. Mr Mboweni's job will

be to ensure jobs are created, that a decent, living wage is paid and that workers have safe conditions.

The Department of Labour intends developing existing forums and wants more professional and efficient delivery of services, such as skills training.

Mr Mboweni says policy will be less about spending more money and more about using more efficient systems.

Another challenge is to extend basic rights of workers to farm labourers. Leslie Maasdorp, who has been coordinating labour market policy for the ANC, sat in on the interview. He says close to 6-million people are outside the formal system.

Formal representation of the unemployed in the process is difficult, but the ANC wants it to be as broad as possible.

Mr Maasdorp says past economic policies distorted the labour market. Freeing the market will not in itself redress the situation.

"But we're not arguing for extensive regulation."

Government's role will be to protect the vulnerable while supporting negotiated settlements.

Mr Mboweni says "job creation must be seen in the context of a stable and growing economy. Sustainability is very important."



LABOUR BOSS MBOWENI... call me Tito, not minister Picture: HERBERT MABUZA



# Thousands of jobs on the way

□ Initial R800-m for infrastructure to create new, permanent workforce

(73)

Arg 20/5/94

ALDE DASNOIS  
Business Staff

A MAJOR national public works programme to create tens of thousands of jobs is in the pipeline.

A draft programme is being fine-tuned by the public works sub-committee of the National Economic Forum and should be ready within two weeks, says Cosatu's representative on the forum Jayendra Naidoo.

He said the trade union movement had made "significant concessions" to help make the plan work.

The programme would be the "child" of the ANC's Reconstruction and Development Programme, Mr Naidoo told a meeting of the Bituminous Materials Liaison Committee in Cape Town yesterday.

Its key objectives would be the creation of jobs and the building of infrastructure such as roads, electricity and water supplies and sanitation.

Mr Naidoo, who is not to be confused with cabinet minister Jay Naidoo, said the NEF sub-committee had estimated spending in the first year would total R800 million. As delivery systems improved, this amount would increase and by the fifth year, the public works programme would have a budget of about R1,9 billion.

The emphasis would be on creating jobs which helped build society and not just "digging holes and filling them in again." A training component was essential.

Civil engineers and other experts would also be called on to redesign methods and materials so that more labour, and less machinery, could be used. European-style notions of efficiency were not necessarily useful in South Africa, where one person in two was unemployed.

"Labour accounts for five to 15 percent of the cost of building roads. The sub-committee estimates that within five or six years, this figure could have risen to between 30 and 80 percent."

The unions had accepted that workers on public works programmes could be paid for tasks completed rather than for time worked. This was a "significant concession" and could make the labour force more vulnerable to exploitation, Mr Naidoo said. It was important to define tasks correctly.

He said rates paid to workers on the programme should be "reasonable". Very low wage rates would not be an efficient use of taxpayers' money. Higher wages would enable the workers to spend more and develop their communities.

Public works spending would not be left entirely to the different government departments. Projects would be evaluated by a single authority and a new fund would be created to lead the way. The fund would collect public, private and foreign money for public works. Each region would have to define its own priorities.

The communities concerned would be involved at all stages in the application of the programme.



# Pensioners build a better future in Alex

BY ANNA COX

While most senior citizens relax in their retirement, a group of pensioners in Alexandra don overalls every morning and set about making 5 000 bricks a day for their new community centre.

The group, which attended the Puthadichaba Care for the Aged feeding scheme, decided to use their time constructively while waiting for their meals.

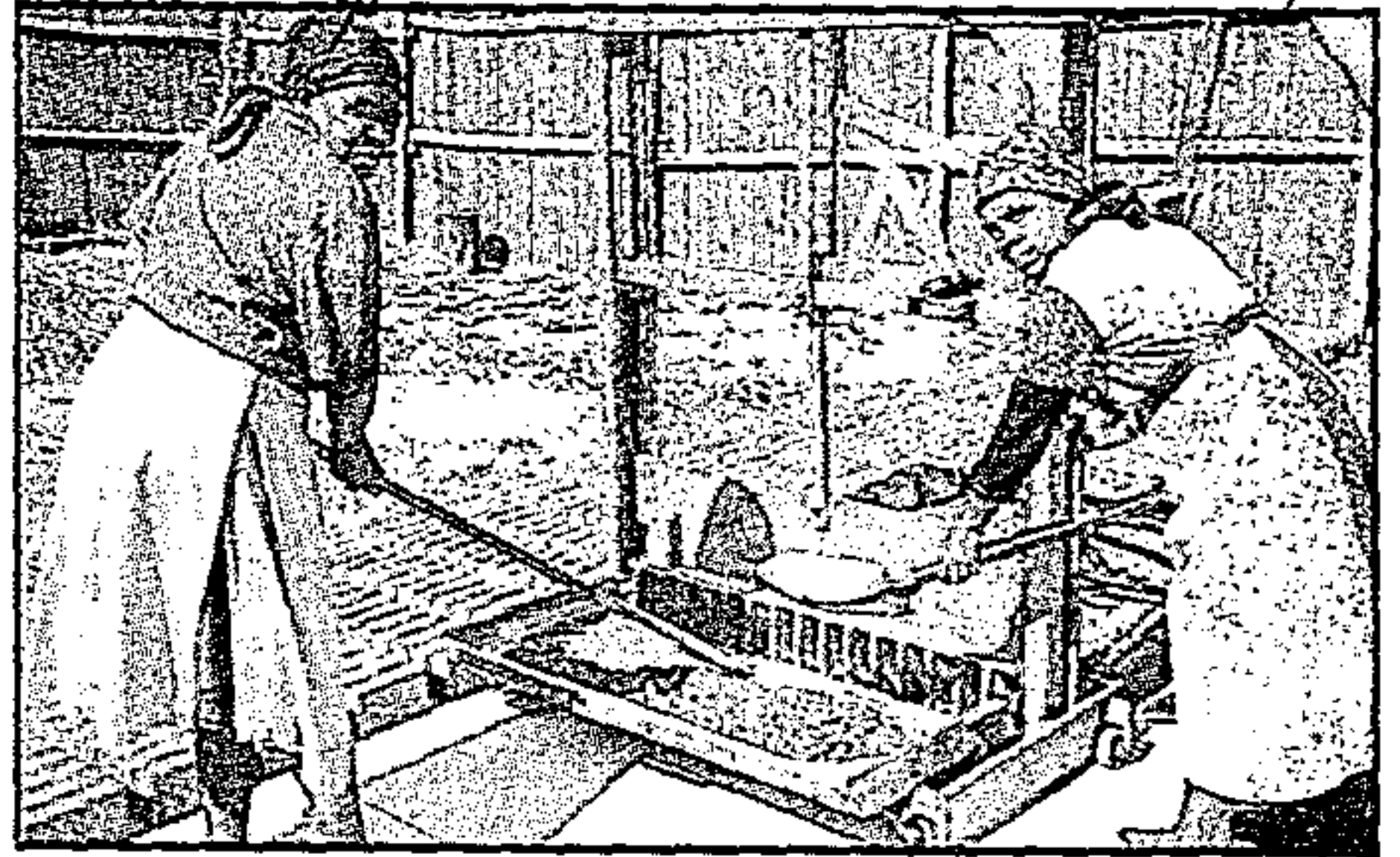
Last year, they started making bricks for a new clinic on the premises. It took a year to complete but the clinic is now

operational and three times a week a nursing sister attends to patients.

The O'Connor Foundation, a private welfare organisation which sponsors food and empowerment projects in the township, provided the brick making machine and the materials for the clinic.

The pensioners have now started producing bricks for a new project — a community centre, library and offices.

Puthadichaba organiser Linda Twala said the projects kept the elderly busy and made them feel young.



Back-breaking work . . . these Alexandra pensioners are up early each day making bricks. PICTURE: ANNA COX

## Jobs campaign by council for blind

Staff Reporter

(173) ARG 25/5/94

DISABLED people are particularly likely to do well in self-employment, says the National Council for the Blind.

That's because they have already had to learn how to overcome obstacles and to persevere. "Disability is also known to be a stimulus for independent problem-solving and innovation," said a council spokesman.

People should not assume that disabled people were happy to depend on charity.

This week the council launched its annual National Employment Week campaign because of an "urgent need for awareness".

The spokesman said: "With unemployment figures soaring daily, blind and partially sighted individuals are finding it increasingly difficult to find a niche in the employment market ...

"The unemployed person seeking employment in private business is fundamentally dependent on somebody else deciding to employ him. As jobs on the open labour market become more and more scarce, self-employment may be the only practical option."



R800m for works programme

# First target of new scheme is 95 000 jobs

B/Day 27/5/94

(173)

GOVERNMENT is considering implementing a proposal by the National Economic Forum (NEF) for a public works programme which would create 95 000 jobs in the first year of implementation with a budgetary allocation of R800m.

The NEF's technical committee on a public works programme is circulating its findings and awaiting comment from the three main constituents — government, labour and business.

It is understood labour will back the plan, but some powerful fiscal policy-makers in government are opposed to important elements of the proposal.

President Nelson Mandela, in his state of the nation address on Tuesday, said: "A campaign will be launched at every level of government, a public works programme designed... to rebuild our townships, restore services in rural and urban areas, while addressing the issue of job creation and training, especially for our unemployed youth."

The framework put forward in the NEF document envisages two components to a public works strategy — first, the allocation of funds to support new labour-intensive investment in infrastructure, and, second, a complete restructuring of all existing public sector investment to use as much labour as possible. Training would form a major part of the dual approach.

The NEF's study showed that most public investment spending could be restructured to increase the labour intensity. For road building, spending on labour as a percentage of overall input costs could be

GRETA STEYN

raised from the present 5%-15% to 30%-80%. Other categories where significant increases were possible included storm-water provision (from a maximum of 15% to 50%), sanitation (from 15% to 35%) and water reticulation (15% to 35%).

The document said the national public works programme had to provide implementing agencies with guidance on the best specific techniques. It should ensure relevant line departments produce standard contract documents favouring labour-intensive techniques.

On labour standards, it is understood that Cosatu has made significant compromises. The document suggested workers' earnings should be below the market rate to avoid a shift towards public works programme employment. It was also proposed that earnings be determined by productivity — a task-based system — rather than a fixed daily wage.

A government source said reconstruction and development programme projects, such as water, sanitation and housing, would be implemented in a way that would maximise job opportunities. The same principle would be applied to other public sector investment, such as the building of classrooms. But there was still a debate over whether a special allocation for job-creation should be made from the R2,5bn RDP fund.

NEF sources said Manpower Minister Tito Mboweni and Public Works Minister Jeff Radebe were lobbying for the creation

□ To Page 2

## Job scheme

□ From Page 1

of a special public works programme and each wanted it to fall in his department. They were hoping for special allocations that would empower rural communities through projects similar to the Independent Development Trust drought-relief scheme.

Those projects would be emulated for their speedy implementation and com-

munity support. In urban areas, local authorities could run township rehabilitation schemes that would create jobs.

The NEF proposal was that more than R6bn be spent on job creation over five years, but government sources said the budgetary allocations were unlikely to be accepted.

DDP

**BUSINESS — Making it work for you**

# Game provides business training

*Southeaster (Suppl. to South) 2715-3115/1994*

**BY VUYELWA MOTLALI**

**AN INNOVATIVE business game is providing sorely-needed training to unemployed people starting businesses.**

Developed by the Triple Trust Organisation (TTO), the game sets up an imaginary business where participants have to deal with all aspects of a company, including marketing and financial management.

With 19 centres around the Western Cape, the organisation trains over 1 000 people annually.

Started five years ago, the aim of the TTO is to help unemployed people to help themselves by enabling them to earn a living through self-employment, said Ms Faith Lawrence, buyer and trader co-ordinator for the training department.

The organisation tries to ensure that trainees generate a minimum of R35 a day.

The training includes sewing, knitting, butchery and leather craft.

"We teach people how to make money. When selling a garment, for example, we teach them to calculate all costs, even the hidden ones; buttons, cotton and labour, not just the material," Ms Lawrence said.

The organisation provides all the material and equipment needed for the complete training course, which runs over a period of eight weeks.

After the course the TTO pro-

vides mini-loans under R2 000 for start-up equipment for ex-trainees. "Basically the TTO buys the equipment and the trainee then buys it from us," Lawrence said.

The TTO has another course called the Trader Training Course which teaches people how to sell their merchandise.

Lawrence said they encouraged trainees "to be unique" and to be able to "sell anything around them".

"For example, a trainee in Langa

sells toilet paper near public toilets for 20 cents to people as they enter."


She said trainees are also advised by more experienced businesspeople.

"We have what we call mentoring. Here we provide on-going support for emerging enterprises. It is provided by both TTO mentors and community business consultants who are volunteers with varied levels of experience."

TTO can be contact at 448-7341



## 345 projects approved for incentives in 1993

CT 27/6/94 Political Staff (173) 

LAST year 345 projects — with a total investment of R3,7 billion — creating more than 20 000 jobs were approved for incentives by the Board for Regional Industrial Development, according to the former Department of Regional and Land Affairs.

The Regional Industrial Development Programme contributed 25,6% of the total investment in manufacturing in SA between September 1991 and September 1993, it said in its 1993 report.

# Govt looks at <sup>(173)</sup> R800m jobs plan <sub>eT27/5/94</sub>

JOHANNESBURG. — Government is considering implementing a proposal by the National Economic Forum for a public works programme which would create 95 000 jobs in the first year of implementation with a budgetary allocation of R800m.

The NEF's technical committee on a public works programme (PWP) is circulating its findings and awaiting comment from the three main constituents — government, labour and business. It is understood that labour will put its weight behind the plan but some powerful fiscal policymakers in government are opposed to important elements of the proposal.

The framework put forward in the NEF document envisages two components to a public works strategy — firstly, the allocation of funds to support new labour-intensive investment

in infrastructure, and, secondly, a complete restructuring of all public sector investment already taking place to use as much labour as possible. Training would form a major part of the dual approach.

The NEF's study showed that most public investment spending could be restructured to increase the labour intensity. For road building, spending on labour as a percentage of overall input costs could be raised from the present 5%-15% to 30%-80%. Other categories where significant increases were possible included stormwater provision (from a maximum of 15% to 50%), sanitation (from 15% to 35%) and water reticulation (15% to 35%).

The document said the national PWP had to provide implementing agencies with guidance on the best specific techniques.



# Jobs boost in first 100 days of ANC rule

S1 Times 29/5/94

(173)

**THE cabinet will shortly consider a plan to create 100 000 jobs by investing R800-million in a public works programme to be launched within 100 days.**

The plan, drawn up by a technical team of the National Economic Forum (NEF), was referred to in President Nelson Mandela's state-of-the-nation speech in Parliament this week.

In outlining the direction of the new government of national unity, Mr Mandela emphasised strict discipline in government spending and in programmes to meet the concerns of the most needy section of the population.

He announced the government would put aside R2,5-billion from this year's budget to give a kick-start to the reconstruction and development programme. It could increase to R10-billion in the fifth year of the programme.

In a move to allay fears of rampant government spending, he said the money would be made available from savings in existing budgets of all government departments. The money would be removed from the overall budget in the form of a fund.

Mr Mandela said that, within 100 days, the government would:

- Provide free medical care for pregnant mothers and children under the age of six at state clinics and hospitals;
  - Provide a nutrition feeding scheme at every primary school where the need existed;
  - Continue with a programme to electrify 350 000 homes; and
  - Start a public works programme.
- Labour convener of the NEF, Cosatu's Jayendra Naidoo, said this week that the public works programme, drafted by business, labour and the government, would draw from the experience of the job creation programme established under the NEF last year.
- The plan envisaged a five-year programme, with R800-million being spent in the first year. An amount of R2-billion would be spent in the fifth year.
- The programme aimed at short-term,

By EDYTH BULBRING  
Political Correspondent

labour-intensive projects with a training component to create marketable skills.

Mr Naidoo said the plan did not envisage jobs for jobs' sake.

Projects would focus on building infrastructural assets — such as providing water, sanitation, roads, education facilities and clinics.

Regions would have to establish their priorities, but the plan laid down strict project guidelines and criteria.

The free medical care scheme for pregnant mothers and young children could be up and running by June 1.

Health Minister Nkosazana Zuma told Parliament she planned to meet provincial health ministers to ensure the scheme could be operative by then. If not, it would definitely be in place by July 1.

She cautioned, however, that there were large areas of the country where the scheme would have little impact because facilities were not available.

"It is obvious that the rural areas are underserved," she said.

Later, Dr Zuma said she would travel around the country for two weeks to find out what new facilities were needed.

The scheme would not apply to people on medical aid.

Dr Zuma said she would have to identify schools where the need for the feeding scheme existed.

She believed the majority of schools in rural areas would qualify.

Dr Zuma was unconcerned about a potential rush on schools by children not attending school to get a balanced meal.

"The president has said that all children are entitled to 10 years compulsory and free education. They have to be in school. The out of school phenomenon is going to disappear," she said.

Dr Zuma said she was determined that the schemes be in place in the given timeframe. "It is exciting. It has to be ready, we cannot fail. Once he (President Mandela) says it has to be done in 100 days, then it has to be done," she said.



READY FOR WORK ... President Nelson Mandela arrives at Parliament to unveil his job programme



# Making

By Khathu Mamaila

**B**LACK PEOPLE should not only look to whites for employment but should use every the means at their disposal to become their own bosses.

This is the spirit behind the Unemployment People's Development Forum which has started a programme to create employment for starving rural folk in the former homeland of Venda.

Led by former unionist Mr Thivhilacil Mutobvu, the UPDF has a registered membership of more than 5 000. Over 15 000 people are usually present at UPDF gatherings.

Its first project has taken off in the Ntchelele valley, where the Siloam brick works opened recently. In an area where unemployment is over 60 percent, the project is a welcome development.

But the project is now faced with financial problems resulting partly from the advent of a new Government. The old Venda regime had promised to fund the programme and did provide some equipment. It then went out of office, leaving the project in dire straits.

## New provincial

Talks are now being planned with the new provincial government for them to help sustain the job creation project.

But what is the UPDF?

According to Mutobvu, the organisation started last year when thousands of unemployed people, including matrikulants and qualified teachers, were called to a meeting that focused on their plight.

"After several meetings and marches aimed at forcing the government to create new posts proved fruitless, the people decided to look at ways of creating jobs for themselves.

"We agreed to form self-supporting projects. We had to impress on the minds of the people that they did not have to look at employment only from white-owned companies, but that they were capable of being their own employers," explained Mutobvu.

UPDF committee member Mr Tshimangadzo Nekhondela (28), who passed Standard 10 in 1988 with an aggregate symbol D, told *Sowetan* he had joined the forum because he could not get a job after leaving school.

Explaining the launching of the first venture known as the Siloam Brick Making Project, Nekhondela said the UPDF spoke to the homeland government to secure funding.

## Civil service

"Our argument was that the government of the day had a duty to provide jobs for its citizens. Since thousands of us could not be absorbed into the already over-staffed civil service, the government should give us capital to start our own projects to survive.

"We were not asking for handouts which would have made us beggars. But we needed some financial assistance to be on our own.

"The negotiations with the government lasted several months. Just weeks before the homeland administration closed shop, it agreed to our demands and undertook to finance our brick making project.

"The government donated a machine for the making of bricks and 40 bags of cement. Government trucks were

# Making people bosses

## FACTORY OPENED Spirit behind project

to create employment for starving rural folk:

*Sowetan* 16/1/89

used to deliver several loads of sand at the Siloam Brick Making Project," Nekhondela said.

Meanwhile, the 75 people employed on the project have to make do with the limited resources available.

"We approached several businessmen and they donated 50 bags of cement, three wheelbarrows, two spades and a borehole.

"People were determined to start making bricks which could then be sold. They were committed because for once in their lives they were working.

"They can produce up to 800 small bricks a day and an equal number of block bricks," Nekhondela said.

Asked how the project was managed, Nekhondela said the workers elected a committee which ran the business. There was no management. The committee members were not permanent and could be removed by popular vote.

"The idea is to have workers owning their company," said Nekhondela.

Mr Ruzzani Mudau (31) of Ngovhela, who completed a two-year course in bricklaying at



Mr Thivhilacil Mutobvu (left) ... creating jobs.

unemployment problem would never be solved and only the elite would be able to afford the new houses.

While the UPDF was planning to secure funding from the new Government, the 75 people, including 50 women, at the Siloam Brick Making Project are producing bricks with their bare hands.

Some travel up to 40km to and from work despite the fact that they may not be paid until the bricks are sold. They are determined to be their own employers.

Katekani Training Centre, said he was confident that the project would not only create jobs but would also raise the standard of living of the people.

"I am a qualified builder but I am jobless. We can form another project of building houses with the same bricks that we produce.

## Another project

"Some of us could start another project of making window frames, some could wire the houses that we build and others could do plumbing.

"We have the will but no means," said Mudau, a father of one. He said his entire family depended on his mother's pension.

Outlining the vision of the UPDF, Mutobvu said: "The Government's reconstruction and development programme talks about creating jobs for the people and there is no doubt that our programme will create lasting employment and empower the disadvantaged economically."

He warned the new administration that if the construction of the promised million houses was reserved for big and established companies, the



# Window on the world of jobs

Sowetan 2/6/94

By Mzimkulu Malunga

## ■ EASING ANXIETY Services

**G**RADUATES' and college leavers' anxieties when looking for a job could be eased by using the services of a new project called Windows on Work. The project will be formally launched on June 20.

Windows on Work is exclusively for people entering the job market for the first time and aims at bridging the gap between leaving university or college and entering the job market.

Normally, people leave learning institutions and venture into the labour market, but usually do not know what they actually want to do or how to go about looking for a job, says the project's administrator, Miss Ingrid Gcaba.

"This is not a placement agency, our

bridge the gap after college, university:

role is to link up graduates with prospective employers," she says.

The project comprises two key components: an exhibition centre where companies will exhibit the opportunities they offer and a resource centre whose task will be to supply the graduates and college leavers with information, career guidance and other necessary support systems needed by people entering the job market for the first time.

There is also a presentation room which will be used for workshops if the need arises, says Gcaba.

The project officer for careers and employment, Miss Juliet Mdluli describes the mood of the corporate world

as "enthusiastic".

Pioneered by a British based non-governmental organisation, the Southern African Advanced Education Project, the project is sponsored by a number of companies and business organisations in South Africa.

Among them is Total — whose head office houses the project — Anglo American, Eskom, Standard Bank, South African Breweries and the Black Management Forum.

The project has its roots in the realisation that graduates — many returning from exile — experienced numerous problems when searching for jobs after arriving back home.

# R222m for 450 job creation projects

Own Correspondent

JOHANNESBURG. — South Africa's National Economic Forum said it had approved 450 short-term job creation projects costing R222 million.

A further R14m had been made available for accredited skills training, the NEF announced yesterday.

In a separate scheme, the NEF said it had approved 92 small business projects costing over R28m and had set aside R30m to help fund training and other support services to small businesses.

In terms of its job creation programme study, the NEF had received over 2 000 applications representing over R2,5b in requested funds, it said.

KwaZulu/Natal received the biggest allocation, followed by the Eastern Cape and the Northern Transvaal.

The NEF acknowledged that its job creation programme's ability to address national unemployment was "limited", but said it would contribute substantially towards alleviating the crisis in certain communities.

## Aid for small business and communities

It said funds had been granted mainly to community-based projects, including the provision of urban and rural social infrastructure, rural access roads and rural water supply.

The Development Bank of Southern Africa, which helped the NEF in project evaluation, would be responsible for the dispersal of funds, it said.

The small business projects involved entrepreneurial support and training in a range of economic sectors including re-

CT 16/6/94 (173)  
tailing, agriculture, construction and tourism.

The forum has also recommended that South Africa adopt an unemployment-fighting national public works programme that simultaneously generates assets, incomes and skills.

It estimated that R800m would be needed to fund the programme's first year, and it was envisaged that most of the money would come from departmental budgets, the NEF said.

The forum said it had submitted a framework for implementation of the proposed programme to the cabinet and to organised business and labour.

Its main aims were to reduce unemployment through the creation of productive jobs, educate and train those on the programme, and create and rehabilitate physical assets which served to meet the basic needs of poor communities.

A public works programme could not be seen as a panacea for all the country's economic ills, "but it can make a substantial contribution to economic growth", the forum said.



# Kickstart for special projects

SPECIAL projects were in the pipeline for a national public works programme that could be implemented immediately with an allocation from the R2,5bn reconstruction and development fund, Finance adviser Japie Jacobs said yesterday. **BIDAY**

Speaking at a National Economic Forum news conference, Jacobs said the special projects — administered by the Public Works Department — would form one part of a two-pronged strategy. The other prong would be to reorganise the way government projects were implemented, to increase the labour component. **16/6/94**

This would cut across different departments. Delivery of public goods such as roads, water and sanitation and housing would be done in a labour-intensive way.

Cosatu's representative on the forum's public works task force, Lisa Seftel, said tender specifications would have to change

**GRETA STEYN**

as well. But standards would not be lowered and a study would be made of the existing tender procedures.

The forum said programmes financed by allocations from the RDP fund would help communities undertake their own public works and the work of agencies which met the programme's criteria.

Figures were also disclosed on job creation schemes administered by the forum in terms of last year's budget. **(173)**

A total of 450 projects had been approved representing state expenditure of R222m. Less than R8m had been disbursed and Cosatu's top representative on the forum, Jayendra Naidoo, acknowledged that there had been difficulties in getting the programme up and running.

□ **To Page 2.**

## Projects

**BIDAY 16/6/94** □ **From Page 1**  
However, business representative Bobby Godsell said the difficulties were the result of a "unique" process which gave communities the opportunity to design their own programmes. Drawing up criteria for allocating funds and ensuring community support had been difficult. **(173)**

By the time applications closed in December, R2,5bn had been requested.

Forum figures showed 44% of funds were allocated to job creation projects emerging from community-based organi-

sations, 33% from non-government organisations, 18% from parastatals and 5% from public sector departments at all three levels of government.

On the forum's future, Jacobs and Naidoo indicated a statutory body, which would have a consensus-seeking role, was envisaged. The issue would not be finalised until next month and the forum's work would continue in the meantime.

● **Picture: Page 3**

# R222-m scheme to employ thousands

Star 16/6/94

■ By DEREK TOMMEY

Programmes to provide jobs for tens of thousands of unemployed and unskilled people have been unveiled by the National Economic Forum.

It has approved a programme which is creating 440 000 "person months" of employment. This is equivalent to providing work for 44 000 people for 10 months or for 22 000 people for 20 months.

Wages will range from R10 a day in rural areas to about R25 a day in urban areas.

And, to boost longer term employment, it has approved a national public works programme aimed at inducing provincial and local authorities to switch to more labour intensive practices. (173)

The 440 000 "people month" job creation programme stems from 2 000 proposals put forward in August after the NEF called for schemes which could be quickly implemented.

Now, after consulting the Development Bank of SA, 450 projects have been approved requiring R222 million. An additional R14 million has been allocated for skills training.

So far, R7,6 million has been disbursed but the amount will rise sharply next month.

Kwazulu/Natal is a major beneficiary, getting 23 percent of the funds. The Eastern Cape gets 22 percent followed by Northern Transvaal with 21 percent. The other six provinces share the balance of 34 percent between them with the Eastern Transvaal getting the biggest slice — 8 percent.

About 44 percent of the R222 million will go to community-based organisations, 33 percent to non-governmental development organisations, 18 percent to parastatals and 5 percent to public sector departments.



# Now it's a haven for opportunities

Star 16/6/94

■ BY ABDUL MILAZI

Not so long ago, as recently as 1993, the Shaft 17 mine hostel lay abandoned, almost deserted, after the mine was closed down.

Today it is a bustling, vibrant community centre and a haven for scores of unemployed youths and returned members of the ANC's military wing Umkhonto we Sizwe (MK).

Hemmed between mine dumps at the end of an isolated pot-holed road in Crown Mines, the mine complex was purchased by a group of concerned individuals early last year to provide a safe meeting place for extra-parliamentary groups during days of political turmoil.

Nearly 15 months since its opening, the Shaft 17 Centre has hosted more than 20 000 delegates from various political organisations and achieved a turnover of more than R5 million.

Shaft 17 Centre managing director Steve Corry says the complex was bought because of a strong need for a complex that catered for extra-parliamentary groups, trade unions and broad-based community organisations.

"Since the 1980s, centres where these groups could hold conferences or workshops were either inconveniently located, unavailable or beyond their financial reach," says Corry.

The opening of Shaft 17 as a community centre has also resulted in the formation of a successful security company called Trans-Sizwe, which employed



Laying foundations . . . ex-MK cadres work at the Shaft 17 training centre in Crown Mines. PICTURE: RUVAN BOSHOFF

former members of MK and the PAC's military wing, Apla.

A total of 75 full-time and 25 part-time jobs have been created, with more than R500 000 in wages paid out to date.

Corry says he was bowled over by the success of the venture and hopes the centre will help alleviate the country's unemployment problem. (173)

He says the profits generated

by both Shaft 17 and Trans-Sizwe now fund a new artisans' training project aimed at providing job-skill training to South Africa's marginalised youths and former liberation movement soldiers.

Corry adds: "A concrete-block and brick-manufacturing facility may soon be put up, which will enable trainees to earn while they learn."



# ANC seeks work for idle hands

ARG 18/6/94

(173)

■ The ANC wants to create the maximum number of committees in parliament to increase the number of jobs for bored politicians.

**DAVID BREIER**

Weekend Argus Political Staff

THE African National Congress aims to increase the number of parliamentary select committees amid accusations that it is creating the illusion that hundreds of bored backbenchers are gainfully occupied.

Parliamentary sources confirmed the ANC wants to set up 26 select committees in the national assembly — one for each portfolio in the cabinet.

But National Party chief whip Fanus Schoeman said the NP believed 19 select committees would be sufficient as portfolios could be grouped together — such as water affairs, forestry and agriculture.

He said experience had shown that some portfolios produced only one or two Bills a year and did not justify a select committee.

Parliamentary officials confirmed that the number of select committees had not been finalised.

MPs told Weekend Argus that the ANC's move to increase the number of select committees was to ensure all the members of its massive caucus belonged to a committee to give them some work.

The ANC has 252 members of the National Assembly and 60 senators, giving it a massive caucus of 312 politicians looking for something to do.

By comparison the Nats, who have the next biggest caucus, have far fewer MPs who will be relatively busy with committee work. The NP has 82 MPs and 17 senators.

The smaller parties are going to have their work cut out keeping up with committee work, with MPs having to sit on several committees. The Inkatha Freedom Party has 43 assembly seats and five senators, the Democratic Party has seven assembly members and three senators, while the Pan Africanist Congress has just five assembly MPs and the African Christian Democratic Party two MPs.

There is a growing national backlash against the huge salaries of politicians, including ordinary backbenchers who are to be paid R193 000 a year — R161 000 basic pay and R32 000 car allowance. Any signs that MPs are idle is bound to increase public anger.

Since the abolition of the constituency system in favour of proportional representation, MPs are no longer directly responsible for a specific seat. This has created concern that many ANC backbenchers, in particular, are going to be grossly overpaid and underworked.

However, both the Nats and the ANC are setting up structures to make MPs responsible for specific areas to increase their workload.

Mr Schoeman said Nat MPs would be even busier than in the past as the party structure would keep a watch on the amount of work they did, whereas in the past MPs could "bury themselves" in their constituencies without anyone really knowing how much work they did.

There have been calls on cabinet ministers to use under-employed MPs more constructively instead of employing outsiders at the taxpayers' expense. In one case former editor Tony Heard is to be senior adviser to Minister of Water Affairs and Forestry Kader Asmal. An MP could do the job without further pay.

DP Natal senator Errol Moorcroft predicted many backbenchers from the biggest parties were going to be "bored with life" as they would have little to do. On the other hand, MPs from smaller parties such as the DP were going to be inundated with work, he said.

MPs now have to pay their own expenses — even stamps — which will cut the effective pay of the busier MPs from the smaller parties, while those from the bigger parties with a smaller workload will increase their profit margins.

Up-country MPs complain their salaries are justified by the expense of running a second household in Cape Town. As long as parliament remains in the Cape, the best-off MPs will be the local ones who have no need for a second home. Should parliament move to Pretoria, it will be the PWV MPs who will coin it.



# NGOs tackle unemployment

Sowetan 21/6/94

WITH the April elections in South Africa only one month away, the atmosphere was electric: radio and TV sets appeared on office desks, shop counters and in various public buildings.

During the hourly news bulletins small groups gathered to catch up on the most recent statements by politicians, the latest incidents, or on progress in voter education.

The talk was all about the elections.

One of the issues which almost all South Africans of whatever colour or political affiliation agreed on, was that after the elections there would have to be a major effort to tackle the huge problems of unemployment among young people.

Estimates of the number of young South Africans without jobs vary considerably — perhaps hardly surprising when even the size of the electorate was not known with any accuracy. ~~(173)~~ (173)

But most of those working with and for the non-governmental organisations (NGOs) active in youth work were agreed that a figure of eight to nine million unemployed young people was a sensible estimate.

And it is these NGOs which are at the forefront of practical attempts to tackle the problems faced by unemployed young women and men.

As the elections drew nearer, so the activities of these NGOs gathered pace — a sense of urgency and determination characterised their work.

One of the major NGOs active in the field of youth worker training is the Southern African Association of Youth Clubs.

## Acronyms

Like their counterparts throughout the world, they delight in a bewildering array of acronyms.

They recently brought together 35 youth workers from other NGOs throughout South Africa for a workshop designed to enhance their skills in some key areas and to assist their attempts to tackle the pressing issues of young people.

The workshop, held in the sleepy town of Rustenburg in the Transvaal, was intensive, active and — judging from the loud shouts and roars of laughter which continually emerged from the training room — highly enjoyable.

Bewildered hotel staff looked on in amazement as grown men and women applauded — or tried to disrupt — each others' attempts to throw sweets into cardboard boxes.

But this was no frivolous distraction, rather it was an important component of the programme run by John Fowler from the Commonwealth Youth Programme of the Commonwealth Secretariat in London.

He was one of the team of facilitators put

Learning about taking risks is hugely important for anyone wanting to develop enterprise skills

together by SAAYC.

Fowler explained the significance of the "sweet-throwing" exercise.

"An important feature of the strategy to increase employment opportunities for young people in South Africa must be the stimulation of self-employment and small business development.

"Of course, that is only likely to play a small part in the overall attempt to generate jobs but it is vital for youth workers to understand the principles of entrepreneurship and to be able to pass these on to the young people with whom they work.

"That way they will be able to assist young South Africans to become enterprising citizens and take advantage of all the opportunities that may come their way."

He added: "Learning about taking risks — and assessing your own ability in this area — is hugely important for anyone wanting to develop enterprise skills.

"This exercise, throwing sweets into a box from a variety of distances, with extra points given for the longer distance throws, is one we've developed in CYP to get people thinking about risk taking."

A heated argument broke out between two groups of participants after one group removed the wrappers of the sweets in order to make them easier to throw.

"Well, that's an opportunity to decide whether we're dealing with breaking the rules or simply adapting to the circumstances — like any good entrepreneur."

Throughout South Africa NGOs are engaged in intensive programmes of training for youth workers. Their activities are invariably innovative, exciting and energetic and make a vital contribution to tackling the problems of young people.

If, as some assert, the health of a community is indicated by the health and dynamism of the NGOs within it, then South Africa, despite its enormous problems, is in good health.

And, whether the wrappers stay on the sweets or not, the young people of the townships, the rural communities and the towns are set for some innovative training to help them to tackle some of their more pressing problems. An important feature of the strategy to increase opportunities for employment for young people in South Africa must be the stimulation of self employment and small business development. — *Commonwealth Feature.*

# Low skills stall steel, engineering sector

MICK COLLINS

THE steel and engineering sector's ability to move into world markets was being hampered by low skills levels, the Steel and Engineering Industries Federation of SA (Seifsa) said at the weekend. 27/6/94

Seifsa chief economist Michael McDonald said if SA was going to compete in world markets it had to have the best technology and product. And, he said, in a recent report the World Bank had warned that SA needed "massive" improvement in skills levels.

The skills level in the sector had a ratio of about only 14% of all the people employed which compared badly with countries such as Korea and Japan.

Seifsa was working to reduce the number of job grades from 15 to five. "We have a commitment to do this by 1996 at the latest and we are well on the way to accomplishing it." (RS)

The new grades would be skills-based and would include minimum training requirements at each level.

The federation was working with trade unions to set up a training board which would look at training workers in all sectors of the industry — not just artisans. This should substantially improve long-term prospects as well as productivity levels. (173)

Four employee representatives and four employer representatives had been appointed to start developing the framework.

But in the short term, the skills shortage could prove to be a major stumbling block and, as in the past, the sector could be forced to consider the importation of the necessary skills. In the light of existing unemployment levels this would be an unpalatable move.



## IDT 'Mr Fixit's efforts create a more humane environment for squatters



At Orange Farm an electrification process is under way.

# 'Messiah' of the squatters

By Joe Mdhlela

**■ FORGING CHANGE** *One man's*

*commitment achieves the impossible:*

**T**HE ordinary man of Nazareth became a world celebrity more than 2 000 years ago, performing miracles, breaking racial barriers, healing and reconciling those who were at odds with each other and embracing prostitutes.

Today we have our own messiahs thrust on the modern world by events just as flawed as those that existed in the Palestinian world, necessitating divine intervention.

In the hopelessness of the Orange Farm squatter situation, Mr Thami Majozi, a paraplegic, has done what seems an impossible task by literally forcing authorities to install electricity in each and every shack.

Not wishing to let up after his electricity gains, Majozi negotiated for the installation of telephones, in the process, "killing" the myth that things like electricity and telephones are a luxury blacks cannot afford, especially if they to stay in tin shack.

Through his initiatives, Majozi is determined to prove that he is the "messiah" of his people and that he will not rest until his people are treated with dignity and provided with basic necessities.

Indeed, just like the Man of Nazareth, Majozi comes from poor surroundings, doing what he does out of commitment to his fellow human beings.

The indefatigable man is equally committed to improving the quality of education, as well as establishing job-creation projects which he hopes will benefit residents of Orange Farm.

"In the order of things, education must be a priority because it will enable our community to do things for themselves, rather than relying on handouts and the goodwill of other people," says Majozi.

### Community efforts

Presently the area boasts 12 schools, all built through the efforts of the community. He is hoping that within a short period 19 more schools will be built.

"If we have education, we have the weapon to fight all social ills and reduce the crime rate quite drastically."

Majozi lives the old Chinese saying that it is better to teach people to fish than to give them a fish.

"If you give people fish, they will come back again, but if they know how to fish, you will never see them again because they can do it for themselves," he says.

For him that is the best analogy to explain the value of self-reliance.

Majozi recently established the Palestine Hive, a training centre that provides skills ranging from candle-mak-

ing, wire fencing, milling and brickmaking. (173)

The Hive, sponsored by the Small Business Development Corporation, is a wholesale business with the capacity to service mushrooming "spaza shops" within the squatter camp.

Like the Man from Nazareth, Majozi wears many hats — he is many things to many people.

He is project co-ordinator to the civic organisation he helped to establish.

"Civic organisations are as strong as the leverage they have. It is therefore necessary to have at the helm a person who co-ordinates projects that are aimed at strengthening community structures."

Majozi, who is also chairman of the traders' association, holds the important position of president of the United Taverners' Business Forum. Through this body he gives direction as to how taverners can play a big role in creating wealth and job opportunities.

As you travel around the Orange Farm squatter camp, you see a lot of smalltime traders operating from kiosks, saluting him as he passes in his wheelchair.

As he passes by, the shouts of "Mr Fixit" bombard you from all quarters, testimony that Majozi has "fixed" the settlement, converting it into a more



There is hope of job creation in Kwaguqa.

humane place to live in.

Another man who has pulled himself up by his own bootstraps is Mr Isaac Sibanyoni of Kwaguqa near Witbank.

Living in a shack in his area, Sibanyoni soon became frustrated with his miserable life and decided to do something positive about improving it.

Unemployed as a result of being retrenched by a dragline engineering company, Sibanyoni mobilised resources and with the help of the Anglo American Small Business Corporation established Simunye Dragline Engineering Company.

"The idea behind establishing this company is to secure jobs for the many unemployed squatter camp residents," says Sibanyoni.

In addition, Sibanyoni has established an agency for the unemployed called Unemployed Voice of Kwaguqa.

The dragline company, which he runs with the assistance of operating director Mr Koot du Preez, is expected to attain R2,5 million turnover this year.

Watch NNTV tonight at 9pm for another version of these two black stalwarts.



**JOHANNESBURG.** — The formal economy will have to grow by 8% to 9% each year between now and 2011 to absorb the expected 9,5-million increase in SA's labour force, according to a survey released yesterday by Unisa's Bureau of Market Research.

The bureau said if the formal sector's labour/capital ratio of the late 1980s remained constant over the next 17 years, the formal sector would have to create jobs for an anticipated 476 000 new workers annually.

Its survey of the country's labour force found that it would expand to 23,1 million people by the year 2011 from 13,6 million, representing an annual increase of 2,7%.

# Growth warning on jobs shortage

entrepreneurs in the formal sector, but in the forecast period it will supply 90 out of every 100 new entrants into the labour market.

Whites currently supply 85 out of every 100 entrepreneurs, but their share in labour force increments will be only three out of every 100.

"In other words, the white labour force will only be able to supply four entrepreneurs for every increment of 1 000 in the black labour force," the survey said.

"Unless education and training with in South Africa starts to produce large numbers of entrepreneurs in the near future, unemployment will assume unprecedented proportions in the long term," the bureau warned. — Sapa

the labour force will dwindle to 58% by 2011 from 61% in 1991.

The survey said the black labour force was expected to grow by 3,3% a year to 2011, resulting in the share of blacks in the labour force increasing from 69% in 1991 to 77% by 2011.

The black labour force currently supplies only four out of every 100

Economists say the economy is expected to only register between 2,5 and 3% growth this year, while formal sector unemployment is around 45%.

Unisa's survey also found that the female labour force is expected to expand at 3,2% annually to 2011, compared to males of 2,4%.

Consequently, the share of men in

173  
0TS/7/94





# Jobs a priority in SA

CT 1/7/94

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By **AUDREY D'ANGELO**  
Business Editor

**JOBS** are the priority of most South Africans, regardless of age, sex or colour, a survey done exclusively for the Cape Times by Omichek — a division of Research Surveys — shows.

The survey, the first of several to show the wants and needs of South Africans, is based on face-to-face interviews with over 4 000 black and white men, women and youths in the metropolitan centres, and coloured and Asian people in Durban and Cape Town.

A surprise finding is jobs are considered more important than housing, education or violence and individual rights, democracy and racial discrimination are least important.

## Families

Education, which previous surveys showed was a priority for blacks, has slipped to fourth place among black women, though it is still considered second in order of importance by black men and teenagers.

Mr Butch Rice, managing director of Research Surveys, said this was probably because black women saw earning money to feed families as the most pressing need.

"The results of this survey show the government will have to deliver significantly on jobs if they want to stay in charge

## Survey

## shows

## rights less

## important

after the next election.

"At present, the general focus seems to be mainly on housing more than job creation, except as a spin-off of the low-cost housing programme."

Mr Rice said a major change resulting from the recession, changing employment patterns and probably affirmative action was that 30% of white teenagers now have job creation at the top of their list of problems the government should work on.

"A few years ago they would hardly have considered unemployment an issue.

"Most white teenagers just walked into jobs."

Now 39% of black men, 37% of black women, 29% of coloured and Asian men and women, 30% of white teenagers, 27% of black teenagers, 22% of white women and 23% of white men think the need for more jobs



overrides everything else.

Crime and crime-related violence are considered the second greatest problem by white men, women and teenagers and coloured and Asian women. But coloured and Asian men are more concerned with housing.

Only 12% of black men and 11% of black women consider housing the most important problem facing the government, compared with 19% of coloured and Asian women, 18% of coloured and Asian men, 17% of black teenagers, 7% of white women, 3% of white men and 8% of white teenagers.

Crime and crime-related violence are considered the most important problems for the government to tackle by 25% of coloured and Asian women and white teenagers, 23% of white men and 20% of white women but only 16% of coloured and

Asian men, 14% of black women, 11% of black teenagers and 10% of black men.

Political violence and peace are considered most important by 20% of white women and 15% of white men, 11% of black women and white teenagers but only eight percent of black, coloured and Asian men, seven percent of black teenagers and six percent of coloured and Asian women.

Poverty is considered the most important problem to be tackled by eight percent of white teenagers but only four percent of black teenagers, three percent of white men, black women and coloured and Asian women, two percent of white women and coloured and Asian men and one percent of black men.

## Democracy

The economy and investment are considered the most important by 17% of white men and 10% of white women but only 7% of coloured and Asian men, six percent of black men and white teenagers, and two percent of black women and teenagers.

Individual rights and democracy are considered the main issue by only three percent of black men and teenagers and coloured and Asian men and women, two percent of white men and teenagers and one percent of black and white women.

# Arms deal with Oman creates jobs

Star 8/7/94

■ BY NORMAN CHANDLER  
DEFENCE CORRESPONDENT

Thousands of new jobs were yesterday created in South Africa's arms industry — hobbled by United Nations sanctions for more than 20 years — with the sale of major equipment and further orders in the pipeline.

Experts predict that up to 20 000 jobs will be filled by the end of the 1994-95 fiscal year.

The big boost has come from an announcement in Oman on Wednesday night that the Sultanate of Oman had signed a R380 million deal with South Africa for the delivery of "a number" of G6 155 mm artillery systems as well as ammunition, spares and logistical support.

The deal means that 4 200 jobs will be provided at the manufacturers, Denel (Pty) Ltd, its subsidiaries, and with subcontractors. (173) ~~257~~

A Denel spokesman said yesterday that contracts of this type would greatly benefit the economy and eventually contribute to the country's development programme.

The public announcement is the first ever by Denel — the civilian subsidiary of

**DENEL, Armscor's civilian subsidiary, makes its first public announcement of a contract to sell arms abroad**

Armscor — since it was decided earlier this year to conduct defence exports in an open and responsible manner.

The G6 is regarded as the most sophisticated long-range artillery piece in the world. It is based on the G5 which was said to have been developed with the help of Canadian scientist Gerald Bull, who was found dead some years ago.

South Africa is known to have sold an unknown number of G5s to Iraq in the 1980s and these were used during the war between Iraq and Iran and later during Iraq's invasion of Kuwait.

Other South African-produced armaments being looked at by defence departments all over the world include the state-of-the-art Rooivalk attack helicopter and South African-designed and manufactured mine-resistant vehicles.



# Small businesses flourish with help from big bro

CORPORATE giant Anglo American is leading big business's drive to develop the small-business sector.

A book published this week, *Interacting Big and Small* by Clive Mantle and Business Times correspondent Ciaran Ryan, documents the role played by SA corporations in small business development.

Anglo's programme is the most developed, but many other companies, including Eskom, Sasol, AECI, Engen, Transnet, Hoescht and SA Breweries, are major players. The major banks are also playing an important role; Standard Bank, with a book of R525-million, is the market leader.

Standard Bank has loans to 5 000 entrepreneurs (35% of whom are black) who employ 50 000 people. Bad debt accounts for less than 2,5% of the total.

Mantle and Ryan say: "If Anglo is able to create 122 small-business opportunities, generating sales of R96-million a year and employing thousands of workers — while saving millions of rands for itself each year — imagine the impact on the broader economy if all SA corporations were to emulate the example."

Anglo launched the Labour-Intensive Industries Trust Limited, a venture fund known as LITET, in 1990. LITET has nine businesses with total sales last year of R46-million.

LITET takes small equity stakes and board representation in promising ventures and entrepreneurs are expected to provide a portion of the start-up capital.

In one example, a group of entrepreneurs put up their own capital of

A new book examining the interaction between big and small business has highlighted the potential of this relationship for creating employment and wider prosperity, writes **KEVIN DAVIE.**

R140 000 to open a supermarket. LITET put in R40 000 and helped raise R320 000, bringing start-up capital to R500 000. Another LITET company, Simunye Engineering, cleans drag lines on coal mines. It employs 186 people and has a turnover above R2-million a year.

Reef Food Services, a joint venture between black entrepreneurs and Supervision Services, provides catering services to mine hostels and industrial companies. Four years after formation turnover exceeds R18-million.

Anglo has contracts with 106 suppliers employing 1 550 workers for services worth R3,4-million a month. Most contracts are in excess of R100 000 a year. These include haversack supply (R250 000 a year), snatch block restoration (R1-million a year) and gold dust removal from timber supports.

Mantle and Ryan say that with five years' experience, Anglo's small business initiative (SBI) has redefined its role to improve efficiencies. "The flow of dividends from LITET companies and inter-

est from small business lending is such that the SBI became cash positive in 1993."

Power utility Eskom's programme kicked off in April 1993. Just nine months later Eskom had assisted in the creation of 250 small businesses employing 1 000 workers.

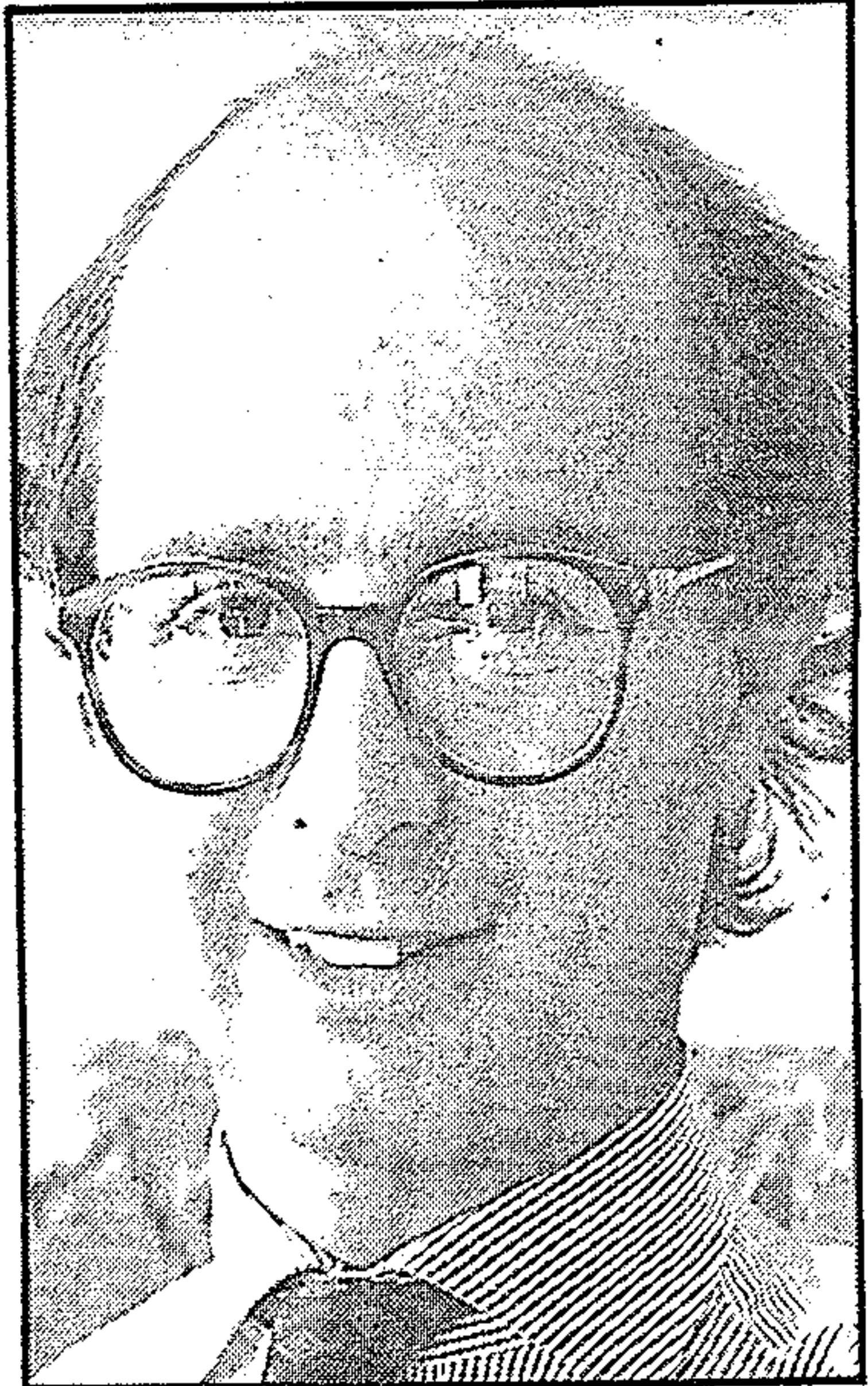
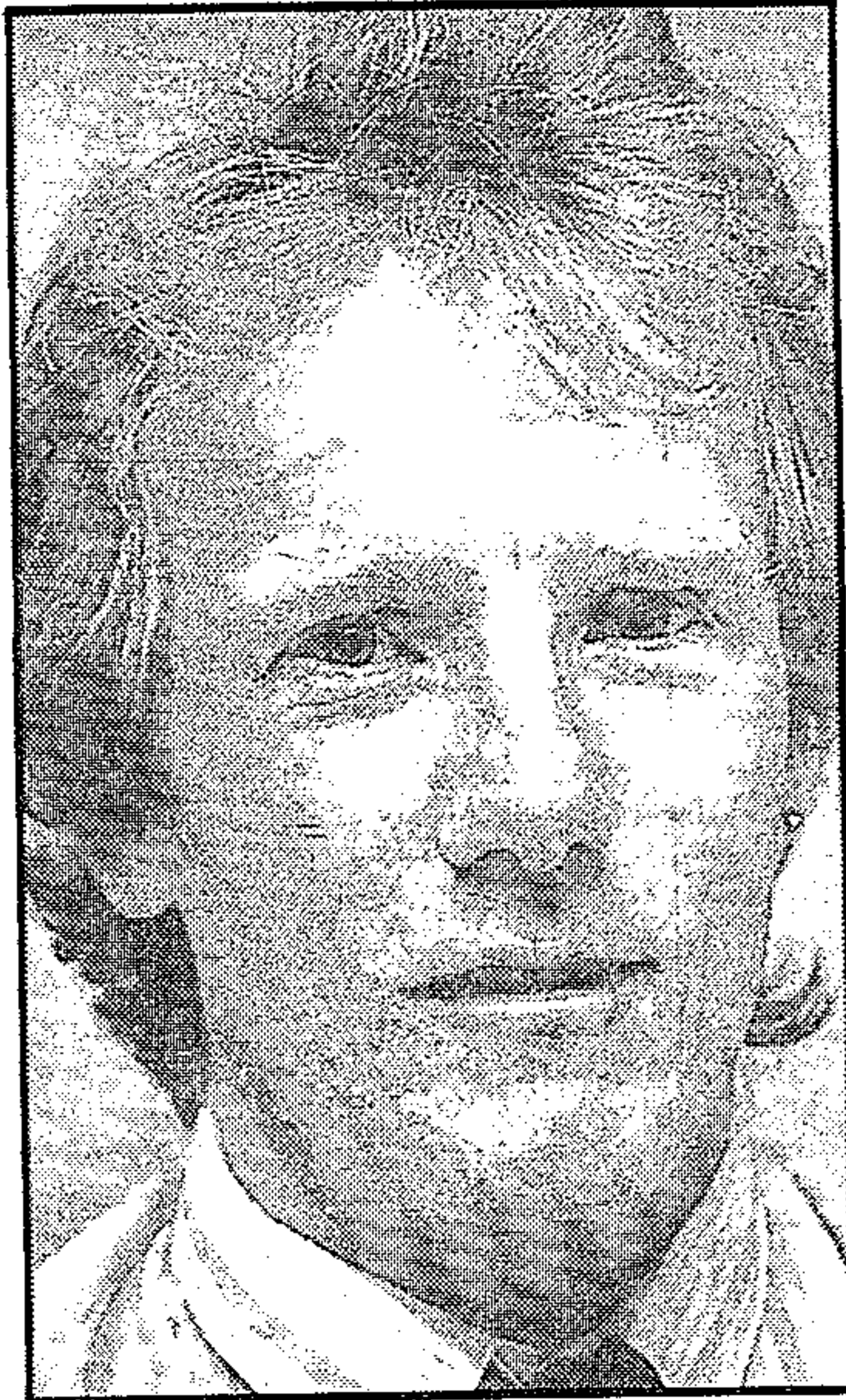
Eskom's initiative follows disappointing electricity sales to low-income households. The sale of white goods picked up but there was no discernible increase in electricity sales.

(173)



# ish ther

"It became evident that more appliances were stored away in cupboards than connected to the mains switch," say Mantle and Ryan. Eskom switched to job creation to alleviate poverty and increase electricity consumption. It has assisted entrepreneurs to start businesses which include vending agencies for the sale of meter tokens, appliance repairs, welding shops and bakeries. Funding is provided by agencies such as Get Ahead, the Small Business Development Corporation and the Independent Development Trust. Eskom's Sheiks Makhado says already we have started to notice an increase in electricity consumption in townships where we are promoting small businesses".



LOOKING AT THE BIG PICTURE . . . Ciaran Ryan and Clive Mantle, authors of *Interacting Big and Small*



# More women in hunt for jobs

Sunday 13/7/94

By Josias Charle

MORE women are expected to enter the job market and at a much faster rate than men according to University of South Africa's Bureau of Market Research.

In 1960 men made up 79 percent and women 21 percent of the labour force in South Africa. By 1991 the portion of men in the labour force had dwindled to 61 percent and by 2011 a further decrease of three percent to 58 percent is expected. (173) (3)

The BMR says the changes in the face of the labour market were due to the entry of married women into the market.

## Labour force

It also predicts that women entering the job market will increase by an average rate of 3,2 percent and 2,4 percent for men. The bureau also says the country's labour force is expected to soar to 23,1

million by the year 2011, which represents an increase of 95 percent from 13,6 million in 1991.

This means that 476 000 people will enter the job market each year. The bureau also says it expects the black labour force to expand by 426 000 a year between 1991 and 2011, while the projected increase among whites is 14 200.

Coloureds will experience an increase of 27 500 in their workforce and Indians 8 300.

## Formal sector

The portion of blacks will rise from 69 percent to 77 percent in this period.

Currently the black labour force supplies only four out of every 100 entrepreneurs in the formal sector, but in the forecast period it will supply 90 out of every 100 new entrants to the labour market," the BMR says.



Community spirit ... Traditional dancers entertain the crowds at the Mhala Community Centre in the Eastern Transvaal, where the National Union of Mineworkers has set up a job-creation scheme for retrenched miners

## Rural jobs scheme flourishes

**Reg Rumney** reports on an innovative union scheme to help retrenched miners create jobs

**A** TRAIL-blazing union-initiated job-creation centre is already pumping R40 000 a month into the rural community in which it operates.

The National Union of Mineworkers' Mhala Development Centre was launched in the former Gazankulu in the Eastern Transvaal at the beginning of this month.

The centre already has a poultry

supply unit which supplies the community with up to 2 000 chickens a week, translating into a monthly gross surplus income of R40 000. This, as NUM Development Unit co-ordinator Kate Philip points out, is no mean feat in terms of rural development strategies.

"About 66 people are selling an average of 30 birds a week — earning an average of R600 a month — more than the minimum in the mining industry. And they started with a mere R300 micro-loan."

The centre is the second such project of the Development Unit. A similar centre was launched recently in Mount Ayliff, Transkei.

The scheme arose after miners retrenched from Amcoal's Arnot Colliery organised themselves and other community members into village-based enterprise associations to create jobs for themselves.

The centre will train people in semi-skilled activities such as making bricks, roof tiles, furniture, gravestones, juices, polish, detergents and candles.

The initial capital for the Development Unit, according to the union, came from the jointly controlled Amcoal/NUM Job Creation Fund, set up as part of the retrenchment agreement with Anglo American's Amcoal.

Anglo says the fund was initially allocated R1-million. A further R1,7-million has been contributed since it was set up, and around R600 000 has already been spent on projects, of which the Mhala Centre is the largest.

The core activities of the centre will be self-financing. It is owned and controlled by the Mhala Development Centre Trust, in turn controlled by representative of local enterprise groups, community members and the NUM.

The centre shows a shift in the way the NUM is approaching the use of retrenchment funds, to benefit as many people in the affected community as possible.

Also, says Philips, the centre provides a base for research and development into other local economic possibilities.

"We've already commissioned research into the economic uses of marula berries and four other indigenous berries widely available locally."

## Trumping King Kong

Mark Tran in New York

EUROPEAN and Asian investors, with the help of the property tycoon Donald Trump, have succeeded where King Kong failed. They have taken over the Empire State Building for a price of \$42-million.

New York's architectural wonder was actually sold to a group of unidentified investors last October but the deal has only emerged with the disclosure that Trump has taken a stake in the group, now called Trump Empire State Partners. The group bought the Manhattan skyscraper from the previous owner, Oliver Grace, who paid \$40-million in 1991.

The building is one of New York's most popular tourist sites with about 14 000 visitors a day.

But the Empire State is not prime office space. The interiors are cramped and look run-down.

The entire building is burdened until 2075 by a lease that gives the buyers an annual return of five per cent, hardly stellar returns for such a big commercial property investment.

"I can't imagine what makes that an attractive investment to an entrepreneur like Trump," said one property broker. "Maybe he'll put a theme park on the roof."

Trump declined to disclose the identity of his fellow investors or the size of his stake.



**PEOPLE ON THE MOVE**

(173) 17/7/94



Moerane Maimane has been appointed general manager of Project Literacy Pretoria.



Paul Aucamp has been appointed managing director of Business Futures Group.



Jacey de Gidts has been appointed group public relations manager at LTA Limited.



Southern Life Association executive director Arie van der Zwan has been appointed chairman of Affiliated Medical Administrators (AMA). Don Scott has been appointed deputy chairman.



Bob Latimer has been appointed managing director of First Bowring & Associates.

Jol ap dir clo



John Bailey, Mannie Jackson and Derek Rabin have been appointed non-



Rob Hare has joined the board of CHI Control.



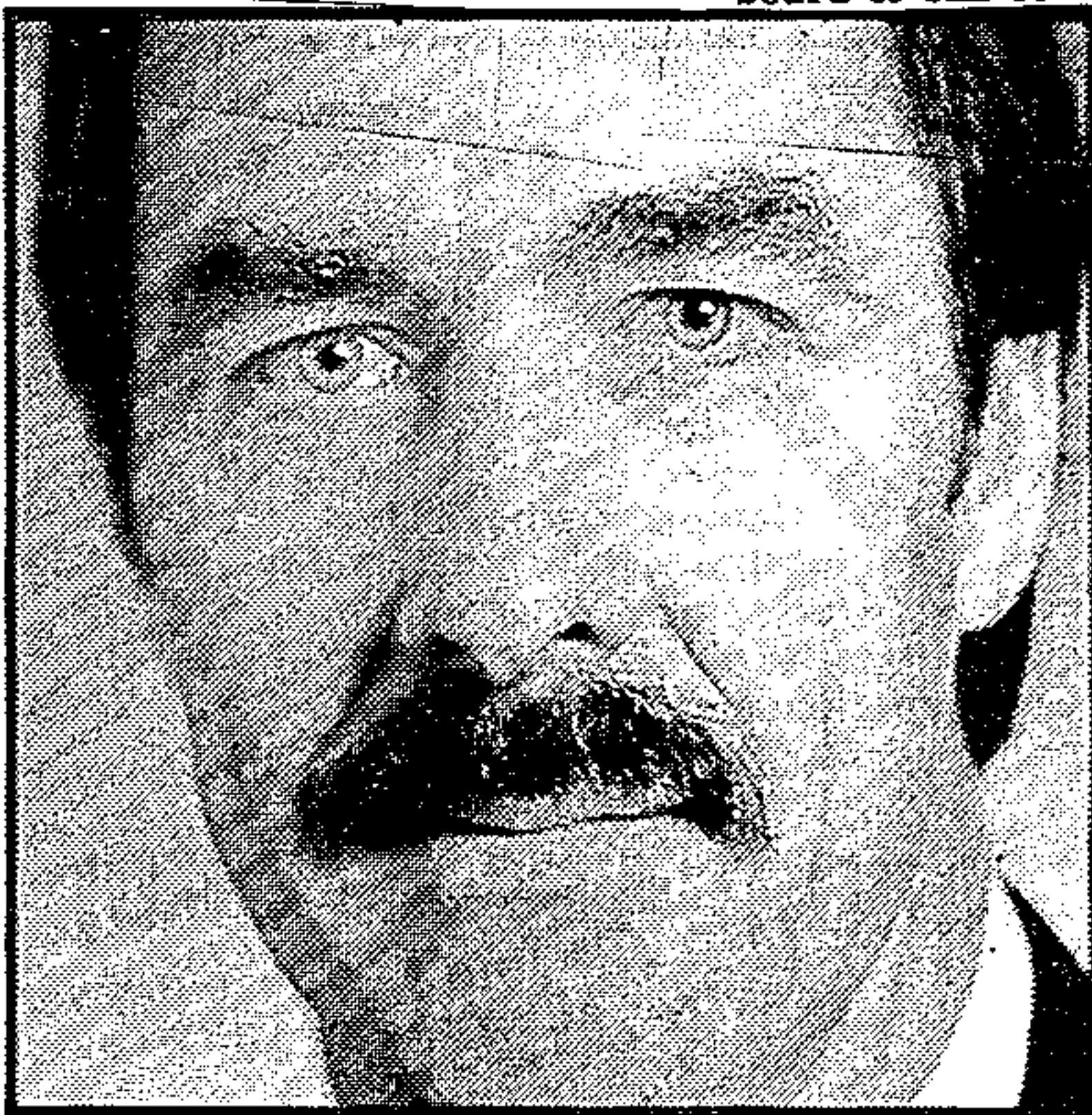
Don Neube has been appointed chairman of African Lif



estimated at R480-million compared with R301-million in the past year and will generate 28 000 employment opportunities compared with 9 700 in 1993. The IDC also assists small and medium-sized companies and has authorised an allocation of R220-million in the current year aimed at producing 6 100 jobs.

But it is the IDC's financing of labour-intensive, agricultural-based resource development that will fit in best with the reconstruction and development programme and will help boost employment in remote and undeveloped areas.

In the past, the IDC's activities have been directed largely at the development of new agricultural in-



LOOKING FOR WORK: Frans Barker, NMC chairman



**NEWS** Pay rise will benefit 280 000 workers ● Recruitment agency for skilled blacks



Mr Alex Mzizi (left) and Gideon Makatu of Phumelela Placements.

PIC: LUCKY NXUMALO

# Skills key to growth in SA

By Ike Motsapi  
Labour Reporter

2017/14

*Sowetan*

THE new South Africa needs people with skills and know-how if it hopes to improve its economic growth, according to Mr Gideon Makatu, managing director of the first black placement company, Phumelela.

Phumelela, which means success, is the brainchild of Makatu, who is also director of Zakheni Computing, and chairman Mr Alex Mzizi.

The two, joined by Mr Etienne Meyer and Mrs Margaret Crothall, formed the first black information technology (IT) recruitment and placement agency in the country.

Makatu said there was a significant number of skilled black people "who found themselves in wrong jobs."

Mzizi said: "The aim of Phumelela is to translate the Government's endeavours of reconstruction and development and job creation for black people into reality. But this does not mean indiscriminate placement of people because of the colour of their skin. It means finding competent, skilled individuals and placing them in an appropriate job."

"I have been involved in the recruitment of black employees on an informal basis for a long time and I am aware of

It is a logical place to start working from but Phumelela will not place its sole emphasis on people placement in the computer arena

the problems associated with affirmative action placement. "At Phumelela we look to supplying diligent people eager to get involved in nation building and reconciliation by being actively involved in the growing economy," said Mzizi. Makatu said Zakheni has an established and respected IT background.

He said: "So, it is a logical place to start working from but Phumelela will not place its sole emphasis on people placement in the computer arena. "We will broaden the field considerably," Makatu added.



## Tokoza recycling plan to fight unemployment

Star 3/8/94

■ BY ANNA COX

A massive recycling project, aimed at empowering the unemployed, create a clean environment, teach waste management skills and promote peace, has been launched by the youth in Tokoza.

An estimated R40 000 a month on the collection of steel and aluminium cans alone can be made, according to the Aluminium Can Recycling Association (Acra). (FB)

Acra general manager Dawie Krügel said township residents would be provided with three shipping containers for the cans. Krügel will also provide his waste management expertise and teach residents how to manage and recycle waste.

Bins for paper, glass and plastic will also be supplied.

The project will be run by the Katorus Independent Grassroots Organisation, made up of youths from Vosloorus, Tokoza and Kat-

lehong who recently conducted a successful R1 million clean-up campaign funded by the National Nutrition and Development Programme. Hostels will be included in the project.

The recyclable goods will be sorted by residents who clean the townships, but members of the public will also be able to collect goods and take them to a central point where they will be paid.

Funds generated from the recycling project will be ploughed back into the programme.

The project will be facilitated by the O'Connor Foundation, a private welfare organisation.

"This programme will put food on the table for thousands of people. It will also help to keep our environment clean and teach us waste management skills. It will contribute to peace in our township. Everyone will be a winner," said youth leader Eric Nyekemba.

# RDP 'may cause over-heating'

By AUDREY D'ANGELO  
Business Editor

A PUBLIC works programme intended to "kick-start" the economy may cause it to overheat since the upswing is in progress, the Stellenbosch Bureau for Economic Research warns.

In an evaluation of the Reconstruction Development Programme, Mr George Kershoff says high economic growth with more jobs will be sustainable only if investment increases and the economy becomes more export-orientated.

A public works programme is a temporary solution to the need for jobs for unskilled and semi-skilled workers.

It is justifiable given the large backlog and that the new government has to deliver immediate results to maintain political stability, he said.

But "a public works programme can be sustained only as long as it can be justified or financed".

Yesterday Minister of Public Works Mr Jeff Radebe said he would this week name a task force to "kick-start" his national public works programme.

Discussing the argument that the RDP will kick-start the economy, Mr Kershoff says: "Most forecasts show an economic upswing in progress.

"If a stimulatory programme is introduced under such circumstances it may lead to over-heating of the econo-

my — rising inflation due to bottlenecks (capacity restraints) and shortages on the balance of payments."

The government could then be forced to abandon the public works programme after a few years and to adopt a restrictive macroeconomic policy which "would be unpopular because it would dash expectations, have high social costs and a negative impact on the performance of political parties in the 1999 election".

Apart from the cost of the RDP, it could cause shortages in the commercial and manufacturing sector, he says. This, too, could cause the government to adopt a restrictive policy.

"The RDP will have to be implemented gradually to build up the necessary institutional capacity. The required personnel have to be employed and trained, the sequence of sub-programmes must be worked out, an effective monitoring system devised and a new esprit de corps built on loyalty, high ethical values and efficiency must be promoted among public servants."

Mr Kershoff points out that increased demand for skilled and semi-skilled construction workers will force up wages.

"Higher wages in the manufacturing sector make South African exports internationally less competitive."

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CT 3/8/94

LOCAL PHARMACY



# Up the workers!

*Ramaphosa sees urgent need for those on shopfloor to benefit from change*

Warnings have been made that labour unrest could wreck an already fragile economy; and foreign investment is seen as the golden key to South Africa's prosperity. But African National Congress secretary-general Cyril Ramaphosa has told parliament that investors who want a strike-free environment are not welcome. Political Correspondent CLIVE SAWYER asked him to expand on his views.

ART 4/8/94

(172)

Mr Ramaphosa said workers were not striking for the sake of doing so.

They had deep-seated grievances about their conditions of employment.

Some of the strikes were caused by apartheid-era practices on the part of employers.

"Racism in the workplace manifests itself in a whole number of wrongs, including the way salaries are structured, and the way employers are reluctant to empower workers through training which would give workers a career path.

"At the heart of some of these strikes is a deep yearning to be trained so they can be more productive."

Mr Ramaphosa lashed out at employers who had not attuned themselves to the change heralded by the election.

These changes went far beyond transformation of political control of the state.

Employers who believed they could be exempted from the implementation of democratisation throughout society were "living in dreamland".

"I have seen very few companies that have started a serious assessment of what the new political dispensation means, not only in terms of business, but in terms of worker-employer relations."

Failure by employers to come to grips with the meaning of change would be a serious disservice to the economy.

"I have reason to believe workers are prepared to live

up to the challenge thrown out to the entire country by President Mandela to get back to work.

"They are waiting for the cue from employers.

"It cannot be business as usual."

Leadership was expected of businesses to adapt to the new dispensation.

Asked whether strong unions would not serve as a deterrent to investors, Mr Ramaphosa said some of the strongest economies in the world were those which had powerful unions.

"Democratisation of the workplace is the key to achieving economic excellence, as in Germany, Sweden, Denmark and Norway, where unions are strong and democracy permeates industrial life."

In Sweden, workers took part with management in planning and implementing company goals.

In South Africa, management's approach was militaristic, expecting workers to follow orders without question.

Asked to predict the outcome of the current wave of labour disputes, Mr Ramaphosa said: "There is no problem without a solution, particularly if those involved are able to sit at the negotiating table."

The strikes should be resolved on a "give and take" basis by both sides.

He warned strongly against mass dismissals: "That will add fuel to the fire... industrial action will spread right across the country."

ANY worker who suspects the government is basking in political power and has forgotten its constituency would do well not to point a finger at Cyril Ramaphosa.

He describes himself as "passionate" about the urgent need for those on the work-floor to benefit from change.

"If it takes employers walking an extra mile in the interests of the country I think they should," he said.

"Obviously, I would like to have a labour dispensation which is compatible with that in many countries which have modern labour laws which conform to full International Labour Organisation standards."

This included the full right to strike, and freedom from intervention by state security forces.

The government should ensure labour laws moved away from their present 'archaic' nature. The government should play a mediating role



CYRIL RAMAPHOSA

through statutory conciliation measures.

He discounted alarmist talk about the present wave of labour unrest.

"People project this as a major crisis.

"It isn't, this is the traditional season for negotiations between workers and employ-

**'At the heart of some of these strikes is a deep yearning to be trained so they can be more productive.'**

ers and when those negotiations and conciliation fail, workers resort to their only method of pressure.

"Strike action should not be seen in a negative light — it should be seen as part of a collective bargaining culture that must prevail in a democratic country."

# 2,5 million jobs in next 10 years

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**CLIVE SAWYER**  
Political Correspondent

AT least 2,5 million jobs will be created in the next 10 years in a national public works programme to make the building of roads and waterworks more labour intensive.

Public Works minister Jeff Radebe announced a plan to enable a maximum amount of jobs to be created for every rand spent on building physical infrastructure.

The programme will take R10 million to set up in the first financial year. This will be drawn from the Re-

construction and Development Programme's R2,5 billion fund.

The public works programme was a key part of the RDP, Mr Radebe said in a statement.

Key objectives of the national public works programme are to:

- Build and maintain infrastructure to serve the needs of poor communities.

- Cut unemployment and reduce dependence on welfare programmes.

- Educate and train those on the programmes.

He said the programme was the

outcome of an intensive investigation by the National Economic Forum in the past six months. ARG 4/8/94

A task team of civil servants, unionists and academics will co-ordinate the programmes.

They will not decide where work will be done but will assist departments and companies involved in projects by explaining guidelines for implementation.

A spokesman for the task team said the aim was to use labour rather than machines wherever this was technically possible.



# Labour force 'costly, unskilled, militant'

ARG 4/8/94 (173)

PETER FABRICIUS of The Argus Foreign Service reports from Washington.

**T**HE influential New York Times has painted a gloomy picture of South Africa's prospects of attracting foreign investment soon, saying that investors "have found a host of reasons to stay away".

And one of Wall Street's major securities firms, Lehman Brothers, has indefinitely postponed plans to launch a closed-end fund specialising in South Africa equities, reportedly because of the disappointing performance of three other South Africa-based funds established on Wall Street this year.

In a front-page article by South Africa correspondent Bill Keller, the Times said the reasons given by foreign investors for not committing money to South Africa were that the labour force is "costly, unskilled and militant," trade barriers and currency exchange controls have yet to fall, and there were doubts about the government's long-term commitment to capitalism and whether President Mandela could contain the expectations of the impoverished majority.

The Times says that last year "the advance scouts of Western money brought an alluring message; make peace and take the free market pledge, and a thousand projects will bloom".

But in spite of the fact that South Africa did just that, the promised surge of investment did not materialise.

Keller suggests that even the Rwanda debacle may

have put investors off. He quotes an American investment adviser on South Africa as saying that at just about every presentation he gives, someone asks about Rwanda.

But more pertinently he quotes Mr Robert Irwin, chairman of ASA, an investment company that buys mainly South Africa gold shares, as saying that he could not figure out what South Africa offered to outside investors in the way of opportunities to create jobs.

Keller wrote that after a week-long, fact-finding trip to South Africa, talking to bankers, businessmen and officials, Mr Irwin "left a sceptic".

Mr Irwin found that South Africa was "neither fish nor fowl" — its wages were too high to fit the profile of other emerging markets but it lacked the skills and industrial technology base to compete with developed countries.

Heavily-unionised South Africa labour cost five dollars (about R18) an hour in total remuneration, double the cost in Mexico or Brazil and eight times the cost in China.

Productivity was relatively low. And "a recent outbreak of labour unrest has been an unnerving reminder to investors — and to Mr Mandela — that workers have not necessarily bought the new government's message of restraint," Keller added.

Japan's economic attache in Pretoria, Kyoji Yoshino, told Keller much the same.

He said that Japanese companies preferred to invest in South East Asia rather than South Africa because labour was cheaper, skills higher and company loyalty sometimes greater.

Keller's article held out some hope that in time the South Africa government would persuade unions to forgo wage increases in favour of training and other measures to increase productivity and that returning fugitive South Africa capital would start a wave of investment that might inspire foreigners.

Meanwhile on Wall Street, the major securities firm Lehman Brothers has postponed plans to launch a closed-end South African investment fund.

Wall Street sources believe this is because of the disappointing performance of three other funds specialising in South Africa launched this year. All began with share prices at 15 dollars (about R54) but yesterday Alliance Capital's Southern African Fund was quoted at 12,5 dollars (about R44), Bear Stearn's New South Africa fund at 13 dollars (about R46,50) and Morgan Stanley's Africa Fund at 10,75 dollars (about R38,50).

The market sources said the decline in the South Africa funds was partly the result of continuing investor uncertainty about South Africa and partly the result of a general withdrawal from emerging markets.



# Broking labour's back

WM(BM) 5-11/89 (173)

**Ravi Naidoo** reports on the consequences of the increasing incidence of labour brokers

number of private work agencies is growing by 10 percent a year. This trend is spreading to other countries too, and South Africa is particularly hard hit.

But what are labour brokers? Simply put, the labour broker merely supplies the client (for example, a building contractor) with workers. The client pays the broker, and the broker pays the workers. The broker is deemed by the Labour Relations Act to be the employer, and the client is not. So companies can have people do their work without having to take on the responsibility of being their employer.

Traditionally, the "letting out" of workers causes great confusion both for the authorities and for the workers. Labour brokers have deliberately exacerbated the situation by using third parties (ie, sub-letting), which renders the LRA definition useless.

Workers are also unsure what their rights are or to whom their grievances should be addressed, and the authorities do not have the capacity to cope with all the complications.

Labour brokers have been in existence in South Africa for many years, but were only included in the LRA in 1983 in an attempt to regulate them. That attempt at regulation has failed dismally for a number of reasons.

The most important reason is that

brokers have tried their level best to make evading minimum standards almost an art form. Secondly, brokers are aided and abetted by a grossly inefficient regulation and enforcement system (for example, the LRA did not foresee the use of sub-letting).

Thirdly, there is often collusion with companies which want to obtain cheap labour that they can easily dispose of. This provides these companies with considerable savings on wage costs, and other "burdens" such as unemployment contributions and training requirements.

Fourthly, the high level of unemployment has pressed many workers to take whatever they are offered and not to report abusive labour practices and non-compliance with minimum standards.

The net effect of all this is that brokers can do what they want to do, at a sizeable profit. Industry sources estimate that some brokers are able to turn net profits of almost R1-million a month. On the other end of the scale, most temporary workers get a bad deal, receiving far less than the minimum wage with no benefits to boot, and permanent workers (and their dependents) who are made redundant through the use of labour brokers lose even bigger.

An example of wages is:

say, are vast. How does the exchange place a price on a company which has no profit history and when a price is finally determined, that price is not conclusive proof that it realistically represents the company's net assets.

These experts believe that prices would be influenced by the holding company's status and not necessarily related to the operating company's performance.

The true success of the RDP will not depend on whether private companies will be interested in listing, but in Roy Andersen's ability to persuade his fellow JSE board members to start such a sector. If he can do this, there is a real chance of the JSE taking on its true role in South Africa; that of providing a fair market for all businessmen to start and expand viable businesses without enduring restrictive and prohibitive interest rates.

# JSE's RDP (173)

WM(BM) 5-11/89

From PAGE B1 contribute to reconstruction and be an advantage to promoting black entrepreneurship," says Andersen.

In addition, it is expected that the JSE will place a limit on how much money will be required by the company and also a restriction on the degree to which management will control the underlying entity.

Another safeguard for investors will be the implementation of a full prospectus, which is the normal pre-listing document. RDP sector companies will also be required to submit normal six monthly accounting statements to the JSE and all shareholders.

Another expected change to be introduced by the JSE listing department

relates to the VCM. Andersen says that at present JSE listing criteria do not generally make it easy for individuals to raise capital. The total lack of interest in the VCM has made this existing infrastructure available for change.

The JSE has not released details on what these changes will be, but market experts believe that a new RDP and VCM should raise "a great deal of interest in the market as a whole," says a dealer. He believes that the success will be "similar to that achieved by the UK's Unlisted Securities Market (USM)". In this market, the UK exchange permitted companies to list on the exchange, but to retain private status.

The USM was formed in 1980 and by mid-1986 over 460 companies had been floated, totalling more than R5,5-million. The advantages which this market provided for the public could certainly be

echoed in a South African RDP.

Firstly, companies would benefit in being able to obtain capital from the public instead of the laborious mechanism of asking individuals for funds, growth by acquisition becomes possible — organic growth is restricted in our present environment — and the company status is enhanced, enabling easier access to bank loans.

Secondly, the JSE could benefit through increased trade and thus improve liquidity. Other advantages for the exchange include a saving on advertising costs in floating an RDP type company and greater flexibility is obtained in determining what companies become listed.

While the idea of such a sector seems ideal, numerous pessimists say that in reality such a market is unlikely to take off in South Africa. Disadvantages, they

Continued on PAGE B3



# Bid to create 2,5-m jobs

Star 518194

■ BY CHRIS WHITFIELD  
POLITICAL CORRESPONDENT

Cape Town — A programme to create at least 2,5 million jobs over 10 years has been launched as a "key component" of the Reconstruction and Development Programme (RDP).

Public Works Minister Jeff Radebe announced the plan yesterday, revealing that a task team appointed by him had prepared an "action plan".

The main thrust of the National Public Works

Programme (NPWP) task force will be the promotion of labour-intensive projects.

Technical specifications for the construction of roads and provision of water would be amended to effectively shift the emphasis from machinery to manpower.

"We look forward to the creation of jobs within the shortest possible time," Radebe said.

Radebe told a press conference yesterday that "the objectives of the NPWP are very closely aligned to the RDP". For

this reason the NPWP was a "key instrument for the implementation of the RDP". (173)

Task team member Barry Jackson, of the Development Bank, revealed that between R5 million and R10 million would probably be spent this financial year "on the setting-up side".

The task force members were adamant that standards would not be lowered by amending "technical specifications".

These would be designed to develop labour capacities.

## Public works plan to create jobs

TIM COHEN

CAPE TOWN — Government yesterday announced the creation of a seven-man task force to oversee a public works programme aimed at creating 2,5-million temporary contract jobs over 10 years.

Public Works Minister Jeff Radebe declined to say how much would be spent, but officials said it would cost R5m-R10m. A number of projects would be detailed by President Nelson Mandela on August 18 to mark the ANC's first 100 days in office.

The programme is based on one agreed to by the National Economic Forum. Its targets are based on projections of what could be achieved, particularly in the construction industry, if labour-intensive methods were used. *BIDAY*

Radebe said the public works programme was an essential component of implementing the reconstruction and development programme. Once employed in public works projects, it was hoped people would be trained, acquiring skills to enable them to enter the formal job market or become self-employed. *518194*

Radebe said part of the R2,5bn RDP budget and some parts of departmental budgets would be used on the programme, which would be administered by the departments involved. *(173)*

The key objectives were to create, rehabilitate and maintain infrastructure which met the basic needs of poor communities and promoted broader economic activity. It would also reduce unemployment and strengthen local government.



# Plans launched for 2,5m new jobs

By BARRY STREEK  
Political Staff

THE government yesterday launched a multi-million rand public works programme to promote the greater use of labour on projects such as the construction of roads and the provision of water.

The National Public Works Programme (NPWP) was a key component of the implementation of the Reconstruction and Development Programme (RDP), Public

Works Minister Mr Jeff Radebe said at a press conference.

Although few details of the new programme and its costs were given — Mr Radebe said it was hoped to create 2,5m jobs in 10 years, a target originally set in the RDP — the government hopes to counter unemployment by giving thousands of temporary or "transitional" jobs.

While employed in NPWP projects, it is hoped these people will acquire skills to

enable them to enter the formal job market or become self-employed.

Mr Radebe said part of the R2,5bn RDP and parts of the departmental budgets would be used in the programme, but between R5m to R10m would be spent on developing structures and expertise during the current financial year.

Further details are expected on August 18 when President Nelson Mandela addresses Parliament on an RDP action plan.

the end of his first 100 days as President by which date he said the RDP programmes would be up and running.

However, Mr Radebe said the implementation of these president projects would include urban renewal and rural development projects.

He said the NPWP would concentrate on marginalised youth and women.

Mr Radebe said the key objectives of the programme were to: **CT5/8/94**

- Create, rehabilitate and maintain infrastructure which met the basic needs of poor communities and promoted broader economic activity;
- Reduce unemployment through the creation of productive jobs, associated with anti-poverty welfare programmes;
- Educate and train those on the programmes; and
- Build the capacity of communities to manage their own affairs.. **(173)**



**A** RECENT World Bank document, Reducing Poverty in SA: Options for Equitable and Sustainable Growth, has occasioned much controversy. In the face of this, it might be helpful if we elaborate our central messages.

Unless growth is revived on a sustainable basis, the jobs and resources needed to improve the long-term prospects of the poor will not materialise. Yet any revival of growth that fails to achieve visible redistribution and poverty reduction is likely to falter under the pressure of growing social unrest.

SA is among the world's most unequal economies, with 51% of annual income going to the richest 10% of households, but less than 4% going to the poorest 40%. A growth which fails to contribute more broadly to improved economic welfare will not be politically sustainable.

Along with a higher growth rate, sustainable increases in social equity will be possible only if the pattern of growth changes, specifically, becomes more labour-demanding. It is clear from international experience that in the long run, efficient employment creation is the only sustainable strategy to reduce poverty. (And in the long run, the private sector is the only viable engine of efficient employment creation.)

**Y**et, in the past, SA's output growth failed to translate into employment growth. Rigid, apartheid-related controls on labour, capital, land and product markets contributed to poor employment and productivity performance.

The apartheid-related controls have been removed and, with some exceptions, SA markets operate reasonably freely by international standards — although the employment benefits of this improved incentive structure are still working their way through the system. Meanwhile, it is important to ensure controls that create perverse incentives against efficient job creation, albeit unintentionally, do not re-emerge.

Moving towards happier industrial relations is a necessary condition for shifting to an efficient and labour-demanding growth path. Sim-

# Creation of jobs is the main weapon

## against poverty

ISAAC SAM

BIDAY

15/8/94

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ulations show the overall employment effect of investment is three to five times as large in light, labour-intensive industries such as metal products or garments as in heavy, capital-intensive industries such as chemicals or steel.

Wages in SA's formal manufacturing sector are in the middle rank among developing countries — about one third those of Korea and Taiwan, but 10 times those prevailing in countries like Indonesia and Bangladesh. At these wages, SA producers are entirely uncompetitive internationally in "low-end" light manufactured products for poor consumers — and it would be a mistake to try to expand these industries behind high protective walls.

At real wages that remain more or less at current levels, sustainable expansion of light manufacturing can nonetheless take place in export markets for niche products — high quality textiles, garments, shoes and furniture, high-value fabricated metal and plastic products and the like. If industrial relations remain conflict-ridden, SA firms will be vulnerable to work stoppages and a consequent inability to meet commitments on time, undercutting their ability to penetrate export markets, where reliability in meeting delivery schedules and quick turnaround are key.

SA's unequal legacy cannot be re-

versed solely by market reforms because those disenfranchised by apartheid will be unable to obtain the resources necessary to exploit market opportunities. Additional measures are called for to broaden economic participation. Consistent with the reconstruction and development programme, the document details options in three pivotal areas:

- Investing in people. Ensuring universal access to health and education (including upgrading worker skills) improves the quality of life of the poor and endows them with greater opportunities. It also contributes significantly to the rate and pattern of growth.
- Investing in cities. Urban centres are the economic and demographic

core of the country. Enhancing the functioning of cities is vital to national growth and to improving the access of the poor to basic services; and


- Investing in new private enterprise. Broadening participation to include smaller agricultural and industrial enterprises is equitable and will accelerate the shift towards a more labour-demanding and efficient pattern of growth.

The crucial goals of improving equity and strengthening economic performance are mutually reinforcing rather than in conflict.

Social investments in people, cities and new private enterprises have the potential to contribute to a virtuous spiral of improvements in

### Additional resources for poverty related public investment

(Rbn at 1992 prices)

 <b>Low growth scenario</b>	1994-1997	1998-2001	2002-2005
	10,2	4,5	7,4
<b>High growth scenario</b>	17,0	34,7	71,3
	Source: WORLD BANK		

equity and productive capability, resulting in further increases in the resources available for continuing social investment.

With sustainable growth, the resources required for a massive programme of social investment will increasingly become available — and sustainable growth depends, in turn, on continuing macroeconomic stability.

As the accompanying table shows, the volume of resources available for new, poverty-related public investment differs depending on whether the country is able to move on to a high growth path.

Rapid growth can be sustained only if there is a recovery of private (non-housing) investment from the current 10% of GDP to upwards of 16%. However, such an investment recovery will occur only if private investors are confident that macroeconomic and other policies can be sustained, and this in turn requires continuing fiscal discipline.

**A** number of reports highlighted the document's mention of an inverse relationship between employment and wages. Research by the World Bank suggests, though, that labour demand for black workers is relatively wage inelastic: between 1979 and 1990 the employment effects of union-induced wage increases amounted to a relatively modest loss of 200 000 to 400 000 jobs. By contrast, about 5-million black workers are in wage employment, with open unemployment in the 2- to 3-million range. These figures suggest the dominant causes of unemployment problems are to be found largely in structural reforms of the kind detailed in the document.

The document highlights a commitment to shared growth as the common foundation of economic success in most high-performing East Asian economies. The key here is a broad social consensus as to the legitimacy and fairness of economic policies. Indeed, to suggest that labour should bear the brunt of adjustment through reductions in real wages is directly contrary to the substance and spirit of the document's message.

Sam is the World Bank's resident representative in SA.



# Amic says joint venture will create 10 000 jobs

Biday 16/8/94

MICK COLLINS

ANGLO American Industrial Corporation's (Amic's) planned R650m television tube venture with Korean group Daewoo would create more than 10 000 jobs indirectly and 590 directly, Amic said yesterday.

Amic's new business consultant Laurie Olivier said "convincing" benefits also included foreign exchange savings, lower consumer prices and the development of a substantial export industry.

He said without the proposed Amic/Daewoo programme the local TV industry faced almost certain closure due to the switch to full TV imports which would result in the loss of several thousand jobs.

Successful implementation of the new programme would not only conserve these jobs but would also create new jobs within the colour picture tube (CPT) plant itself and in spin-off industries.

Due mainly to electrification and a growing replacement market, TV demand had broken out of the 200 000 to 300 000 unit-a-year levels which had prevailed for the past 15 years.

Market levels exceeded 600 000 units last year.

Without a "serious" localisation programme, the industry could become a drain on foreign reserves in excess of R500m a year by the turn of the century. The proposed new programme would not only lead to a major reduction in forex outflows but would lead to the development of a strong export industry.

Olivier said that assuming government sought to retain its income from the industry, the proposed new programme would lead to lower average TV prices over a 10-year period.

This would be made possible due to the taxes associated with the higher local value added, and taxes arising from the economic activity generated by the CPT facility related to export production.

The proposed venture "would allow for the further localisation of TV components which could result in the local content of the SA-made TV reaching levels of the order of 70% to 80%, on par with that of many TV producing countries", he said.

The required economies of scale were now available

to the local TV component manufacturing industry, allowing it to achieve international competitiveness in line with the General Agreement on Tariffs and Trades programme (173)

Major export markets would be Africa, South America and, to a lesser extent, western Europe.

Olivier said a start-up duty of 60% would be required initially to put the SA CPT plant on a level playing field with its international competitors.

The start-up protection would offer a local CPT plant the opportunity to compete against already depreciated plants, and once depreciated the plant should be competitive in its own right.

# Kriel calls for moratorium on R300m service arrears

Biday 16/8/94

**CAPE TOWN** — The Western Cape government had called on the region's local authorities to put a moratorium on R300m in service arrears, premier Hennis Kriel said at the Western Cape legislature's opening yesterday.

Arrears of about R234m were owed to white local authorities while about R67m was payable to black local authorities, he said. Central government had taken responsibility for debt owed to black local authorities.

It was "blatant discrimination" if only one section of the community benefited from the writing off of debt.

The state would pick up the tab for service arrears until the end of January 1994. Arrears incurred after that date would be considered by transitional local councils.

Steps should be taken to lift the sentences on those convicted of being in arrears on service payments.

Kriel said the provincial government was asked to submit reconstruction and development programme (RDP) projects, to be announced by President Nelson Mandela later this week.

The Western Cape had submitted proposals which, if approved, would use 19% or R475m of the R2.5bn made available for the RDP this year.

**EDWARD WEST**  
Of the R475m, R99m was for a serviced land project.

The R1.67bn project, started by the Cape Provincial Administration, would, after five years of development, provide accommodation and facilities for 214 000 people on the Cape Flats.

The R99m would go towards bulk infrastructure, roads and the construction of schools for the children of people who had already occupied 7 000 plots.

About R276m was requested for infrastructure and services elsewhere in the province, including sewerage and street lights for Grassy Park and water provision for Atlantis, Rietpoort and Van Wyksdorp.

The Western Cape's environment and works department would be the main recipient of the third R18.5m request for tourism promotion and environmental development activities, while R12m was wanted for multifunctional community centres.

About R20m was requested for the development of District Six, while R64.8m was wanted to upgrade and repair schools in Strand, Cape Town, Heidelberg, Hermanus and Hopefield.

Kriel said the Western Cape pro-

vincial legislature had been severely hampered by central government's "reluctance" to transfer powers in terms of the constitution.

"We cannot plan or govern without powers," he said.

He criticised Housing Minister Joe Slovo's apparent intention to control housing provision through fund allocation. Attention was being paid to drafting a provincial housing law, Kriel said.

There were no low-income group financing packages in place to provide for more than serviced sites.

The province hoped to eliminate its housing shortfall of 180 000 homes in five years. This would entail building more than 36 000 houses a year.

A provincial pension fund was being investigated.

About 230 000 children were being fed at schools in the Western Cape.

A ministerial report on the release of children from detention and placement in places of safety would be released soon.

The province hoped to have a single education department in place by the end of the year.

A commission to investigate eliminating red tape on health services, trading licensing and other development disciplines would report before the end of December.

## Commercial bank to hold PWV account

ONE or more commercial banks would hold the PWV exchequer account, worth billions of rands, the PWV standing committee on finance heard yesterday.

The account would have to remain in credit to avoid the debt built up by homelands which had overdraft facilities, PWV finance official Kobus Bolton said.

Explaining the 22-page Provincial Exchequer Bill, he said he had been informed that the Reserve Bank, which held the national account, did not want to be saddled with the day-to-day transactions of the provincial account.

The Bill did not stipulate whether one or more commercial banks could hold the account.

Committee member Mohammed Danogor (ANC) suggested that banks sympathetic to poor communities be excluded as candidates for the account.

On keeping the account liquid, Bolton said the PWV exchequer would not be allowed an overdraft. There would be timely warning if funds were running short.

The only public submission on the Bill, by a private individual, said state accounting should be changed from the system where assets and liabilities were not balanced.

The standing committee will make amendments to the Bill before it is put to the legislature. — Sapa.

## SBDC hopes to create 35 000 jobs

ABOUT 34 900 jobs were likely to be created via the Small Business Development Corporation (SBDC) in this financial year, according to a corporation reconstruction and development support initiative document released yesterday.

The SBDC said 93% of all young people were unlikely to find formal employment in the economy and the promotion of entrepreneurship was an important alternative. The document announced a R240m yearly budget which would be used exclusively to fulfil the goals of the RDP by granting financial and infrastructural support to black business.

The budget comprised R179m from the SBDC's coffers and a further R61m from the Trade and Industry Department. SBDC MD Ben Vosloo said the fact that 75% of the total RDP support initiative

would come from the SBDC's own coffers was testimony to its commitment to the principle of sustainable development.

"The SBDC supports the objectives of the RDP to promote the economic growth potential of SA and to enable all South Africans, particularly members of disadvantaged groups, equitably to share in the benefits of that growth," Vosloo said.

SBDC GM Fred Swanapoel said despite the 90% failure rate of all small business undertakings, the SBDC enjoyed an 85% success rate on financial loans.

This year's funds would be used primarily to finance loans to small-medium entrepreneurs, including loans to small building contractors. In this way, the SBDC hoped to contribute to the supply of low-cost housing. — Sapa.



# Labour force set to soar by 9-m in next 17 years

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ROGER FRIEDMAN

Labour Reporter ARG 24/8/94

SOUTH Africa's labour force will soar to a hefty 23,1 million by 2011, the University of South Africa's Bureau of Market Research predicts.

The force presently hovers around the 14 million mark.

The Unisa figures represent an annual injection of around 476 000 workers into the market.

To absorb these people into the formal sector will require an annual economic growth rate of between eight and nine percent.

Besides changes in the size of the labour force, Unisa expects the women component to expand at a much faster rate than men, mainly because of the entry of married women into the market.

An average rate of increase of 3,2 percent for women and 2,4 percent for men is predicted over the next 20 years.

In 1960, men made up 79 percent and women 21 percent of the force. By 1991, the male component had dwindled to 61 percent and by 2011 a fur-

ther decrease of three percent to 58 percent is envisaged.

The bureau predicts differential rates of increase by population group.

The "black" (African) component is expected to expand at a huge 426 000 (3,3 percent) a year, "coloureds" by 27 500 (1,7 percent), "whites" by 14 000 (0,6 percent) and "Asians" by 8 300 (1,8 percent) a year.

These differential rates of increase will cause changes in the overall composition of the labour force with the share of blacks rising from 69 percent in 1991 to 77 percent in 2011.

All the changes are expected to have major repercussions on the supply of entrepreneurs.

At present, the "black" labour force supplies just four percent of entrepreneurs in the formal sector, but in the forecast period it will supply 90 percent of new entrants.

The report concludes that unless South African education and training start producing large numbers of entrepreneurs soon, unemployment will assume unprecedented proportions once present labour-intensive projects are completed.



**JOBS**

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# JSE's black market needs work

THE Johannesburg Stock Exchange has gone to great lengths to facilitate black empowerment but, in the process, may have sacrificed some of its supervisory responsibilities.

JSE president Roy Andersen this week released draft proposals for the exchange's new listing requirements, "which bring the JSE in line with international markets but also recognise changes in the local financial environment".

The proposals are contained in a document drafted with the assistance of British experts. In most respects, therefore, the proposed listing requirements are in line with overseas markets, particularly the London Stock Exchange, but they differ markedly in three major aspects: the retention of primary pyramid companies, the listing of shares with differing voting rights and the establishment of the Financial Redevelopment Sector.

The most controversial of the three is the retention of primary pyramid companies. While most stock

Proposals published by the JSE this week for making the exchange more accessible to black investors may introduce a new set of problems if adopted, writes **SVEN LUNSCHÉ**.

exchanges prohibit pyramid companies the JSE has decided to relax these restrictions "to facilitate broader economic empowerment".

A pyramid structure allows control of the same assets to be gradually centralised rather than spread among management and eventually facilitate employee participation.

In a similar vein the JSE plans to allow the listing of shares with differing voting rights. The only condition is that the majority of shareholders, other than the controlling shareholder, approve their issue.

The planned listing of New Africa Investments (NAI) tomorrow uses this principle to facilitate control of Metropolitan Life by Dr Nithatho Motlana's Corporate Africa. While Corporate Africa controls a large majority of voting shares Sankorp provides the bulk of the funds for the transaction through holding

most of the preference shares.

Merchant bankers to the NAI issue — Standard Merchant Bank and Rand Merchant Bank — are believed to have put a strong argument to the JSE to ease the existing requirements.

The establishment of the Financial Redevelopment Sector — an "RDP sector" — also carries with it a number of complexities.

Mr Andersen says companies wishing to invest in socio-economic development projects or corporations would be assisted by more relaxed listing requirements.

Such companies will not be required to submit a profit history, although they will have to give appropriate information about their investment policies and their risk profile.

They will be allowed to invest fully in unlisted socio-economically focused companies, but the majority



POLISHED ACT... cleaner Odilon Tsosane renews the JSE's lustre

Picture: JON HRUSA

of the directors may not be involved in the day to day running of any one such investment. No more than 20% of its funds may be invested in a single project or company.

However, analysts point out that investments of a socio-economic or development nature often carry more risks and that easing listing restriction would make detection of problem areas much more difficult. Black business will also be enticed into the venture

capital market through a reduction in the minimum capital requirement for a listing, to R500 000 from R2-million.

A number of banks and black-controlled companies have submitted detailed plans for a listing on the "RDP sector". Mr Andersen says the JSE has received three "serious" proposals so far.

Companies that have announced their intentions include Rand Merchant, UAL Merchant Bank, Rich-

ard Maponya's Kilimanjaro Holdings and Willowton Industries, a consumer products group.

Mr Andersen indicates that proposals specifically designed to promote black empowerment but which are not in line with international standards could eventually be lifted.

"However, for the time being we have to allow pyramid structures and low voting shares to achieve black participation in the market."

One of the primary concerns of the JSE at present is to boost liquidity in the market. The draft addresses this concern by proposing more stringent minimum shareholder-spread requirements. It envisages that at least 25% of equity of a company should be held by at least 300 public shareholders.

Other key proposals contained include:

- Rights issues can take place without underwriting
- The JSE has strengthened its powers to enforce compliance with the new requirements.
- A separate sector is to be established for cash shells, instead of suspending their listing immediately. If companies which become cash shells fail to acquire listable assets within six months their listings will be suspended.



# IEE programme for rural youth

Sowetan 11/9/94

By Joshua Raboroko

■ **KICK-START** Now budding

entrepreneurs will be helped financially:

**A** PROGRAMME to identify entrepreneurs and business opportunities for youths in urban and rural areas has been launched by the Initiative for Economic Empowerment as a component of the RDP.

The chief executive of IEE, Mr Lucas Ntuli, said after they were identified that these youths would be linked to financial institutions to obtain loans to start business and create jobs.

Ntuli said their main focus would be matriculants who could not find jobs as a result of large scale unemployment in the country.

The programme was developed together with Johannesburg Consolidated Investments, the Development Bank of Southern Africa, the Independent Development Trust and Future Bank.

Ntuli said these youths would be taught to identify viable business opportunities and also to apply for finance. After they were identified, kick-starts will be obtained from the bank.

Priority will be given to youths who have no jobs, or who have been "marginalised" as a result of violence, crime and unemployed adults.

Already a group of potential business people is receiving training in KaNgwane, and in other rural towns in the northern Transvaal. The lessons will end on September 9.

The second round of lessons will be held in the PWV in November. Courses include bricklaying, bookkeeping, plumbing and other skills in the manu-

facturing industry.

Ntuli said: "There is a great need to empower rural people through job creation since existing companies cannot absorb all the unemployed. (1)"

"We have to be realistic about the new South Africa. For us to stem the influx of people from rural areas to the urban areas, rural people should not be left out in the process of job creation and development."

It was important that creative new business people were trained, he said. After training IEE will provide mentoring candidates (173)

He added that they would cooperate with universities, technikons and other educational institutions.

# Upliftment plan for jobless to clean up verges

A MAJOR highway clean-up project, using jobless people from adjacent townships, is envisaged as part of the social upliftment plan of provincial Roads, Transport and Public Works Minister Mr Leonard Ramatlakane. (173) CT 3/9/94

He said during a review of his portfolio yesterday that informal road verge cleaning projects would involve small "emergent" contractors and roadside communities.

He said pilot projects on the N2 could be done without redirecting funds, because such work accounted for some 35% of road work costs.

He also said the R46,3 million upgrading of the Stellenbosch arterial road between Modderdam and Nooiensfontein roads had been put out to tender with a strong "labour intensive" bias.

Over two years the single lane arterial road will become a double carriageway with several new traffic signals at intersections.

Another R3,7m will go to improving the N2 from just beyond Somerset West and the Strand to near the bottom of Sir Lowry's Pass. This will include street lighting and improved traffic control.



## BUSINESS

# Job prospects looking better

Business Staff  
PROSPECTS for employment over the next 12 months have improved, despite recent strike action.

That's the heartening message from Sacob's Business Confidence Index (BCI).

Not only does this improve chances of a sustainable recovery, it also puts paid to expectations that labour unrest could make employers more reluctant to increase their workforces.

Notwithstanding the strikes, the BCI was unchanged in August from July's 111,9 — its highest level in almost seven years.

Sacob economist Keith Lockwood said a survey of confidence levels in the manufacturing industry indicated that employment levels were expected to rise for both skilled and unskilled workers in the year ahead.

In aggregate terms, 56 percent of respondents expected to employ more unskilled workers and 61 percent more skilled ones.

A regional breakdown showed that prospects for unskilled workers had improved in the Durban, Maritzburg and Western Cape areas, but had deteriorated in the Transvaal and East London.

Prospects for skilled workers had improved in the Transvaal, Maritzburg and Western Cape.

# Mining giant Johnnies going out with a bang

DEREK TOMMEY

JOHANNESBURG. — JCI, Johnnies, Johannesburg Consolidated Investment — three famous names for one of South Africa's most important mining houses for more than 100 years — is going out with a bang.

Destined to be unbundled and split up into three companies by April 1995, Johnnies' final profit declaration — for the year to June — should please shareholders and give them much more to remember it by than they probably expected.

Equity earnings are up 57 percent to R912,9 million, attributable earnings are up 73 percent to R748 million, the final dividend is up 71 percent to 154c, and the total dividend for the year to June is up 51 percent at 200c a share.

Chairman Pat Retief said yesterday the improved earnings were the result of increased contributions from most sectors, plus

a non-recurring profit of R84,5 million from the sale of Argus Newspapers and the reversal of R130 million previously written off against the company's investment in Joel.

Earnings from minerals and mining grew by more than a third from R212,1 million to R324,6 million.

Platinum earnings rose 34,1 percent to R114,5 million, gold earnings rose 171 percent to R93,8 million, diamond earnings rose 31,6 percent to R104,2 million, and coal earnings increased almost 13-fold to R23 million.

Against this, mining finance and other earnings dropped 60 percent to R10,7 million and exploration absorbed R21,6 million — some R5,8 million more than last year.

Earnings from the industrial and property portfolio rose by R135,7 million to R367,7 million.

The contribution from its industrial portfolio alone rose 47,4

percent to R361,7 million. Ferrochrome had a turnaround from a loss of R15,4 million to a profit of R4,9 million.

Earnings from fees, interest and treasury operations and net surplus on realisations increased from R84 million to R207,1 million.

Equity-accounted earnings before extraordinary items were R912,9 million (1993: R582,4 million).

Attributable earnings amounted to 505c (293c) a share and equity-accounted earnings before extraordinary items to 616c (394c) a share.

Mr Retief said that as Johnnies would become three separate companies, the current final dividend could not be used a guide to future declarations and should be regarded as a one-off.

The three companies arising from the unbundling would together have a slightly greater net asset value than Johnnies had.

## Labour market policy

A NEW labour market policy is being formulated and will be published in draft form next year, Labour Minister Mr Tito Mboweni said yesterday.

The policy aims to improve the operation and results of labour markets to maximise quality employment and minimise unemployment, he told Parliament in a debate on his department's budget.

He also gave notice that labour powers would not be devolved to the provinces. — Sapa

(173) CT 9/9/94



# Plan 'must not be permanent'

CAPE TOWN — The planned national public works programme was likely to last longer than originally envisaged because of SA's chronic unemployment problem, Parliament's select committee on public works heard yesterday. (173)

Public Works acting director-general Theo van Robbroeck said it was unlikely that the programme would run for only five years, as recommended by the National Economic Forum. High levels of long-term unemployment would make it difficult to withdraw the programme.

The forum told the Cabinet earlier this year that while the programme needed time and resources to achieve objectives,

ADRIAN HADLAND

"the aim should not be for it to become a permanent feature of economic policy".

The objectives of the works scheme, financed initially with R250m from the reconstruction and development programme fund, are to maximise employment opportunities through labour-intensive techniques, generate infrastructure for disadvantaged communities and encourage the transfer of skills.

The forum estimated that R800m could be spent on public works programmes in the first year. A quarter of this would be

□ To Page 2

## Jobs plan

funded by rationalising departments' budgets. By the fifth year, more than R2bn — 7% of projected government capital expenditure — could be spent, funded solely by departmental budgets.

The implementation phase is scheduled for early next year, once an audit of government expenditure has been carried out to identify the potential for using more labour-intensive techniques. (173)

Public Works Minister Jeff Radebe's special adviser, Sivi Gounden, told the

committee the setting up of the programme was well under way. However, plans for monitoring and evaluating projects were only at "a conceptual stage".

The Independent Development Trust was likely to be commissioned to monitor and evaluate tasks in the early stages.

A special task team had met provincial representatives three times to discuss implementing the programme through the second and third tiers of government.

□ From Page 1

# Longer works project likely

**Political Staff**  
UNEMPLOYMENT in South Africa could necessitate the national public works programme becoming a longer-term project than had been envisaged, Parliament's select committee on public works was told yesterday.

Acting director-general of the Public Works Department Mr Theo van Robbroeck said he doubted the programme would

run for only the five-year span recommended by the national economic forum.

High levels of long-term unemployment would make it difficult to withdraw the programme after the recommended period, he said. (13) # CT 13/9/94

In a report to the cabinet earlier this year, the forum said that while the programme needed time and resources to achieve its

objectives, "it must be stressed that the aim should not be for it to become a permanent feature of economic policy".

The programme will be funded initially with R250 million from the Reconstruction and Development Programme fund.

The R2,2 billion budget of the Public Works Department, its policies and objectives, will be debated in Parliament tomorrow.



# R414 700 in public projects

173

By BARRY STREEK  
Political Staff

PUBLIC works programmes costing R414 700 have been awarded to three community-based projects in the Western Cape, Public Works Minister Mr Jeff Radebe said.

These were part of a R250m community-based national public works programme, he said in the National Assembly yesterday.

Mr Radebe said 34 projects in eight provinces had been identified and approved so far. Only the PWV was excluded.

Mr Radebe said he could not provide details, but the Western Cape's Albertina community would benefit from a sewerage disposal system, and water-piping from a dam would service the community at Nourivier, 30km east of Kamieskroon.

The projects were small beginnings, but his department estimated the total labour costs of all projects taken together would represent about 45% or R2,9m of the total project cost.





Erentzsen

173

~~2014~~

named as

CT 16/9/94

adviser

**Political Staff**

FORMER South African Municipal Workers' Union president Mr Johny Erentzsen has been appointed as a special adviser to the Minister for Public Service and Administration, Dr Zola Skweyiya.

In a statement yesterday Dr Skweyiya added that a former World Bank official, Mr Sandile Nogxina, had also been appointed as a special adviser.

"The appointments come as part of a process to prepare the ministry for the ominous task of restructuring and rationalisation of the public service."

He said Mr Erentzsen's understanding of the public service was internationally acknowledged.

ARG 20/9/94

# 'SA jobs market needs 6pc growth rate'

(173)

## Business Staff

A MINIMUM annual growth rate of six percent is necessary to absorb new entrants to the labour market each year, according to Professor Bax Nomvete of the Africa Institute for Policy Analysis.

Addressing the convention of the Association for the Advancement of Black Accountants (Abasa) in Cape Town yesterday, Professor Nomvete said in the 1960s more than 80 percent of new entrants to the market had found work in the formal sector, but by 1990 this figure had fallen to less than 10 percent.

It would be very hard for the economy to

achieve both growth and equity, he said.

The first priority should be growth. Investment in skills development was essential to achieve this.

"Skills development will contribute directly to economic growth at higher levels and to equity. There is the essence of the justification for black integration in the South African economy."

Professor Nomvete said only 600 chartered accountants out of a total of 22 000 were black. There were only seven black woman accountants.

There were 28 000 registered doctors but less than 2 000 were black, he said.

In the early stages of the reconstruction process priority should be on primary education.



# Govt reveals plan for jobs

Political Staff

THE government revealed its plan yesterday to provide jobs, services, development and a better quality of life for citizens in the new South Africa.

The draft White Paper on the RDP, which was tabled before the RDP select committee yesterday, would transform every level of government, every department and public institution, President Nelson Mandela said.

The paper outlines how the restructuring of the public service, the adoption of new social and economic aims and the use of new budgeting methods will ensure a more equitable redistribution of resources and services.

Minister without Portfolio Mr Jay Naidoo said the paper explained "how more government resources can be used to improve the quality of life, stimulate

## Draft paper on RDP submitted

growth, restructure government administration and create jobs".

However, the paper was still a discussion document and did not provide "all the answers".

A second White Paper, with details of plans by each ministry as well as more specific trade and tariff policies, would be published in March.

Mr Naidoo said the draft White Paper represented the first time a South African government had produced a coherent plan with steps to achieve it.

In the paper, the government commits itself to the gradual re-

duction of the fiscal deficit, the control of government spending and limiting dissaving.

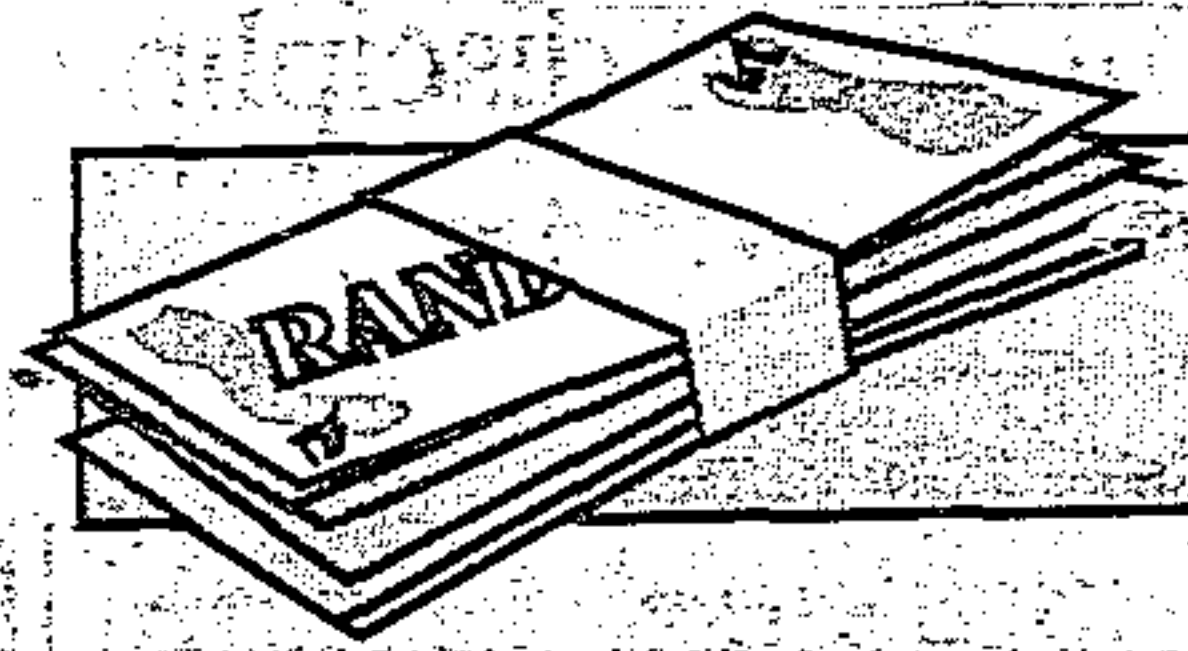
The restructuring of the public service is to be achieved by reducing departmental budgets but allowing them to be supplemented through the RDP fund.

Instead of departments budgeting according to the previous year's budget allocation, funds will be determined according to projects.

This represented a powerful incentive for departments to realign their activities toward projects which supported the RDP, Deputy Finance Minister Mr Alec Erwin said.

Another aspect of the paper emphasises the importance of local government structures, particularly in the rural areas, to help achieve RDP goals.

● Business has nothing to fear from RDP White Paper — Page 10



Focus

# 38 000 jobs created last year — SBDC

Sowetan 22/9/94

**■ LOAN SCHEME** Corporation has  
made possible 380 500 opportunities:

By Isaac Moledi

**M**ORE than 38 000 job opportunities were either created or maintained last year, managing director of the Small Business Development Corporation Dr Ben Vosloo said this week.

Speaking after the SBDC's 13th annual general meeting, Vosloo said there were about 38 800 jobs created or maintained by SBDC clients at a cost of about R10 600 a job. "Since inception, the SBDC has facilitated about 380 500 job opportunities."

Vosloo said it was possible for the SBDC's Bank Indemnity Scheme to create more than 170 000 jobs. But it was difficult as the corporation needed R100 million for the next six years.

A management training programme with 21 participants was launched jointly with the Graduate Institute of Management and Technology last year.

The SBDC also created opportunities for 63 young South Africans — 50 blacks and 13 whites — as trainees employed by the SBDC in preparation for their business careers. (173)

"However, unemployment, along with homelessness and poverty, affects a large section of the South African population. Without aggressive efforts to redress these negative trends, the positive cyclical upswing will not outweigh the negative structural trends," Vosloo said. About 8 002 loans amounting to R360 million were granted last year. There was a dramatic increase in the use of the SBDC's Bank Indemnity Scheme and Mini Loan Programme.



# 'Job-creation takes priority'

Sowetan 22/9/94

EMPLOYMENT creation should take precedence over the Government's housing scheme because jobless people cannot afford to buy houses.

This was said by SA National Civics Organisation official Mr John Makelelane at a conference of the Institute of Housing of Southern Africa in Bloemfontein yesterday.

Makelelane, of Sanco's southern Orange Free State branch, said housing projects would create a few jobs whereas more jobs were needed.

He said the Government had created high expectations among people without planning how it was going to meet those expectations. Affirmative action in all departments was crucial for the implementation of the Government's Reconstruction and Development Programme, he added.

Factory buildings were standing empty and job-creation should be "kick-started" while the housing de-

bate progressed.

Mr James Mentoor of the Orange Free State Regional Housing Board said the Government's R12 500 housing subsidy was not enough.

Although the board was trying to give buyers value for money, buyers sometimes bought a product that left them disgruntled with Government and society at large. "One room with a toilet" was no longer acceptable.

Mr Gareth Coleman of the Congress of South African Trade Unions said it was unacceptable that various sectors were trying to "cream off" profits. A long, hard look should be taken at the relationship between profits and quality housing. (173)

Coleman said the subsidy scheme was only a part of addressing the housing backlog. It would help to provide shelter only to "the poorest of the poor", and it was not good enough to subsidise only a small sector of the population.

# Creating jobs is top priority, <sup>(173)</sup> says Sanco man

*ARG 22/9/94*  
BLOEMFONTEIN. — Jobless people cannot pay for domestic services so employment takes precedence over housing, South African National Civics Organisation official John Makelelane told a conference of the Institute of Housing of Southern Africa.

Mr Makelelane said housing projects would create jobs but more would be needed to ensure new owners could maintain the properties and pay for services.

He said the government had created high expectations among people without planning how to meet them.

Affirmative action in all departments was crucial for the implementation of the government's reconstruction and development programme.

Factory buildings were standing empty. Job-creation should be "kick-started" while the housing debate progressed.

Mr James Mentoor of the Orange Free State Regional Housing Board said the government's R12 500 housing subsidy was too little.

Although the board tried to give house buyers value for money by carefully scrutinising developers' plans, buyers sometimes bought a product that left them disgruntled with the government and society at large.



# Hope for the homeless

**JOSEPH ARANES**  
Weekend Argus Reporter

If you are able to empower and develop the poorest sections of society, it follows that the whole country will be a better place to live in.

This was said by a korb-dweller who lives on the streets of India and who is in South Africa to share her knowledge and experience with a group of local homeless women who are working hard to build decent houses for themselves.

Sagira Ansari lives on the streets of Bombay and helped form an organisation called Mahila Milan, Women Together, to help find solutions to India's housing crisis.

She is part of a group of five invited to South Africa by the SA Homeless People's Federation to share ideas on a problem which is just as common here.

"The issue of poverty is the same wherever you go but through our struggle in India we discovered that by helping ourselves overcome the difficulties was the only solution," said Sagira.

"We came here to share our experiences but found the people here had already found the solution because they know they can't wait for the government to deliver on their promises."

"Yet if the poorest section of the community was empowered and developed, the whole country will benefit. But those in power don't want to realise it."

The Homeless People's Federation was formed in 1992 after groups of people from across the country came together to pool their resources and help find solutions to the housing shortage.

Western Cape regional co-ordinator Patricia Matolengwe said her group was based in Site B Khayelitsha and had 266 members, six of whom are men and the rest women.

"We started out as a savings club but after we opened our first bank account and deposited R1 100 we sat down and discussed how best the money

■ In our own country and across the globe millions go to sleep every night without shelter. In a bid to empower the citizens of the streets, South Africa's homeless are now sharing ideas with the destitute from India, where the problem is also enormous.



TOUGH JOB: Rose Molokwane and Patricia Matolengwe show how the job must be done.

could be used, she said.

"Because none of us own homes it was decided the money should be used to finance a housing project."

Now two years later, the Victoria Mxenge Housing and Development Association has accumulated more than R19 000 and after months of negotiations with the Catholic Church owns five hectares of land in Philippi, just off Lansdowne Road.

It was now suitable for building houses.

"A good thing about the rubble was that we organised work teams to go through it and have recovered hundreds of useable bricks and other material from it," she said.

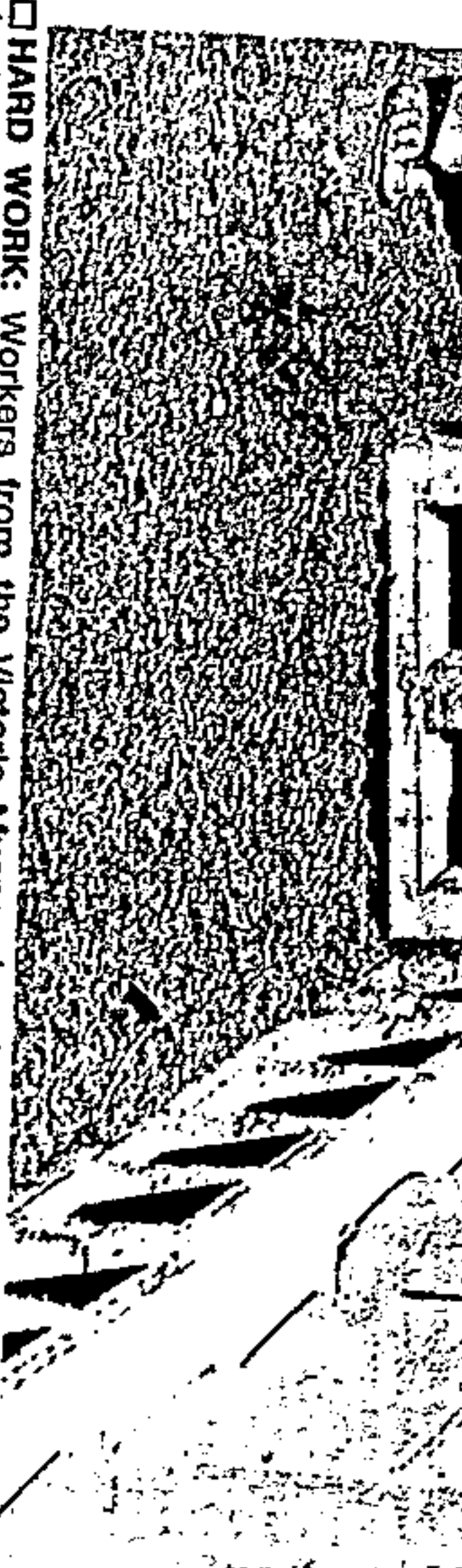
The group sent some of its members on house-building and block-making courses and now had a workshop where cement blocks and roof tiles were being made.

"We cannot start the actual building of the houses until these services are connected and don't have the money to pay the authorities but we are continuing our negotiations with them."

Xoliswa Tiso, a single mother of two young children, said she was looking forward to the day when she and her family would move into their own home.

"Our biggest problem is that the authorities want to charge us half a million rand to lay on water and sewerage pipes," Mrs Matolengwe said.

"For years I have been looking for a place to live. Now I have joined the project and we are working hard every day to realise our dreams," she said.



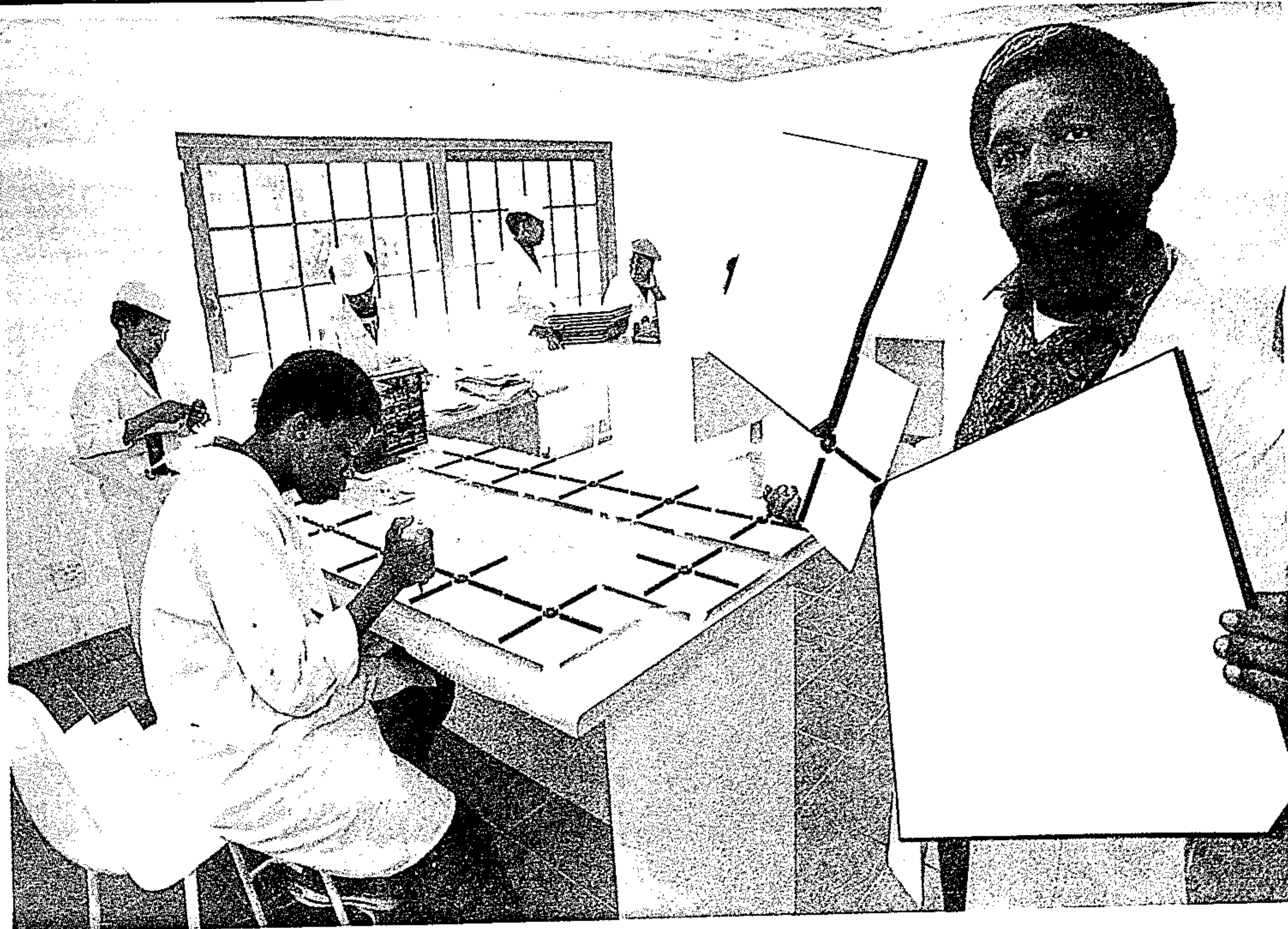
HARD WORK: Workers from the Victoria Mxenge housing project and Indian korb-dweller Sagira Ansari lay the foundation of the life-size model house which will go on display today.

AR25 24/9/94



to help themselves



**BUSINESS** Edited by Jeremy Woods

**BRIGHT FUTURE ...** Mr Zakhele Phikiso, with the state-of-the-art antennas he and fellow residents of Hout Bay's informal settlement are helping to manufacture  
Picture: TERRY SHEAN

## Hi-tech work for the jobless

*Sunday Times [Cape Metro]*  
By JEREMY WOODS

THE sky's the limit for residents from Hout Bay's informal settlement who have been employed to make high-tech satellite terminal antennas for two local electronics companies. 2519194

Plessey Tellumat and Omni Systems have established a joint venture company to design and manufacture low cost, high performance satellite terminal antennas.

Social development is an important part of the project and residents from the Imizamo Yethu informal settlement in Hout Bay have been trained to manufacture the antennas.

"The product is unique," says Omni Systems managing director Mr Johan Pretorius, "and so is the project."

The antenna is light, easy to deploy, and reliable. It is designed for the portable Inmarsat B satellite terminals. (173) (182)

Export orders worth R1,5-million have been won from Japan, Germany, Norway and America since the joint venture started.

Settlement residents readily agreed when asked to take part in the project by Mr Pretorius' wife Mariette, who is actively involved in community projects at the Hout Bay informal settlement.

After selection and training, the residents formed an independent association which is now subcontracted by the joint venture.

"At present the association consists of six members and 10 support workers," says Mr Pretorius.

"The association lays down its own standards for discipline and it is the association's responsibility to ensure that quality standards and production levels are adhered to. The joint venture has also introduced an incentive scheme to encourage productivity."

Mr Pretorius says the result has been excellent quality of work and high levels of commitment.

"Since we started training in March, there has not been a single absentee."



KEVIN McMANUS



Agreements vital to townships announced

# Boost for jobs in PWV

Star 3110194

■ BY JO-ANNE COLLINGE

A series of agreements vital to the injection of industry and jobs into the townships of the PWV province was announced in Johannesburg at the weekend.

The province's RDP Commission head Ben Turok said agreements had been concluded with the following parties:

■ The Johannesburg Chamber of Commerce and Industry, dealing with sponsorship

and facilitation of initiatives in the townships by training and "out-sourcing".

■ Eskom, regarding the provision of electricity to new industrial zones for small and medium business on the fringes of the townships.

The impact of electricity on improving the productivity of small enterprise would be immense, according to Turok.

■ The Congress of South African Trade Unions, in relation to the freeing of new small businesses from mini-

mum wages and other constraints of industrial council agreements.

Cosatu had advised that "where an enterprise is community owned, industrial council rates would not apply", Turok said. (173)

This had assisted the RDP Commission to advise aspiring manufacturers on how their enterprises should be structured.

Turok emphasised that the RDP was geared to meeting a range of basic needs, but that

it would give priority to addressing those needs which were linked to improving production.

He said he had come to believe that the budgetary constraints on the RDP were not as rigid as portrayed in some quarters.

While the total budgetary cake could not be enlarged, "we in the RDP Commission will fight like hell to reallocate (financing) within and between ministries to achieve the RDP".

Area	Sales	Quota	Last Name	First Name
CPT	\$995.00	\$1,200.00	Carbonnel	James R.

## Job creation top (173)

### priority — survey

Political Correspondent

ARG 14/10/94

**JOBS, jobs, jobs!** The election campaign slogan is still uppermost in the minds of South Africans, an opinion survey has found.

Asked to list their priorities for the reconstruction and development programme, 64 percent said job creation. Housing at 18 percent and education at 10 percent lagged far behind.

Commissioned by the Institute for a Democratic South Africa (Idasa), the survey found strikingly high awareness of the government's plan to create a socially and economically just society.

But when it came to a commitment to paying for transformation, there was little enthusiasm.

Asked whether they would be willing to pay higher taxes, 50 percent said no and 19 percent said they did not know.

Idasa said: "Those in all likelihood better placed to afford increased taxation — whites and older people — are the least willing."

At 36 percent, black people were the most willing to pay higher taxes.



# 'Longer leave, shorter hours'

By BARRY STREEK  
Political Staff

SHORTER working hours and longer leave are among proposals the Labour Ministry will make to the National Manpower Commission early next year.

Replying yesterday to a question by Mr Douglas Gibson (DP), Labour Minister Mr Tito Mboweni said his ministry was finalising a five-year plan to place labour policy in the context of the Reconstruction and Development Programme.

He said the plan would focus on labour law reform, covering possible changes to laws affecting conditions of employment.

CT 18/10/94 (173)

## 5-year plan for policy on labour

"I intend to propose changes to the existing Basic Conditions of Employment Act, 1983, including the number of working hours a week and longer periods of annual leave," Mr Mboweni said.

These proposals would be submitted to the National Manpower

Commission or its substitute body for consideration.

Mr Mboweni said his department intended taking steps to increase productivity.

These included restructuring the education and training system, and democratising the workplace to ensure better worker participation and consultation.

Others steps were possible adjustments to collective bargaining, co-ordination of various tripartite institutions, labour market adjustments and launching a campaign for greater awareness of the need to improve productivity.

The cabinet had not yet discussed these issues, Mr Mboweni said.

# The people shall build houses

BY ANNA COX

Teaching people to build their own houses at minimal prices is the aim of a community-based foundation launched in Johannesburg yesterday by the business sector.

The O'Connor/Zenzele Foundation aims not only at creating jobs and teaching skills but getting people who cannot afford bond repayments to construct their own homes with Government subsidies.

The business sector will assist the communities to set up projects, and will provide technical and business expertise. It will help in obtaining finance

and with the manufacturing of building products to ensure economical construction.

Said founder-member Marius Doubelle: "With the people themselves involved in the manufacturing process, products can be supplied cheaper and more can be built for less."

Doubelle said he had spoken to the director-general of housing, Billy Cobbett, who had expressed interest in the scheme.

"Zenzele aims at stabilising, training and educating communities for a better future. It aims at empowering communities to help themselves with development programmes through our

guidance. The projects will belong to the communities themselves," he said.

United Nations Centre for Human Settlement (Habitat) president Professor Edward Ayensu, in South Africa recently to study the possibilities of contributing money for housing in South Africa, has backed the self-help idea. In a letter to the Foundation he said he believed this scheme would provide South Africa and the rest of Africa with practical and innovative ways of helping to create jobs and provide affordable housing for people who needed to be housed properly and with dignity.



# Strikes and holidays threaten jobs

Business Editor

WILDCAT industrial action and public holidays are creating havoc in business and are threatening thousands of jobs in the gold mining industry.

This warning was given by regional general manager of Western Deep Levels Mine Jim McLuskie at an Anglo American gold and platinum division media and investment analysts briefing yesterday.

In an electronic link-up to Cape Town, Mr

McLuskie said: "What worries me is that the formal institutions have to obey the rules and agreements reached, while others don't have to obey the rules at all, or even agreements to which they were party."

Mr McLuskie said the industrial action and behaviour was not isolated within the Anglo American mines

"It applies throughout the industry, and other sectors."

He warned that Anglo American was "deter-

mined to manage the mines according to rules, agreements and good business practice."

Mr McLuskie gave a lengthy account of the current industrial action at Western Deep Levels, caused by the firing, after disciplinary action, of four union committee members, who went down a mine without taking the proper safety precautions and created dangerous conditions underground.

He pointed out the mine was already "mar-

ginal."

A one-week strike cost R10 million in revenue, knocking 12c a share off the bottom line, while the state lost R3,8 million in tax. Workers lost an average of R270 each.

It only took a loss of 10 percent of revenue to put the mine into a loss position.

He said that if the mine was forced to close, there would be a loss of 6 000 jobs.

On top of this the viability of mines was be-

ing placed in jeopardy by the increase in public holidays next year.

This again was creating a potential for job losses.

He said that at Western Deep Levels alone there would be additional costs of R15 million because of the mines having to pay an extra six percent to workers to stay in production.

April was a "disaster month" with two long weekends and mid week holidays.

ARLT 21/10/94

(173)

(172)



# Jobs for the jobless is public works priority

SI Times [Cape Town]

**CREATING** new jobs will be an essential element of all new public works undertaken by the Western Cape's provincial Ministry for Roads and Transport.

Confirming this, the minister in charge, Mr Leonard Ramatlakane, said his department would give preference to contractors who employed la-

By NAZEEM HOWA

hour-intensive methods.

This condition is already contained in clauses in tenders for two major road-building contracts — for improvements to Trunk Road 2/2 at the Lwandle/Broadlands intersection and upgrading of the Stellenbosch arterial road.

Mr Ramatlakane has also submitted a proposal to the regional cabinet which, in line with the national Reconstruction and Development Programme, proposes a major public works initiative with employment creation as its central element. (173)

"Such a programme will ensure alleviation of poverty through the creation of several

thousand jobs and the generation of income for impoverished communities," Mr Ramatlakane said this week.

And the programme would also result in the development of public assets essential for sustainable economic development.

Mr Ramatlakane has asked the regional cabinet to consider consolidating public works departments within the housing and education ministries under his management.

"A new co-ordinated public works department can play a central role in facilitating the delivery of services to the community. These services could take the form of housing, hospitals, police stations, post offices or anything else the community prioritises," he said.

Already, three projects identified by Western Cape premier Herens Kriel have ensured 10 000 new jobs. Mr Ramatlakane believes more jobs will be created when other projects like the Serviced Land Project, the revitalisation of District Six and the upgrading of educational institutions are given the green light.

But, he warns, this will not be enough to stave off increasing unemployment in the Western Cape.

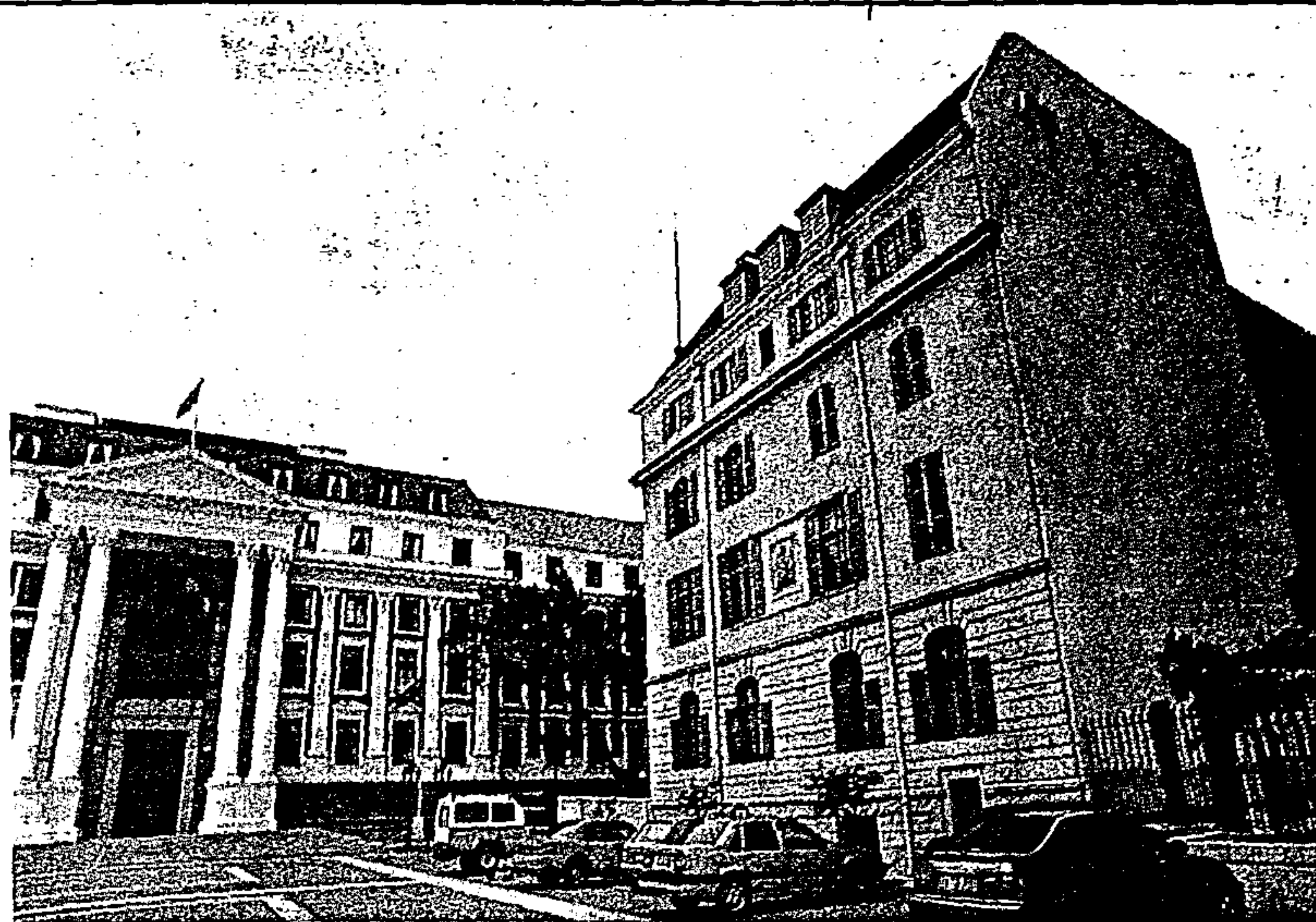
## Residential

"We need to put in place a public works programme that will extensively involve the private sector to enable us to address this critical problem through the implementation of projects throughout the province," he said.

Mr Ramatlakane has proposed that several small projects be undertaken in "less formal residential areas".

"The removal of garbage and litter can be achieved by involving the roadside communities under the control of small emergent contractors," he said.

Mr Ramatlakane believes such programmes could help clean the city without exceeding existing departmental budgets.



STAYING PUT ... The British embassy in Cape Town

Picture: TERRY SHEAN

## We won't move, say Brits

**THE** British Embassy in Cape Town, situated in the heart of the Parliamentary complex, will not move — and that's official.

"We have no intention of moving — that's our only comment," insisted a spokesman for the High Commission this week.

The suggestion that the British pack up and move came from a National Party member in Parliament this week.

Senator Alex van Breda ruffled British feathers when he suggested the embassy should move to accommodate the administration of the Constitutional Assembly.

During a debate in the House earlier this week, Mr van Breda said: "We need this accommodation desperately to bring the whole process of Constitution-writing here on the Parliamentary campus where it should be."

By NORMAN WEST  
Political Reporter

Mr van Breda added with a touch of diplomatic persuasion: "The British government will be the last to want the perception to arise that it is still being imperialistic or clinging to remnants of colonialism in a new democratic South Africa."

But the British, obviously unmoved by Mr van Breda's suggestion, have made it clear that they plan to stay put.

This is not the first time the future of the stately building housing Britain, SA's former colonial master, has been the topic for debate.

In the early '80s, when plans to redevelop Stalplein and the adjoining Parliamentary complex

were being discussed, the sandstone British embassy building was left untouched — despite the fact that it was positioned firmly in the centre of the area earmarked for upgrading.

Speaking in the public works policy debate, Mr van Breda said pressure on accommodation in the Parliamentary complex meant it was no longer possible to accommodate the embassy.

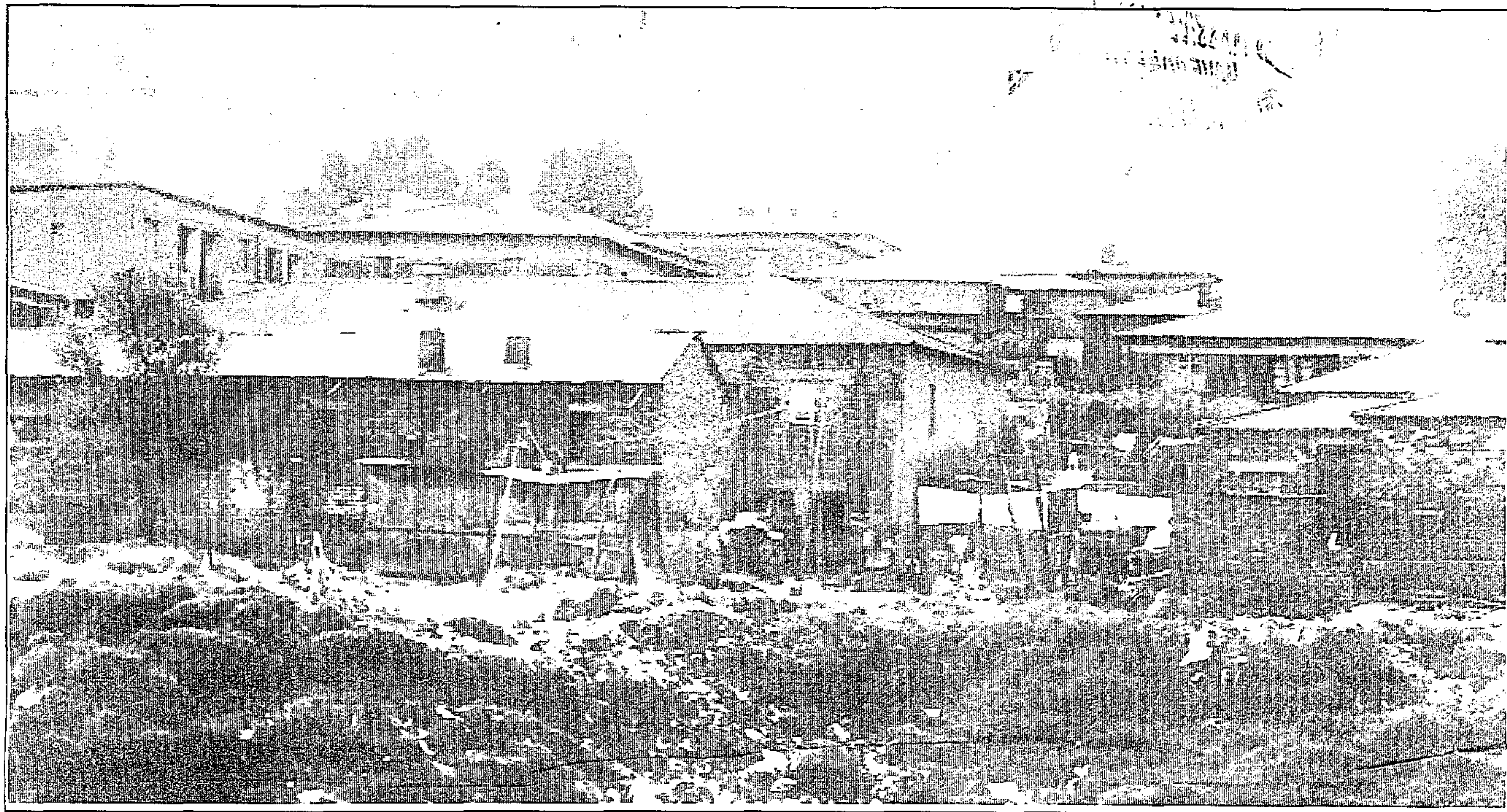
"On our Parliamentary campus there still exists to this day a piece of foreign soil — the British Embassy. Whether there is an analogy for that anywhere else in the world, I do not know.

"We in the National Party bear no antagonism towards Britain or the British government — on the contrary. It is, therefore, not in a spirit of antagonism that I raise this issue."

23/10/94



# NEWS FEATURE Never-say-die Orange Farm residents give free survival lessons



Out of the gloom of Orange Farm, attempts are being made to improve the lot of the community.

## Relying on none but themselves

Sowetan 25/10/94

By Joe Mdhlela

### ■ SELF-HELP

Communities say  
yes to more power  
to the people:

**W**ITH AN EMPLOYMENT rate of 60 per cent in the area, the never-say-die community of Orange Farm, an informal settlement south of Johannesburg, is not about to give up improving its environment.

And that goes for the community of Alexandra Township, which — despite heavy unemployment odds — is not giving in.

To help obviate the grinding poverty at Orange Farm, a community-based organisation, Arekopaneng, is running job-creation programmes "to help the community help itself".

The organisation provides essential resources to the community. Only through this will meaningful projects be initiated.

The organisation also ensures that the community is introduced to the skills that will be helpful in capacity-building and self-reliance.

Already economic activity in Orange Farm is in full swing, with about 120 women participating in a brick-manufacturing project which was initiated by Kagiso Trust.

Women who were once unemployed and desperate have now been relieved of poverty and deprivation.

"With the training we received from Arekopaneng, our lives have been improved substantially," says a young woman.

The woman said she used to sleep at Park Station because she was homeless. Her boyfriend, with whom she had a five-year-old child, died at the height of the violence last year.

"I did not know about his death until I read about it in the *Sowetan*."

"But I am now happy because at Orange Farm we have acquired our own homes and we can now support ourselves," she said.

As she related her story, tears formed in her eyes.

She used emotive words such as *ukuphanda*, to describe how she used to eke out an existence before she was introduced to the projects run by Arekopaneng.

*Ukuphanda* is a Zulu word meaning an great effort is expended to make ends meet.

"We no longer do that (*ukuphanda*). We are better off now," she said.

Other young women said they wanted to further their education so that "we can be able to converse in English".

A bakery project provides job opportunities for a large number of women in Orange Farm.

A social worker in the area says the projects are aimed at empowering women.

She said the women had been denied opportunities in the past.

"Now is the time to make up for the shortfall, and expose them to opportunities," she said.



Despite the squalor, a lot of good comes out of Alexandra township.

However, it was encouraging to note that their husbands were supportive.

"Often they (men) attend the seminars to empower the women," she said.

The project committee in the area is planning to establish an Adult Literacy Centre. This stems from the realisation that the high level of illiteracy at Orange Farm can be reduced by introducing literacy classes.

Another important project, Rutec, is in place to give impetus to job creation, and thereby "help people help themselves".

The project has identified areas in which residents could be helped to find employment.

Some of the areas to be explored include creating small-business projects. These include candle-making

and light engineering ventures.

Coordinating these projects are committees consisting of representatives from the community and two social workers. (173)

The role of the committee is to facilitate the day-to-day running of the projects, as well as facilitating communication.

Progress Through Employment aims to bring down the level of unemployment in Alexandra.

A unique project in the township — the Alexandra People's Organic Market — helps to alleviate the unemployment crisis.

Relying on the concept of self-reliance, a number of groups in the township have formed themselves into various business entities, including the "pro-

fessional car-wax syndicates".

These operations are run mainly by women who are targeting the taxi industry and panel-beating workshops as their customers.

In this way a good number of people create employment for themselves and are able to help support themselves.

Apart from that, the Alexandra Builders Association has won itself a R650 000 contract to build a Caltex service station in the Kew industrial area.

That, remarked a local building contractor, is indicative of the fact that South Africa is changing. In the past, a contract of that magnitude would have gone to white contractors.

● For more of this, watch NNTV at 7.30 tonight.





**HOW DO YOU DO?** Deputy president Thabo Mbeki greets UN assistant secretary-general Ellen Johnson-Sirleaf at the international donors' conference in Cape Town.

# SA use of human resources under the spotlight at talks

ARGY 27/10/94

(173)

**TOS WENTZEL**  
Diplomatic Correspondent

SOUTH AFRICA'S respect for diversity was a lesson to a world plagued by pluralist differences, Commonwealth Secretary-General Emeka Anyaoku told the International Donors' Conference in Cape Town.

He paid tribute to the tolerance and innovation which marked South Africa's transition to a democratic society.

The conference is being attended by top government figures and businessmen of more than 50 foreign-aid agencies.

It is sponsored by the United Nations and the Commonwealth Secretariat and the theme is "Human Resources Development in the Reconstruction and Development Programme".

It is the first time a substantial exchange on the RDP has taken place between South Africa and the international community and amid misgivings by foreign governments that South Africa has not said yet how aid will be used.

Chief Anyaoku said the RDP, with the interim constitution, "must surely represent one of the most thorough transformations of a society by peaceful and consensual means".

"Over the past five years, almost every region of the world has been touched by a resurgence of intolerance."

He said human resource development was one of the five pillars of the RDP. It was, arguably, its central pillar because of the way apartheid had under-developed the education and skill base of the black majority.

Deputy President Thabo Mbeki said human resource development was so central to the implementation of the RDP that a conference on it was of interest not only to governments but to business, labour movements, non-government organisations and virtually everyone in the country.

The conference would set the trend for other meetings.

These would be:

- The macro-policy framework which would be conducive to sustained economic growth;
- Access to productive assets by disenfranchised communities; and
- Access by the underprivileged to institutions which were accountable and transparent.

Mr Mbeki said that to make the RDP really a people-driven process South Africa had to develop quickly the skills, institutional and organisational capacity of all people.

He said: "The RDP is a strategy to provide a decent quality of life for all in the context of rapid economic growth. Both of these depend on the priority with which we treat human resource development."



# Help for the unemployed

Sowetan 27/10/94

**By Isaac Moledi**

AN organisation called Zenzele "Do It Yourself" Foundation has been launched to assist the unemployed to help themselves.

The foundation's director Mr Marius Doubell says their project has received "sympathetic" support from the government. The foundation promises to help brick makers set up

their own businesses.

Mentorship programmes will also form part of the assistance scheme. This will include basic management skills.

The next step will be teaching people to manufacture door and window frames, says Doubell.

Amalgamation with other community organisations, especially those on the East Rand, is on the cards.

(173)

# 40-hour week: Mixed response

Own Correspondent

173

CT 4/11/94

**JOHANNESBURG.** — Labour Minister Mr Tito Mboweni's confirmation in Parliament that reducing the working week to a maximum of 40 hours was being considered has received mixed responses, ranging from wholehearted support to warnings of the inflationary effect of such a move.

Cosatu spokesman Mr Neil Coleman said amending legislation to bring it in line with international norms was overdue.

Gengold chairman Mr Gary Maude believed mining should be treated as a special case because of the long travelling time from the surface to the stopes.

Mr Coleman said reducing the working week would improve working conditions and help alleviate unemployment.

This was disputed by FSA-Contact division head Mr Jim Steer, who said: "Overseas experience has shown that reducing the working week tends to result in existing employees working more overtime because

overtime pay, being a variable cost, does not impact as dramatically on the total wage bill as would employing additional staff."

Industrial relations consultant Mr Gavin Brown felt business would be forced to employ more casual and part-time labour rather than offering more full-time work.

Employers expressed concern about the cost implications of the reduction. Business SA spokesman Mr Bokkie Brown questioned whether salaries would be reduced or remain the same for fewer hours' work.



## Public Works 'for the public'

DURBAN. — The Department of Public Works must provide services to the community, not only to the state, Minister of Public Works Mr Jeff Radebe said here yesterday (173)

Speaking at a conference to set departmental strategy for the next five years, Mr Radebe said the department could be a catalyst for transformation.

It could train the jobless and enable small contractors to join in the transformation — but it needed restructuring, he said. — Sapa

CT 25/11/94

## Job creation project backfires

<sup>8/Dec</sup>  
A SHORT-term job creation project by the Agriculture Department to help poverty-stricken communities of the former Gazankulu, Venda and Lebowa backfired on Friday when about 5 000 beneficiaries of the scheme occupied offices of the Northern Transvaal agriculture department in Giyani. 16/11/90

Northern Transvaal agriculture department spokesman Jerry Mashapu said the police were called in to evict the occupants, who had "disrupted the normal functioning of the department".

"They demanded that the

LOUISE COOK

Northern Transvaal government continue with the drought scheme and employ them in a full-time capacity", Mashapu said (173)

Drought relief work was meant to stop in May but had continued to September because the workers had demanded continued employment.

Giyani police sources said at the weekend further trouble this week had not been ruled out.

Public servants in Venda went on strike last week in sympathy with the relief workers' cause.



## Extra 62 000 *3 Day* jobs possible

MUNGO SOGGOT

RAPID cuts in import duties on raw materials used in the clothing and textile sector could generate an extra 62 000 jobs for the industry by 2005, the National Clothing Federation said at the weekend. *21/11/94*

In a submission to the Board on Tariffs and Trade, federation vice-chairman Bernard Richards said lower fabric duties would trigger 3% to 6% growth a year for the industry over the next decade. He rejected the textile industry's call to lower import tariffs gradually over 10 years.

The textile industry's claim that giving it 10 years to revamp itself would not lift consumer clothing prices was untrue.

"First, it ignores the opportunity costs of jobs not being created in the labour-intensive clothing industry. Second, it is acknowledged that textile protection adds between 2% and 9% to the cost of a garment."

There were 160 000 clothing jobs and 30 000 apparel textile jobs. *(173)*

The federation believed lower duties would boost the textile/fibre pipeline's capacity, which was insufficient to feed increased demand from manufacturers and consumers.

# 52 000 jobs to be created

Sowetan

29/11/94

By Joshua Raboroko

THE Independent Development Corporation is to create more than 52 000 job opportunities with eight agricultural projects totalling R2,2 billion.

There would be 34 000 new jobs and a further 18 000 indirect employment opportunities in line with the Reconstruction and Development Programme.

IDC senior general manager Mr Malcolm MacDonald said the projects would include the participation of small and medium-size black enterprises.

MacDonald said the potential of black small farmers must be realised and that they should be seen to be contributing to the country's economy.

He said: "We have been trying to enter the labour-intensive sectors of the agriculture industry in the past and this opportunity is a major milestone.

"The agricultural industry is a major area for concentrated employment. We see this as a major contributor to the RDP which we fully support."

One of the projects to be completed in the first half of next year was the R1,4 billion Saiccor cellulose pulp-making facility at Umkomaas.

The industry was expected to generate R390 million a year in foreign exchange earnings and would create about

5 000 new jobs in timber plantations in KwaZulu-Natal.

The production of glucose from sugar was also being investigated and a feasibility study into a R850 million, 100 000-ton-a-year facility was under way and would eventually create employment for 10 000.

About 70 direct and 3 000 indirect jobs would also be created on a sugar cane project to be undertaken at Umbongintwini near Durban next year. Black farmers would benefit from the project. The corporation has also entered into a joint venture with Mondi, Anglo American and De Beers to develop a huge pine plantation in the Northeast Cape at a cost of R521 million. Employment generated by forestry activity was expected to result in the creation of 2 500 direct job opportunities and a further 13 000 indirect jobs during harvesting which will be done mainly by blacks. (173)

Private farmers would be encouraged to switch an estimated 15 000 hectare of suitable land from lower-value wheat and maize in the northern Cape creating an estimated 4 000 jobs.

The corporation was also involved in the development of 850 hectare of land for a cashew nut project in the Ingwavuma area of northern KwaZulu-Natal. An estimated 500 jobs would be created through this project.



# Kriel talks tough on high expectations

173  
[initials]

ARG 1/12/94

**MICHAEL MORRIS**  
Political Correspondent

WESTERN Cape Premier Her-nus Kriel has delivered a tough warning that the reconstruction and development programme will not succeed unless expectations are lowered and there is more emphasis on creating jobs.

It would be impossible to "cure the sickness of poverty" in five years or even meet people's reasonable expectations within that period, he said at the end of a 3½-hour debate on the RDP in the Western Cape parliament.

Lowering people's expectations of the programme was repeatedly emphasised by speakers from all parties.

Mr Kriel said: "The Western Cape government is committed to the RDP ... we will deliver the goods, but we must be aware of the dangers."

He warned that several "danger signals" were flashing:

- Expectations would have to be reduced.

- Politicians would have to suppress their own self-serving political agendas and work together.

- The boycott culture would have to be reversed or vital RDP funds would have to be spent on paying for services, and if progress was made in providing electricity and water to unserved areas an unrestrained boycott culture would merely mean-increasing debts.

- Job creation and economic development were vital.

- There should be more local decision-making on RDP projects.

Mr Kriel said he was keen to see funds from casinos, lotteries, horse racing and other competitions pooled in a provincial RDP fund so that the Western Cape could initiate its own projects.

African National Congress leader and Economics Minister Chris

Nissen said it was vital "for us to go out into our communities to teach our people a culture of responsibility".

Mr Nissen — who disclosed that the government had allocated R19,3 million of RDP funds to the Western Cape but wanted donors to finance the reconstruction of District Six — said all parties should invest all their energy in the RDP "because, whether we like it or not, all of us will be judged according to its success".

Democratic Party leader Hen-nie Bester warned that the absence of a bedrock of social life coupled with the culture of conformism, collective consciousness and under-achievement were threatening the RDP.

Freedom Front legislator Eleanor Lombard said that while the RDP was a positive initiative, she had reservations about its implementation.

She was particularly concerned about unduly high expectations.

# Call to enforce curbs on recruiting temporary staff

BD-13/12/94 (173)  
**ERICA JANKOWITZ**

RESTRICTIONS on temporary staff recruitment and placement should be enforced, says Association of Personnel Service Organisations of SA (Apso) recruitment division chairman Lynne Frost.

Frost said the Cheadle commission, charged with redrafting labour legislation, had reviewed the recruitment sector as part of its brief. New restrictions were probably on the cards for the sector, which currently contributes about R5bn to the country's GDP, Frost said last week.

Apso had made urgent representations to the commission pleading its case for better enforcement of existing labour legislation and adherence to the organisation's code of ethics rather than new restrictions.

Frost said Apso's position had been weakened by some major recruitment companies — especially those on the executive side — refusing to join the organisation. He attributed this reluctance to join Apso to an incorrect perception that it represented small recruitment agencies in the main.

"Yet it is the only broadly recognised mouthpiece of the industry as a whole. The upshot is that issues that will affect them vitally will be decided without them."

Frost confirmed that Apso had applied for membership of Business SA,

but had not heard whether the application had been successful.

She felt the industry was getting a bad name from some unscrupulous firms which broke the code of ethics by, for example, supplying strike-breaking temporary labour, "poaching" the same individual within a short period or being party to racial selections. "The executive recruitment sector and its clients should be on their guard, as the Bill of Rights, even as it stands, can be used to enforce affirmative action," Frost said.

□ A state-funded mediation and arbitration service, proposed in terms of government's five-year plan to reform labour legislation, was a step in the right direction, Independent Mediation Service of SA (Imssa) director Charles Nupen said.

Nupen believed the Labour Ministry would accredit existing mediation services such as Imssa rather than starting a body of its own.

Accredited agencies would be offered institutional support to continue offering their services.

After all, it had taken Imssa 10 years in which to hone its mediation and arbitration skills to its current level, Nupen said.

Ministry spokesman Shareen Singh confirmed that the current thinking — contained in the redrafted Labour Relations Act due for release early next year — was to accredit existing agencies. However, a final list of agencies had not been considered, she said.

Imssa currently had more than 400 trained mediation and arbitration specialists on its panels in its five regions, Nupen said. Specialists in accounting disclosure, community dispute resolution, industrial conflict and elections and balloting were trained by Imssa and, after a stringent selection process, accepted onto an appropriate panel.

He said Imssa had had to rely on foreign funding in the past, but he felt it was appropriate that SA should bear the costs of its own dispute resolution.

Currently it was unclear whether accredited agencies would be purely state-funded or if the private sector would also have to chip in for mediation and arbitration services.

"Accredited bodies should be seen as national assets and should be preserved so as to continue providing a service," Nupen said.

Imssa trustee board deputy chairman Felicity Steadman echoed these sentiments and added that Imssa would be in a better position to offer a speedy service to resolve disputes than a state-initiated body.



# Kick-off to R70m public works plan

173

ET 15/12/94

**JOHANNESBURG.** — Public Works Minister Mr Jeff Radebe yesterday announced the start of 34 community-based public-works projects, costing R70m.

Initial projects include three in the Western Cape at a cost of R1,417m. They are to be implemented through the Independent Development Trust, in conjunction with non-government organisations (NGOs).

Mr Radebe said in a statement the projects were aimed at improving rural areas and compensating for a lack of local government in such areas. For this reason no money had yet been allocated to Gauteng, he said.

Other initial projects include six in kwaZulu/Natal involving R1,495m, six in the Eastern Cape (R1,421m), six in the Northern Transvaal (R983 602), three in the Free State (R757 175), three in North-West (R533 970), three in the Northern Cape (R509 590), and four in the Eastern Transvaal (R312 500).

Projects include community centres, access roads, boreholes, sewage disposal systems and small industries. The programme aims to reduce unemployment, provide and maintain physical assets and promote economic activity.

Mr Radebe said the national public works programme was to be administered by a task team on a budget of R250m, allocated from the Reconstruction and Development Programme's budget.

He commended provincial legislatures for their enthusiasm and support for the projects. — Sapa

# R70-million projects will aid rural areas

Minister of Public Works Jeff Radebe yesterday announced the start of 34 community-based public works projects budgeted to cost R70 million.

They are to be implemented through the Independent Development Trust in conjunction with non-governmental organisations (NGOs).

Radebe said in a statement that the projects were aimed at developing rural areas and compensating for a lack of local government in such areas.

Initial projects include six in KwaZulu/Natal involving R1 494 620, six in the Eastern Cape (R1 420 700), three in the Western Cape (R1 417 000), six in the Northern Transvaal (R983 602), three in the Free State (R757 175), three in the North West (R533 970), three in the

Northern Cape (R509 590), and four in the Eastern Transvaal (R312 500).

Projects include community centres, access roads, boreholes, sewage disposal systems and small industries.

"This is a very good example of the Government, NGO and community co-operation that we encourage," said Radebe.

The programme is aimed at reducing unemployment, providing and maintaining physical assets and promoting economic activity.

Communities taking part in the projects would be assisted by NGOs in project management and accountancy.

Radebe said the national public works programme would be administered by a task team on a R250 million budget. — Sapa.



# R70-m boost for national public works

□ And R150-m for provinces

CLIVE SAWYER  
Political Correspondent

THE government has given R70 million to the Independent Development Trust as part of the national public works programme, and another R150 million to the provinces for community-based rural development.

Some of the money will be spent in the Western Cape, on three projects with a total projected cost of R141 700.

The projects include a sewerage disposal system in Albertinia and piping of water from a dam for the community at Nourivier, near Kamieskroon.

Announcing the handover at a Press conference last week, public works minister Jeff Radebe said key objectives of the national public works programme included creating "labour-absorbing" jobs.

The programme has a budget of R250 million, drawn from the national reconstruction and development fund.

Other goals of the programme are to create, rehabilitate and maintain physical assets which serve to meet basic needs of the poor communities and to promote

broader economic activity.

Those involved in the programme will be trained as a means of economic empowerment, Mr Radebe said.

The capacity of communities to manage their own affairs will be developed.

"The programme aims at simultaneously generating assets and incomes and developing functional, administrative and productive skills."

Communities themselves had to be directly involved in the identification, planning, administration and execution of viable projects in their areas.

A total of 34 projects have been identified and approved, Mr Radebe said.

"These projects target the poorest of the poor in the rural areas of our country.

"This is a very good example of government, non-government organisation and community cooperation."

Mr Radebe said it was not possible to supply accurate estimates of the number of jobs that would be created by the projects.

Estimates were that total labour costs of all the projects would be 45 percent, or R2,9 million, of the total cost.

173

ARG 19/12/94

**BUSINESS** Manufacturers' confidence increases sharply ● T

# Firms create more jobs

*Sowetan 22/12/94*

INCREASED production and an optimistic mood among manufacturers has led to the creation of new jobs, according to a survey conducted by the Bureau for Economic Research.

The consumption of finished goods has prompted industry to beef up production, a move which has heralded long working hours for workers and the creation of jobs, says BER.

This recent development in the manufacturing industry marks the end of a retrenchment cycle that hit this sector hard during the long years of recession.

However, the BER warns that the shift in the employment situation is still marginal.

"The improved confidence in general business conditions suggests that the manufacturing sector is starting to lead an economic recovery," says the survey.

Almost 75 percent of the manufacturers polled in the survey say their domestic sales are higher than at the same time last year.

Although local demand for products showed signs of slowing down towards the end of the third quarter, foreign demand for

South African goods is increasing sharply.

The survey says labour and other costs did not slow down this year, as manufacturers had expected. In addition, the BER forecasts an acceleration of costs—apart from labour costs—in the first three months of next year.

Even though the situation improved after the elections, politics still remains one of the constraints to manufacturing activity.

Shortages in skilled labour, raw materials and high interest rates are also hampering manufacturers, says the survey. (173)