

PUBLIC SECTOR- LOCAL AUTHORITIES

NORTHER CAPE

1994  
1995

MAY - DEC,

# The country's legislators vow they will serve new SA

THE ANC's Northern Cape premier candidate was elected in Kimberley yesterday thanks to a vote from solitary DP representative Ethne Papenfus — and the abstention of two Freedom Front members.

The ANC's Mr Manne Dipico beat National Party premier candidate Dr Kraai van Niekerk by 16 votes to 12. The two Freedom Front members abstained from the vote.

Mrs Papenfus, who holds the balance of power in the province, was elected unopposed as speaker.

The former headmistress said although the DP had now lost its only vote in the legislature, it had gained a voice as speaker and the opportunity to work with all parties in the house.

NP members, who sources said had hoped to install Dr van Niekerk as premier, are believed to be angry at the lack of support from the DP and FF.

Freedom Front representative Dr Carel Boshoff said it was not his party's aim to take part in party politics, but to use the regional parliament to work for a "volkstaat".

In his inaugural speech, Mr Dipico said Northern Cape had the potential to be a model province. It was time for all political groupings to work together.

Mr Dipico — at 35 the youngest regional premier — said Kimberley would remain the regional capital in the short term.

Eastern Transvaal Premier Mathews Phosa was elected unopposed in Nelspruit yesterday, as were speaker Mbalekelwa Ginmdza and deputy speaker Cynthia Sekgobela.

The province's first parliamentary session started with the royal greeting "Bayete!" as members stood to welcome two Ndebele kings to the proceedings.

Mr Phosa's new cabinet includes his routed opponent, NP premiership candidate Lucas Nel, who was named provincial minister of agriculture.

Addressing a media conference, Mr Phosa said his party was not in a rush to change place names back to their original titles. "We cannot leave the colonial symbols, but we're not going to change for the sake of change," he said.

The areas of government targeted for quick action were tourism, health and education.

In Bloemfontein in the Free State, the Reverend Motlalepule Chabaku was elected speaker of the legislature.

Miss Chabaku, of the Methodist Church in Mangaung, was nominated by Premier Patrick Lekota.

Four of the 30 members of the provincial legislature — including a Freedom Front member and three ANC members

— did not take the oath but made a solemn affirmation to be faithful to South Africa.

In Mmabatho, Mr Popo Melefe was elected premier of North-West, and Mr Jerry Thubedi, a former Cosatu official, was elected speaker. National Party member Andrew Maluleka was sworn in as deputy speaker.

Twenty-seven other members of the provincial legislature, including eight women, were also sworn in.

In Pietersburg, the 40-member Northern Transvaal provincial legislature was sworn in by Mr Justice J P Schabert.

The morning's proceedings at Jack Botes Hall went off with only one hitch — a power failure during Premier Ngoako Ramatlhodi's first speech.

The assembly has 38 ANC members and one each from the NP and Freedom Front.

The FF did not have a representative at the inauguration because no decision could be reached on who would represent the party.

Mr T G Mashamba was elected speaker and Miss M M A Nyama deputy speaker, both unopposed.

The inauguration was accompanied by much clapping and ululating by the 1 000-strong audience.

In his inaugural speech, Mr Ramatlhodi emphasised the importance of industrial and economic development in the province.

"We are the poorest of all the regions. We must create industries to ensure that our people are never again subjected to wealthlessness," he said.

Mr Hernus Kriel of the National Party was elected unopposed as premier of Western Cape in Cape Town yesterday.

Mr Willem Doman, former National Party MP for Vasco, was elected speaker.

The inauguration of the Kwazulu Natal assembly is due to take place on Wednesday in Maritzburg. It was postponed because of election delays.

Provisional provincial secretary Bheka Shezi said after meetings with the premier candidates and representatives of Zulu King Goodwill Zwelithini it was decided to restrict the inaugural sitting to a formal ceremony of the members.

"A public gathering in Maritzburg is not expected," he said.

The PWV legislature kicked into gear at Nasrec outside Johannesburg yesterday — with PWV Premier Tokyo Sexwale in a conciliatory mood.

In Bisho, there was everything from tribal gear to ballgowns when Eastern Cape Premier Raymond Mhlaba was sworn in yesterday.

The deputy speaker is Anne Nash, one of six NP representatives in the 56-member legislature — Sapa.

Star 12/5/94  
**From prisoner to Premier**

**N**orthern Cape Premier Manne Dipico is just 35, but his young life has been geared to fighting for justice and the rights of the underprivileged in this vast — and often desolate — region.

Dipico beat the well-liked former Minister of Agriculture, Kraai van Niekerk, to the Premier's seat by a relatively narrow margin.

He said that the priority of his administration would be to make health services accessible, tackle education problems and improve the working conditions of farm workers.

Dipico was born in Greenpoint township, Kimberley, in April 1959 and is the eldest of four children.



His mother is a service worker at Kimberley Hospital.

After matriculating, he went to work at the mines but was fired after only four months for taking part in a wage strike.

The following year, 1981, he registered at Fort Hare University for a BA in personnel management. Here he joined the Azanian Students' Organisation.

### Detention

He returned to his home town and involved himself in the activities of the National Union of Mineworkers, United Democratic Front and the ANC underground. This led to his detention under the 1986 state of emergency. In 1987 he was sentenced to five years' imprisonment for furthering the aims of the ANC.

In May 1991, he was elected secretary of the ANC's northern Cape region. In June 1992 he became chairman of the region.

— Zingisa Mkhuma





**H**AVING recently turned 35, Manne Dipico could well have found himself contemplating the end of his career as a semi-professional soccer player. But politics intervened, forcing him to hang up his boots prematurely as he chased a majority

for the ANC in the Northern Cape.

Less than half the age of Eastern Cape premier Raymond Mhlaba, who is 74, Dipico will be the youngest of the nine regional premiers when he is sworn in tomorrow. But don't underestimate him, say former colleagues in the National Union of Mineworkers — Dipico is an independent thinker, a hard worker and a popular figure in the region

And, they might have added, an example of how the unions nurtured a generation of political leaders through the 1980s.

"His popularity in the Northern Cape is not an abstract thing," said NUM deputy general secretary Gwede Mantashe. "People know him, and the fact we won the region despite predictions to the contrary is a testament to his ability." *WJM 13-19/5/94 (263A)*

Dipico was born in Kimberley's Greenpoint township and brought up by his mother, a domestic worker at the town's hospital. He was fired from De Beers' Finsch Mine for participating in a wage strike, and later enrolled at the University of Fort Hare.

An Azanian Students' Organisation activist while at university, he also joined the ANC's underground structures, and was detained for his anti-Ciskei activities. Denied readmission to Fort Hare on his release, he became a full-time regional organiser for the NUM in Kimberley.

"He is a team person," commented Mantashe. "He will do his best to exploit everybody's experience and abilities in the region, even those of the NP."

Doing so will require the charm and skill Dipico has exhibited as head of the NUM's education department. He has had to put behind him the memories of his three years in jail for furthering the aims of the ANC.

Unmarried and without children, Dipico has

## The other premiers

THE leaders of the remaining four provinces are

●Tokyo Sexwale becomes premier of the PWV

●Patrick 'Terror' Lekota is the leader in the Orange Free State

●Former law and order minister Hermus Kriel takes control of the Western Cape

●Poppo Mofe is elected premier of the North-West

THE ELECTIONS ARE OVER. NOW FOR THE REALITY...

# The big hole in the Northern Cape

(ZISA) com 13-19/5/94

Focus on the four regions which face the toughest challenges in the weeks ahead

THE CAPE Chris Louw

**V**AST sparsely populated and economically weak, the Northern Cape confronts its new regional government with uniquely complex challenges.

Narrowly won by the ANC in the election, it is the only region ruled by the party where Afrikaans is the dominant language. In addition, only 31 percent of its population is African.

Its lack of economic viability provides clear proof of how arbitrarily the nine new provinces were created.

For the National Party, the ANC's victory in the Northern Cape was the biggest disappointment of the elections. Opinion polls — to quote NP executive director Olaus van Zyl — had shown that the NP was set to "trounce the ANC". Reality proved rather different with the ANC winning 15 of the 30 seats in the province, followed by the NP with 12, the Freedom Front with two and the Democratic Party with one.

NP organisers had hoped that the coloured community — 54 percent of the population — would vote for FW de Klerk. They argued that although whites only made up 15 percent of the inhabitants, the NP would win because most coloureds were "basically conservative, very religious — and afraid of black people".

Their assertions were supported by a shared cultural identity — as well as by Markhor polls. Afrikaans is spoken by almost 72 percent of the population — making it the province with the highest percentage of Afrikaans speakers in the country. The second-biggest language is Tswana (14 percent) followed by Xhosa (slightly more than six percent).



The people of the Northern Cape did not vote as predicted — for the National Party — and the ANC took the region

NP organisers had badly misjudged the loyalty — and the anti-black feelings — of their coloured kinsmen. Instead of minister of agriculture Kreal van Niekerk becoming the new premier, the ANC's relatively unknown Manne Dipico was elected to the top position when the two Freedom Front members abstained from voting and the DP voted for Dipico.

One of the FF's elected members is Professor Carel Boshoff, son-in-law of apartheid architect Hendrik Verwoerd and leader of the small Afrikaner settlement at Orania, earmarked to be the home of the "Afrikaner nation".

Verwoerd's widow, the ageing Bettie, has settled at Orania where she still promotes the idea of a white homeland. Indications are that remarkable co-operation can be expected between the ANC and the NP in the new regional government in Kimberley.

The NP's previous Cape leader, Dr Dawie de Villiers, although disappointed with the results of the elections, dismissed the idea of an anti-ANC alliance.

And in a significant gesture immediately after his election as premier, Dipico dismissed any suggestion of name changes in the province. Kimberley, he said, was a beautiful name — and there were more

important issues to consider.

The extreme conservatism of whites in the overwhelmingly rural Northern Cape and the enormous expectations of what are probably South Africa's poorest people are two of the problems confronting the new ANC government.

Spread over 346 500sq km, the Northern Cape is twice as big as any other province and has a population of only 800 000 — 2.1 people per square kilometre.

According to a report drawn up last year by the negotiating council's regional commission, the province has no economic core. The gross domestic product is the lowest of all the provinces, and the infant mortality rate is 52 per 1 000 births — nearly twice that of the Western Cape.

There are marked disparities in access to basic subsistence. In the urban areas 15 percent of the population does not have access to adequate water, while in the rural areas it varies between 25 and 95 percent. In addition, 60 percent of the total urban population has inadequate sanitation.

The road network density is far below the national average due to the low population density.

The commission stated that there was "not enough institutional infrastructure to accommodate a regional government" but pointed to the possibility of developing

administrative infrastructure (the Kimberley and Upington model points).

Health care will provide another major headache for the new government. The region has little, if any, administrative capabilities, having only 86 health care clinics — less than one per 1 000 people.

Because there are no major metropolitan areas, there is no academic hospital providing high-level care services. The doctor to population ratio is 0.3 per 1 000 and the nurse to population ratio is 4.1 per 1 000.

Because of the infrastructural problems, the Northern Cape will probably always be dependent on central government for a large part of its budget. While provinces like the Western Cape and KwaZulu/Natal have the potential to become autonomous, the Northern Cape will not be able to exercise some of the powers provided for by the new constitution.

Personal income per capita is only R2 817 a year, compared to the R4 373 of the Western Cape.

However, a core of civil servants, Spooner, Eskom and other institutions handling administrative functions provide the basis for a regional government. Suitable government housing already exists in Kimberley, which is also a highly graded municipality, comparable to Bloemfontein and Port Elizabeth.

## COMMISSION OF INQUIRY INTO HEALTH AND SAFETY IN THE MINING INDUSTRY

A judicial commission of inquiry into health and safety in the South African mining industry will sit during the course of 1994.

The National Union of Mineworkers believes there are many people with experience of the industry who could have valuable contributions to make to the Commission.

Mine managers, engineers, miners, inspectors, mine surveyors, mine doctors and anyone else in the industry who believe that they may be able to contribute to a safer and healthier industry are asked to contact Fleur Plimmer, at Attorneys Cheade Thompson and Hayson, P O Box 30894, Braamfontein 2017, Tel (011) 403-2765, Fax, (011) 403-1764.

## Northern Cape council named

JOHANNESBURG — Northern Cape Premier Mr. Manne Dipico yesterday announced a 10-member executive council that includes five representatives of the ANC, four from the NP and one from the Freedom Front (263A)

The ANC narrowly gained the majority in the province, the country's biggest and poorest, in the elections

Mr Dipico said he appointed the FF's Prof Jozef Henning to a post even though the FF did not win enough votes to claim a seat. Similarly, the ANC proposed the Democratic Party's Ms Ethne Papenfus as speaker — Sapa



# Dipico names N Cape council

Star 17/5/94

Northern Cape Premier Manne Dipico yesterday announced a 10-member executive council comprising five representatives of the ANC, four from the NP and one from the Freedom Front.

The ANC has narrowly gained the majority in the province.

Dipico said he had appointed an FF member even though the FF did not win enough votes to claim a seat. Similarly, the ANC had proposed the DP's Ethne Papenfus as Speaker. Dipico had been guided by the objec-

tive of nation-building.

The members are

■ Goolam Akharwaray (ANC): Economic Affairs, Trade and Industry.

■ Tina Joemat (ANC) Education and Culture

■ Dr Modise Matlaopane (ANC) Health and Welfare

■ Ouneas Dikgetsi (ANC) Local Government, Housing and Land Reform. (263 A)

■ Peter Gelderbloem (ANC) Police Services

■ Jacobus Marais (NP) Agriculture

■ Jan Brazelle (NP) Finance

■ Peggy Hollander (NP): Public Works.

■ Charl van Wyk (NP) Transport

■ Professor Jozef Hennig (FF) unspecified

The Northern Cape's senators were also announced. They are the ANC's Koos Bogacwi, Yolanda Botha, Evelyn Lubidla, Julius Mongoa-ketse and Mohamed Suliman, the NP's Kraai van Niekerk, Attie Jooste, Adrian van Niekerk and a name still to be confirmed. The FF's representative has yet to be announced — Sapa.

# Cabinet set for fight over funds

CT 18/5/94

263A

263B

By CHRIS BATEMAN

THE Western Cape cabinet met for the second time yesterday to plan on negotiating their "fair share" of the Cape's existing R7 billion budget — for the first time in competition with the Eastern and Northern Cape

Also on the agenda was the incorporation of existing tricameral parliament assets and defining parameters for allocating budgets to local ministers for their newly-created portfolios

These include economic affairs, tourism, education and culture, police services, agricultural development and sport

Dominating yesterday were briefings by the director-general of the Cape Provincial Administration (CPA) Mr Herbert Beukes and former administrator — now minister of finance, expenditure and service commission — Mr Kobus Meiring

Premier Mr Hernus Kriel said yesterday's entire focus was financial "The picture is not yet clear because we are dividing the existing

budget between the three new provinces — and Ciskei and Transkei must be incorporated into the Eastern Cape," he emphasised

The Western Cape cabinet — with a R9 billion budget forecast for 1995 — is ahead of its rivals with two meetings under the belt — while the Eastern Cape still has to incorporate assets from the former satellite "homelands"

However, the Eastern Cape will benefit from the final Ciskei/Transkei foreign affairs budget allocation

Another focus yesterday was on how to motivate the maximum devolution of powers from President Nelson Mandela's central government by the time the full Western Cape legislature sits on August 1

With all portfolios assigned, cabinet members began the week with mundane, but important tasks, such as moving into their Wale Street offices

Ministers, especially new regional governors, must digest masses of information and schedule meetings with lobbyists to test the political waters



# Province moves towards wide control

CLIVE SAWYER  
Weekend Argus Political Staff

FULLY-FLEDGED provincial government in the Western Cape took a step closer with the formal devolution of wide executive powers to the nine provincial governments.

The administration of about 800 regional laws have passed to the provinces, including control over housing and health.

The end to provincial executive paralysis could bring new impetus to negotiations towards nonracial metropolitan and municipal government in the region.

Full control over education has been postponed pending far-reaching changes to legislation.

As the news broke of the devolution of power from central to provincial government, Western Cape premier Hermus Kriel welcomed the long-awaited signal to begin implementing provincial policy.

Devolution of powers to provincial government was at the centre of a huge row between the majority National Party in the Western Cape and the African National Congress, with regional ANC politicians claiming Mr Kriel acted unilaterally in requesting devolution of powers.

Until now, provincial government has been in limbo.

The decision by public service and administration minister Zola Skweyiya to devolve powers followed weeks of talks between central government ministers and provincial premiers.

Before yesterday, all executive powers were vested in the national government.

Dr Skweyiya said this had been a transitional measure to ensure orderly establishment of new provincial governments and their administrations.

Devolution took effect in terms of a series of proclamations by President Nelson Mandela.

"With these proclamations almost all the laws of the now-defunct TBVC states and self-governing territories as well as the ordinances of the old provinces have been assigned to the new provincial governments," said Dr Skweyiya.

In addition to health and housing, these governments now will have the authority to provide services for urban development, local government, nature conservation, roads and various other functions.

"In respect of education, it should be mentioned that only the education laws of the former TBVC-states and self-governing territories have been assigned to the new provinces.

"The remainder of the executive powers to be executed by the new provincial governments, will be transferred to them as soon as possible," said Dr Skweyiya.

Substantial amendments to education laws were needed before transfer of power could be completed.

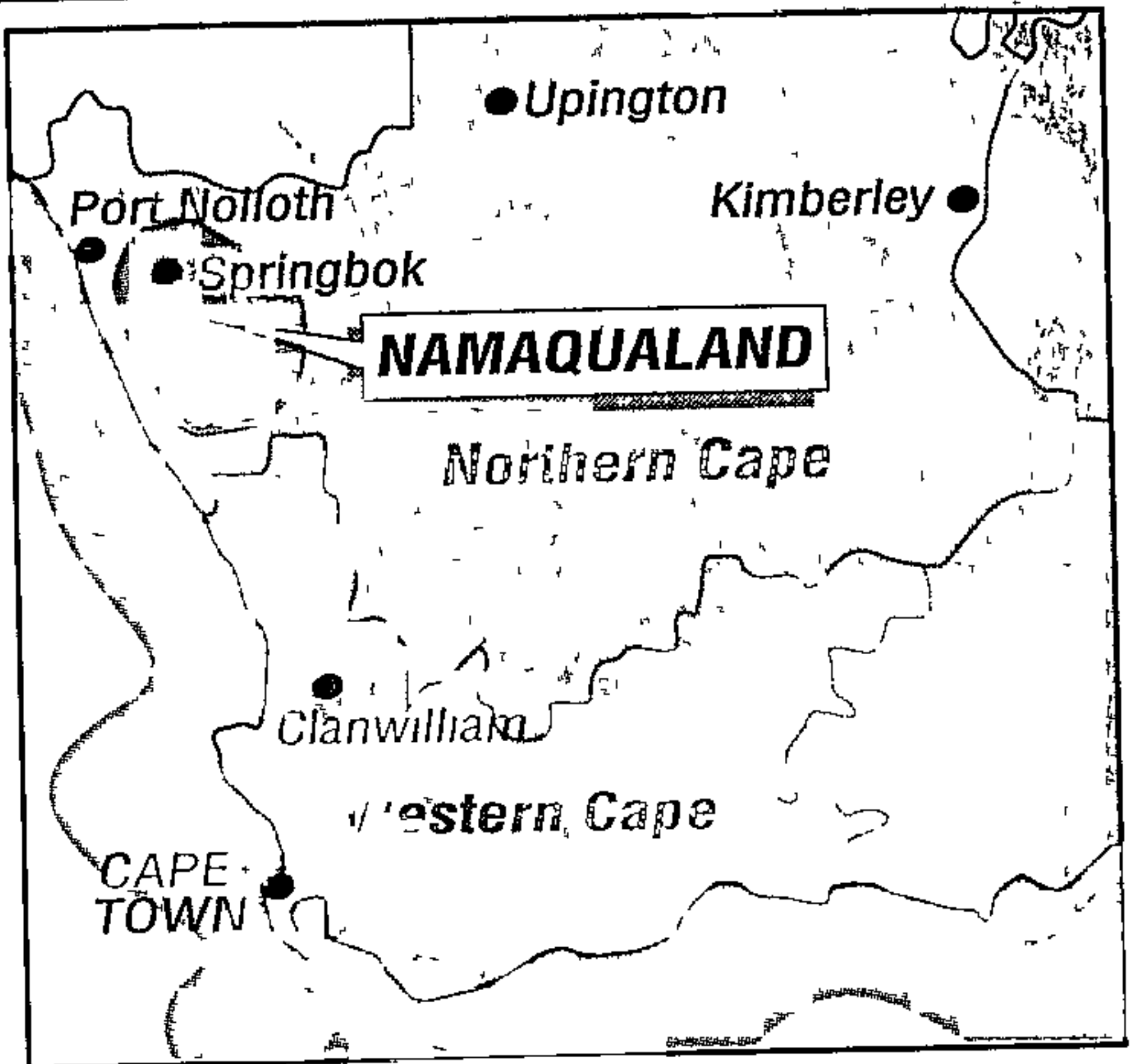
Significant progress towards this had been made, he said.

"The transfer of such major executive powers to provincial governments represents a significant step toward bringing government to the people.

"This will empower provincial governments to play their part in the rebuilding of our country."

Dr Skweyiya said the devolution was a "milestone" in the orderly implementation of the new constitutional dispensation.

# About turn by all on



# Namaqualand

263A

ARG 25/6/94

**DAVID BREIER**  
Political Staff

**REAL-LIFE** "Manakwalanders" and their famous daisies, diamonds and copper are set to remain an asset of the Northern Cape and will be lost to the Western Cape.

Political forces in Namaqualand revealed this week that the tide had turned against throwing in their lot with the Western Cape after it had once seemed highly likely that they would

There is now consensus among the four parties in the 30-member Northern Cape legislature that Namaqualand should stay put and there is virtually no demand for a referendum by October, which would first require a petition of 7 000 signatures in terms of the interim constitution.

All the impetus for Namaqualand to be incorporated in the Western Cape had previously come from the African National Congress, which has now made an about-turn after losing to the Nationalists in the Western Cape

The ANC now insists Namaqualand remain in the Northern Cape, which has an ANC premier

The other parties in the regional parliament are the National Party, the Freedom Front and the Democratic Party — none pushing for a referendum

■ Namaqualand is destined to remain part of the Northern Cape province as support for a referendum to incorporate the area into the Western Cape has evaporated.

Northern Cape premier Manne Dipico of the ANC has played a major role in turning around the ANC's pre-election position on Namaqualand, which strongly agitated for the move to the Western Cape

Mr Dipico has actively campaigned for Namaqualand to stay in the Northern Cape, and has held out various carrots, including the suggestion that Port Nolloth be developed as a deep harbour to serve the province

There is a growing feeling among Namaqualanders that the Northern Cape needs the area more than the Western Cape does and will therefore treat them better

The ANC, the largest party in the Northern Cape, has lost its will to move Namaqualand to the Western Cape and increase the size of what it perceives to be Hennis Kriel's Nat "empire"

The Nats were the ones who fought to have the Northern Cape set up as a separate province in the first place — on the assumption that they would win it.

Unlike the ANC, the Nats never had the intention to absorb Namaqualand into the Western Cape.

The Nats want to "let sleeping dogs lie" by retain-

ing the present provincial boundaries which could enable them to win the Northern Cape in the 1999 election, sources in Kimberley disclosed

The ANC bus-ed thousands of blacks from adjacent North West province to vote in the Northern Cape. This helped the ANC to win about half the votes in the Northern Cape, making it the major party.

But the next election is likely to be fought with voters' rolls, preventing the bus-ing in of voters over provincial boundaries. This means that the present boundaries favour the Nats

If the Nats were to push for Namaqualand to be absorbed into the Western Cape, the ANC would respond by changing the province's boundaries in the final constitution by adding part of North West. This would "open the flood-gates" for hundreds of thousands of pro-ANC voters to ensure an ANC victory in the Northern Cape in the next election

The Freedom Front, which sees the future of a possible Afrikaner volkstaat in the Northern Cape, also wants the province to retain Namaqualand

Thekiso Thokoane, spokes-

man for Mr Dipico, said there was total agreement in the Northern Cape legislature that Namaqualand remain in the province

And in Namaqualand itself, ANC and National Union of Mineworkers organiser Martin Bezuidenhout said there had been a complete change of heart in the area after the Nats won the Western Cape

"Even older people are changing their ideas. People don't want to be part of an NP-dominated region

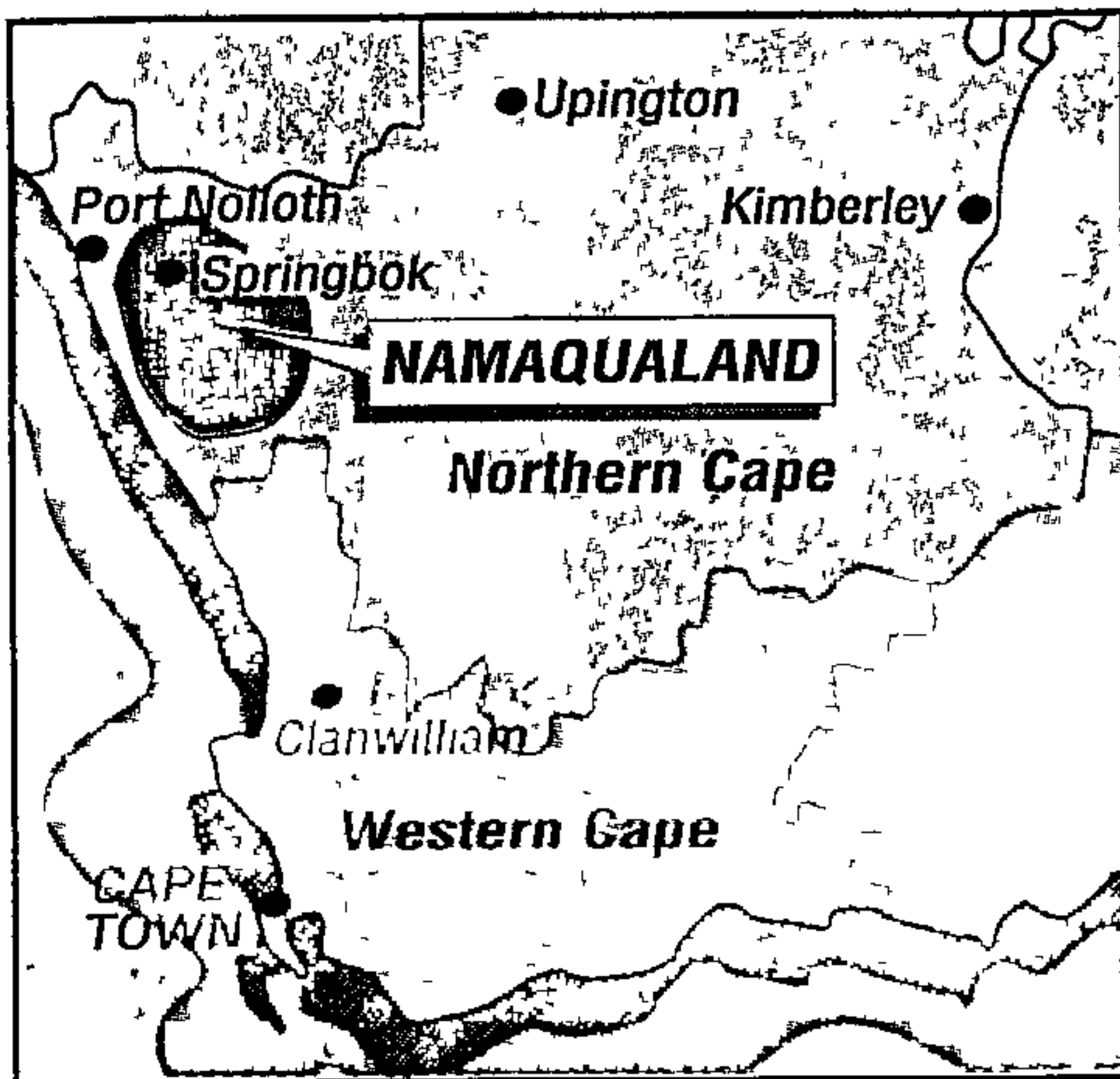
"We stand a better chance of receiving development assistance if we are ruled by the Northern Cape. If we fell under the Western Cape, Namaqualand would continue to be seen as its backyard."

Mr Bezuidenhout said many of Namaqualand's raw materials such as veldspar and copper were exported or processed in other areas, including the Western Cape, and were effectively lost to Namaqualand. Under a Northern Cape government Namaqualand would develop industries to process its minerals locally.

Under the Northern Cape, Namaqualand would be in a better position to promote its tourism potential which was much more than the seasonal spring flowers and included the unique Richtersveld. "We could have casinos in the Richtersveld," Mr Bezuidenhout predicted



# About turn by all on



# Namaqualand

263A

Arg 25/6/94

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## Talks on Northern Cape tax incentives favourable

CAPE TOWN — Discussions for special tax incentives to encourage manufacturing industry growth in the Northern Cape had received "a sympathetic ear" from central government, Premier Mane Dipico said on Friday.

Dipico said the ongoing discussions involved the possible establishment of favourable tax treatment for five years after the relocation or establishment of new secondary industries to the province.

The tax incentives were needed to promote the beneficiation of the province's mineral and agricultural resources and to address the skewed development of industry towards the PW (213A)

In the past the Northern Cape received virtually no economic benefit from its mining output, which was simply exported in raw state to other regions. Rich mineral resource rights held by several large groups also lay untapped.

Beneficiation had to be encouraged to help the mines

### EDWARD WEST

contribute to the communities around them.

Another asset inherited by the Northern Cape province was the sea, and Dipico said his long-term aim would be to establish a deep-sea harbour between Port Nolloth and Alexander Bay so raw materials mined by the province could be exported through its own port.

Northern Cape Chamber of Business director Mirinda Lunt said a Northern Cape economic forum was likely to be established by the end of July comprising labour, business and government representatives of the region.

Dipico said tourism would also be developed in Namaqualand. The ANC had previously argued for Namaqualand to be incorporated into the Western Cape, but following consensus among the four parties in Dipico's 30-member legislature, it was decided Namaqualand should remain in the Northern Cape.

# Key tasks agreed for transitional city councils

263A  
ARL 26/7/94

## □ Decision hitch on voters' roll

**SHARON SOROUR**  
Municipal Reporter

**ENSURING** a fairer spread of services throughout the metropole will be one of the key tasks of the transitional metropolitan council, the caretaker body to be appointed in the run-up to democratic local government elections.

It will also have the financial clout to support poor or bankrupt local councils

Local government negotiators in the Cape Metropolitan Negotiating Forum have, however, consciously limited the powers and duties of the TMC, emphasising maximum control over local decision making should rest with town and city councils under it

This emerges from the powers and duties approved by forum negotiators at a plenary session last night

One key element the forum could not agree on was whether the TMC should have power to compile a central voters' roll which conformed to national guidelines

Recommendations adopted by the forum included

- The TMC would address only matters which could not be effectively tackled by primary local authorities managing and directing urban growth on a metropolitan scale

- Services and functions

"which are metropolitan in character" had to be co-ordinated and provided by the TMC.

- All levels of government had to share responsibility for redressing metropolitan area imbalances

- Maximum control over local decision making and implementation had to remain in the hands of local authorities.

- Effective service delivery in the run-up to local elections had to be maintained.

Cape Town City Council negotiator Frank van der Velde tabled an additional power that the TMC promote and co-ordinate sport in the metropole

He said there was an abundance of sporting facilities in some areas, but a shortage in others

Sporting events would also draw tourists, the Cape-to-Rio yacht race had garnered R60 million for the region

Council negotiator Dick Friedlander also tabled an additional power: that the TMC look at cultural activities on a metropolitan scale

Forum negotiators could not agree on a list of additional powers and duties, stumbling on a suggestion from the forum's working group 1, which had thrashed out the proposals, that TMCs have power to compile a voters' roll.

The proposal was sent back to the drawing board

# Afrikaans 'chosen language of N Cape'

COLLESBERG — Afrikaners is the chosen language of the Northern Cape and anyone who tries to suppress it will find themselves at war with the province, Premier Mr Manne Dipico said this week.

Mr Dipico said he would toyi-toyi in the front line of

this struggle

Addressing the Colesberg Farmers' Union, Mr Dipico said the premiers of the country's provinces had equal status. Therefore, he had as much right as any other premier to demand the language of choice for his province

(2b3A)

Mr Dipico praised Afrikaners as a beautiful language and urged citizens to address the provincial legislature in their own tongue.

He assured farmers they need not fear their land would be confiscated.

While the mining industry

CT 29/10/194

was in decline, the agricultural sector was making progress. Organised agriculture had the opportunity to contribute to the RDP and so further boost the farming industry in the province.

Mr Dipico said farmers could only get higher productivity from their workers if

employers and employees talk to each other and together found solutions to the industry's problems.

He assured farmers race would play no part when aid became available for agriculture. No one would be discriminated against on these grounds. — Sapa



# N Cape premier warns of 'war' over Afrikaans

COLESBERG — Afrikaans is the chosen language of the Northern Cape and anyone who tries to suppress it will find themselves at war with the province, premier Manne Dipico said.

Mr Dipico said he would toyi-toyi in the front-line of this struggle.

Addressing the Colesberg Boere Unie this week, Mr Dipico told farmers that provincial premiers had equal status, and he therefore had as much right as any other to demand the language of choice for his province.

Mr Dipico said Afrikaans was a beautiful language and urged citizens to address the provincial government in their own tongue.

He assured farmers they need not fear their land being confiscated by the government

While the mining industry was in

decline, the agricultural sector was moving forward. Organised agriculture had the opportunity to interact with and contribute to the reconstruction and development programme to further boost the farming industry in the province.

Mr Dipico said farmers could get more productivity from their workers only if there was a culture in which employers and employees could find joint solutions to the industry's problems. A happy and contented workforce would be more productive.

He said race would play no part when aid became available for agriculture. No-one would be discriminated against on these grounds.

The province would no longer tolerate stock theft and other criminal activities. Farmers should work with the police to combat crime, Mr Dipico said. — Sapa.

ARG 29/10/94

(263A)

## Vanished politician loses seat

KIMBERLEY: The ANC has suspended the Northern Cape's former Safety and Security Minister Mr Peter Gelderbloem from the legislature — because he has vanished **CT. 17/3/95**  
ANC member Mr Gelderbloem was relieved of his portfolio several months ago because of unexplained absences from his office.  
He then became an ordinary member of the legislature, but his absences continued.

(263A) (266C)  
As a result the ANC's structures launched their own disciplinary steps against him

He was first temporarily, and then permanently, suspended when he failed to heed letters warning him to attend disciplinary hearings

Six months ago he vanished entirely. "We simply do not know where he is, whether he is still in the province or elsewhere," a legislature spokesman said —Sapa





Northern Cape Premier Manne Dipico, in

THE MARK GEVISSER PROFILE

# Mama's boy of the Kalahari

WM 2-8/6/95

(263A)

**T**HE premier of the Northern Cape lives with his mother in a modest township house. Perhaps it is fortunate, says Manne Amsley Dipico (a name that could emanate only from the quirky fringes of the Kalahari), that Kimberley is the only provincial capital without an official residence, for there is nowhere else he would rather be than on Magashule Street, in the home he grew up in — a former shebeen run by his domestic-servant mother to augment her meagre income, its tiny interiors now crammed with the heavily-curlicued and thickly-upholstered oak furniture of township respectability.

Dipico claims that he stays in the township for political reasons — “after taking over, people expected a lot from us, and running away from the townships would only cause problems” — but admits that the home he grew up in is something of a sanctuary too. “When I come in here and close the door, I leave politics behind, because my mother just isn't interested.”

Well, usually not. When Eastern Cape Premier Raymond Mhlaba was seen, on television, unlocking newly-built houses, Mama gave Manne a piece of her mind. “Look at that premier!” she clucked. “He's even opening the door for the people to come in. And what are you doing for our people? When are you going to build some houses?”

He laughs. “I might be the premier, but to her I am still a child. She is the only one who can really haul me up.” 35-year-old Manne Dipico is one of the most down-home politicians I have ever met — he is genial and playful, hearty and affable, much given to rambling anecdotes and elaborate stage-winks, but pleased enough with himself that it's probably quite a good thing there's a Mama Dipico around to keep him in line.

He has much to be pleased about. Despite the fact that his province is a developer's nightmare (it is the only one that has inherited no administrative infrastructure and its small population of 700 000 means that, even though it covers one third of South Africa's land mass, it has a tiny budget to work with), it is being lauded as one of the unexpected miracles of the transition. Mohammed Valli Moosa, the Deputy Minister of Provincial Affairs, spends his life trying to resolve conflict; in the Northern Cape, he says, there is no work for him. This despite the fact that the parliament of the province is hung, with the ANC holding exactly half of the 30 seats.

Moosa says that the Northern Cape is the only province to have stuck to the deadlines for the establishment of transitional local government structures and its voter registration figures are the second highest in the country. “No-one would have expected such a tremendous display of political skill from the Northern Cape — in terms of welding people together and building a government that enjoys broad credibility.”

Now, in Kimberley, there is government by consensus — all the more remarkable when one realises that



Top of the heap and pleased as punch: Northern Cape Premier Manne Dipico

PHOTOGRAPH HENNER FRANKENFELD

this is Orania-land, the leader of the Freedom Front in these parts is none other than Carel Boshoff. Once the good professor heard that his new premier had been brought up in the church, he slapped him on the back and declared “Well, then, we can make a deal. We can trust each other.” That trust has yet to be broken.

Here's the kind of thing Dipico does: after assigning the youth portfolio in his cabinet to the Freedom Front's other member, Jozef Henning, he asked him to organise the province's June 16 (“Youth Day”) celebrations. The result: a *volkstater* accompanying hundreds of black youths on buses that he has personally paid for, and publicly and tearfully embracing Dipico for the pain his people have gone through. “For the first time,” Henning says now, “I understood the aspirations of black people.”

Henning is “sympathetic” about the fact that Dipico is a communist, and says, wondrously “This premier has a political wisdom and maturity way beyond his years. He is open-minded and without blinkers, and that is part of his success.”

Things like this only happen in the Northern Cape, which sometimes seems to be a province of the imagination rather than one of the nine new regions of our land. Listen, for example, to the rapprochement Dipico engineered in Aughrabies, between striking farmworkers and hysterical grape-farmers about to lose their harvest. After a farmer shot and killed an eleven-year-old boy,

Dipico rushed over. Eight hours of tough negotiation were followed by a particularly liquid braaivleis. The result: the farmworkers taught their bosses how to *toy-toyi*, and the farmers agreed to put a portion of their grape-profits into an Reconstruction and Development Programme fund for schooling, and to stop child-labour.

Chalk it down to the winds of the Kalahari, the landscape of prickly-pear plantations and anthills, of reds and ochres and silvery acacia greens through which a white Mercedes slices at 240 kilometres per hour bearing a jovial, tubby former-unionist who honed his negotiating skills, as a former National Union of Mineworkers organiser, at the elbow of Cyril Ramaphosa. It was Dipico, in the mid-1980s, who got trade unionism going in the Northern Cape, reining in the frontier-cowboys who ran the mines in Kimberley, in Okiep and Nababiep, in Springbok and Sishen

and so the last thing he is scared of is “the boerboys” as he still delights in calling them. The provincial legislature's sole Democratic Party member, Ethne Papefus (yet another name that leads one to believe that the Northern Cape is an invention of Garcia Marquez or JM Coetzee rather than the negotiators at the World Trade Centre) attests that “he is hearty and full of fun, but don't be deceived, he is a skilled and tough negotiator who knows exactly what he wants and how to get it.” She should know, he got her to be Speaker, thereby preventing a coalition that would have kept the ANC out of power.

He is the Ramaphosa of the provinces, suave urbanity replaced

by amiable folksiness, but with the same net result. I saw this side of Manne Dipico when I chased his white Mercedes through the prickly-pear plantations and anthills to Petrusville, the next *dorp* over from Orania, and one of the average of five towns he visits every week, to hold public meetings, talk with the transitional local council, and spread the gospel of reconciliation.

Another Northern Cape vision stolen from fiction. A convoy of cars makes a night-time tour of Petrusville's pitch-black township, led by a group of young comrades in a fancy BMW (“BMW!” the kids cheer, “Bob Marley *en die* Wailers!”), and tailed by Dipico's overzealous security, weaving unnecessarily behind the premier and opening the doors of their car to push back screaming children, many of whom are clearly inebriated. The convoy stops at a shack, and everyone gets out, to examine a family who live with their goats. They get back into their cars, and weave their way to the community hall, where Manne Dipico climbs on to the stage to address the people.

Don't tell Valli Moosa, but there's trouble going on down here — the ANC is riven with faction-fighting, the white members of the council are not playing ball, and the township folk are refusing to pay rent. “Why,” asks one of those formidable old African women who fear nothing, “should we pay rates when we are forced to drink the same water as donkeys?” She is dressed in the squatter fantasia of rags, blankets, pink-rimmed sunglasses, and other found objects, and, like Mama Dipico, she is not scared of the Premier — he is a little boy now, and she tells it like it is.

He responds to her as he did to the

white members of the transitional council earlier, with a rasping and harsh Afrikaans that raps them all over the knuckles. “There's a lot of foreign interest in South Africa, but I can't take them to Petrusville if you are still fighting each other.”

At times he was so stern and preachy that he was rather unpleasant, a young Mandela on a bad day. But one had to admire him for not taking the populist option. How easy it would have been to side, full of righteous indignation, with the members of his own constituency — whose votes he needs — and lambast the old white council.

After berating them for their lack of reconciliatory impulse, he leads these dirt-poor people through a blow-by-blow account of Mandela walking (“if you've been fortunate enough to see Mandela, you would see that he puts his feet in front of each other very properly, like a real president), eating (“properly, the fork going deliberately into the mouth, like a real president”), sleeping (“he sleeps *lekker* straight *nê*, just like a real president”) and even dreaming (“I sneaked in to see him at 2.30 in the morning and I saw him dreaming, like such an *oulike* president, dreaming of all the good things he can do for his people”).

It is a clever ploy, showing his constituents that, even if he will not support them in their rent boycott, he is close enough to the great old man to watch him dream. But perhaps it also says something about the closeness with which Dipico observes his man, the way in which he, the apprentice, is trying to learn that particularly Mandela-esque combination of gravitas and *oulikheid* that makes a president.

It reminds me of something Dipico told me earlier in the day, when he was recounting how he locked horns with the Kuruman Conservative Party. When they threatened to fight the new order just as the ANC had the old, he stared them down, and won. “I reminded them that when Mandela took up the armed struggle, he was prepared to go to the ultimate, to life imprisonment or even death. I said that prison had made Mandela into what he is, a reconciliatory figure, and I only hoped that if they were lucky enough to go to prison, the same would happen to them.”

Manne Dipico was trained by Cyril Ramaphosa, but blessed by Nelson Mandela. The former is his mentor, the latter his saint. He too went to prison (sentenced to five years for furthering the aims of the ANC — he was the leader of an Umkhonto cell in Kimberley). He went in a bitter and angry young man and came out a leader. What happened in between is that he was touched, directly, by Nelson Mandela.

Manne Dipico is a member of the South African Communist Party Central Committee devoted to developing private sector industry in his province so that raw materials stop leaving the region and jobs are created. He is free-willed and independent, highly critical of central government and the ANC for not backing the provinces up. He is ambitious. He doesn't have half the poise of the president, but I imagine that, in terms of drive, he is much like the Mandela of the early 1960s. He is one of those young men who believes he can change the world, and probably will. Watch this (wide open) space.



## 'FF' members have defected to ANC'

(263A) Star 13/9/95

■ OWN CORRESPONDENT

**Kimberley** - Political circles reacted with shock yesterday after Freedom Front members in the Kimberley area were said to have defected to the ANC

Reports cited former regional secretary Pieter Pretorius as one of the turncoats, saying more FF defections were expected soon

Two FF members, Steven Neethling and Pretorius, were apparently among those who crossed over to the ANC, after publicly denouncing the right-wing party for "not having done anything for

the people of South Africa", and for not having any definite policies for the party or the realisation of a volkstaat

However, regional FF leader and provincial minister Professor Jozef Henning yesterday denied the reports and condemned the announcement as "a dirty stunt by politicians from whom better judgment should be expected"

At a press conference yesterday at ANC offices in the city, Pretorius said he had served as party secretary until August 28

He said he started losing faith in the FF after the April election last year, when the party failed to

show any visible evidence of promoting the standard of living of South Africans

Referring to the FF's idea of a volkstaat, Pretorius, who is also former FF chairman of the Beaconsfield branch, pointed out that the party had no idea where to place a volkstaat or what policies to apply to achieve party aims

"I even inquired from senior FF members around the country, but no one could tell me what the FF's policies were. The ANC, on the other hand, is a party that is building up the land"

Pretorius said he was expelled from Orania recently

# Shock as 17 defect from FF to the ANC

(263A)

IN a shock move this week, 17 Freedom Front members in the Kimberley area, including former regional secretary Mr Pieter Pretorius, are believed to have defected to the African National Congress

More are expected to follow soon

The members, only two of whom wished to be named – Pretorius and Mr Steven Neebling – walked over to the ANC after publicly denouncing the FF for not having “done anything for the people of South Africa” and not having any definite policies for the party itself or the realisation of a *volkstaat*

Regional FF leader and provincial minister Professor Jozef Henning yesterday, however, denied that any FF members had joined the ANC and condemned the announcement as “a dirty stunt by politicians from whom better judgment

should be expected”

The party also denied that Pretorius was the regional secretary

Speaking at a Press conference on Monday at the ANC offices in the city, Pretorius however, said he had served as party secretary until his resignation on August 28

## Started disbelieving

He said he started disbelieving in the FF after the April Election last year when the party failed to show any visible evidence of promoting the standard of living of South Africans

Referring to the FF’s idea of a *volkstaat* Pretorius, who is also former chairman of the party’s Beaconsfield branch, pointed out that the party had no idea where to place a *volkstaat* or what the policies for such a state would be



**M**ARA COETZEE'S formula for good business is a simple one "You've got to have a European in charge. I tell people all the time if you don't have a European in charge everything just falls to pieces."

The burglers of the little Karoo town of Steynsburg, where Mara Coetzee is mayor of the all-white Mararas Steyn old age home, would appear to share her sentiment. In advance of local government elections in November they have effectively privatised nearly all of the town's public assets: the local tennis club, the country club, the white high school.

There is not a great deal of doubt about the outcome of the November elections. Steynsburg proper has a population of around 2,000, the adjoining township of Khayamandi, along with its ever-growing squatter community, numbers somewhere between 12,000 and 14,000. With four of the eight seats in the new joint municipal authority to be contested by wards, and the other four determined according to proportional representation, the local ANC will almost certainly return five of its candidates and probably six.

But the black majority council will be inheriting far less than their white counterparts did last time round.

One of the things they will not be inheriting is the local tennis club. In 1992, the formerly municipal courts were sold to the membership of the club for around R300.

What the change in ownership has meant is two things. One is that the club is now liable for its own maintenance and taxes, and the other is that only members are allowed to use the courts. All happen to be white.

Nor will the new administration be getting the Steynsburg Country Club, which offers facilities in various sporting and recreational activities, including golf, bowls and squash. Built 10 years ago at the members' expense on municipal-owned land on the outskirts of the town, the country club has been supported in the past by the municipal authority not charging rates and taxes. Now, however, with elections around the corner, that is all changing. An application was put through last year to the management committee of the town council for the club to purchase the 15ha on which it stands — for R1,000. Accepted in principle by the management committee, the proposed purchase was then duly advertised in the Karoo News — which, according to one township leader has "no black readership at all".

**The city fathers of Steynsburg have effectively privatised the town's assets in preparation for majority rule after the November local government elections. IVOR POWELL reports**

# It's not just anyone for tennis in the town the whites bought

ST 8/10KS

(263R)

When no objections were forthcoming, the next set of wheels were set in motion. "It's all perfectly legal, the way the thing has been done," said Dirk Sparagerring, deputy chairman of the Country Club. "We had one member of the country club's committee who was also on the management committee of the town council. But he resigned so there wouldn't be any problems."

Even so, there are peculiarities. Despite the fact that, technically speaking, the country club remains a municipal asset until the paperwork is through, the issue has never been discussed in the Transitional Local Council, though this body has been sitting in the Greater Steynsburg area for more than 18 months.

According to Lennox Kula, general secretary of the local branch of the South African National Civics Organisation and a member of the council, the country club had not been listed as a municipal asset in council meetings. "We don't get straight answers," Mr Kula said. "When I asked the town clerk who owns the country club, he said, 'he didn't know'."

There is no doubt about who owns the local high school. The whites of Steynsburg chose the Model A option of privatising the school and constituted it as a company. School board member and local veterinarian Dr Johan van Roooyen lists among the priorities guiding the decision "the preservation of standards" and "broadly Christian viewpoint" and the viewpoint from which subjects like history and literature are studied.

Dr van Roooyen said: "The members of the company consider applications on merit. There is nothing in the constitution about race."

Even so, three years since the privatisation of the school, it remains 100% white, though pupils of other races have applied for admission. But this is not what bothers the people across the way in Khayamandi.

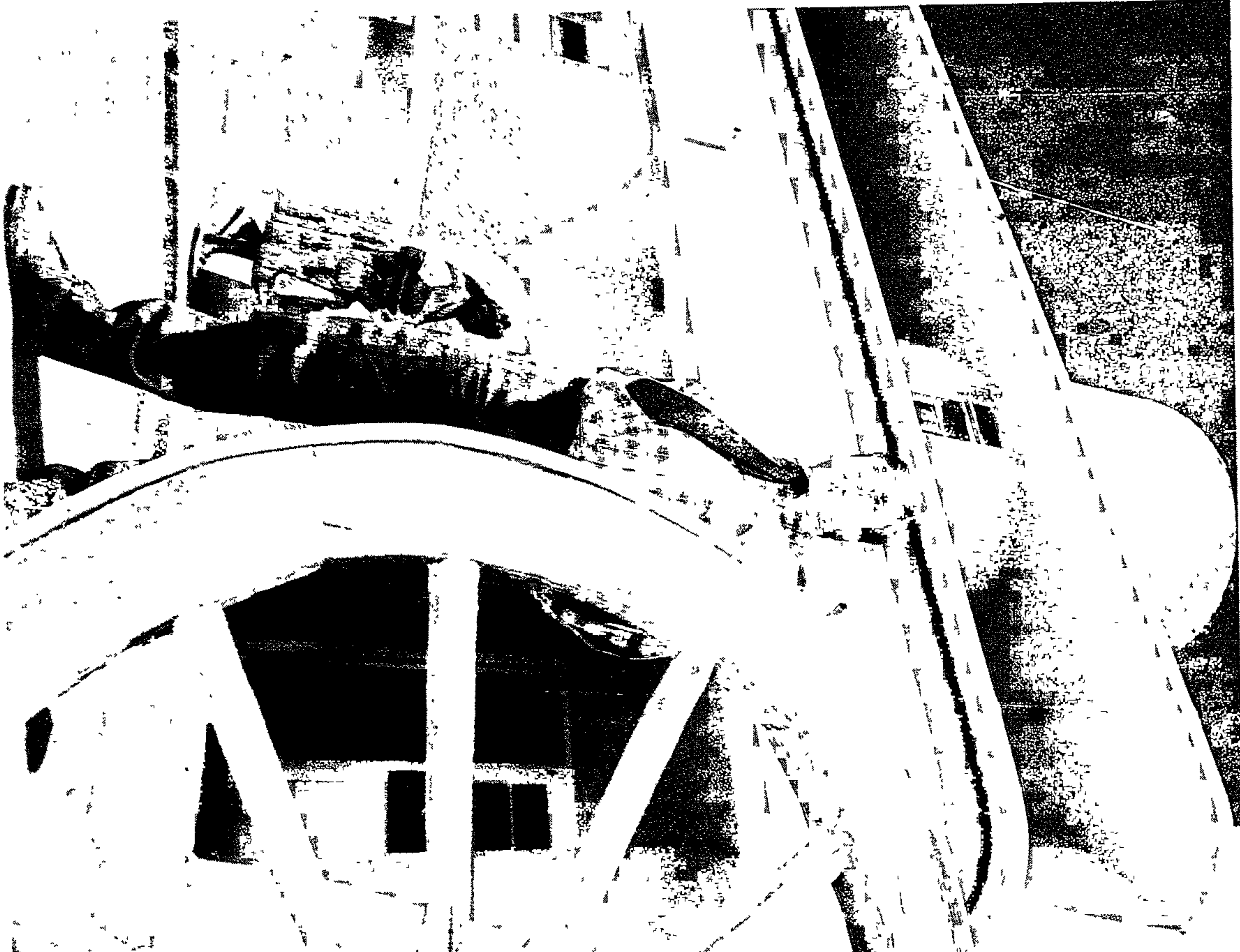
Despite privatisation, the Paul Kruger high school continues to receive a 50 percent state subsidy. But whereas the black high school has

around 900 pupils enrolled, the entire pupil body for the Paul Kruger high school from Sub A to matriculation level stands at 105. And while teachers at the black school have to deal with classes of 70, the white school's Standard Nine consists only of one pupil.

Like the school, the Mararas Steyn Old Age Home is all white — and will probably remain that way for some time.

According to Joan Cunningham, aunt of councillor Alan Cumming, who has been involved with the home since its inception in 1974, there is no objection in principle to admitting black frail-care patients but the white waiting lists are long, and there is no space for black patients.

Tham Raga, deputy principal of one of the black primary schools in the township and mayor under the council, remains philosophical in the face of all the shenanigans. "We're all conservatives around here," he says. "Whites, blacks and coloureds. It's going to take a long time for things to change."



**BUY THE BELOVED COUNTRY**... town clerk Abe Coetzee, who has played a leading role in the selling-off of assets in the Karoo town of Steynsburg. Picture: CHRIS COLLINGRIDGE

There is definitely a protest being planned among whites... it will take only one year of non-payment to cripple the new council

to cripple the new council. In the dusty streets of the township, a tractor with a trailer drives up and down, collecting nightsoil and distributing new buckets. And though Mr Raga talks about providing water and sewerage in the township, down the road lies a proposed housing development to accommodate the thousands of squatters in the township. No houses have yet been built, but toilets were erected two years ago by the municipality to mark out individual stands. They are numbered to 1,000, all are built on the longdrop model.



## RDP allocates R21m to Galeshewe project

Kathryn Strachan

(263A) (EP) BD 10/10/95

THE national reconstruction and development programme (RDP) budget has allocated R21m to an urban renewal project in Galeshewe, outside Kimberley, Minister without Portfolio Jay Naidoo said yesterday.

The total cost of the Galeshewe upgrading programme would be about R40m, with funding also coming from outside loans, the Diamantveld Regional Services Council and the Kimberley city council.

Naidoo said this was the 12th special presidential project on urban renewal to be launched. Over the past 18

months, about R2bn had been earmarked for 11 such projects.

The Galeshewe project focuses on Galeshewe Extension 7 and the Barkly Road Buffer Zone. Galeshewe Extension 7 grew out of an informal settlement. Its growth was not matched by appropriate development and the community is in need of essential services.

The Barkly Road Buffer Zone is made up of informal settlements and the upgrading will formalise them.

"The project will see a lot of money being spent on community involvement and training, ensuring one of the key objectives of the RDP — job creation — is met," Naidoo said.

## Hung city council possible in Kimberley

David Greybe

(263A)

BD 19/10/95

CAPE TOWN — Kimberley could be headed for a hung city council, with no party winning a majority of seats on November 1, political pundits in the Northern Cape capital said yesterday.

With less than two weeks to polling day, Kimberley is gearing itself for a three-way race between the ANC, NP and the "non-political, developmental oriented" Kimfor (Kimberley Forum).

This perception gained ground yesterday after the Northern Cape Supreme Court upheld the disqualification of two ANC candidates. The ANC said it would appeal against the decision and, if necessary, take the matter to the Constitutional Court.

ANC spokesman Mafu Davids said Kimberley had always been an ANC stronghold.

Kimfor was established in July this year by city councillors with business backing, and is projecting itself as a local issues grouping.

Kimfor candidate Jan Viljoen said the forum's candidates were chosen for their "good track record" in local government and not for party affiliations.

Local business had been generous with donations.

NP provincial secretary Charl de Beer said the NP vote in Kimberley "will be split" because of Kimfor's participation. He conceded it would be difficult for the NP to win a majority of the 25 seats up for grabs.

The city is divided into 16 wards, plus a further nine seats to be allocated according to the proportional list formula. The national 50-50 formula for the elections has meant that eight of the 16 wards are reserved for the so-called black townships, and the other eight for the mainly white and coloured areas.

The NP is the only party fielding candidates in all 16 wards. Kimfor is fielding candidates in all eight white and coloured areas.

The DP, Freedom Front, CP and a few independent candidates are also taking part.

# A new ball game in Northern Cape?

By Bobby Jordan

SIZE isn't everything in the build-up to local government elections in the Northern Cape. But you simply have to get around if you want to be elected, politicians say

With nearly 30 percent of South Africa's surface area and less than two percent of the population, canvassing in the province is a logistical nightmare

Travel-weary politicians compete for the attentions of communities spread across a largely inhospitable terrain at a population density of two people per square kilometre

Add to that a fine balance between National Party and African National Congress support, and you get the perfect ingredients for an information showdown

## Loose tongues

However, observers warn that cheap politicking and loose tongues may upset the province's growing reputation as a role-model of reconciliation between previously segregated races

Others feel the province may fall prey to a national apathy regarding the elections

Yet apathy would fail to explain the 90 percent registration ratio in the Northern Cape, involving 339 000 people

Voting will take place at 423 polling stations throughout the province making up 63 transitional local councils and six transitional rural councils

A single boundary dispute at Kuruman on the border with North West stands out as the only source of conflict in what will almost certainly be a resoundingly peaceful election

Last year's general election produced a surprise result in the Northern Cape, with the ANC winning 49,7 percent of the vote compared to the NP's 40,5 percent

The NP had been a hot favourite to win the majority of the support in the province

## ANC majority

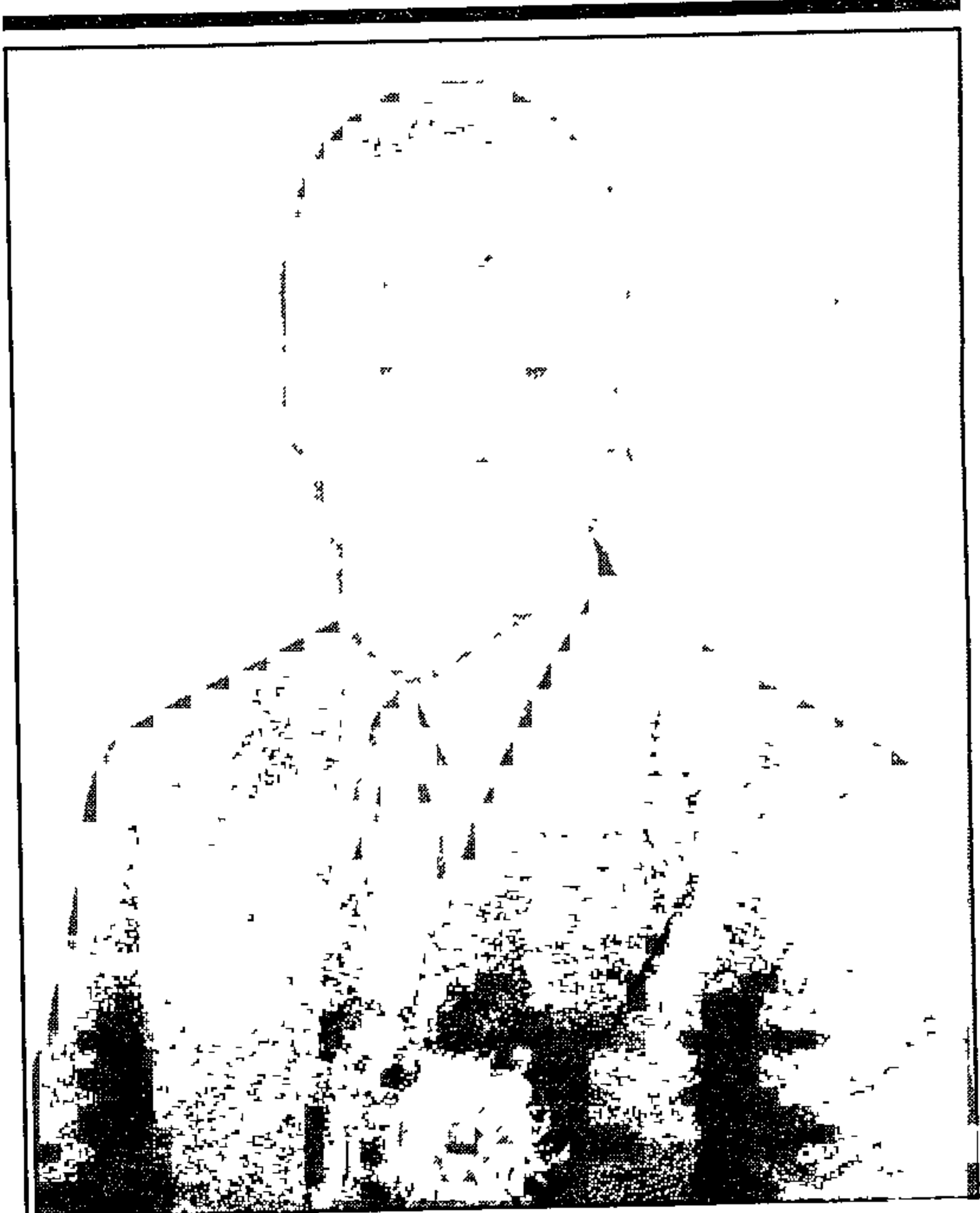
After wrangling over the composition of the provincial legislature, the ANC received 15 seats, the NP 12 and the Freedom Front two

The Democratic Party's sole representative, Ethne Papenfus, was appointed speaker of the legislature, a move which cleared the way for an ANC majority

The ANC appointed the country's youngest premier, Mr Manne Dipico, to lead the province

Now, after nearly 18 months, the NP hopes to benefit from what it claims is a visible drought of fulfilled election promises

## But loose tongues could upset the province's reputation as role-model



Northern Cape Premier Manne Dipico ... election canvassing in his province is a logistical nightmare. (263A)

NP provincial leader Mr Kraai van Niekerk says the run-up to the local government elections has been marked by greater penetration of political messages into the more remote areas

He says the nomination of numerous candidates has motivated individuals to canvass support in areas that were untouched during the general election

He also says the compilation of voters' rolls means the ANC will not be able to benefit from the alleged irregularities that took place during last year's poll

"This is a totally different ballgame," he says

Rural communities were questioning the ANC's commitment to change "The people are waiting - they communicate with Kimberley (the capital of the Northern Cape) but they get no answers," Van Niekerk says

ANC Northern Cape spokesman Mr Mafu Davids says the ANC is well-placed to entrench itself as the dominant political force in the province

He says regular ANC "people's forums" have kept communities in touch with the need for local ANC representatives to deliver the party's 1994

promise of "a better life for all"

Both Transitional Local and Transitional Rural Councils are an essential part of ensuring delivery TRC's, in particular, will provide an important democratic authority for rural farmworkers who in the past were forced to bow to the authority of predominantly white farmers, election officials say

Davids says the ANC has already started combating poverty and unemployment And the NP's election campaign, based on the threat of escalating crime, will not deter ANC voters

Both the NP and ANC remain unperturbed by the threat of losing support to one of the smaller parties The battle, they say, has become polarised as voters align themselves to one of two sets of values

The outcome, no doubt, will determine exactly how much value the province's scattered voters still attach to political promises

Whatever the result, at least the placard-wielding lamp posts and voter education pamphlets that occasionally flutter into the corners of the Northern Cape bear testimony to a democratic something, somewhere not too far away - Sapa



## Northern Cape 'to lead ballot count'

David Greybe

CAPE TOWN — The Northern Cape, despite its vastness, has the fewest voters taking part in today's local elections and could be the first province to complete the counting of ballots tomorrow.

Chief electoral officer Joos Coetzee said yesterday he was confident that counting would be completed by 3pm tomorrow. Coetzee and his team of electoral officers have set up 435 polling stations for 343 764 registered voters.

The Northern Cape makes up 30% of the country, but accounts for less than 3% of SA's eligible voters.

Coetzee said election preparations had "gone very smoothly, and everything, including the ink and ballot papers, is in place". However, the vastness of the province — 350 000km<sup>2</sup> — could cause logistical problems.

The single biggest electoral district was Namaqualand — which stretched 420km from north to south and 273km from east to west — and counting could begin only once the ballot boxes had been transported to a central counting station in Springbok.

Coetzee was confident that counting in all 106 electoral areas in the province would commence by 2am tomorrow.

He said the transportation of ballot boxes would begin as soon as the polls closed at 10pm tonight, to a central counting station in each of the 42 transitional representative councils (rural areas) and 64 transitional local councils (former town councils).

Coetzee said he expected counting to begin before midnight in at least 60% of the transitional councils. He said Loxton, with only about 300 registered voters, could be the first to announce its results. The provincial capital Kimberley, with 43 polling stations and about 100 000 voters, could be one of the last.

Coetzee said independent monitors, candidates and party agents would be allowed into the counting areas "to keep an eye on things".

Any complaints would be raised with the presiding officer, who had the authority to demand a recount.

# Success proclaimed in Northern Cape

David Greybe

CAPE TOWN — The Northern Cape, with an expected 60%-plus voter turnout, had pulled off a successful election, the province's chief electoral officer Joos Coetzee said last night.

Northern Cape director-general Martin van Zyl said before the polls closed at 10pm the biggest problem had been the slow pace of voting. He attributed this mainly to problems in the morning with long queues. However, he said, the delays were limited to four polling stations in Kimberley and, to a lesser extent, De Aar.

Coetzee said there were also "minor" problems at some polling stations over voters' rolls — mostly missing names and faulty ballot papers.

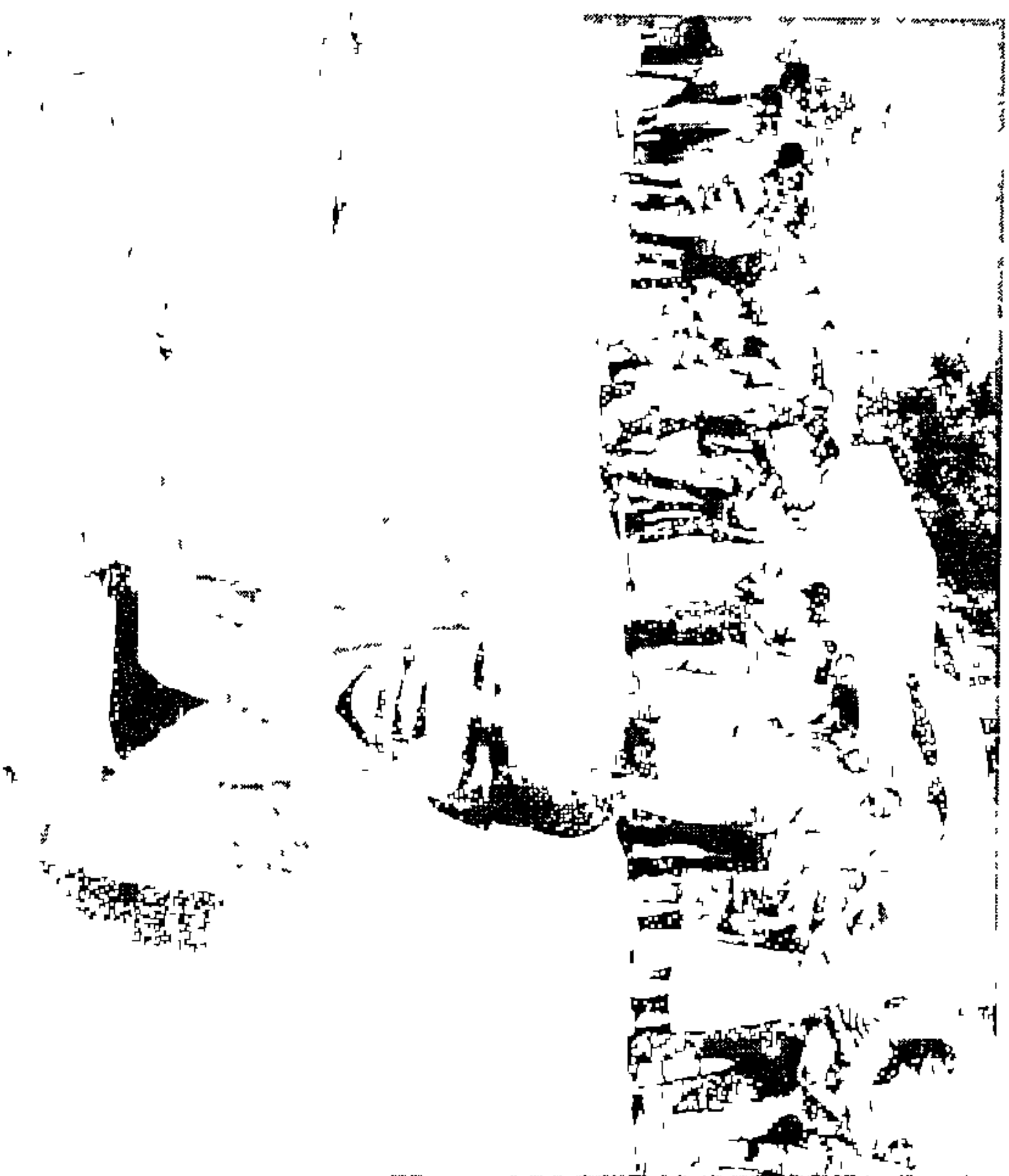
Coetzee said. "In spite of the large voter turnout, there was no violence or major incidents reported. I can only conclude that on the whole the elections ran smoothly."

Coetzee and Van Zyl predicted a 60%-plus voter turnout based on figures provided before the polls closed by

returning officers in the 64 participating towns. Coetzee said returning officers reported three candidate violations — two were found canvassing within the 500m perimeter area around polling stations and a third had "threatened" party agents.

Some of the latest voting figures before polling stations closed were Pofadder 61%, Britstown 63%, Noupoot 64%, Richmond 67%, Van Zylsrus 71%, Loxton 74%, Strydenburg 71%, Vanderkloof 76%, Fraserburg 64%, Loriesfontein 66%, Sutherland 63%, Deben 61%; Upington 45%; De Aar 50%, Colesberg 50%, Victoria West 58%; Calvina 58%; Barkly West 62%, Port Nolloth 52%, Concordia 45%, Komsaggas 58%, and Jan Kempdorp 54%. There were no figures for Kimberley, Kuruman and Springbok.

Coetzee said he expected counting of votes would be completed by 3pm today. The Northern Cape had the fewest voters, 343 764, of the eight provinces participating in the elections. The province makes up 30% of SA, but has fewer than 3% of eligible voters.



This lot escaped the boredom of the long queue of voters in Soweto yesterday to investigate a photographer's activities

Picture SALLY SHORKEND

## Absent-minded prof and absent candidates

ARG 4/11/95  
KIMBERLEY — Even though the Freedom Front was the only party registered in the Northern Cape's Ulco rural council area, victory eluded it (263A)

This was because the party failed to nominate candidates, electoral officials said. A by-election would have to be held there within 90 days of November 1

FF provincial leader Carel Boshoff

said his party had effectively forfeited three proportional representation seats.

"It was an oversight. We've got a lot of support in Ulco, which is probably why no other parties registered there. Unfortunately, it seems someone forgot to find candidates," Professor Boshoff said.

Professor Henning was not available for comment — Sapa



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# Half of Northern Cape votes to ANC

David Greybe

BD 6/11/95 (263A)

CAPE TOWN — The final results of the Northern Cape local elections showed the ANC won 50% of the votes and increased its support marginally, while the NP suffered a 10%-plus swing from the party.

The NP won 34% (72 104 votes) of the proportional vote, compared with its 41% in the provincial elections last April. The ANC's 50% (107 291 votes) was a 0,3% increase on last year.

There was a 62,5% voter turnout.

The ANC won overall control of 40 (39%) of the province's 106 councils, and the NP 30 (29%). Significantly, the polls produced 24 (23%) hung councils.

The thrashing received by the CP, DP, PAC and IFP could, some observers said, signal the four parties' death in the Northern Cape.

The Freedom Front did not fare as well as its leaders predicted, mustering 5% (10 801 votes) of the proportional vote. Independents and ratepayers associations fared better with 9% (18 392 votes), and took control of nine councils, results show.

Political observers said the ANC had boosted its coloured support compared with last year. On the other hand, voters deserted the smaller par-

ties, mainly for the NP.

The ANC fared better in the towns (transitional local councils) than in rural areas (transitional representative councils), winning control of 30 town councils and 10 rural ones.

It won control of, among others, Kimberley, Upington, O'Kiep, Pofadder, Hanover, Hopetown, Barkley West, Postmasburg, Douglas, Griekwastad, Jan Kempdorp, Richtersveld, Warrenton, Komaggas, Noupoort and Sutherland.

The NP won control of 18 rural councils and 12 town councils. Towns the NP won included Prieska, Philipstown, Carnarvon, Fraserburg, Williston, Strydenburg, Vanderkloof and Eksteenkuil.

The Freedom Front took the tiny Afrikaner settlement of Orama, where it was unopposed. In total nine Front candidates won council seats, all in the rural areas.

Hung town councils include De Aar, Colesberg, Britstown, Victoria West, Kuruman, Port Nolloth, Petrusville and Richmond.

Three CP candidates were elected councillors. The DP failed to win any seats. The PAC won one in Kimberley. Four by-elections are scheduled in the province.

ARG 13/11/95  
Premiers sign  
agreement on  
assets share

~~263~~ (263A) ~~263B~~  
Labour Reporter

PREMIER of the Western Cape Hennis Kriel and his counterparts from the Eastern Cape, Northern Cape and the North West today signed an agreement on how the assets, budgets and posts of the former Cape Provincial Administration would be divided among the four new provinces.

While the signatories were unable to specify which assets would go to which province, save that the fewest assets had gone to the North West, all expressed satisfaction with the agreement which outlines a process for the division.

The assets include vehicles, land, posts and budgets.

Mr Kriel was unable to say how many of the Western Cape posts would specifically be targeted as affirmative-action placements.

Premier of the North West Popo Molefe said the agreement should result in greater equity in human and material resources.

He said a meticulous audit of assets had been started.



TRAINING OFFICIALS THE PRIORITY

# Provinces club together to tap local, foreign funding

## SIX PROVINCIAL PREMIERS

agreed yesterday to join an investment forum to be set up by the National Business Initiative.

**CHRIS BATEMAN** reports.

SIX of the country's provincial premiers agreed yesterday to form a joint investment forum aimed at boosting their respective economies — and have asked the National Business Initiative (NBI) to convene a workshop before Christmas.

In a joint announcement after a gathering hosted by Premier Mr Hennis Kriel in the city yesterday, the six — excluding Mpumalanga, Gauteng and the Free State — said they had all received international pledges for the training of councillors and local government officials. They had formed the Premiers' Local Government Investors Forum to tap the resources of the international donor community, the private sector and central government.

"Only through vibrant training programmes can we empower our officials to engage with the diverse challenges and needs of our communities," the six said.

The NBI would set up the forum and had been asked to convene a workshop before Christmas.



**SHARING THE CAKE:** Provincial premiers (from left) Mr Manne Dipico, Mr Hennis Kriel, Mr Popo Molefe, Dr Frank Mdlalose and Professor Sheperd Mayatula sign an agreement to start a joint investment forum yesterday.

**PICTURE: ANNE LAING**

The six premiers are Mr Manne Dipico (Northern Cape), Mr Popo Molefe (North West Province), Mr Kriel, Dr Frank Mdlalose (KwaZulu/Natal), Mr Ngoako Ramatlodi (Northern Province) and Professor Sheperd Mayatula (acting premier, Eastern Cape). The three unrepresented premiers said "unforeseen circumstances" prevented their attendance.

Yesterday also saw the four premiers

who govern what 18 months ago was the Cape Province sign a historic agreement dividing billions of rands worth of budget, assets and posts.

Mr Dipico described the signing as "the culmination of a painful, protracted process", and praised the officials who made the signing possible. Mr Kriel said all had agreed upon a "verification process" to ensure equity in distribution.

# Access to technology will boost N Cape – Premier

(263A) Star 22/12/95

By JOVIAL RANTAO  
Political Reporter

The Northern Cape has signed an agreement with five institutions in which the province's research and technological development capabilities will be boosted

Northern Cape premier Manne Dipico signed a memorandum of understanding with the Agricultural Research Council, the Council for Scientific and Industrial Research, Council for Geoscience, Mintek and the National Parks Board.

The five institutions worked together to form the Regional Institutional Support Management Committee (Rismac) which signed the agreement with the Northern Cape. It is hoped that as a result of the agreement the institutions will advise the province about technology and its use in, among other things, the delivery

of the Reconstruction and Development Programme.

Rismac is to provide a one-stop technology stop for the provincial government for all activities related to the core business of the its constituent members.

"Technology should be used to advance the quality of life of our people, and only then will it be relevant

**This means  
a lot to us  
- Dipico**

and useful. And in the case of the Northern Cape, Rismac has a special obligation because such capacity was deliberately

held away from us, as evidenced in the lack of or non-existent research capability

"For us to develop appropriate policies, we will require up-to-date information on our environment to increase the efficiency and effectiveness of our government. The signing of this agreement means a lot to us," Dipico said



PS - LOCAL AUTH. - NORTHERN CAPE

1997 - 98

# 10 000 ghost workers in Eastern Cape

BD 2/12/97

(263B)

David Greybe

CAPE TOWN — Ghost workers were costing the Eastern Cape government at least R400m a year, based on the latest estimate of more than 10 000 ghost workers in the province.

A final tally for ghost workers in the Eastern Cape public sector would be ready by the end of January under a year-long government project to rectify problems in the province, project leader Chris Dreyer said yesterday.

He described the latest estimate of ghost workers as "unacceptably high".

"Based on a total of 165 000 public sector workers in the Eastern Cape — 75 000 are involved in education — there should not be more than 200 anomalies on the payroll at any given time," Dreyer originally expected to find no more than 8 000 ghost workers in the Eastern Cape, at a cost to the state of R40 000 each a year.

Dreyer, a former public service director, was sent to the Eastern Cape in November last year after a provincial audit found the administration was paralysed by a lack of political and administrative leadership.

Dreyer said a team of 16 officials had been set up to recover the lost money from ghost workers who were still in the employ of the state. Most of them had drawn two salaries a month. He said repayment periods would depend on the amount owed.

The names of those who were no longer in the employ of the state would be handed to the national special investigating unit and tribunal into government corruption and maladministration which was set up in March.

The unit, headed by Judge Willem Heath, was set up to look into maladministration, misappropriation, corruption, negligence and unlawful conduct "with a bearing on state institutions" at national, provincial and local government levels.

Dreyer said a new system had been put in place to prevent officials from drawing two salaries or from continuing to be paid after they had left the public sector — the two most common ghost worker offences.

Pay-point managers had been appointed, and they would be responsible for certifying monthly paysheets. Computer terminals were being planned for installation at district level "to put an immediate freeze on salaries if necessary". Dreyer was confident "there will now be adequate accountability".

He said the counting teams still had three education regions to check for ghost workers, and had to revisit the health sector to verify its first count.

The team had found 2 207 ghost workers in provincial departments excluding health and education. Twenty of these were in the premier's office, one in finance, 14 in management services, 321 in transport, 473 in local government and housing, 289 in economic affairs, 735 in public works and 354 in agriculture.

The team found 8 185 ghost workers in the health sector at its first count. However, Dreyer said the figure would probably drop by about 2 500 as workers not in possession of a valid identity document were counted as ghost workers and given six weeks to get one. The team would conduct the second count in January.



# Successes claimed for Virodene

ARGUS CORRESPONDENT

*ARL 4/12/97*  
Pretoria

controversial AIDS drug Virodene is still being tested in South Africa, its patent holder claims doctors in some European countries are successfully treating the HI virus with it. Zigi Visser, administrator of Cryo Preservation Technologies, which has the patent for Virodene P058, said doctors and AIDS specialists in France, Portugal, Italy and Spain were using the drug.

Speaking from Portugal yesterday, AIDS specialist A Martins Ferreira said he had been using Virodene for more than a year and his patients were doing well.

The Medicines Control Council (MCC) banned the use of Virodene in South Africa earlier this year.

The Cape Town office of Professor Peter Foll, director of the MCC, said an announcement on the matter would be made tomorrow.

# NP acts against errant ex-MP

## E Cape congress postponed in party shake-up

CLIVE SAWYER  
POLITICAL CORRESPONDENT

Tension continues to trouble the National Party in the Eastern Cape in spite of this week's disciplinary action by the party's federal council.

Renier Schoeman, executive director of the NP, said earlier the executive of the federal council had accepted recommendations by a task team it had appointed to probe tensions in the province. Action included: ■ A year's suspension from the party for former provincial leader

Tertius Delport. ■ Disciplinary action against four other members. ■ Postponement of the Eastern Cape party congress for several months.

The probe was ordered by the federal leadership earlier this year after a row broke out over Dr Delport continuing to receive a provincial cabinet minister's salary for four months after the NP left the provincial government. He was ordered to pay it back, leading to the provincial leadership expelling him for allegedly bringing the party into disrepute.

But Dr Delport appealed against this decision

A further cause of tension in the party in the province was a dispute about the validity of voters' rolls in some areas, which would have had an effect on voting at the party's Eastern Cape congress

Mr Schoeman said the federal council had agreed that the Eastern Cape congress, which was to have been held on January 31, should be postponed until the second half of next year.

"That is, after the annual meetings of the party structures that must be held in terms of the party's

It has been decided that the existing voters' rolls will be honoured.

Mr Schoeman said the party membership of Dr Delport, former NP leader in the province and a member of the provincial legislature, had been suspended with immediate effect for 12 months

For the duration of this suspension, Dr Delport will not be allowed to take part in caucus or party structure activities, will not be allowed to conduct media interviews on party matters and had to "refrain from activities that might cause further tension" in the Eastern Cape NP.

# New censors picked - but names are blanked out

CLIVE SAWYER  
POLITICAL CORRESPONDENT

You're a little closer to knowing who South Africa's new generation of censors will be - but right now you cannot be told.

The President's Office said yesterday that the Cabinet, at a regular meeting in Pretoria, had received a report on the Film and Publication Board and had approved the people who would serve on it

The new board will operate in terms of the Film and Publication Act - approved by Parliament earlier this year to succeed the strict legislation of the apartheid era.

The new act widens the type of material to which adults will be allowed access, but retains sanctions against the depiction of sex involving children, extreme violence, or bestiality.

Asked who was on the new board, a Home Affairs official said the names could not be released until approved by the president



# UDM does battle in the Transkei

Sechaba ka'Nkosi

**G**eneral Bantu Holomisa's newly formed United Democratic Movement (UDM) this week held an intense meeting with former Transkei ruler Chief Kaizer Matanzima and his brothers George and Ngangomhlaba in the rural village of Gamata to solicit their support as the party begins its preparations for the 1999 rural elections.

The meeting forms part of a massive recruitment drive by the UDM to target high-profile personalities such as former ministers, chiefs, bureaucrats and civil servants who are disgruntled with the African National Congress-led provincial government in Bisho.

Party insiders say the meeting was held at the request of Ngangomhlaba Matanzima — a traditional chief — to give the movement

a chance to explain itself to local tribesmen and communities. It is not yet clear what transpired, but it is believed that the Matanzima brothers — notably Ngangomhlaba and George — expressed keen interest in joining hands with the party.

Already the party boasts former ministers such as Khulisile Ntola and Chief Dumisani Gwadiiso among its leaders in the Transkei region, says Somthunzi Gazi, a senior civil servant in the former homeland administration who is now the party's chair in the Eastern Cape.

The three are said to have been central in the so-called Concerned Transkeians group which lobbied for the region to be declared the 10th province of South Africa.

Gwadiiso said the development represents the party's acceptance by the electorate and a vote of no confidence in the ANC and its reform poli-

cies. He argues that the ruling party never consulted those who voted it into power before it liberalised abortion laws and included the abolition of the death penalty in the Constitution.

"Our stand is that the government must be more accountable to the electorate than appointed structures such as the Constitutional Court," says Gwadiiso. "If calling for a referendum on such crucial policies is perceived as populist, then we are populist."

"But what we know is that we are at the stage where we can replace the ANC government in the province and go on to become the official opposition party in the National Assembly after the general elections in 1999. What happened in Gauteng is just an indication of how popular we have become to the electorate," says Gwadiiso, referring to the Rood-

*M-F 5-11/12/97 (2636)*

poort by-election two weeks ago where the UDM came third to the Democratic Party in a National Party stronghold.

Gwadiiso claims since the party was launched two months ago it has recruited more than 20 000 members in Umtata alone. Next week he hopes to launch the two biggest branches in townships outside Umtata.

UDM leaders constantly refer to two other incidents as a yardstick for their growing popularity in the province: a survey recently conducted by the Institute for Democracy in South Africa indicated that the party could have as much as 12% of the total electorate in the province, and in October Holomisa addressed a 20 000-strong crowd at the Independence Stadium a few days after the party was launched.

This yardstick is, however, dismissed by political commentators as

both ambitious and untested. They say the UDM has hijacked the Pan Africanist Congress populist agenda and is, therefore, more likely to make inroads on the PAC's membership than the ANC.

Professor Roger Southall of Rhodes University says members of Matanzima's Transkei National Independence Party defected to the PAC when the country opened up in the early 1990s. He says these members are now leaving the PAC for the UDM as both parties gun for the same constituency.

"There is nothing that the UDM can offer as an alternative to the ANC. I think what they are doing now is to try and rally traditional chiefs and beneficiaries of the former homeland system behind them. I would not even be surprised if local structures such as taxi associations align themselves with the UDM in the build-up to the next elections," Southall said.

"But my assessment is that they will only win about 5% of the electorate in the Transkei and definitely less in other parts of the country."



# 'Nothing but lies' claimed as corruption probe gets go-ahead

CP 7/12/97  
(263B)

By SIMPIWE PILISO

EAST LONDON - THE Special Investigation Unit (SIU), headed by Judge Willem Heath, resumed their inquest into the Butterworth Council's affairs on Tuesday

The SIU's investigation were suspended in October until the publication of a special audit report and President Nelson Mandela's decision on the investigation continuing. SIU investigation co-ordinator Steven Jones said the SIU had been given the go-ahead to continue its investigation by the president's office last week.

The audit report, which was published and handed over to Mandela and Eastern Cape Premier Makhenkesi Stofile on October 14, allegedly did not clear the council of alleged irregularities, according to Judge Heath.

He added that the auditors are not investigators.

The SIU often works in co-operation with auditors and fills the vital gap that involves investigations and finding solutions

Some of the allegations being investigated include,

□ that there was irregular spending by the council of R4 million of a R14,

5 million government grant,

□ that Butterworth Mayor, Anthony Bam is R30 528,38 in arrears with his rates and more than R67 000 is owed by the councillors,

□ that council funds were used to buy R28 500 worth of shotguns, revolvers and 9mm pistols,

□ that municipal funds were embezzled for backpay to councillors from March to June this year with each councillors receiving R16 000 and Bam, R20 000,

□ that councillors were paid an allowance of between R4 000 and R5 000 in excess of the stipulated R100 a month laid down in the Municipal Act,

□ that councillors had had their private vehicles repaired and panel beaten at the municipality's expense,

□ and that a vehicle finance scheme involving about R1 million was abused by councillors allegedly buying vehicles for personal use

The SIU's investigation into the alleged irregularities in council's affairs was suspended when Butterworth council raised an application in the Grahamstown High Court challenging the mandate of the SIU's investigation, the validity of the SIU and the Special Tribunals

Act proclaimed by President Mandela in March this year.

In September, at the request of President Mandela, the court case was postponed and the investigation suspended.

This resulted in a mutual agreement between members of the SIU, the Butterworth council and its legal representative that "in the spirit of promoting co-operation between the parties" the investigation be suspended pending the auditor's report and Mandela's decision.

Butterworth mayor Anthony Bam said: "the SIU is here on our terms"

According to Bam the SIU had to provide the council with a list of the allegations that would be investigated.

"If these allegations are proven to be false, then the council will take the SIU to court for defamation," he said

He said the Grahamstown High Court had instructed the SIU to provide the council with the terms

Bam said his council had nothing to hide and this investigation would prove that the allegations concerning irregularities "are nothing but lies"

# Eastern Cape road network proposal signed

**EAST LONDON** — A proposal for a multimillion-rand road network, linking Matatiele in Kwazulu-Natal and the Eastern Cape towns of Maclear, Mount Fletcher, Rhodes, Elliot and Cala, was signed in Barkley East on Friday.

The upgraded R471m road network is expected to promote economic growth, political stability, security and social communications, and development in the area.

The project's success will depend on government's willingness to provide about 30% of the initial costs — R100m — as startup capital.

The proposal has the approval of the Hughes Corporation, a US development facilitator represented in SA by James Crosswell Associates. SA consulting engineering group Gibb Africa will play a major part in the project. Herman Haasbroek, economics development adviser to Gibb Africa, said informal talks had been held with Deputy Trade and Industry Minister Phumzile Mlambo-Ngcuka.

He said signed proposals would be handed to ministers Derek Hanekom, Alec Erwin, Kader Asmal, Jeff Radebe and Pallo Jordan, Eastern Cape premier Makhenkesi Stofile, public works and transport MEC Thobile Mhlahlo, economic affairs MEC Enoch Godongwana and local government and housing MEC Smuts Nkonyama.

Haasbroek said there were two guarantees incorporated in the proposals — the leader bank would guarantee that the initial R100m deposit would be returned to government, and funders of the project would guarantee to deliver the yield within a certain time frame.

Gibb Africa's Bloemfontein office would be involved with the construction while the project management would be handled by the East London office. The company envisages being assisted by Eastern Cape consulting firms, including previously disadvantaged firms. — Sapa

263B

BD 15/12/97

# Urgent action taken on pension payout fiasco

BRETT ADKINS

CENTRAL government will this week come to the aid of thousands of Eastern Cape pensioners who did not get their money

The crisis saw thousands of people in the province turned away from paypoints after funds ran out

But the issue will be resolved within days, say government sources, as a task team helps the provincial government hammer out a solution

It was learnt yesterday that an announcement on the payouts will be made at a press conference tomorrow, after urgent discussions between the Minister of Welfare, Geraldine Fraser-Moleketi, and the Minister of Finance, Trevor Manuel

But the debacle — which triggered widespread accusations of administrative ineptitude in the provincial capital, Bisho — has also flashed warning signals to government over management efficiency nationwide, ANC sources said yesterday

It is understood that high-ranking officials in Bisho — under pressure from the cabinet — are working furiously around the clock behind closed doors this weekend in order to have a plan ready for tomorrow's announcement

The province needs more than R800-million over the next two months in order to meet its pension commitments until the start of the new financial year

The South African Human Rights Commission has warned that the province's failure to pay pensioners is a violation of their constitutional rights and that the government could face legal action as a result

The Anglican Bishop of Grahamstown, the Right Rev David Russell, said "culpable incompetence" lay behind the debacle

In an interview with the Sunday Times yesterday, Fraser-Moleketi said Bisho's problems were linked to a history of "consistent underfunding" owing to an absence of accurate statistics and data on the province's beneficiaries

Lump-sum payouts on a huge backlog of social grants — subsequently halted — had also contributed to the province running out of cash, whereas other provinces had tried to stagger such payments

Fraser-Moleketi said Bisho's problems were not unique and that the government wanted to send a clear message to all the provinces: "Manage yourselves more efficiently"

S.T. 11/11/98

(2670)



# Eastern Cape gets R800m govt advance

(263B)

AF BD 15/11/98

Kevin O'Grady

EASTERN Cape pensioners will begin receiving social security payments from Monday following Finance Minister Trevor Manuel's approval of an R801m advance for the province

Announcing the arrangement yesterday, Welfare Minister Geraldine Fraser-Moleketi said a commission of inquiry, or an investigation by the public service commission, would seek to establish whether provincial officials were negligent in allowing the pension crisis to erupt. Details of a probe would be announced today

More than 630 000 pensioners were turned away from paypoints in the cash-strapped province last week

Asked where funds would be found for the R801m advance from the national treasury, Fraser-Moleketi said: "I'm deliberately trying to avoid answering that question"

Finance Minister Trevor Manuel's spokesman, Jennifer Wilson, denied the payment was a bailout of the province by national government. "It is a cash flow adjustment . . . an advance on their money (from payments still to be made to the province from the current budget)," she said

Fraser-Moleketi said the advance would be accompanied by payments totalling R4,83m to welfare organisations in the province, and other measures to prevent a repeat of the crisis

She said R4,5m of the additional payments would come from the poverty alleviation fund provided for by Manuel in the budget. This amount would be earmarked for projects run by nongovernmental organisations

The remaining R330 000, which had been "found from other sources",

would prevent the closure of two children's homes in the Transkei region

Fraser-Moleketi said the R801m would cover social security payments until the end of March and would have no effect on the provincial welfare department's other financial woes. There was a larger amount involved, relating to general underfunding, on which negotiations were under way. She declined to elaborate, saying details would be released later.

Steps to prevent a recurrence of the situation included the appointment of a task team, headed by acting welfare director-general Benny Mokaba, to "ensure that the necessary management and administrative systems are put in place and work smoothly". The team had already started work

Consideration was also being given to a "core team at national level which can move into any province to help with problems" and a permanent internal audit function "to eliminate system vulnerability to fraud and corruption"

Further measures, including a "tightening up" of early warning systems, would be discussed with provincial welfare MECs on January 26.

Fraser-Moleketi said the payment of pensions from Monday would be a huge operation. The postmaster-general and bank officials had agreed to make additional staff available, while safety and security and police officials would arrange improved security

She said she had expected a similar crisis to arise in KwaZulu-Natal and Northern Province. However, discussions at national level would avert another "Eastern Cape situation".

Picture: Page 2  
See Page 7

# Top Eastern Cape Mats Cross floor to join DP

## Nats feel 'cleansed' after exodus

ARG 17/11/98

(2638)

East London - Former Eastern Cape National Party leader Tertius Delpoit, along with 25 other ex-NP members, including seven councillors and three branch chairmen, have switched allegiance and joined the Democratic Party.

DP leader Tony Leon welcomed them to his party and said Dr Delpoit's expertise and experience would be of great value to the DP, especially in the Eastern Cape.

Dr Delpoit was a long-standing leadership figure in the Afrikaans-speaking community, Mr Leon said.

"His decision is an important signal that our liberal, democratic approach to the Constitution and politics is the best way to protect and advance individual and community rights and interests in the new South Africa."

Dr Delpoit, whose NP membership rights were under a year's suspension, but who remained an NP member of the Eastern Cape legislature, is to vacate his seat.

Reacting to the move, Eastern Cape NP leader Manie Schoeman said Dr Delpoit's decision was ironic in view of his well-known rightwing views and his long ties with the Afrikanerbond as an executive committee member.

It had been expected that he would rather join a rightwing party, Dr Schoeman said in a statement.

Eastern Cape NP leaders warned DP top dogs to "watch their backs" now that Dr Delpoit had crossed the political floor.

Dr Schoeman and leader in the legislature Ann Nash denied that the loss of Dr Delpoit and other regional and local

NP leaders was a catastrophe for the party.

However, they said Dr Delpoit was very ambitious and had a history of climbing the rungs of power very quickly.

"Good luck to them - Eddie (Trent, DP provincial leader) had better watch out," said Ms Nash.

Dr Schoeman said "These are parasites who have found a new base, and I predict they will soon be up to their old tricks of false membership lists and subverting the true leadership."

Dr Schoeman said yesterday he was relieved to be rid of Dr Delpoit - along with a group of Dr Delpoit's "cronies" who had been a thorn in the party's side since the NP's 1996 Jeffrey's Bay congress, when Dr Schoeman and other "verligtes" had beaten the much more conservative clique headed by Dr Delpoit.

Dr Schoeman said Dr Delpoit's conservatism was well known, and had



New member: Tertius Delpoit has joined the DP

"If the Freedom Front had been likely to win seats in the next election, Dr Delpoit would have joined them," Dr Schoeman said.

He said the NP leadership felt "cleansed" by the recent resignations of problematic members. Dr Schoeman was also adamant that Dr Delpoit must be getting some form of financial reward for joining the DP.

"I am absolutely sure about his financial difficulties. On two occasions Dr Delpoit has offered to resign from the National

Party if he got compensation," Dr Schoeman said.

"He was also only allowed to keep his seat in the legislature because he pleaded financial difficulties," Dr Schoeman said.

Dr Delpoit, a former senior NP cabinet minister and constitutional negotiator, said in a statement that the DP was the only party which could bring about a consolidated political movement on the basis of shared principles.

"The DP has earned its ever-growing respect and support by consistently defending and adhering to principles which I support," he said.

In the meanwhile, the NP is continuing with initial preparations for its November provincial congress.

The provincial congress was supposed to have been held last year, but was postponed when the party started with disciplinary procedures against Dr Delpoit.

He was accused of bringing the party into disrepute by refusing to return money mistakenly paid to him after he had vacated his post as transport MEC, and of working to undermine the proper party leadership.

On the now-vacant seat in the provincial legislature, Dr Schoeman said meetings would be held at the end of next week to determine how to handle the issue and who would be the next NP MP.

Earlier in the week, former Eastern Cape Police Commissioner Gerrie Bezuidenhout and Kirkwood councillor Johan Erasmus - both also former prominent NP members - joined the DP - ECN, Sapa



# E Cape receives (2638) R801-m

*Sowetan 15/1/98*  
By Joe Mdhlela

THE national treasury has thrown a lifeline of R801 million to save the Eastern Cape following its failure to honour its social welfare obligations to thousands of pensioners who went without pay last month.

At a media briefing in Johannesburg yesterday, Welfare and Population Development Minister Mrs Geraldine Fraser-Moleketi said the pensioners would be paid next Monday.

She said the "breakthrough" followed an agreement with Finance Minister M. Trevor Manuel, in terms of which the province would be given an advance of R801 million from the national treasury.

Fraser-Moleketi admitted that it had been discovered that there had been fraudulent practices in which the welfare social service in the province benefited 125 000 "ghost beneficiaries or pensioners".

She also said the system had been undermined by the payment of benefits to adults masquerading as children needing social grants.

People entitled to "temporary disability grants" had become permanent beneficiaries, a situation that was totally unacceptable.

"Because of the seriousness of the situation which has developed in that province, certain measures have been decided on in an attempt to avoid a repetition of the crisis."

She said a task team had been appointed to work with the provincial government to ensure that sound administrative and management systems were put in place.

In addition to the team, Fraser-Moleketi said a forensic auditor had been seconded to audit the cash flow of the provincial department.

She had conferred with the Ministry of Public Service and Administration to set up a commission of inquiry to investigate corruption in the system.

To reduce problems relating to payout dates, Fraser-Moleketi said the Post Office and the banks had agreed to make additional staff available to assist pensioners.

The Ministry of Safety and Security had also been asked to assist in tightening security on payout days.



# Treasury rescues Eastern Cape pensioners

Task team to analyse what went wrong in department's administration and infrastructure

By **HOPWELL RADEBE**  
Political Staff

**T**he national treasury has advanced the Eastern Cape Welfare Department R801-million to pay thousands of its pensioners in the next three months, Welfare Minister Geraldine Fraser-Moleketi said yesterday.

Addressing the media in Johannesburg, she said a further R330 000 was obtained from other sources to stop the closure of two children's homes in the former Transkei. She said an announcement

about when the pensioners would be paid could not be made earlier because the Eastern Cape Welfare Department had serious administrative difficulties that had to be sorted out. The pensioners will be paid as from January 19.

In an attempt to avoid a repetition of the crisis, a national task team comprising social security and finance experts and systems managers, led by national department acting director-general, Dr Benny Mokaba, had moved in "to put in place the necessary management and administrative systems".

Fraser-Moleketi said this team would also handle the funding of non-governmental organisations facing closure due to a lack of financial assistance. Her department had made available about R4,5-million from the special poverty alleviation fund set up by Finance Minister Trevor Manuel.

Fraser-Moleketi said she had also sent in a forensic auditor to audit the cash flow of the provincial department. She had requested Public Service and Administration Minister Zola Skweyiya to set up a

commission of inquiry to investigate why the system had failed.

Fraser-Moleketi said civil servants would work from Monday next week paying out social security grants. "Senior provincial officials of the post office, banks and police have also agreed to add more staff to help speed up the payment processes," she said.

She had approached Safety and Security Minister Sydney Mufamadi and police commissioner George Fivaz to tighten security at payout points. She said warning red

lights were flashing in other provinces, such as Northern Province and KwaZulu Natal. An investigation was being conducted in Mpumalanga to ascertain whether a similar problem should be expected.

"We do not see these provinces experiencing a critical financial crisis to the level of the Eastern Cape," Fraser-Moleketi said.

Welfare MECs would discuss further preventive measures at their meeting on January 26 in an effort to bolster early warning systems and avert problems.

Stewart 1/1/75

(2638)

(2638)



**SOLUTION FOUND** ... Geraldine Fraser-Moleketi's welfare ministry has undertaken to pay over 60 000 pensioners on January 20 (Tuesday).

## Pensioners wait, as do 'cheating' pupils

By ANDILE NOGANTA

THIS week is crunch time for two embattled Eastern Cape government departments

The Welfare Department has to make good on promises to scores of pensioners, while the Department of Education seeks to resolve an impasse it created by withholding over 2 000 matric results last Tuesday

The Department of Welfare has undertaken to pay over 60 000 pensioners on January 20 (Tuesday) This comes after pensioners were turned away from paypoints two weeks ago

Welfare Minister, Geraldine Fraser-Moleketi, recently admitted that the Eastern Cape needed R801 million from central government - to save the cash-strapped welfare department

But it was touch and go whether money would be made available until frenetic behind-the-scenes talks between Fraser-Moleketi, Finance Minister Trevor Manuel, Deputy President Thabo Mbeki, Premier Makhenkesi Stofile and MEC Mandisa Marasha yielded results to set free the funds this week.

The resolution of the crisis averts an embarrassing legal action by the Human Rights Commission.

The provincial welfare department came under fire from vari-

ous quarters for not paying the grants to the elderly, with the statutory watchdog committee calling it a "violation" of the pensioners' human rights

The Commission then issued government an ultimatum - pay up by January 20 or face court action.

□ There were also widespread rumours last week that parents of students who did not receive their matric results might take legal action against the Department of Education.

The department is withholding the results of 2 578 students - suspected of cheating - until the Provincial Irregularities Board, consisting of representatives from the legal section and senior exam centre officials, meets.

In a strongly worded statement, the department said the board will call in "the chief invigilators of affected centres and other officials, to establish the truth"

Angry parents and students, however, say the department cannot substantiate allegations of irregularities against students.

Reacting to claims that some students did not know that their results would be suspended, education's Hennie Franzsen said the department had informed all affected students in advance

"Students cannot claim they didn't know because all students who were suspected of cheating were sent letters," said Franzsen



# Our grannies are starving On a diet of promises

CP 18/1/98

(2638) (388)

### Hunger hits home after pension payout botch in E Cape

**E**ASTERN CAPE pensioner Elsie Biko (84) sees death as her only escape. She hopes it will come quickly. She is one of more than 600 000 thousand East Cape pensioners, and she is praying she will still be alive when next week's long-overdue R470 pension payout is made to her.

On Monday Eastern Cape Premier Makhenkesi Stofile publicly apologised for the delay in giving the cash-strapped province's pensioners their meagre monthly payments.

The excuses for January's non-payment included bureaucratic bungling by the province's welfare ministry accountant, who forgot to get new cheque books, and squabbling with central government over the number of pensioners in the province.

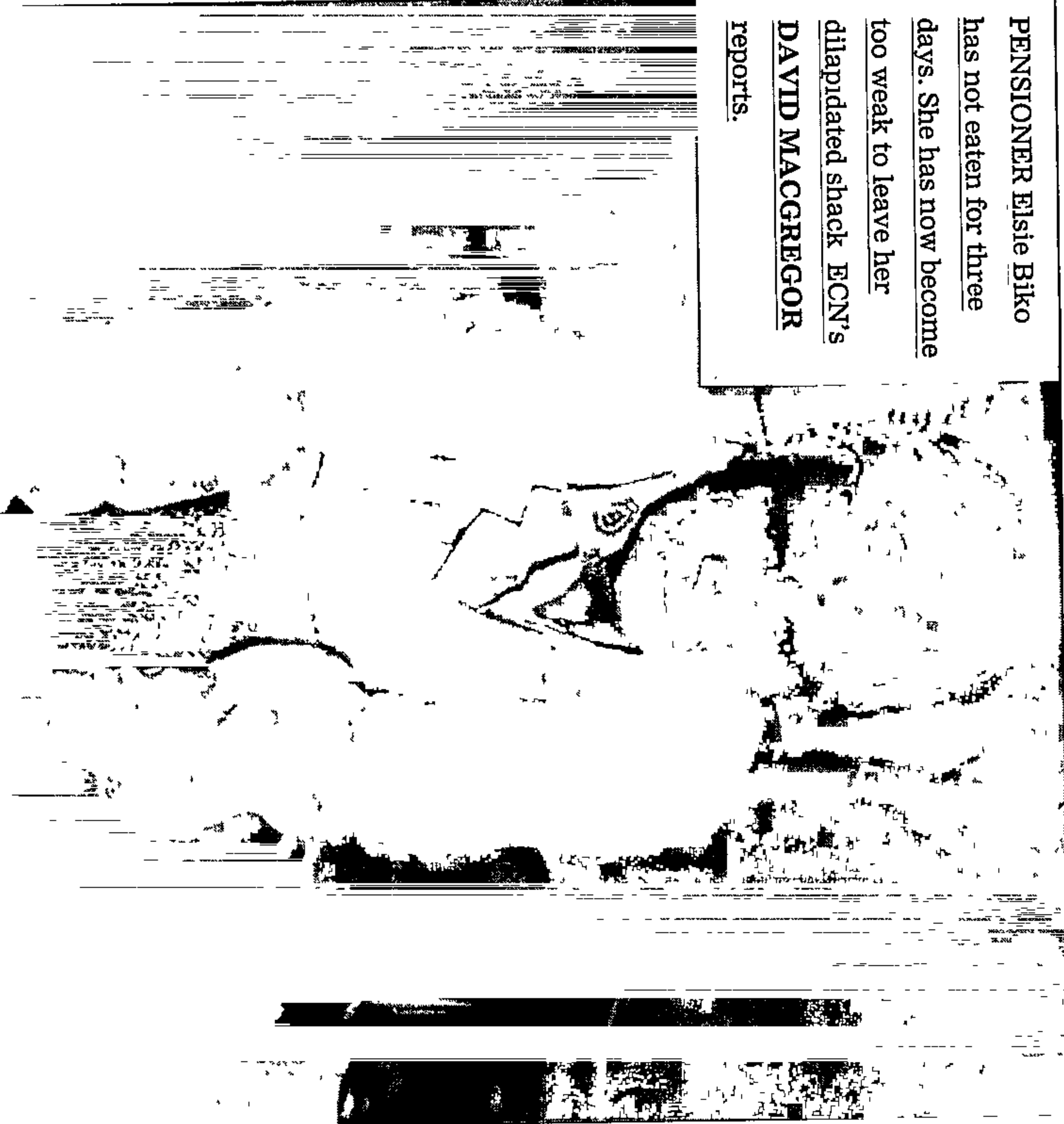
Bisho has also run out of cash. Bisho said they had nothing to pay 632 000 pensioners - while central government said there were only 400 000 pensioners in the region.

Speaking at a packed Centenary Hall in New Brighton on Monday to mark the 86th anniversary of the ANC, Stofile told hundreds of pensioners - to whistles of impatience - that they would be paid on Tuesday.

"We ask for your forgiveness. We have done wrong to you, my grandfathers and mothers," he said.

But for Elsie Biko and thousands of other pensioners who did not get to see Stofile's heart-rending performance, the apology means nothing. Food and money take away the

PENSIONER Elsie Biko has not eaten for three days. She has now become too weak to leave her dilapidated shack. ECN's DAVID MACGREGOR reports.



**DYING FOR HER PENSION...** Elsie Biko (84) is praying that her pension will arrive before she dies of starvation.



mothers," he said. Blaise Biko and thousands of pensioners who did not get to see Stofle's heart-rending performance, the apology means nothing. Food and money take away the hunger - not promises, ECN was told.

Although Pretoria finally agreed last week to fill the provincial begging bowl with pension money, every day that drags by while the state finalises the R400 million needed for January payouts is a fight for survival for thousands of destitute pensioners.

A rake-thin Biko said from her squatter camp shack this week "I voted for the ANC hoping life would improve, but it has only become worse. I am starving and all I hear is promises. Every night Stofle goes home to his lovely house and has a big dinner. He sleeps with a full stomach and can eat whenever he wants."

When ECN visited the broken-down hut she calls home, Biko was about to cook her first "meal" in three days - from a scrap of rotting pumpkin and a cup of flour she had scrounged from a neighbour.

Tears welled up in her eyes as she patiently prepared the mush dumpling and slowly ate the food, savouring every mouthful. She did not know from where the next meal would be coming.

A few doors away, Bongwiwe Wakashe (67) was celebrating



DROPPED BY 'FAT CATS'... Bongwiwe Wakashe

She was one of the lucky ones who had managed to hobble to the Grahamstown Post Office to get a R30 food voucher.

But she has her own family to feed and also has vivid memories of not eating for two days at a time - "since Christmas" - while she tried to beg or scrounge food.

"I was very lucky to get a voucher and some food. I know some of my neighbours are sick and elderly and have no-one to help them, but what can I do? - I also have nothing," she said.

Like Biko, Wakashe said she was "disappointed" that government "fat cats" got their salaries while pensioners starved. Ida Kulati, an energetic 76-year-old who

supports four young grandchildren, stays down the road from Biko - but she cannot help because she has her own problems.

Early this week Kulati took her prized collection of old cups and plates onto the streets and raised R10 after her food ran out the day before.

"Over the past few days I have been eyeing the neighbourhood chickens and have been thinking what a lovely meal they would make. But, I cannot steal any because I do not want to cause problems with my neighbours - who are also unemployed and battling."

But Kulati and Wakashe consider themselves "lucky" - they can at least get to a neighbourhood soup kitchen.

Biko is not so lucky. Her "old bones" can barely shuffle to the front gate.

When ECN visited a local soup kitchen this week, pensioners patiently waited for three slices of bread and a dollop of soup. Nomvuyo Koko, a 75-year-old

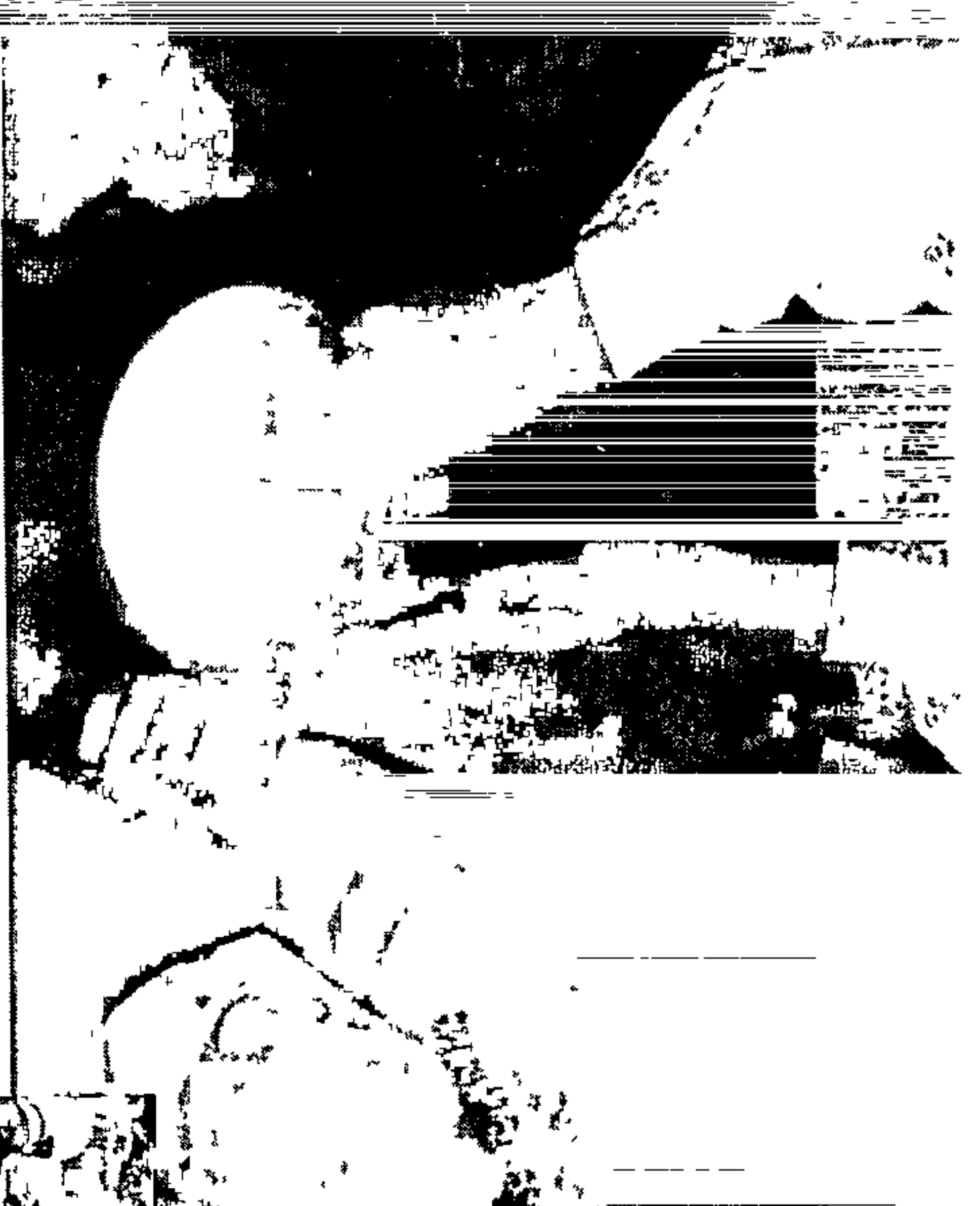
woman on crutches, said she had heaved herself five km just to get a meal. She will be back, as it is her only meal ticket.

While thousands of pensioners flocked for food parcels in cities and towns this week, concerns were raised over the plight of the "forgotten pensioners" in the rural areas.

Although money has been promised next week, many pensioners interviewed vowed to rethink their political allegiance in the coming 1999 national elections.

According to Kulati "I am very disappointed. Surely apartheid cannot still be blamed for the pension problems I don't think I will vote at all next year."

The small change that was given to Biko after her heart-wrenching experience of hunger and depression paled next to the knowledge that this reporter would soon be out of her life and - like the Premier and government ministers - enjoying a hot and hearty supper - ECN Weekend Service.



'LUCKY ONE'... Nomvuyo Koko (75) (below) hobbles five km for a meal.





# Pension payments get under way in Eastern Cape

Kevin O'Grady  
and David Grejbe

THE belated payment of social security grants to more than 600 000 Eastern Cape pensioners began under the watchful eye of national welfare officials yesterday after last week's R801m central government lifeline to the province.

A top-level government team was dispatched to the province yesterday to help solve the problems which led to the failure to pay pensioners on time. Welfare Minister Geraldine Fraser-Moleketi said last week that a commission of inquiry would seek to establish whether provincial of-

ficials were negligent in allowing the pension crisis to erupt.

Fraser-Moleketi announced last Wednesday that Eastern Cape pensioners would begin receiving social security payments from yesterday, following Finance Minister Trevor Manuel's approval of an R801m advance for the province.

The pensioners were turned away from pay points in the cash-strapped province in the first week of January.

Minor hitches, such as money arriving late at pay points and pensioners in some areas arriving ahead of their allotted payment date, were reported yesterday. However, spokesmen for the national and

provincial welfare departments said the operation had gone smoothly.

Fraser-Moleketi's spokesman, Brian Sokutu, said the minister, who visited pay points, "thanked pensioners for their patience and pledged government's commitment to see to it that what happened in the Eastern Cape will not happen again."

Sokutu said the limited number of "pay teams" meant the payments would be made over a three-week period. Despite a campaign to inform pensioners when to collect their grants, some hopeful rural beneficiaries arrived days ahead of time.

Funds did not arrive on time at certain pay points "due to logistical problems"

which had been quickly resolved, Sokutu said. For the first time, an operations room, manned by people from the national and Gauteng welfare departments, was set up in the provincial capital of Bisho to handle problems in the field.

ECN reports African National Congress (ANC) spokesman Mcebisi Bata — caused by the unavailability of vehicles to transport staff and money — on sabotage intended to "portray the ANC as incapable and inefficient".

"We demand the government investigate and act on any official found to be party to these efforts to delay the pay-

ments," Bata said.

He said the ANC's provincial executive committee had been assured on Sunday that everything was ready for the pension payments. However, despite welfare MEC Mandisa Marasha's insistence that vehicles be ready by Friday, by 8am yesterday cars were still not available.

The central government team to investigate the pensions fiasco was appointed by Public Service Minister Zola Skweyiya and will be headed by public service director-general Paseka Nchofo. It will establish whether administrative flaws led to the nonpayment of pensions and what steps are needed to prevent a recurrence.

Pensioners queue up outside the Gomo community hall in Duncan Village outside East London to collect their pensions yesterday after the provincial government failed to make the payments earlier this month.



Cape

# Bisho paying pensions from an empty purse

20 21 11 98 (2638)  
BISHO — The R801m bailout for Eastern Cape welfare payments has not yet been paid to the provincial government, finance MEC Prof Shepherd Mayatula said yesterday.

That means Bisho is paying out social grants without having any money deposited into its already overdrawn bank accounts.

Mayatula said yesterday: "Nobody is able to say now if this is an advance or not. We are still engaged with the centre (central government) and exchanging figures. It depends on a number of issues. This is not only happening to the Eastern Cape, but to other provinces as well."

"For now we will have to accept that it (the promised R801m) is an advance on next year's budget," Mayatula said no one at central government could say yet if the promised R801m was an advance payment from the 1998/99 budget, or a top-up amount which will be added to the present 1997/98 budget through the adjustments appropriation bill.

Any central government decision will have to be ratified by the National Assembly, which has yet to convene this year.

On a broader perspective, Mayatula said the overall expected provincial budget deficit had decreased.

He said: "Our overdraft has gone down, but not to the extent we hoped because of these difficulties." The problems were that personnel costs, including temporary school teachers who were not budgeted for, and pension payments, were difficult to bring down.

Mayatula said he did not want to give a round figure for the overdraft because it "fluctuated every day".

He also declined to make any comment on the rates of interest charged by Bisho's banker at present, because the contract to do the province's banking was out for tender. — ECN.



Pearl Sebolao

## R1,7m for Eastern Cape welfare bodies

BO 23/11/98 (263B) (97) (30)

THE payment of subsidies to private welfare organisations in the Eastern Cape resumed on Wednesday, with R1,7m in outstanding grants for December 1997 having been paid, Welfare Minister Geraldine Fraser-Moleketi announced yesterday.

Fraser-Moleketi said the funds would provide limited interim relief to welfare service organisation, including children's homes, homes for the aged, and rehabilitation centres

which depended on subsidies to provide important services to communities.

The late subsidy payment in November last year due to the cash flow crisis in the Eastern Cape had led to widespread anxiety in the private welfare service sector, with two children's homes in the former Transkei threatened with closure. This has now been averted, she said.

The cash-strapped province earlier in the month received an R801m advance from the finance ministry to meet its obligations to 600 000 pensioners.

Fraser-Moleketi said she had appointed a task team, which included provincial and private welfare service organisations, to assist the provincial welfare department in managing its cash flow problems. Payments

for the rest of the financial year would be handled by the team, and would follow in due course.

An agreement had also been reached between the private welfare sector and the provincial government to reprioritise welfare services on a regional basis to promote maximum impact, cost-effectiveness and the efficient use of human resources, Fraser-Moleketi said.

# Pension crisis: 'We ran out of cheques'

AKG 24/1/98

(2638)

Bisho - Said to be close to a billion rand in the red, the embattled Eastern Cape welfare department has begun paying out long overdue pensions - with money it hasn't got.

All Bisho has is Welfare Minister Geraldine Fraser-Moleketi's promise of an R801-million advance on the looming 1998/99 budget.

But Eastern Cape MEC Mandisa Marasha and finance MEC Shepherd Mayatula said this week the money had not yet been given to the province.

Mr Mayatula said: "Nobody is able to say

now if it is an advance or not. We are still engaged with the centre and exchanging figures. It depends on a number of issues. This is not only happening to the Eastern Cape, but to other provinces also.

"For now we will have to accept that it (the promised R801-million) is an advance on next year's budget."

Ms Fraser-Moleketi said last week the money was an advance, but central Government was debating whether or not to increase the money available to the Eastern Cape welfare department to counter the advance.

The advance confirms well placed fears that the department will end the 1997/98 financial year almost a billion in the red.

Ms Marasha this week confirmed the story of there not being January welfare payments because the department had run out of cheques.

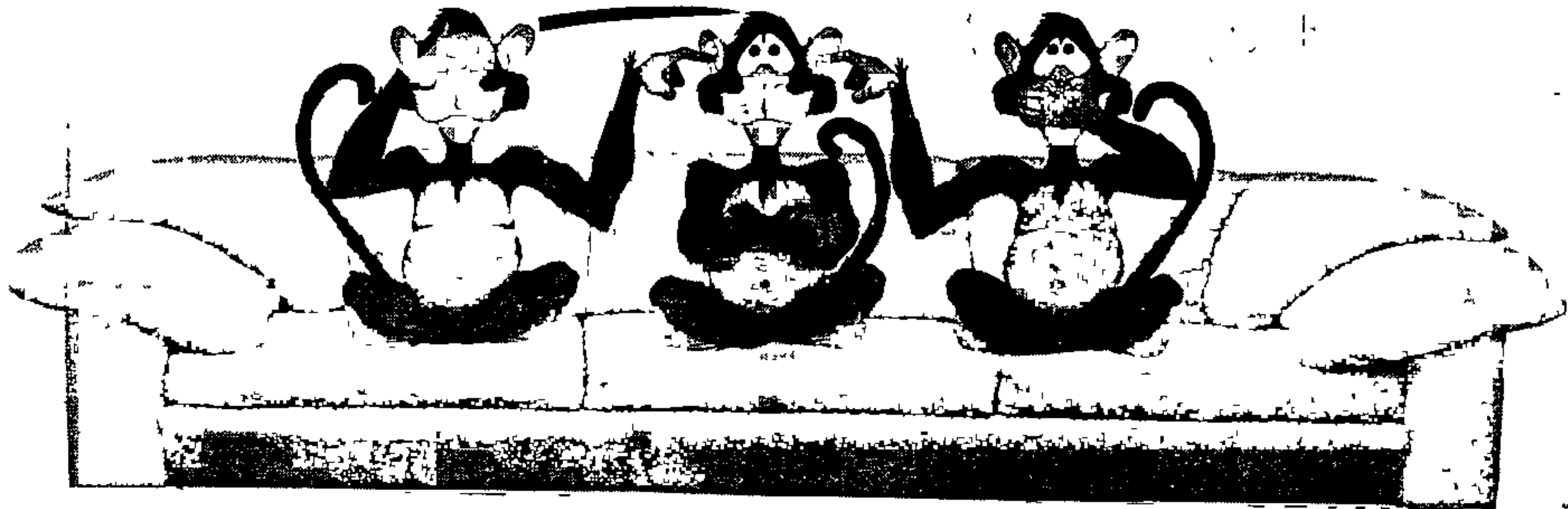
The official who orders cheques every month "forgot" and, when reminded, only ordered 100 new cheques instead of the hundreds of thousands necessary.

But Ms Marasha was unable to give any definitive answers - she said she could not get any herself. - ECN Weekend Service

## ONLY GOOD THINGS @ Pallucci

A welcome home to STYLE

WORLD OF LEATHER



# MECs accept sacking and wish successors well

Kevin O'Grady

BD 30/1/98

(2b3B)

**SACKED** Eastern Cape MECs Nosimo Balindlela and Mandisa Marasha yesterday quietly accepted premier Makhenkesi Stofile's decision to fire them and wished their successors well in difficult portfolios.

Welfare MEC Marasha played down her sacking as a "redeployment" by the ruling African National Congress (ANC), while Balindlela said financial constraints had "taken their toll" on her department's ability to deliver.

Balindlela and Marasha's departments have been criticised for bungling that has embarrassed the provincial and national governments.

Stofile announced on Wednesday that they would be axed with effect from February 9.

Sapa reports that their dismissals were

apparently recommended by a task team led by public service director-general Paseka Ncholo, which investigated the Eastern Cape administration's financial crisis.

Marasha, who was appointed transport MEC in 1994 and later transferred to welfare, said she "humbly" accepted Stofile's decision and believed it was "in the interests of good governance".

"My departure should not be seen as a catastrophe, but a redeployment geared towards strengthening the ANC on all fronts," Marasha said.

She said her "drive and determination to clamp down on corruption" remained firm.

Corruption and fraud have been among the main reasons for the provincial welfare department's financial woes. They were cited recently by Welfare Minister Geraldine Fraser-Moleketi as one of the causes of the department's inability to pay social security

grants earlier this month. Pension payments continued only after central government provided an R801m advance.

Balindlela, who was appointed education MEC in 1994, trumpeted the achievements of her department. These included the amalgamation of six former departments, the building of new schools and classrooms in disadvantaged communities and the provision of water and electricity to schools.

"However, during the past number of months my department has faced tremendous pressure due to financial constraints (that) have taken their toll on all aspects of the education sector, especially delivery."

Several hundred Eastern Cape schools are without electricity as a result of the failure of Balindlela's department to pay municipal electricity departments in Umtata, Port Elizabeth and Uitenhage.



# Half of Eastern Cape's councils deemed unsound

Kevin O'Grady

BD 10/2/98 (263B)  
ALMOST half of the Eastern Cape's town councils are financially unsound as many councillors have little knowledge of financial controls and regulations, initial findings of audits ordered by the provincial government say.

Local government MEC Smuts Ngonyama said yesterday he would decide on what steps to take to rectify the situation after receiving the audit teams' final report later this month.

The "management intervention audits" targeted 44 of the province's 94 municipalities, which were believed to be financially unsound. The municipalities failed to collect income or control expenditure and had not passed operating budgets, Ngonyama said.

A report tabled in the provincial legislature last year showed that Butterworth had incurred a R26,5m debt, with neither the policy nor procedures to recover outstanding monies.

Ngonyama said the audit teams found that councillors' lack of financial knowledge had "put a great strain on the relations between treasury staff and some councils". The biggest problem was the lack of financial information on a day-to-day basis caused by the absence of dedicated computerised financial information, as well as a lack of financial capacity and experience in some municipal treasury departments.

Another major problem was ignorance among town clerks of their roles and responsibilities. This led to a situation where property valuations were not submitted to valuation courts and, as a result, rates were not levied, decreasing the councils' income base.

Ngonyama said the report recommended clerks be trained to perform functions "from a legal, administrative and management point of view".

The audit teams were asked to produce correct financial statements for the municipalities, calculate property rates and tariffs for services rendered and ensure effective cash management. The constitutional development and provincial affairs department had granted the province R164 800 towards financing the project.



ANALYSIS

# Test of government's industrial policy will be in jobs created

Trade and industry reporter John Dladlu looks at the direction of SA's industrial policy

THERE is a tendency in some quarters to call for a "clear and coherent" industrial policy for the country when manufacturing-sector jobs are being lost. This thinking, which is based on the hope that an industrial policy will solve the problem of unemployment growth, often presumes that government does not know what to do to help the industrial sector survive in the rapidly changing global environment.

This view is likely to irritate those higher up in the trade and industry department whose job is to plan survival strategies for SA's exporters and industrialists.

Alan Hirsch, chief director of industrial and technology strategy at the department, is aware of this tendency. Rather than entertain its argument, he prefers to talk about an industrial strategy.

He believes government should explain this plan to stakeholders, something that will be done in a comprehensive document in due course.

When the new management took over the department in 1994, it had a number of concerns to address.

Creating a framework for tariff reform and Trade Agreement on Tariffs and Trade-inspired trade liberalisation was the main worry. Despite its imperfections, this administration should be credited with having scaled back the high tariff walls.

A linked concern was putting in place support measures to help manufacturers work in the changed global environment.

These measures marked a break from "demand-side" measures — most of which fell foul of the new, multilateral trading regime anyway — to supply-side support.

Many of these measures applied across the board, including cheap loan finance for firms facing steep tariff reduction over the 1995-1999 period. However, there were sector-

specific support programmes as well, such as the motor industry development plan.

Sadly, Hirsch feels the general schemes, such as tax holidays to buoy new industrial investments, are not being adequately used by firms. "Government has not been effective in marketing them (support measures)," he said.

To tackle this problem the department is setting up "help desks" for small businesses and exporters.

However, the industry-specific strategies have been used much more. Substantial job losses in the textile sector were averted due to significant, new investments made in response to the incentives provided by the support schemes.

The department's as yet unpublished annual report for 1996/97 says 77 000 jobs have been created through programmes supported by

the department.

"This is a conservative estimate," says Hirsch.

Only last week, the Industrial Development Corporation (IDC) announced it would be ending its subsidised industrial finance scheme because applications from industries undergoing tariff restructuring were tapering off.

Apart from the targeted IDC finance, government has resisted suggestions that it manipulate monetary policy as an industrial policy tool, as has been done in other parts of the world.

The focus of the industrial strategy this year will be to strengthen sectoral plans, Hirsch says. This will help address the problem of marketing the schemes to targeted sectors.

Business representatives have interpreted the department's shift in focus, which coincided with last year's departure of Tony Herr, a chief director in charge of industrial pro-

ment strategies that support domestic initiative, innovation, productivity and partnerships through well-targeted programmes.

This will be in line with trade and industry director-general Zaveren Rustonjee's vision of shifting the department's role from a regulatory to a policy one.

Among other things, the department is aiming to reduce its active participation in cluster studies and support "private sector-led" initiatives. The clusters, considered by some as massive, industrial psychotherapy sessions, provide firms and unions with an opportunity to search jointly for solutions to their industries.

Business representatives have interpreted the department's shift in focus, which coincided with last year's departure of Tony Herr, a chief director in charge of industrial pro-



HIRSCH

motion, as signalling either government's lack of interest in continuing with the cluster process or as a re-

duction of deeper ideological differences in the department on industrial strategy.

Neither theory is true, Hirsch says. Government has come too far in the cluster process to abandon it now. When Rustonjee started the cluster process, there was little interest as firms were more concerned with getting subsidies and labour was suspicious.

Instead of managing the clusters, the department is looking at possibly using some of its money to support initiatives by labour and business on a few clusters.

A cluster on tourism, which government believes could create more than 1-million jobs, will be among these few.

A harsh test of government's policy, it seems, will not so much be the debate over whether it has an industrial policy or not, but whether its plan creates and saves manufacturing jobs.

# The mess we inherited is no cliché, says Eastern Cape's former director-general

Thozamile Botha, former Eastern Cape director-general, claims the province's problems were beyond his control, writes Vuyo Mvoko

NOW busy finding his feet as MD of black economic empowerment company Vula Investments, Thozamile Botha — who left the post of director-general of the beleaguered Eastern Cape provincial government late last year — believes that his former employer can change premiers, MECs and directors-general, but that five years down the line the province will still have the same problems.

Politically respected Botha did not see eye to eye with premier Makhahleso Stofile on how the province's mountain of problems could be resolved.

Although Botha wanted to stay on, the two eventually agreed to part ways "amicably" in the best interests of the province.

Neither Botha nor Stofile are prepared to discuss the issue, and no "suitable" replacement for Botha has yet been found. The post was readvertised earlier this month.

In an interview Botha chronicled the travails of his former job, saying its many weaknesses — financial, political, institutional, structural and public relations-related — were beyond his control. He insisted his somewhat sceptical view of the

province was not a litany of complaints from a failed chief administrator eager to apportion blame now that he wanted the respect of colleagues in the private sector.

The weeding out of the Eastern Cape's inherited problems had to happen during the life span of this government," Botha said. Both the government and the people spoke of the problems in the province as if they were the responsibility of the current administration.

Stalking the Eastern Cape, Botha said, was the fact that not only did the province have to pull together two homelands and SA, it also had to deal with Port Elizabeth, the Border, plus a large component of Transkei that had long operated as different regions.

"These regional tendencies are quite entrenched, not just politically, but economically as well. They manifest themselves sometimes in infighting over where investments should go."

When the government took over in May 1994, nobody dared to carry out an audit of what was being taken over — the as-

sets of the old administrations and how depicted those assets were, the personnel inherited and their skills levels, whether files were in order and what they contained.

One result was that the provincial government did not know how many people it employed and had been feeding at least 10 000 "ghosts" since 1994.

The province still operated two financial computer systems, one controlled by the national state expenditure department and another inherited from Transkei.

Books of the former Transkei and Ciskei were still kept open, although no proper records could be found.

The Eastern Cape "inherited more people than the establishment dictates we should have", he said, pointing out that a number of them were occupying offices, using telephones, getting paid and receiving work benefits without any work to do.

Retrenchment was not an option, he said. "Only the best civil servants, those you want to keep, your engineers and technical people, your scarce resources, run for pack-

age," Botha said.

A moral dilemma arose when the government discovered that about 6 000 provincial employees were classified as "casual workers" by the apartheid government and were not covered by a pension scheme.

"Some of them are old and willing to leave no protection," Botha said, asking "Can you throw a person in the street with the last pay packet?"

Botha said provincial finances had been thrown further into disarray by the discovery of a pile of files of pension and disability grant application forms dating back to 1991.

The province had since 1994 been forced to pay pre-1994 grants for the applicants, meaning huge back payments which had to be drawn from the current budget.

Asked whether he thought the national government had washed its hands of the province, Botha gave a politician's answer. Solutions must be sought jointly. My pref-

erence would be that there should be no 'them' and 'us' attitude between national, provincial and local governments.

On the issue of provincial budgets, Botha said they were a sensitive and emotional question.

"But I want to say it cannot be that all of these provinces have no administrative capacity in the area of education, that they are irresponsible, (and hence are) overspending. It can't be correct that all welfare departments are mismanaging their affairs. They were, clearly, given less (than they needed)."

Botha defended the Eastern Cape government, saying it had done what was within its means and had some good managers.

To address the province's problems, he suggested a special fund be established to finance transformation and backlog problems. The books of the former homelands should be closed from a specific date, say mid-1994, and anything relating to the time of their existence be dealt with as a separate process.

Botha said that despite everything, he had not ruled out going back to the Eastern Cape "some day."



BOTHA



65 454 tons valued at \$26m in 1996 to zero last year  
The floor prices have effectively

the antidumping situation in the US".  
It said 857 500 jobs and the future of one or two plants were in jeopardy.

be done to try to save the company  
Remgro management could not be contacted for comment — I-Net Bridge.

# Eastern Cape problems 'irredeemable'

Kevin O'Grady

EASTERN Cape overspending could run as high as Finance Minister Trevor Manuel's R1,5bn offer to all regions with financial problems, but the province was negotiating several options to bring this down, finance MEC Enoch Godongwana said yesterday

"We would probably like to get the whole amount," Godongwana said. The province was one of those with "irredeemable difficulties, and we have already signalled that we should be catered for in that R1,5bn"

Godongwana said the province's overdraft was about R800m, but could be as high as R1,5bn if "accounts not paid" as a result of the redirection of funds to pay social security grants and pensions were included in the total.

There was still no clarity on the status of last month's R801m lifeline from

central government to the province to enable it to pay pensioners. The provincial administration had not yet received the whole amount, which was being forwarded as pension payments were made

Unlike KwaZulu-Natal, Eastern Cape had few assets which it could sell to raise additional finance

"What could come our way is the fact that we inherited some of our debt from the former Ciskei and Transkei. A substantial amount of our overdraft is as a result of that," Godongwana said.

Negotiations were under way with national government to refund the province "a sizeable amount" spent on servicing the inherited debt.

Linda Ensor reports from Cape Town that the Western Cape provincial government intends applying for less than R200m as an advance on next year's budget allocation.

20 17 12 198  
Finance MEC Lampie Fick estimated yesterday that the budget deficit was R627m. The anticipated advance would be less than the 2% of the total budget allowed as bridging finance before the "judicial management" clause of the constitution took effect.

Depending on the success of cash management strategies, a bank overdraft might not be necessary to cover the balance. This would, in effect, be an advance on next year's budget.

Expenditure for the year of R10,7bn had exceeded the approved budget of R9,5bn by R1,2bn, which had been offset by higher projected revenues of R526m and savings within departments of R91m. Fick said the province had also benefited this year from the surplus of R273m flowing from the previous financial year

Continued on Page 2

~~Investment~~

## Eastern Cape

(2638)  
Continued from Page 1

20 17 12 198  
The bulk of the additional expenditure was due to the R733m which the departments of health (R346m) and education (R337m) had had to spend

Fick said that to reduce the deficit from the R1,1bn anticipated in September last year to R627m had required painful adjustments by departments. Only capital projects where

there was a contractual obligation were authorised and drastic decisions to cut the expenditure of education and health services were taken. Also, no funds would be rolled over to the 1998/99 financial year except with respect to conditional grants.

Sapa reports that Mpumalanga does not intend applying for a share of the extra R1,5bn.

Northern Province spokesman Kenny Mathrvha said the province would definitely apply for more funds because it was in dire financial straits



# Probe finds 2 207 'ghost' workers

*263B*  
*Sowetan 17/2/98*  
By Ido Lekota

A LITANY of missing records, "ghost" employees and beneficiaries, as well as administrative bungling has resulted in the current financial crisis in the Eastern Cape.

Last week Finance Minister Mr Trevor Manuel revealed that the Eastern Cape would be one of the recipients of the R1,5 billion aimed at assisting provinces that had critical financial problems.

During yesterday's hearing a report from Eastern Cape Premier Makhenkisi Stofile revealed, among other things, that 33 officials of the department of public works received social grants while still earning salaries from the government.

The report also revealed that the provincial government had identified 2 207 "ghost" employees thus far, with the highest number - 735 - being in the Department of Public Works.

More "ghost" employees were expected to be identified in the department of education and the department of health where the "post-to-person" matching was still under way, the report said.

According to the report, the government's programme of voluntary severance packages (VSP) had failed because of the unreliable personnel data inherited from the previous administrations of the former Transkei and Ciskei.

The report revealed that 63 percent of the cases processed for VSP had incomplete leave records, 11 percent had no leave records and 26 percent had leave records that were unacceptable. This had led to a situation in which benefits had been calculated erroneously.

# A bleak picture of paradise

MHG 20-26/2/98 (492) (2638)

**Marion Edmunds**

**T**he Eastern Cape government is allowing the province's natural assets and tourist attractions to go down the tubes, because of a lack of funds, skills and political will to preserve the environment

Despite official denials of collapse, the picture of conservation in the Eastern Cape — the only province in the country which has all seven ecosystems in its nature reserves — is bleak. There is only a handful of people left in the department with the skills to guide it out of what is perceived as a crisis by all except the government itself.

Thirty-three experienced nature conservators and scientists have left the conservation department since 1994, taking voluntary severance packages or resigning. Most of them have been replaced, if at all, by graduates straight from technikon or university

Of 14 posts in the special investigations unit — set up to police poaching — only four are filled. Sources say prosecutions are few, and poaching has reached dangerous levels

The department is struggling to amalgamate the old conservation departments of the former Ciskei, Transkei and Cape Provincial Administration. Attempts to consolidate the three sets of regulations have ground to a halt.

There is no coherent policy, with the result that environmental concerns are overridden to make way for badly planned developments, often on sensitive parts of the coastline.

The department is saving 37% of its wage bill, but this has been returned to the provincial kitty to bail out the departments of education and welfare. It is expected the department's budget will be extremely small in the coming financial year, and the majority of

it will be spent on salaries, to the detriment of the environmental assets the paid officials are meant to be preserving

There are few nature conservators in the 30 reserves in the province, which cover a total area of 450 000ha. Aquatic conservation has come to a stop, with the province's fish hatcheries now inoperative

The director of nature conservation, Graeme Taylor, said in response to the allegations: "Over the past few years provincial nature conservation has been undergoing a process of transformation, with the view to placing nature conservation in line with emerging international practices

"While the process has resulted in some delays, these have been necessary to ensure accountability and transparency .. These steps should not be interpreted as an environmental crisis, collapse or disintegration."



# Province may remain in crisis, despite handout

*Government lifeline may be insufficient to save Eastern Cape*

By ANDILE NOGANTA

**T**HE Eastern Cape government looks set to tighten its belt amid fears that the R1,5 billion

lifeline thrown by central government to cash strapped provinces will not be enough to rescue the province

This week, all indications were that the provincial government will have to give strict priority to the most critical areas when it gets its bail out funding

Economic affairs MEC, Enoch Godongwana this week hinted that most of the money could be given to Welfare, Health, Education, Agriculture and Land Affairs

Last week, Finance Minister Trevor Manuel offered a R1,5 billion bail out to provinces with "irredeemable problems" But his offer is accompanied by stringent conditions including rationalisation of departments, retrenchments, strict control of new appointments and unproved revenue control

The Eastern Cape is in line for rescue funding but this week Godongwana could still not say how much the

province would be getting

The cash crisis besetting the Eastern Cape came to a head when central government had to advance R801 million over three months to pay pensioners who were being turned away from pay points



**LENDING A HAND** Finance Minister Trevor Manuel has offered provinces a R 1,5 billion lifeline, on condition that stricter financial controls are practised

In a press briefing on Tuesday, Godongwana stopped short of saying the province needs the whole R1,5 billion carrot being dangled by national government

"National government has to pay us back the money owed after

servicing the debts of the former administrations of Transkei, Ciskei and the Cape Provincial administration," Godongwana said

With the admission by premier Makhenkesi Stofile that "We will have overspent by close to R1,5 billion by the end of the financial year," the question is, what should the province do with its share of the money from central government

Most observers in the non government and business sectors agreed that the province should make sure that a repeat of the pension crisis does not happen

"Obviously most of the money should go to welfare and pensions. After all, they have cleared most of the ghosts and they have made efforts to record accurate figures of beneficiaries. One is looking here at an area with a large rural population, who depend on the grants," said regional director of the Black Sash, Rosemary Smith

Peter Miles of the Border Kei Chamber of Business said the money should be channelled to welfare, health and education, because they

are the most needy

He added, however that government should pay Small Medium and Micro Enterprises for services rendered. He said some SMMEs had not been paid for over ninety days

"It's got to a point where businesses no longer service government because they are afraid they won't get paid

"They are demanding cash up front, which is ridiculous," he said

(263 B)

22/2/98

# E Cape gives Manuel the finger

Bisho has placed the retrenchment issue right back in central government's hands, writes **QUENTIN WRAY**

**A** DEFIANT Eastern Cape, which overspent a massive R1 5-billion in the current fiscal year, has declared that the task of cutting provincial staff numbers — and with it the province's budget deficit — lies with Finance Minister Trevor Manuel.

A shroud of mystery hangs over the Eastern Cape's precarious financial situation. Until the 1998/99 budget is revealed in April, it will not be known if the province will fare any better next year. Speaking at the opening of the provincial legislature, premier Makhenkesi Stofile confirmed this week that his administration was heading for a staggering R1 5-billion deficit in the 1997/98 financial year.

The financial chaos in the Eastern Cape is the latest development in a worsening relationship between Manuel and the provinces. Manuel has told them to tow the line, making R1 5-billion available in the current year if they show fiscal stringency.

In addition, provinces received R600-million from the contingency reserves, meaning that their combined budgets for

1997/98 have been increased by R2 1-billion from the original R30 8-billion.

On Friday it emerged that a number of provinces are withholding their civil servants' tax payments in order to boost their cash-flow and reduce debt with banks. The provinces' combined overdrafts are estimated to be around R2 5-billion.

Eastern Cape finance and economic affairs MEC Enoch Godongwana said his department was negotiating with the national executive on how to deal with the deficit.

The province said it could use all of the R1 5-billion additional appropriation Godongwana said most of the steps required by the national executive had been taken. Conditions for the hand-out, such as improved collection of revenue, strict control over appointments, good financial reporting and cash-flow management, were all part of "normal

transparent governance".

The conditions were "neither here nor there", as his department had already started doing these things, he said.

He put the ball into Pretoria's court by arguing that retrenchment of staff was a national rather than a provincial competency and it was therefore up to central government to provide the provinces with a framework for retrenchments.

He said "National government should provide us with the necessary financial resources to cushion the effects of retrenchments as we do not want to just throw our people in the street".

Eddie Trent, the only Democratic Party MPL in the Eastern Cape, said Stofile's estimate was very optimistic. He said his efforts to get up-to-date details of departmental overdrafts and appropriation accounts had been unsuccessful.

Trent, who is known for his

(2639) 2292198

criticism of Bisho's seeming lack of financial control, said he had warned the provincial legislature that the province's budget was unrealistic and that it would inevitably overspend, especially in the area of education. Trent said last November that, according to his calculations and based on figures presented to him by the provincial treasury, the province would be R2 5-billion in the red by the end of March.

He said he did not understand how the estimated shortfall could drop by as much as R1-billion when, according to his information, between 85% and 90% of government expenditure was on salaries and no-one had yet been retrenched.

On the history of Bisho's cash-crisis, Trent said "I believe that they have wasted as much as R3-billion in the last four years".

"They failed to rid the payrolls and welfare systems of ghosts, and duplications and have wasted a fortune on the old Transkei and Ciskei agricultural parastatals. The austerity measures taken are definitely far too little, way too late," he said — *Eastern Cape News Agency*.

NO DIRT ON US... Eastern Cape finance MEC Enoch



# Govt warned of crisis in student funding

Jonathan Davis

A TEAM of prominent researchers has warned of a massive shortfall in funding for disadvantaged students at SA's universities and technikons in a report submitted to the education department in October last year.

The education department has yet to respond to the report, which was compiled to "avert a crisis" in tertiary education funding.

The team includes former University of Cape Town Vice-Chancellor Stuart Saunders and economist Robert Dorrington, and the research was backed by blue-chip US philanthropic organisation The Andrew W Mellon Foundation

The report estimates that government will need to allocate R382m to the National Student Financial Aid Scheme to assist more than 80 000 needy students. Government has allocated only R337m to the scheme, although the education department applied for R400m.

The report also warns that, given increased student numbers and inflation, another R137m will be required this year to keep financial aid for students at 1996 levels.

But the warning came too late for

thousands of disadvantaged students who this week faced exclusion from cash-strapped tertiary institutions which cracked down on those with outstanding tuition fees.

The situation is worst at SA's historically black institutions, with the University of the Western Cape owed R29m by students and the University of Zululand R24m.

However, the University of Cape Town (UCT) was forced this year for the first time to turn away academically qualified applicants who could not afford tuition. "Financial aid for students has been a pressing issue for more than a decade. UCT and other institutions have been warning government for years," said UCT communications officer Helen Ziller. "This report was handed to government in October last year. We need to know what they have done with that work"

More than 300 University of Western Cape students, arrested for trespassing on Sunday after protesting against the exclusion from the university of students with outstanding tuition fees, appeared briefly in the Belville Magistrate's Court yesterday. They were not asked to plead and were warned to appear again on March 9.

The report predicts that the number

of students needing financial aid will grow to 123 000 in 2005 and 151 000 in 2010. It recommends that an additional R55m be allocated to the student financial aid scheme, with the shortfall made up of contributions from international donors to try and keep funding at 1996 levels

It recommends that interest charged on loans from the scheme be more than the present 1% above inflation. This would help ease pressure on government funding and allow more students to benefit from financial aid. It would also allow the student aid scheme to dispense larger individual awards. The average individual award last year was R5 500.

The report also recommends broader restructuring of the Tertiary Education Fund of SA, which administers the student financial aid scheme. This would include more government representation on the fund's board in line with its increasing contribution to the student aid scheme.

Tertiary institutions have complained that the present financial aid system, administered through the tertiary fund, is based on unpredictable yearly state allocations and donor funds, and that it does not allow for a more sustainable system.

## Parastatal managers 'went on R10m spending spree'

Quentin Wray

GRAHAMSTOWN — Senior managers of former Transkei parastatal Magwa Tea Corporation went on a R10,1m spending spree after its liquidation order had been proclaimed in the Eastern Cape gazette in July.

Stuart Waymark of Ernst & Young, one of three joint liquidators of the estate, said yesterday responsibility for the splurge should fall on the corporation's bank, Bank of Transkei, as it had been informed in writing of the liquidation. Waymark said it was standard procedure for banks to freeze affected bank accounts on receipt of a liquidator's notice, so any unauthorised bank debits after July could not form part of claims against the liquidators.

Bank of Transkei MD Emil Kaltenbrunn said the delay in freezing the account was caused by the liquidator's letter being sent to the Lusikisiki branch rather than head office. Other Bank of Transkei officials conceded that inefficient internal communication prevented the information from being passed on timeously.

They also claimed that the provincial gazette published in July was rescinded by another gazette published on December 1, which changed the

date of liquidation to December 1

As a result, the bank believed it was entitled to claim the full amount of Magwa's overdraft from the liquidators since all the disputed expenditure took place before December 1.

However, Waymark said as far as the liquidators were concerned, the original proclamation was valid, and they were proceeding with wrapping up Magwa's affairs on the strength of this.

Standard Bank media relations manager Eric Larsen confirmed the bank was a creditor to the tune of R3,6m and was "keen to see the legal proceedings finalised as soon as possible".

Waymark said the liquidators were struggling to determine the exact state of Magwa's finances due to the "appalling state" of the corporation's records. Magwa was liquidated by Eastern Cape government proclamation after reports of financial and administrative chaos.

A report from forensic auditors Price Waterhouse showed that members of Magwa's senior management used the corporation's Bank of Transkei account to pay themselves a range of benefits. This included leave pay of almost R1m, R2m to pay off company cars and R198 000 for private legal consultations

## Reserves take a knock after debt payments

Greta Steyn

FOREIGN debt repayments and jitters over emerging markets knocked SA's gold and foreign exchange reserves last month, causing a fall of about R600m to R27,9bn.

The decline surprised economists, who expected a rise of about R400m. However, Reserve Bank deputy governor James Cross was quick to point out that January was a difficult month for emerging markets in general, and that SA weathered the storm well.

"The reserves were only marginally down if you take into account that we repaid some of our short-term borrowings. We would not have repaid those loans if there was any real pressure."

The Bank's use of foreign credit lines at the end of last month amounted to R9,4bn compared with R9,8bn at the end of December. The foreign credit lines are used to provide liquidity to the market when there is strong demand for foreign currency.

In January last year, the Bank's gold and forex reserves stood at R11,8bn and it had not made any use of foreign credit lines. The reserves last year got a major boost from privatisation proceeds, which added more than \$1bn in one fell swoop.

Cross said no such big foreign in-

Continued on Page 2



# Probe fingers East Cape finance chief

David Greybe

CAPE TOWN — The Eastern Cape treasury under former finance MEC Shepherd Mayatula was involved in a myriad of irregular financial dealings, a central government investigation has found

Following the probe into the non-payment of pensions in January, premier Makhenkesi Stofile shifted Mayatula to education and axed welfare MEC Mandisa Marasha and education MEC Nosimo Balindlela

At Stofile's request, Public Service Minister Zola Skweyiya appointed a task team to investigate the province's failure to pay 632 000 pensioners. It was headed by public service director-general Paseka Ncholo

"Marasha and Mayatula knew that the province would not be in a position to meet its pension liabilities from as early as August 1997," the team said in a confidential report. "The matter was communicated to both MECs by their departments with requests to find additional funds (but) the MECs failed to institute the necessary process to achieve this objective timeously."

"There is no way that (Mayatula) can be exonerated from the ultimate embarrassment occasioned by the non-payment of social security payments." He apparently "failed to ensure proper management of provincial finances"

It said the treasury was involved in "a myriad of irregular financial dealings, such as the deposit of unclaimed social security payments into the revenue account of the province instead of it being redeposited into the social security account"

The issues which resulted in the welfare crisis were raised over a year

ago in the Ncholo provincial audit report, but the two MECs appeared not to have acted on the findings

"The team has sufficient information to believe that there is a high level of cronyism within the treasury (which) has resulted in the indecisiveness which paralysed the political leadership," the team said. It called on Stofile to act with "extreme urgency"

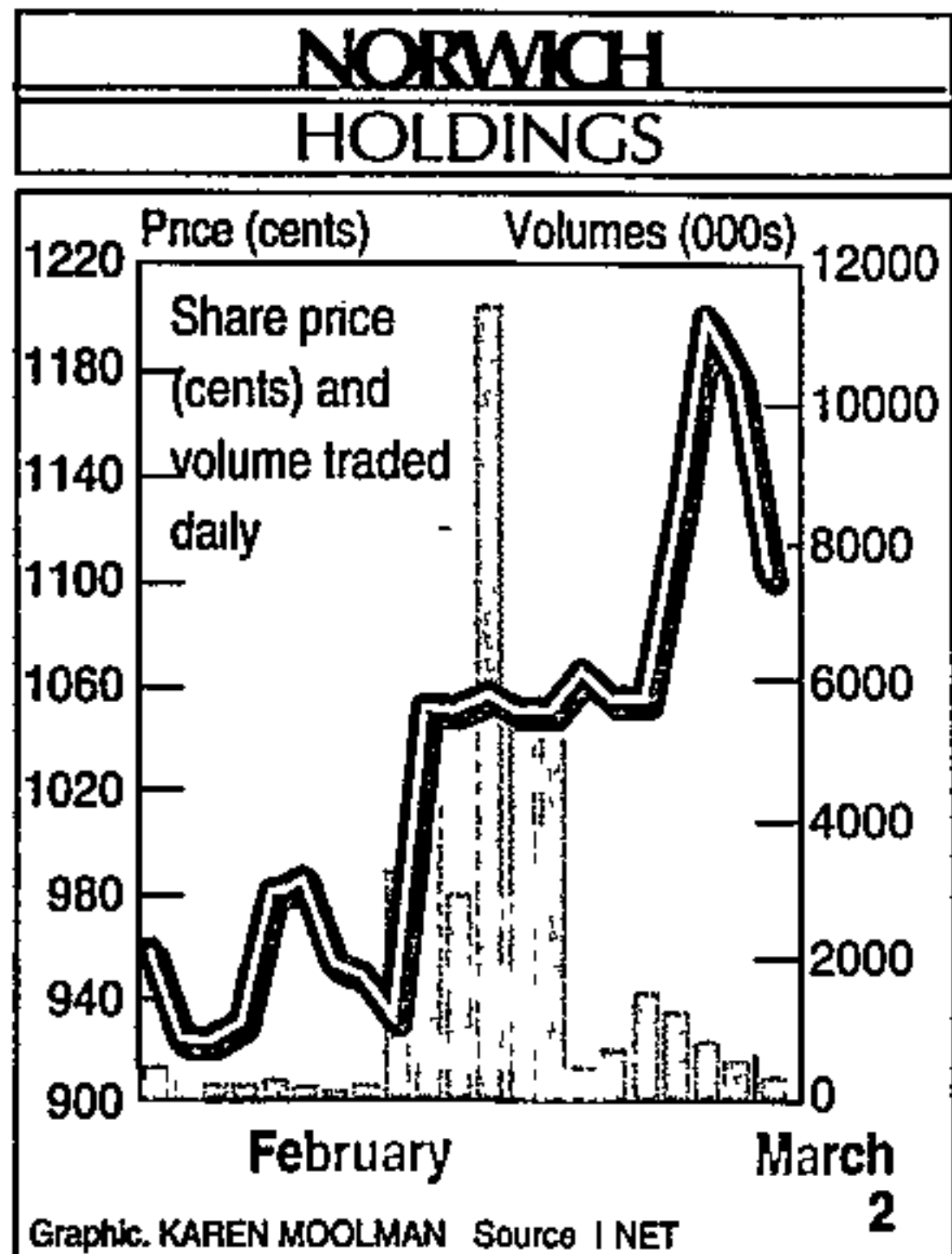
The report will bolster the recommendation by the Presidential Review Commission that the situation in the Eastern Cape and Northern Province has deteriorated to such an extent that central government might consider taking over certain functions.

Mayatula yesterday denied any wrongdoing. He claimed the report was "one-sided" because he was never interviewed by the task team. He insisted he was "exonerated" in a follow-up provincial investigation which he said cleared the treasury secretary, Singa Ngqwala, of wrongdoing

Ngqwala was suspended without pay, on the team's recommendation, pending a full investigation to ascertain the extent of the mismanagement of the provincial finances

Mayatula said the fact that Ngqwala was back in his job exonerated him. He denied his shift to education had anything to do with the welfare report. "I knew about my shift last November"

Mayatula's former post was given to economic affairs, environment and tourism MEC Enoch Godongwana. Godongwana said he was unaware of the report's finding that unclaimed social security payments had been deposited into the revenue account instead of being redeposited into the social security account. "I was not told."



## Shares dip as Aflife, Norwich battle it out

Samantha Sharpe

CAPE TOWN — Shares in financial services group Norwich lost more than 6% to R11,05 yesterday as tension mounted in the battle between Norwich management and African Life (Aflife) for control of Norwich

The share price has gained almost 35% since Aflife announced at the end of January that it would bid for Norwich, while Aflife's lost almost 6%

Market sources said at its current trading price a correction might well be in order for Norwich, despite it being the subject of SA's first genuinely hostile takeover in seven years. However, they did not disregard the possibility that some of the larger minority shareholders might be involved in price manipulation as D-Day for the Aflife offer, March 13, drew closer.

Volumes were relatively small yesterday, with about 276 900 shares worth R3,24m changing hands.

Norwich CE Charles Davies said "One has to consider the latest trade in the context of the market gyrations that have characterised the last few weeks, and with this as a backdrop it is not really a cause for concern"

While Davies declined to comment on speculation that another party had entered the fray, he said Norwich had been in talks with more than one company for some time. The status of these talks had not changed in the 24 hours preceding the most recent price fall



## Takeover of Eastern Cape 'no solution'

BD 4/3/98 (2638)

EAST LONDON — Central government would not solve the problems of the Eastern Cape by taking over its functions, the African National Congress (ANC) in the Eastern Cape said yesterday.

It said backlogs inherited from the former government were to blame. "It is the apartheid regime and its bantustan puppets which presided over and bred a culture of corruption, and put in place inefficient administrators through nepotism and other forms of patronage," the party said.

The ANC said less than 5% of the civil servants in the provincial administration were employed after April 1994.

The Presidential Review Commission last week said the administrations of the Eastern Cape and Northern Province left much to be desired. The central government might consider taking over certain functions, the commission said in a report.

While acknowledging there were shortcomings, the party said a thorough analysis of the problems was required.

"It is our view that the authors (of the commission's report) should not create the impression that the takeover of the province by national government would solve the problems of the province."

The ANC provincial government was not to blame. It was common knowledge that it had inherited an "unmanageable, corrupt and inefficient" public service, the ANC said. — Sapa.

BD 5/3/98

## There is no such thing as a Mapai report, says Stofile

(263B)

BISHO — Eastern Cape premier Makhenkesi Stofile said yesterday he had asked for an investigation into why the presidential review commission's report on the province was made public without being reported officially.

He said the report, which recommended that central government take over certain Eastern Cape provincial-government functions "does not exist".

Stofile told a news gathering yesterday that at the intergovernmental forum, held on Monday and Tuesday, Deputy President Thabo Mbeki said that President Nelson Mandela had not been informed that there was a report for his perusal.

"As far as government in the generic sense of the word is concerned, there is no such thing as a Mapai report," said Stofile.

According to Stofile, Mbeki said the report, tabled by commission-chairman Vincent Mapai and recommending that "central government take over

the provincial administration" should be considered a rumour.

"It is unfortunate that a commission appointed by the president saw it fit to make public what has not been reported officially," Stofile said.

"It borders on the unethical and we have asked for an investigation to be conducted into disciplinary action against Mapai and his commission."

He said that if the report was based on the Ncholo reports and recommendations of 1996, Mapai's recommendations were "outdated".

Stofile said the government had implemented some of the Ncholo recommendations which dealt with "structural, skills and operational problems".

"In 1997, when I became premier, I announced how we would deal with these problems," he said.

Stofile said if the Mapai report was based on the Ncholo report, "it would be a joke if it were not serious". — ECN.



# Strikers tell council to quit

**Butterworth - Municipal workers here vow to continue their strike until the council resigns.**

About 300 workers, who embarked on the strike after not being paid on February 25, met in the garbage-filled municipal garden in the town centre

A representative of the workers, Luvuyo Centane,

said the council was not co-operating and they wanted it to resign immediately.

They had informed the provincial government of their grievances.

Another worker told the crowd the problem was no longer about salaries, but about incompetence

"Even if we are paid today or tomorrow, this

problem (could happen again and again. We have families to feed, children to send to school and bills to pay . the council must go."

Deputy mayor Welcome Tshetu said council funds were exhausted because striking workers had promoted a culture of non-payment among residents and businesses. - Sapa

# Lifeline needed for Bisho

## Things look dismal in the Eastern Cape

By CHIARA CARTER

**A**LICE Sipamla shrugs off promises of better things to come and prophesies doom, saying nothing much has changed in the Eastern Cape and no doubt it will continue that way

"They must just make sure they pay my pension," the Mdantsane pensioner says with a toothless grin

It is a reference to the recent welfare non payment debacle which occasioned intervention by national government

Further east, motorists know they have crossed the no-longer existing border into the former Transkei when they enter the hazardous Kei River pass and have to inch their way past numerous potholes that dot the N2

In Butterworth the customary squalour is somewhat worse - municipal workers are on strike

Meanwhile, as the heavens pour down on the hills of the Transkei, President Nelson Mandela is briefing traditional leaders on the government's views on local government, land and chiefs

All of which is a world away from the western half of the region, where a city like Port Elizabeth boasts light and heavy industry, an excellent freeway system, a tourist plan and a council which administers arguably one of the best run cities in the country

Unfortunately for the Bisho government, Port Elizabeth is the exception in this, the country's second largest region with the third largest population

Ask anyone about the problems in the Eastern Cape and there will be no shortage of explanations - corruption, no cash, a lack of political will, the legacy of the bantustans. The Eastern Cape is clearly in deep and troubled waters and odds are that central government, however loathe to assume the helm, will have to fling Bisho a fairly substantial lifeline

Premier Makhenkesi Stofile's cash strapped government labours under the weight of two very heavy apartheid era



RESCUE MISSION... Water Affairs minister Kader Asmal (left) Makhenkesi Stofile, the Premier of the cash-strapped Eastern Cape

milestones: the myriad problems of former homelands Ciskei and Transkei

As Sipamla says, many of the same old problems have remained in these areas

The facebrick regional legislature where the tinpot dictatorship of the Ciskei was once based was one of the focal points of the week

The prematurely released findings of the Presidential Review Commission suggested things were so bad in the Eastern Cape that the Bisho government should be closed down and the region administered by central government

Stofile and the regional ANC swiftly moved to say that if this was the recommendation of the commission it was unacceptable, the work of mamparas. However, opposition parties were swift to welcome the recommendations, saying the Eastern Cape administration faced imminent collapse

Stofile's government is hamstrung by corruption, inefficiency, a lack of skills, a bloated and incompetent civil service, a massive needs list and insufficient money. Whether it is paralysed, they would dispute

Stofile points out that his government inherited a mess - not least a total lack of financial systems, "bantustan policies, tinpot dictatorships, rampant corruption and a waste of public resources in the name of white supremacy"

So bad was the headache of running the region that after he quit, former Director General Thozamile Botha said the Eastern Cape had not been ready to govern itself after the 1994 elections. Stofile said there was gross under-funding. Back in 1995, the government

knew pensioners numbered about 630 000 and financial constraints meant they could not budget for new applications and a huge backlog

He said the region had a budget of R14 billion, but needed at least R8 billion for education alone

It is not all non-achievement.

Housing MEC Smuts Ngonyama this week released figures indicating just under 39 000 houses had been built and a further 80 000 subsidies approved

By next year, 152 000 houses would be completed

Meanwhile, the N2 through Umtata is being upgraded as part of an RDP project, and Water Affairs Minister Kader Asmal last weekend opened a key water scheme in the region. The biggest nightmare the Bisho government faces both in terms of cost and efficiency is its own troops - the civil service

Optimists estimate there is one ghost worker for every 10 civil servants on the payroll, pessimists put it at one in five

An exercise to register each civil servant is under way, but the head count has not yet got as far as the departments of education and welfare - regarded as the biggest culprits

Then there are an estimated 15 000 supernumeraries - people, mostly labourers, employed by the government for whom there is no work

The voluntary retrenchment programme in the Eastern Cape, along with the rest of the country, has been a disaster; those who have chosen retrenchment have been the very people needed most, while the "dead wood" has stayed

During the past three years, the civil service has grown by about 10 000 to

about 141 000. Critics charge that many of the new appointees are administrators who are political appointees, chosen less for their skills than political loyalties

Bizarrely, the state's payroll includes about 800 sports officers and 1 500 cultural workers

Although there is a dire need for infrastructure, shortage of funds has seen employees of the Department of Public Works getting paid for staying home because there was no money for projects on which they could work

Skills training is the responsibility of a department once called administration, one of the few departments not to have spent its budget. More than 60 vacancies advertised are for training posts

While tales of abuse of government vehicles, theft and fraud are commonplace, their nadir was the welfare payout debacle apparently caused by officials not getting around to ordering cheque forms, not timeously intervening to prevent non payment and being off on vacation without acting to prevent the mess

The move of the man who many see as being the region's star performer and messiah - former unionist and now financial head Enoch Gondongwana - to the post of finance, is likely to see order brought to bear upon financial practices

With the homelands came parastatals. Getting them efficient or selling them off has been slow

Eight commissions later, and the agricultural parastatals are still unresolved, the land not handed over to empower black farmers, the assets going to waste through theft and vandalism

Critics say the failure to have a timeous dipping programme saw a loss of 50 000 cattle. The NP says more than 80 percent of the agricultural budget goes on salaries

Meanwhile, the Health Commission is probing an alleged overpayment of R6 million for a private company to provide transport in the Transkei after the Transkei Road Corporation was liquidated

DP regional leader Eddie Trent said the Bisho government could not be blamed for what it inherited and the underfunding by central government. However, he said there was a "lack of political will". He would like to see the civil service cleaned up and cut down, inefficient parastatals closed and political appointments replaced by contracts to skilled staff

He was also sharply critical of the central government's failure to move on "tribal land" - land the state owns which needs to be given to communities

Moves by central government to reassure traditional leaders, coupled with the imminent release of a white paper outlining their role in local government, might see the impasse resolved



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## Eastern Cape premier takes issue with report

(2638) 00 10/3/98  
BISHO — Eastern Cape premier Makhenkesi Stofile has called for disciplinary action to be taken against journalists who broke the story about the Presidential Review Commission's alleged recommendation that central government "take over" the Eastern Cape administration

Stofile's office said yesterday that the premier would be putting the matter before the Media Council and asking it to take disciplinary action against Business Day

In a press statement, Stofile said "We are happy to report that Dr Maphai (commission chairman) has proved us correct and that at no time was any recommendation made to invoke Section 100 of the Constitution" Section 100 of the constitution deals with central government taking over the administration of a province

Stofile said although the clause was mentioned in a press briefing, it was "at no time linked to any specific province"

Business Day Editor Jim Jones said yesterday "Rev Stofile has not been in touch with me and if he has any complaints about our reporting I would be only too happy to listen to what he has to say"

Jones said his newspaper never mentioned that Section 100 of the constitution would be invoked. "What we say the report says is that central government might consider taking over the running of certain functions in the Northern Province and the Eastern Cape," he said — ECN

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BUDGET

# Private sector participation to be promoted

Robyn Chalmers

GOVERNMENT is to extend the range of infrastructure projects that make use of private sector participation, with the focus on prisons, airports, harbours and roads.

The move was broadly welcomed yesterday by the private sector, which has invested heavily in a range of infrastructure projects, including the Maputo development corridor and major water and sanitation schemes.

However, analysts said that the private sector was most likely to look to projects where it could make good returns — such as toll roads — where the risk could be forecast and managed.

The Budget Review said programmes such as electrification and telecommunications were self-financing and were able to draw on domestic and foreign financial markets.

However, proposals were under review for the private construction and maintenance of prisons under long-term contract. Private finance and management would be brought in to airports, harbours and roads.

Finance Minister Trevor Manuel said government aimed to extend the delivery of basic services by bringing private sector finance into infrastructure projects.

"Business partnerships are encouraged between municipalities and private concerns for financing, extending, operating and managing infrastructure services," he said.

Eighteen pilot projects had been established country-wide. These included water, sanitation, refuse collection and transport projects. The private sector invested R1bn in these projects in the 1997/98 financial year which amounted to R5 for every R1 spent by government.

A number of government agencies would be used to promote private sector involvement. The Development Bank of Southern Africa, for example, was playing an increasingly active role in financing infrastructure.

The review said the bank would "act as a catalyst for public-private" partnerships and was expected to mobilise at least R10bn in co-financing in the current year.

## Budget 'shocks' retirement fund institute

Lukanyo Mnyanda

THE Institute of Retirement Funds said yesterday it was "shocked and dismayed" by government's decision to increase the tax on rental and interest income of tax funds, accusing it of breaking a promise to consult widely before making changes.

Institute president Chris Newell said Finance Minister Trevor Manuel's decision to increase the tax to 25% from 17% had come as a shock and could

lead to the closure of some funds as people sought value in other instruments.

He said low-income earners, who would find themselves "paying more tax inside the pension funds", would be hardest hit.

Manuel said in his budget speech that the increased levy would boost government's coffers R1,2bn in the current financial year. The tax was being investigated to "determine the most appropriate method of taxation of the flow of funds through retirement funds".

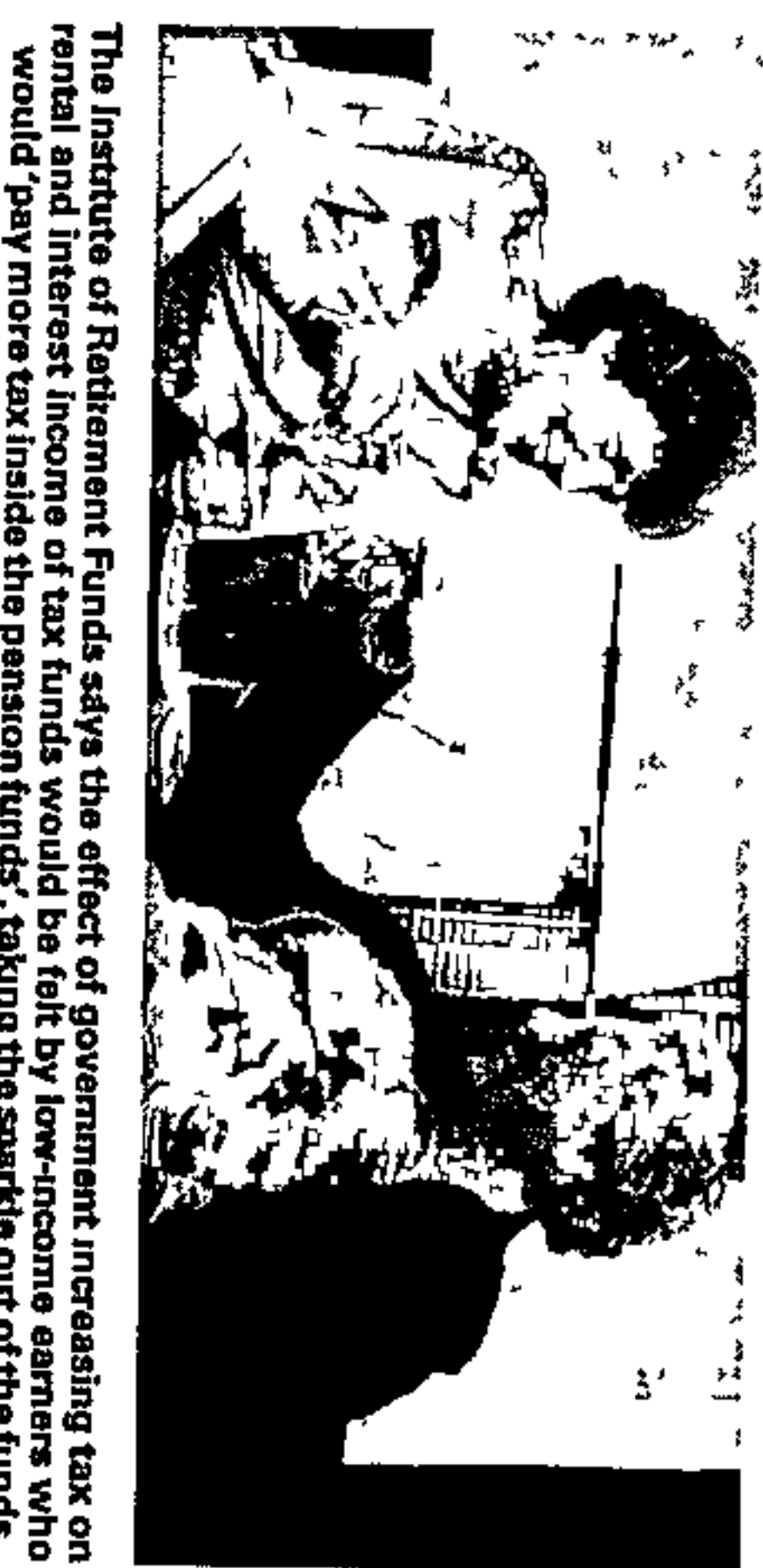
However, Newell was not convinced and accused government of going above the National Retirement Consultative Forum which was supposed to investigate the taxation of retirement funds.

He said the imposition of a 17% tax two years ago was supposed to be a temporary measure, while the forum investigated the taxation issue. It was not clear if government intended to take the increase to the forum.

He said the bank would "act as a catalyst for public-private" partnerships and was expected to mobilise at least R10bn in co-financing in the current year.

It said the bank's disbursements for 1998/99 were expected to exceed R1,8bn from R1,38bn the previous year. "Based on an average of 20 persons employed for each R1m invested, about 60 000 jobs will result from these project commitments."

Investment in transport infrastructure was expected to accelerate over the next three years, both as a result of increasing government spending and greater use of private finance. The national roads agency, which would be up and running soon, would draw on user charges and private finance as well as a more stable allocation of budget resources.



The Institute of Retirement Funds says the effect of government increasing tax on rental and interest income of tax funds would be felt by low-income earners who would 'pay more tax inside the pension funds', taking the sparks out of the funds.

## 'Extra R1,2bn will not swell province's coffers'

GRAHAMSTOWN — The R1,2bn increase in the Eastern Cape's allocation would not represent a real increase in the amount of money the province would be able to spend next year, Democratic Party MP Eddie Trent said yesterday.

He "did not share the general enthusiasm for the Eastern Cape's R15m allocation" and was "absolutely certain" the allocation would be less than was spent by the province in the past fiscal year if the province's overdraft and the amount still owed to suppliers was added to the previous budget.

He said all departments, including those responsible for social delivery, would therefore have less to spend in real terms next year than they did this year. He said he would have to wait until the provincial government released its budget next Wednesday before seeing how the Eastern Cape would deal with these real budget cuts.

Finance and economic affairs department spokesman Khulile Radu dismissed Trent's comments as "groundless electronceering".

Radu said his arguments were "very simplistic" as they did not take cognisance of the fact that the provincial administration has taken huge steps to enact credible budgets which "conform to treasury norms and standards".

Radu said the increase in the budgetary allocation was an "affirmation of the confidence that the national government has in the leadership of the province and in the financial control systems they have put in place".

Eastern Cape business activist Kevin Walkerford said yesterday the Eastern Cape's "kindergarten government" still did not have the capacity to deliver the goods to the "people at grassroots level" and was heading for a mammoth R2bn deficit for 1998/99.

He said the budget was "great in theory and in line with the fundamentals of the growth, employment and redistribution strategy", but that the Eastern Cape would be left in the lurch again at the end of this financial year with pensions and welfare grants unpaid and education in the province still in chaos — ECN

## Home loan penalties 'can be harmful to property market'

Home loan penalties 'can be harmful to property market'



# Eastern Cape allocation to focus on social sector

BD 19/3/98

(263B)

BISHO — The Eastern Cape could receive almost R1bn more than its R14bn allocation from national government, Eastern Cape MEC for finance and economic affairs Enoch Godongwana said yesterday

Presenting a R15,441bn budget in the provincial legislature, Godongwana said personnel expenditure in all provincial departments would consume a staggering 58,5% of the provincial budget. Personnel costs had increased by R2,7bn from 1997/98's figure to R9bn in 1998/99

Spending would focus on the social sector. Social spending would account for R13,19bn, or 85%, of the total budget

Godongwana said in an interview that the provincial government was taking steps to ensure that problems incurred in the province this year would not be repeated

This will be done through accessing R576m from central government for homeland debts and a share of the R1,5bn allocated by finance minister Trevor Manuel for provinces with irredeemable financial problems

Education's allocation came to R6,4bn, up R936m from 1997/98. Welfare's was R3,9bn, compared to R2,86bn, and health received R2,92bn, a R66m increase

Godongwana said the Eastern Cape had been allocated just over R14bn by central government. If certain requirements were met, the province would receive various conditional grants totalling R843m, with a further R100m allocated to fund the building and development of the Umtata Hospital

Under strict conditions, the province can secure, in addition to the conditional grants, a share of various national budget votes to improve aspects of the provincial administration and service delivery

These include R100m which has been allocated nationally to improve financial management and eliminate fraud in the social security system

Godongwana said that although fiscal 1997/98 saw a period of financial chaos, his



department had taken steps to address "some of the financial and administrative inadequacies"

These include the implementation of a single accounting system for the entire province, an audit of senior management to identify and correct training needs and

the rooting out of corruption

Godongwana said government acknowledged that "excessive amounts spent on personnel clearly limits spending on other items". However, the situation was created by the "legacy of large inherited staff complements"

Despite this, Godongwana claimed the budget would release resources for job creation, the meeting of people's basic needs, sustainable use of natural resources, rural development, redistribution of income, crime prevention and an "efficient and effective civil service" — ECN

1 **Butterworth town council collapses**

2 (2438) BD 7013176  
3 SMUTS Ngonyama, the Eastern Cape MEC for  
4 housing and local government, said today that the  
5 Butterworth town council had "stepped aside" and  
6 everything was back to normal in the town.

7 After months of strife stemming from a battle  
8 inside the African National Congress (ANC), the  
9 week's municipal strike against the council in all  
0 led to the collapse of the town administration.

1 Piles of refuse filled the streets yesterday and  
2 in recent days water supply has been cut off  
3 and the Border Technikon has closed. A Pro-  
4 cessors packed up its plant and moved it in crates to  
5 East London, and other businesses have left.

6 The ANC yesterday announced the suspension  
7 of the mayor and 12 councillors and fellow ANC  
8 members for disgracing the organisation.



# Passage of bill could erode ANC support in

# Cape

Wyndham Hartley

CAPE TOWN — The National Assembly's approval this week of legislation that discredits against traditional leaders has so angered the traditional community that it could begin to erode the African National Congress' (ANC's) power base in the Eastern Cape.

Congress of Traditional Leaders of SA

(Contralesa) president Phathekile Holomisa said yesterday that the Renumeration of Public Office Bearers Bill discriminated against traditional leaders by making them the only ones who would not get pension and medical and benefits without the sanction of Constitutional Development Minister Valli Moosa.

He said the bill's failure to provide a legal framework for benefits for tradition-

al leaders was reminiscent of apartheid, when "government could depose and impose traditional leaders at will".

The version of the bill approved by the assembly removes a definition of traditional leaders from the text and empowers the minister to determine which traditional leaders should get a pension and medical aid. Holomisa said this would "further embitter" traditional leaders to-

wards government.

Pointing out that traditional leadership was enshrined in the constitution, he appealed to the National Council of Provinces to change the bill back to its original form. He begged government not to force traditional leaders to go to court to protect their rights.

Holomisa obliquely referred to President Nelson Mandela's recent call for tra-

ditional leaders to stay aloof from party politics by saying that as long as they had to depend on the government of the day for their benefits they would have to seek protection from "sympathetic" political parties. He said there had been a drift towards other political groupings and if the bill was not changed this could increase.

Contralesa supported the ANC in the 1994 elections

## Towns unable to collect revenue

(2638)  
BISHO — Fifteen Eastern Cape towns were not able to keep books or collect revenue, a "walk-through" audit team has found.

This emerged at a finance and provincial expenditure standing committee meeting yesterday.

The teams, which were sent in by the Eastern Cape housing and local government department, had also found cases where the accounting records could simply not be found.

Provincial DP leader Eddie Trent said after the meeting: "This comes as no surprise." Trent said the public accounts standing committee, which he chairs, had asked the auditor-general to provide "an overall picture of the problems in local government."

NP chief whip Billy Nel said of the audit findings: "There is clearly a major problem here (in Transkei)." "The department should simply train about 60 town clerks on town management." He said R1m should be spent on this and once completed "there would be no excuses". — ECN.

BD 26/3/98



## Bill gives minister greater control over intelligence

Wyndham Hartley

1990/10/14/98



CAPE TOWN — Changes to the legislation governing the management of SA's intelligence services, which will allow greater political control to be placed in the hands of a cabinet minister, were tabled in Parliament yesterday.

The National Strategic Intelligence Amendment Bill seeks to alter the provisions of the act as they apply at present. These provisions now specify that an intelligence co-ordinator report to cabinet.

The amendment places this power and responsibility in the hands of the cabinet minister in charge of intelligence matters.

The explanatory memorandum to the bill says that in the current situation the "designated minister is largely excluded from access to information and the exercise of any substantive powers of direction, particularly as regards the co-ordination of intelligence activities".

## SA 'is indebted to Cape'

Kevin O'Grady

1990/10/14/98

(2638)

BUDGET allocations to the Eastern Cape in terms of formulas and head counts do not provide for the large numbers of people who re-turn to the region after being re-trenched in other provinces, says premier Mahkenesi Stoffie.

"This, and the fact that "pitched battles for freedom saw a lot of jobs lost" in the Eastern Cape, meant "SA owes the province a lot in terms of job creation", he said.

The cash-strapped Eastern Cape provided more employees to the mining industry than any other province and "every time there are mine retrenchments, most of them come back here".

They had not been counted and their money was in North West and Gauteng, Stoffie said. "We are owed something because we haven't budgeted for (them)."

The Eastern Cape regarded job creation as "a very serious issue". This was complicated by the fact that the province had "inherited the unfortunate situation that previous governments in the region have been job creators" and left the new province with 18 000 supernumerary employees.

To resolve the situation, local and foreign businesses "will have to be persuaded to invest here. We need a special effort ... to attract investors." Stoffie said the province had

thus far been unable to cut its high salary bill because there was no provision for provinces to retrench employees. However, he had "been promised that by June or July there would be a retrenchment tool in place for all the provinces".

On corruption and fraud that were among the reasons for the Eastern Cape's financial problems in fiscal 1997/98, Stoffie said that despite its efforts, the province had still not been able to eradicate the problem.

"We are arresting as many as we can but we are not getting as many convictions as we would like. This is not just the fault of the justice system but of a police force that is not properly trained."



# Province stops Butterworth's meltdown

The Eastern Cape's intervention in the affairs of Butterworth could be a lesson for central government, writes provincial correspondent Kevin O'Grady

PO 16/4/98

(2698B)

financial assistance Northern Province premier Ngako Ramatlhodi has said that government could take responsibility for paying public servants and that provinces should "be prepared to live with" the implications this would have for their powers.

Godongwana said that, accompanying measures taken by the provincial government to live within its means, there should be a "parallel process of engaging national (government) over backlog issues. We will call on government to make sure our communities don't suffer as a result."

Stofile said delivery would slow down this year, adding to perceptions he admits already exist "that we have not delivered." Instead of building new clinics and schools, the provincial health and education departments will be asked to staff existing structures "to the maximum." The province will also not have money to improve its decaying roads system.

Instead of putting delivery ahead of statutory obligations such as salaries and pensions as happened last year, the priorities will be reversed this year.

"If we encounter problems (with the payment of pensions and social security grants) this year, it will not be a product of not having budgeted for them," Stofile said.

The high degree of confidence expressed by Godongwana and Stofile in steps taken to improve the province's fiscal discipline this year suggests that, while there may be the undesirable side effect (for the ANC, at any rate) of delivery being cut ahead of an election year, the Eastern Cape will not end 1998/99 anywhere near as deeply in debt as it did 1997/98.

Both men — particularly Godongwana, who was appointed finance MEC at the end of last year after the fiasco that took place under Shepherd Mayatula — have reputations as tough, non-sensitise individuals. Some argue that they should be given the chance to succeed where their predecessors, Mayatula and former premier Raymond Mhlaba, failed.

**B**UTTERWORTH, an industrial and business centre about halfway between East London and the former Transkei capital of Umtata, is often used as a yardstick for the state of affairs in the Eastern Cape.

Perhaps that is merely because its quaint name draws attention, or because of its status as the second biggest town in pre-1994 independent Transkei.

Whatever the case, there are dozens of Eastern Cape towns that are like it in many ways — technically bankrupt, largely decrepit and with their finances under investigation by provincial government auditors.

One thing — the way in which it has been turned around from the brink of collapse in recent weeks — immediately sets Butterworth apart.

Relative normality has returned there, replacing scenes of complete neglect which worsened visibly in recent months when the municipal workforce went on strike demanding the resignation of an inept town council.

The strike has ended, the town is cleaner than it has been in years and construction sites which once seemed to have been abandoned are again hives of activity. Businesses which were considering relocation are staying put for now.

If the events that led to Butterworth's turnaround were a recipe for relations between Pretoria and the provincial capital, Bisho, Democratic Party (DP) leader Tony Leon and his provincial counterpart Eddle Trent would finally be able to cease agitating for a central government takeover of the province.

The solution to Butterworth's problems? An ultimatum from provincial local government MEC Smuts Nkonyama to the council that it step aside in favour of provincial administrators, along with the suspension by the African National Congress (ANC) of all ANC town councillors.

Leon and Trent have been calling for the national government to

supplant Bisho's responsibility for the province in much the same way as Nkonyama restored hope in Butterworth's immediate future by usurping its municipal powers. Their calls seem to have been given some momentum since the Presidential Review Commission suggested recently that Pretoria should consider taking over some of the provincial government's functions.

Last week Leon, in a statement hotly disputed by the provincial government, claimed at a public meeting in the province that if a referendum were held on the issue, most Eastern Cape residents would choose to be governed by Pretoria rather than by Bisho.

The DP's calls are prompted

mainly by dubious financial practices, widespread corruption and mismanagement that left the province short of R801m it needed to pay more than 630 000 pensioners in January and partially resulted in a R1,4bn deficit at the end of the last financial year.

But despite the mounting calls and the commissioner's recommendations, a Butterworth-type takeover of the Eastern Cape by central government is seen by provincial leaders as not only unlikely, but altogether unnecessary.

It could be argued that national government intervention has already taken place and that the DP's call is belated. Invoking the same section of the constitution that would allow national govern-

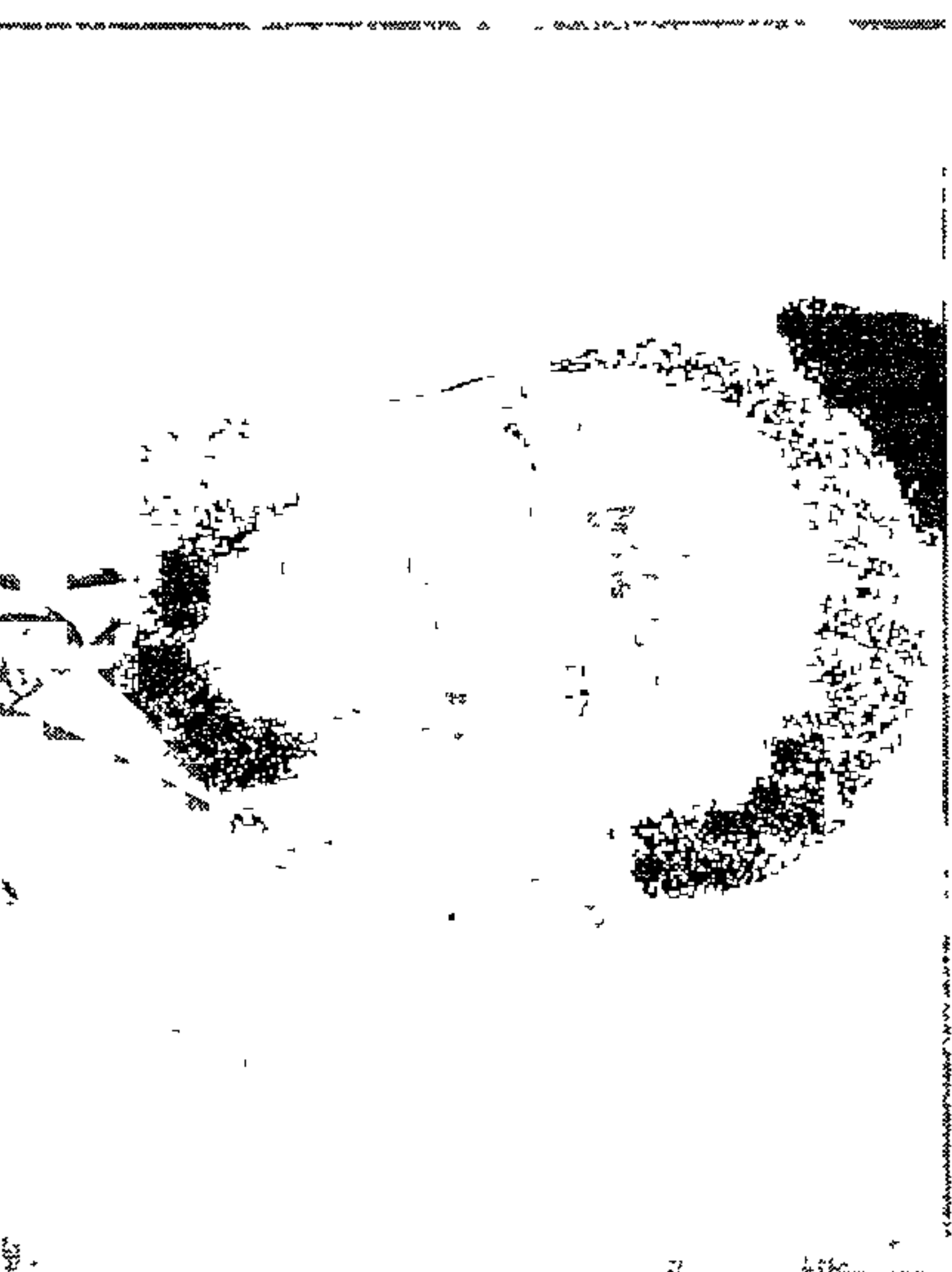
ment to take over provincial functions, Finance Minister Trevor Manuel recently laid down strict requirements which, if agreed to by Bisho, would make R600m in additional funds available to help the province reduce its 1997/98 overdraft debt.

Cape premier Makhenkosi Stofile says the province will not be in the same dire financial straits in fiscal 1998/99 as it was last year and that it is "natural" for opposition parties to play on issues such as the nonpayment of pensions.

One of the conditions of Manuel's additional funding is that the province commit itself to staying within budget in the current financial year or face losing



Eastern Cape premier Makhenkosi Stofile



Eastern Cape finance MEC Enoch Godongwana



# NGOP to debate takeover of Butterworth council

THE National Council of Provinces is to hold a special plenary session on Monday to debate last month's takeover of the troubled Butterworth municipality by the Eastern Cape provincial executive.

In mid-March, Eastern Cape local government MEC Shuts Nkonyama asked the strife-torn town council to step aside, and appointed administrators to restore disrupted services.

The constitution says he must tell the council of provinces what he has done, and that any extended inter-

vention must have its approval. In asking the council of provinces for approval, Nkonyama said last month that the municipal workers' wages had not been paid, residents and workers had petitioned for the dissolution of the town council, the

(2698) CT 17/4/98

hospital was closing, the water supply was weak, there was a threat that electricity would be cut off, and that refuse was "strewn all over the place."

This is the first time the council of provinces has been asked to approve an intervention — Sapa

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## Butterworth agreement 'a breakthrough in governance'

Linda Ensor

CAPE TOWN — The manner in which the Eastern Cape government would intervene in the local government of Butterworth was discussed and ratified by the National Council of Provinces yesterday in what was hailed as a milestone in co-operative governance.

The agreement allowed Eastern Cape premier Makhenkesi

Stofile to appoint a team of administrators to ensure the provision of services and financial management to the municipality

Although the team would be accountable to the provincial government, the agreement required it to communicate regularly with the Butterworth transitional local authority, which would remain in existence. The council's ratification of the intervention of March

17 was constitutionally required within 30 days of its taking place

Mohammed Bhaba, chairman of the council's select committee on constitutional affairs which considered the matter, said the intervention of one sphere of government into the autonomy of another was a "drastic step" and created a constitutional conflict. However, with the council's facilitation, it had been resolved with consensus

BD 21/4/98 (2676)





**Makhenkesi Stofile** , corruption still rife

#### EASTERN CAPE

# The bleeding ghosts of the Kei river

Government has developed grand plans but little action

It is 4.30 pm and an outsider could be forgiven for thinking there is a stampede at the entrance to the Dukumbana Building in Bisho, capital of the Eastern Cape.

It's knock-off time for the thousands of civil servants housed here, most of whom have been identified as supernumerary, or in a job but without work. Exactly at the half hour there is a mad rush for the door.

After five, when they have all left, Bisho becomes a ghost town, empty as it would have been had its past been allowed to catch up with it.

It is impossible not to refer to the past in this one-street town, for Bisho is a monument to the rampant corruption that existed and still exists there. It has no economic reason to exist other than to wax the egos of the former Ciskei bantustan leaders who wanted their own capital and got it.

Instead of allowing Bisho to die, the ANC in 1994 adopted it as the capital and it is there that the millstone that is the bloated civil service of the country's poorest province can best be seen.

Like its capital, the Eastern Cape is a province so far down the sliding scale of

corruption and paralysis that it raises questions of whether it can be saved at all. And as things have deteriorated in the past four years, the ANC government has vacillated, fiddling while Rome burns.

The party has changed the premier, shifted around the various MECs three times and unveiled an endless list of programmes aimed at bringing order. It does not seem to have worked.

For example, when the ANC took office in 1994 the records showed an amalgamated civil service of 131 000. Government has in the past four years added 14 000 to the tally. About 15 000 have been identified as supernumerary, costing the State R274m a year.

Since February last year, a physical count of workers has been carried out but more than 14 months later there is still no complete list of ghost workers in the province.

There are 5.9m people in the Eastern Cape, says the Central Statistical Service, largely in rural communities in the former Transkei homeland.

"The problems of a civil service in transformation are immense. We are still riddled with corruption, low morale, demotivation

and a poor work ethic," premier Makhenkesi Stofile has admitted. The Eastern Cape has an unemployment rate conservatively estimated at 45% compared to 29% nationally, with some rural areas reaching 80%.

Finance, Economic Affairs & Tourism MEC Enoch Godongwana says only 28% of households have running water while 26% of rural households have no sanitation facilities at all. More than half of all households do not have electricity and 81% of rural households are more than half an hour from the nearest clinic. About 43% of the population has a standard seven education or higher.

Last year, the province overspent on its budget by more than R1.5bn and had to be bailed out by national government.

"Maybe the ANC has a vision, but by all accounts they do not seem to have a plan," says the Democratic Party's Eddie Trent.

But Stofile and Godongwana believe they do. Stofile was sent to the province by the ANC leadership a year ago to replace an ageing Raymond Mhlaba. Stofile in turn called up Godongwana from the National Union of Metalworkers of SA to head up Finance & Economic Affairs.

According to Stofile, the plan is hinged on the Provincial Growth & Development Strategy (PGDS), which he says has set targets "wider than just poverty eradication and fighting unemployment".

"Income redistribution in the province must be the priority," he says.

Godongwana says the PGD's pillars are job creation, meeting the basic needs of the people, sustainable use of natural resources, rural development, redistribution of income, crime prevention and an efficient civil service.

This year the province was allocated R14bn to effect the strategy, but it does not look like Godongwana will succeed.

The province was instructed by national government to spend at least 85% of the money on education, health and welfare. Education received an increase of 41%, welfare was upped by 36% and health by 2%.

The budget makes provision for a R9bn payroll, an increase of R2.7bn on last year.

"Our expenditure on personnel amounts to 58.5% of our budget as compared with the national norm of 35%. While we must acknowledge that the excessive amounts spent on personnel clearly limit spending on other items, this situation is largely unavoidable because of historical reasons," says Godongwana.

The welfare budget is R3.6bn, and 95% consists of social grants. "This imposes severe limitations on the delivery of welfare services in the province," Welfare MEC

### Nomsa Jajula complains

Jajula says the payment of social grants is riddled with fraud and corruption, with thousands of ghost pensioners

An action plan to rectify the problem is in place, but last week there were still reports of long queues and fainting senior citizens

The same week Housing MEC Smuts Ngonyama launched the Masakhe (not Masakhane) Housing Scheme, started with six national developers, to deliver 150 000 houses in the next five years. Ironically, this was the target the province set itself four years ago. Only 45 000 houses have been completed

Ngonyama admits there were massive problems in the past, but says he hopes the presence of business in the new venture will kick-start the programme

Public Works MEC Thobile Mhlahlo describes the road network in the province as a "crisis situation", and blames chronic underfunding

The situation is not about to change. The operational expenditure of the roads branch has been cut by 62%

A month ago, the Presidential Review Commission called on national government

to consider taking over the province's administration

But the ANC says the tide is turning. Godongwana says job creation and economic growth initiatives like the Fish River and Wild Coast spatial development initiatives (SDIs) will stimulate industry and tourism. Other, similar initiatives include the Coega deep water harbour, expected to create thousands of jobs. He says 210 health projects have been concluded, 63 350 new telephone lines have been installed and more than 4 300 new classrooms have been completed

Stofile says new IT systems will update financial management and curb corruption. The mounting problems have put the ANC in a corner and the Opposition predicts a rejection of the ANC in next year's election

Discontent is rising in the rural hinterland of the former Transkei, where the ANC government is referred to as "the Bisho government" and is seen as not doing enough for the former homeland and rural areas

The emergence of the Bantu Holomisa-led United Democratic Movement is already making headway into the rural areas where

traditional leaders are becoming supporters. Members of the defunct Transkei Traditional Leaders Association, which joined the ANC-aligned Congress of Traditional Leaders of SA in the early Nineties, are now coming out openly for the UDM

The NP is haemorrhaging. After the walk-out by several top leaders, councillors are steadily crossing the floor to the DP, and it remains to be seen just how long the NP can last

After four years of the new government it seems the ANC here is unable to get to grips with the problems and instead make grand plans

So far none seem to be working. Several MECs have been fired, others have been shuffled from one ministry to the next. This is cosmetic, for almost everyone agrees that those fired were not incompetent, but had to work within the paradigm established by the party

And that paradigm has been characterised by a lack of will to deal with rampant crime and corruption. As the Opposition becomes more vocal, and the 1999 election approaches, the ANC may rue its tardiness in dealing with the problems

Justice Malala



# Temppers flare on Wild Coast

(2638)

Mtg 8-14/5/98

*The Wild Coast SDI is setting local communities against each other, report Thembele Kepe, Lungisile Ntsebeza and Ben Cousins*

**S**immering beneath the surface of the Wild Coast Spatial Development Initiative (SDI), announced with great fanfare last month, are conflicts and tensions that could blow the much-vaunted investment initiative sky high.

In some areas a disregard for local complexities is threatening to provoke a local civil war; in others a fast-track approach to development could be creating a false sense of consensus while lighting the fuse of a time bomb.

In mid-April, upbeat Cabinet ministers announced that up to R400-million would be invested in more than 30 projects, creating more than 20 000 jobs. The SDI, according to its promoters, will alleviate rural poverty by creating an "enabling framework" for investment, based on partnership between the government, the private sector and local communities.

Development nodes on the Wild Coast include ecotourism projects in Mkamabath, Port St Johns, Coffee Bay, Hole-in-the-Wall and Dwesa/Cwebe, tea-growing at Magwa, and forestry at various sites along the coast. It is argued that these projects will benefit not only local community members but the Eastern Cape as a whole.

Key components of the economic empowerment models proposed by the Development Bank of Southern Africa are community co-responsibility for planning and decision-making in tourism and other ventures, and community control of the underlying resource base, the land. But translating these fine-sound-

ing principles into practice has been problematic, and in several cases the SDI has succeeded only in dividing communities and setting various interest groups at each other's throats.

Our field research in several sites reveals four crucial weaknesses in the Wild Coast SDI. Firstly, there are fundamental differences between the approaches adopted by different government departments. Secondly, there is inadequate co-ordination between the various agencies involved (the government, NGOs and consultants).

Thirdly, there is a potentially disastrous emphasis on "fast-track" development, at the expense of an adequate understanding of local realities. And fourthly, consultation and "participation" in decision-making have often been limited to discussions with an unrepresentative minority.

Government departments active in the SDI appear to operate according to different development paradigms. The Department of Land Affairs emphasises Reconstruction and Development Programme principles of democratic decision-making and community empowerment, and argues that SDI investments will occur on communal land that rightfully belongs to local people (even though it is still nominally owned by the government). Local communities are seen as the most important stakeholders within the SDI.

In contrast, the Department of Trade and Industry, the main "champion" of the SDIs, appears to be more closely aligned to the growth, employment and redistribution macro-economic strategy. It gives pri-



**Pride of place: Local communities in the Wild Coast area are past the point of passively accepting the sale of their birthright — the land and its resources — from under their feet. PHOTO: RUTH MOTAU**

ority to the needs of investors, without whom, it is argued, no meaningful development will ever take place.

It has taken many months for officials of this department to accept that land rights on the Wild Coast vest in communities rather than the state, and that this gives communities the status of property owners rather than "beneficiaries" who must accept whatever the government manages to negotiate on their behalf.

Poor co-ordination is a major source of concern within the SDI. For example, plans for forestry development by the Department of Water Affairs and Forestry include encouraging commercial companies to initiate projects on communal land — which the minister of land affairs, as nominal owner, is planning to transfer to its current occupants. It is completely unclear who these companies should be negotiating with — the government or local communities — and on what terms.

A great deal of confusion is being caused by unco-ordinated approaches to community groups. Poor co-ordination also characterises the approach to the resolution of land claims within SDI project areas (which in many cases are far from resolved, in contradiction to claims to this effect at the launch of the Wild

Coast SDI in Port St Johns)

The "fast-track" mindset, together with a slipshod approach to community consultation, is resulting in a far-from-democratic decision-making process. Consultation with an educated rural elite that has access to transport and to cellphones makes for speed, but not for proper report-backs and debate within the community. Conflict at the local level is the inevitable result.

Two SDI sites where severe tensions are being generated are Mkamabath and Coffee Bay.

In Mkamabath an explosive situation exists. Negotiations with outsiders are taking place in relation to development on large areas of land where hotly disputed claims are as yet unresolved. SDI committees have been "elected" and trained without adequate community-level discussion, and an unco-ordinated flood of SDI "experts" into the area has served only to exacerbate the conflict.

In Coffee Bay the fast-track approach has resulted in different problems, though in less severe conflict so far.

There was little in the way of preparation to ensure proper community participation in last month's launch of the Wild Coast SDI at Port St Johns, or in the investors' confer-

ence at Mzamba which followed.

Resentment of the paternalistic approach adopted by the SDI is growing within the local community, and could explode into real anger if it is not acknowledged. We must emphasise that we are not "anti-development", and certainly not against the SDI — the initiative definitely has the potential to bring much-needed capital to a neglected region.

But we are against development projects that pay only lip-service to democratic decision-making, fail to take properly into account people's property rights, and are likely to result in the capture of benefits by local elites.

More importantly, local communities are past the point of passively accepting the sale of their birthright — the land and its resources — from under their feet. In defence of their rights, they are prepared to go to war.

In our view the SDI must slow down, take a long, hard look at itself and begin to negotiate in good faith with the full range of local community interests. The alternative is a quick road to hell, rather than the "road to prosperity" it aspires to be at present.

*The authors work at the Programme for Land and Agrarian Studies in the School of Government at the University of the Western Cape*

## Butterworth under scrutiny

Kevin O'Grady

(263B)

A DELEGATION from the National Council of Provinces visited the Eastern Cape town of Butterworth yesterday to assess progress made since the provincial government took over the town's affairs this year.

Council spokesman Siphon Ngwenya said the visit was intended to enable the council to make further recommendations on Butterworth's future. Its approval of the provincial government's takeover was for a limited period and the situation had to be reviewed continuously.

The council would decide whether the province should continue handling Butterworth's affairs and whether further steps were necessary to rescue the town.

Eastern Cape local government MEC Smuts Ngonyama took responsibility for the town's affairs after it became bankrupt and was reeling under the effects of a strike by unpaid municipal workers.

BD 27/5/98



# E Cape claws back R820-m to fight crisis

ARG 17/6/98  
Bisho - Eastern Cape finance MEC Enoch Godongwana is to cull R823-million from various government departments to service the province's budget deficit, fund the sinking Education Department and tackle other crucial priorities.

Mr Godongwana told the finance standing committee that figures given by some departments for personnel spending were exaggerated and all departments must review allocations which would exceed spending limits.

As a result, a saving of more than R823-million was expected.

This would be put into a contingency reserve to fund the province's 1997/8 budget deficit, the ailing Education Department, the expected shortfall on revenue collection and other priorities identified by the executive council.

(2638)  
He said virtually all departments would have to suspend or surrender part of their personnel spending in favour of the reserve.

"We have got to say what the priorities of the province are. I know that every department is crying that it got less," Mr Godongwana said.

It was understood that R14-million was suspended from the personnel spending of agriculture, and R45-million was withheld from sports, culture and arts spending.

Mr Godongwana said the Government had agreed to restore R596-million of the R597-million former Transkei debt to the province to pay some of last year's overdraft.

In addition, an amount of R110-million, which is owed by the provincial Education Department to the national department, would be deducted from the debt, Mr Godongwana said. - Sapa

# Town leaders under fire

## E Cape mayors, deputies face wrath of the law

(267 0) AKT 20/6/98

**PETER DICKSON**  
Grahamstown

Several Eastern Cape mayors have exchanged their plush town hall parlours for the austerity of the local magistrates' courts

Mayors and deputy mayors in Despatch, Kenton-on-Sea, Tarkastad and Venterstad this month are facing various charges

These include insurance fraud, involving a fictitious death certificate, inflating vehicle mileage claims, indecent assault of two teenage brothers on Good Friday and attempted murder

The former mayor of Pearston has been in jail for almost a year for having an unlicensed gun

The African National Council recently suspended 11 Butterworth councillors, including Mayor Anthony Bam, for two years, for consistently defying the party as service delivery in the Transkei town steadily collapsed and money dried up

Where the millions went is being

probed by Judge Willem Heath's special investigative unit

But apart from party politics and non-delivery, some Eastern Cape city fathers face more serious charges

Despatch mayor Leon van Vuuren, under mounting pressure to quit after being suspended by the Freedom Front executive committee on May 27, did not appear in court last Friday to face charges of indecently assaulting two teenage brothers at the Van Staden's River mouth on Good Friday

He was arrested by police soon after the alleged incident, but was later released and the charges provisionally withdrawn. But Eastern Cape attorney-general Les Roberts later decided to prosecute him

Port Elizabeth psychiatrist Sigurd Schmidt told the court he had examined Mr Van Vuuren, 36, on May 27 and had diagnosed depression. That evening, after the FF executive meeting, Mr Van Vuuren resigned his party membership and also asked to be relieved of his council duties

The trial has been set for September 28 to 30 in the Port Elizabeth Regional Court

Then there's former Venterstad deputy mayor, Siphiso Ngayi, who faces fraud charges involving R20 000 - money allegedly paid out from his own life insurance policy after he allegedly obtained a fake death certificate

The R20 000 was paid into the account of his wife, Zanyiwwe, account and Mr Ngayi, posing as his own brother, allegedly arrived at the insurance company's offices to collect the remaining R80 000

He was arrested on his way to collect money from his wife, who was also arrested

Police said Mr Ngayi, who has appeared in the Queenstown Magistrate's Court, also claimed insurance on his car after reporting it stolen

A car also landed Kenton-on-Sea's Mayor Zola Xanise in trouble this month, when the coastal resort's ratepayers' association asked police - and the Heath unit - to

investigate fraud relating to vehicle expense claims

Association chairman Peter Clayton said that Mr Xanise was alleged to have claimed mileage for his own car to attend Western District Council meetings last year, when he had actually used a municipal car

Mr Xanise had come clean before the council on February 23 this year, said Mr Clayton.

Former Tarkastad mayor Ntsikelelo Sampempe had his self-defence plea rejected after he allegedly fired three shots at Concerned Residents Group member Xola Mfatu with a 9mm pistol in the municipal offices, wounding him in the right arm, with two other bullets thudding into the door frame

And the former mayor of Pearston will be home soon after serving a year in prison for the possession of an unlicensed firearm

But between his 1994 arrest and 1997 imprisonment, he drew his mayoral allowance, and was paid his salary as an ambulance driver. - @LiveWire



## DP wants more action on supernumeraries problem

Kevin O'Grady

20/6/98 (263B)  
THE Eastern Cape government did not take the financial implications of having 18 000 supernumerary public servants seriously enough and should make greater efforts to retrain or retrench them, Eddie Trent, the provincial leader of the Democratic Party (DP), said yesterday.

Trent was responding to comments by Eastern Cape premier Makhenkesi Stofile that opposition parties were being "racist and opportunist" in calling for the dismissal of supernumeraries.

In the Eastern Cape supernumeraries were mostly inherited from the former Transkei and Ciskei homeland governments.

Trent said the provincial government "should be taking redeployment (of supernumeraries) very seriously" because the province could not afford the R2bn they had cost in the last four years. The DP agreed they could not all be retrenched simultaneously "because we can't afford it in one year" and had suggested the process be staggered over three years.

The DP had also suggested supernumerary employees be retrained so they could fill vacant positions that did exist in the provincial government.

"It's not a case of victimising these people but getting them to do decent work," Trent said.

Kevin O'Grady

THE Heath special investigating unit has been asked by President Nelson Mandela to investigate widespread corruption in the now-dissolved Transkei Agricultural Corporation (Tracor) and to try to recover misspent funds.

A proclamation by Mandela in a recent government gazette asks the unit, headed by Judge Willem Heath, to investigate allegations of wrongdoing and, through its special tribunal, to adjudicate upon any justiciable civil disputes that arise.

## President asks unit to probe Transkei body

Tracor was closed by the provincial government last year along with the Magwa Tea Corporation and the Ciskei Agricultural Corporation. Government said it could not afford the corporations' R20m monthly salary bill.

Allegations Mandela's proclamation directs the unit to investigate include:

- Unlawful, unauthorised and irregular payments made from Tra-

cor's bank accounts after the date on which it was dissolved;

□ The failure to make or collect payments for vehicle loans granted to Tracor employees;

□ The unlawful, unauthorised and irregular allocation or sale of Tracor-owned motor vehicles to Tracor employees;

□ The irregular use by Tracor employees of cellular phones purchased by the corporation;

□ Unauthorised claims

by employees and payments made by the corporation for insurance premiums for private vehicles, study loans and bursaries, home loans and travel and subsistence allowances.

The unit was also asked to investigate alleged unlawful and irregular payments made by the corporation to attorneys, and the failure by the corporation to give reasons for the payments, and to keep records.

Irregular payments from the corporation's pension and provident funds to employees will also be probed.

## Ndebele gets Cosatu backing

which stem from its

6/7/98





# Sums missing from councils 'likely to run into millions'

Kevin O'Grady  
and Deborah Fine

THE Heath special investigating unit is waiting for authorisation to investigate the financial affairs of 10 town councils in addition to the 17 already authorised and indications are that the missing sums sought by the unit run into several hundred million rand.

The unit investigates fraud, corruption and maladministration involving state assets and public funds and attempts to recover misspent money through its special tribunal, which has similar powers to a high court.

Its investigations must be officially sanctioned by a presidential proclamation in the Government Gazette. Probes into 16 Eastern Cape town councils and the Durban metropolitan council were authorised in last week's gazette.

Unit spokesman Guy Rich said yesterday the unit was waiting for autho-

risation for 10 more investigations into town councils, including East London

Eastern Cape councils affected by last week's proclamation were Bedford, Cala, Cofimvaba, Despatch, Engcobo, Hamburg, King William's Town, Komga, Klipplaat, Lusikisiki, Nqamakwe, Port St Johns, Qumbu, Sterkspruit, Tsomo and Umtata.

Most will be investigated for failing to pay or collect rates and taxes. Other allegations include the payment of allowances without authorisation, the misappropriation and misuse of funds, the failure to keep proper financial and accounting records and the unauthorised purchase of cellular telephones.

Umtata mayor Edgar Mapekula said he was unaware of the unit's impending investigation but it was "welcome". Estimates were that the town was owed R100m in rates and taxes.

Despite high arrears, Mapekula believed the situation had improved, par-

ticularly as a result of the installation of prepaid meters in all households.

Murray Stewart, the head of the Durban council's forensic services and litigation team, confirmed yesterday that the unit had assisted in an internal investigation of two parks department employees who, the investigation found, had defrauded the council of more than R361 000 between July 1994 and February last year.

King William's Town council spokesman Eric Gqabaza said the unit would assist in an internal investigation launched by the council more than a month ago into allegations of fraud, mismanagement and corruption.

The investigation focused on the alleged appointment of consultants at "excessively high remuneration", the unauthorised or irregular creation of top management posts, unauthorised transport allowances and the irregular purchase of cellular telephones.

(2638) 0023/7/98



## Heath unit asked to probe lawyers' claims

Kevin O'Grady

BD 24/7/98  
THE Heath special investigating unit had been asked to probe the alleged payment of inflated claims to lawyers contracted by the state attorney in Umtata, as well as widespread abuse of public funds and state assets in the Mpumalanga legislature, Justice Minister Dullah Omar said yesterday.

Omar said the unit had been mandated to investigate the affairs of the state attorney and registrar in Umtata, particularly allegations of irregular contracting out of work to attorneys, subsequent submission of inflated claims and their unauthorised payment

Included in the probe is likely to be the case of Umtata attorney Siluman Nontenja, who charged the state attorney R12m for acting on behalf of Defence Minister Joe Modise in 523 similar cases in which former soldiers appealed over severance packages they received

Two of Nontenja's business bank accounts and a personal account were reportedly frozen recently pending a probe into the amounts he received in June and July

Following the findings of the Ngobeni commission of inquiry into self-enrichment in the Mpumalanga legislature, which resulted in the firing of deputy

(263B)  
speaker Cynthia Maro peng and several other officials, the unit had also been asked to investigate the legislature. Findings that would be probed included the theft of about R1,1m by legislature members, the irregular appointment of employees and the use of state-owned equipment for personal purposes by legislature members.



# Crackdown on fraudsters

## Special unit empowered to flush out fraudsters

By MIKE EARL FAYLOR

(2670) (2670)

**T**HE GHOVES are off as the formidable powers of the elite East London based Special Investigation Unit (SIU) were unleashed this month to combat rampant corruption in South Africa. Various State institutions and individual officials in the Eastern Cape, Mpumalanga, the Northern Province and Kwa-Zulu Natal are about to feel the sting of the country's most successful anti-corruption organisation as the SIU homes in on them.

This follows a July 15 proclamation in the *Government Gazette* which authorises the SIU to probe serious allegations of corruption and maladministration in municipalities, a university, colleges and parastatals.

Millions of rands in state assets, funds and property are involved and adds to the 50 000 cases representing R6.2 billion - under investigation by the 60-person unit.

The deputy head of the unit, Advocate Gerhard Visagie, confirmed the latest batch of investigations and said: "The unit and its predecessor - the Health Commission - has recovered or safeguarded R8 billion of State assets and funds since its inception." He said the safeguarding had been undertaken by interdicts to prevent the loss of state assets, property and money.

In the firing line are the Eastern Cape Development Agency, the Transkei Development Corporation, the Ciskei Peoples's Development Bank, the University of Venda, the Western Cape College of Education, the Mpumalanga Development Corporation and 16 Eastern Cape municipalities. The proclamation was signed by Acting President



**CRACKING WHIP** . . . Justice Minister Dullah Omar (left) and Acting President Thabo Mbeki have authorised the Special Investigation Unit to probe serious allegations of corruption and maladministration in municipalities and university colleges and parastatals

Thabo Mbeki and Justice Minister Dullah Omar

The SIU, headed by East Cape Judge Willem Heath, was established in terms of the Special Investigation Unit and Special Tribunals Act No 74 of 1996 by President Mandela and is empowered to probe allegations of corruption retroactive to 1976.

The unit now operates nationwide and has opened another office in Umhata as well as functioning from provincial centres when conducting investigations. Personal assistant to Judge Heath, Guy Rich said: "This modus operandi allows easy access to officials and the various departments or organisations."

The Mpumalanga Development Corporation (MDC) is to be probed for alleged unlawful, unauthorised and irregular payments made to former managing director, Patrick Mogerosi. The MDC will also be placed under scrutiny for "insufficient administrative and accounting procedures to exercise financial control and control of assets and non-compliance with statutory provisions."

Allegations of the awarding of unlawful, unauthorised or irregular contracts as well as the loss of State funds through theft and fraud will also come under investigation.

The unit will investigate the University of Venda for allegations of misconduct by its vice-chancellor over appointments and promotions of persons contrary to the interests of the university as well as the unauthorised use of a credit card. The Border Training Centre (Eastern Cape) will be probed over the alleged theft and misuse of vehicles, the approval of 100 percent increases in meeting allowance payments to members of the Board of Trustees of BFC, and eight other allegations of corruption and financial mismanagement.

The Western Cape College of Education will have to explain allegations of unlawful payments of salaries to employees and the removal of computers and stationery from the college for private use. The Eastern Cape Development Agency and four affiliate organisations will be scrutinised over allegations ranging from entering into irregular contracts to unauthorised loans being made to board members, employees, relatives and friends. The local authorities of Bedford, Cala, Despatch and Engobo will be taken to task over allegations of the payment of allowances to councillors that contravene laws and directives.

Cofimvaba's TLC will have to come up with a reason why it used several bank accounts in different towns and failed to disclose these accounts to the auditors. Hamburg will be targeted over the alleged misappropriation of funds by councillors and employees for the payment of survey and legal costs to private individuals.

The King William's Town TLC allegedly engaged in the unauthorised and irregular creation of top posts for employees and the conclusion of contracts contrary to the public interest. Allegations that the TLC made unauthorised and irregular transport allowances to employees will also be investigated. Of the 16 Eastern Cape local authorities 12 are cited for their failure to collect rates and taxes -

ECN Weekend Service

# Probe into corruption ordered

PRETORIA: President Nelson Mandela has ordered a probe into extensive claims of corruption and maladministration since 1986 in at least 16 government institutions in three provinces.

According to a presidential proclamation in the Government Gazette, the three provinces are the Eastern Cape, Mpumalanga and Kwazulu-Natal.

Mandela said he had referred the allegations to Judge William Heath's unit after consultation with the three premiers.

The allegations included serious maladministration, improper or unlawful conduct by state employees, unlawful expenditure or intentional or negligent loss of public money, and corruption.

In terms of yesterday's proclamation, the Heath unit should examine claims of such offences since January 11 1986.

It would focus on five departments in the Eastern Cape, three in Kwazulu-Natal and eight in Mpumalanga.

Eleven alleged offences in the Eastern Cape education department were listed in the proclamation. They included the appointment of officials in return for favours or payment, irregular overpayment of some officials, irregular supply of textbooks and the theft or loss of cheques.

Similar offences allegedly occurred in the Eastern Cape's public debt commission and the departments of health and welfare,

public works and water affairs.

Mpumalanga institutions mentioned included the provincial legislature and the departments of education, agriculture, inland revenue, safety and security, public works, and roads and transport.

Alleged offences in these departments included the irregular use of state vehicles, unauthorised claims for subsistence allowances and unlawful payments for goods not delivered or for services not rendered.

The Heath unit would also investigate the unlawful, unauthorised or irregular use of state or public land in Mpumalanga by the department of home affairs of the former KaNgwana homeland government.

In Kwazulu-Natal, the departments of education, local government, housing and transport would come under scrutiny.

The transport department was allegedly connected to a settlement of about R41 000 paid to one of its officials after he was involved in a car accident.

Allegations with regard to the two other departments included the unlawful or unauthorised use of state vehicle credit cards, irregular granting of applications under the housing subsidies scheme and the theft of state vehicles.

Civil disputes arising from the Heath investigation would be handled by a special tribunal set up last year, Mandela said in the proclamation. — Sapa

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CT 29/7/98





# Mandela orders corruption probe in three provinces

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BD 29/7/98

## THE HEATH SPECIAL INVESTIGATING UNIT

### IN NEED OF MANY MORE FIRE EXTINGUISHERS

There is no end in sight to corruption fighting (2630) (254) PM 31/7/98

The Heath Special Investigating Unit, which is working on more than 90 000 cases of possible government corruption, has undertaken two new huge projects

One is a probe into 16 government institutions in three provinces, and the other is an investigation into alleged irregularities in 17 Eastern Cape and KwaZulu-Natal municipalities

The cases already on the unit's books involve sums of about R6,2bn, says Guy Rich, personal assistant to Judge Willem Heath

The unit, the first of its kind in SA, was established by President Nelson Mandela in March 1997, under Judge Heath, to investigate serious cases of malpractice, corruption and fraud involving State assets or money

It works in tandem with a special tribunal which tries civil matters arising out of the investigations

The court has the power to make orders, issue interdicts and warrants of arrest and subpoena witnesses. It also works closely with the Office for Serious Economic Offences, the Public Protector and the SA

#### Police Service

Apart from the civil cases tried by the tribunal, evidence of criminality is referred to the authority that initiated the investigation for further action

The unit's predecessor — the Heath Commission — recovered, or prevented the misuse of, billions of rand. It reversed 92 unauthorised promotions in the Bisho Auditor-General's Office in 1996, saving R8bn

And it reversed the social pensions payout tender in the Eastern Cape, saving the province a further R220m

The Special Investigating Unit has carried on the tradition with a staff of 36 investigators, seven lawyers and 12 administrators

It is dealing with a number of controversial issues, including the R14m stage production *Sarafina 2*, intended as a vehicle for information about the killer disease Aids. The production contract was awarded to the theatre company Committed Artists, headed by playwright Mbongeni Ngema, in 1995

The Auditor-General and the Public Pro-

pector subsequently uncovered irregularities in the awarding of the tender and in the financial control of Committed Artists

Three months ago the Heath Investigating Unit recovered assets worth about R4m — three motor vehicles, two trailers, musical equipment and merchandise — purchased by Committed Artists in the name of Ngema, with funds allocated to *Sarafina 2*

The assets are now under the control of the Department of Health. The investigation is continuing into other issues arising out of this case

Judge Heath is likely to be busy for years, given the case load and budget constraints. The unit is requesting more resources from the Justice Department

Depressing as it is to discover the extent of corruption in SA, it would be worse if these cases of wrongdoing were not exposed and the money involved not recovered

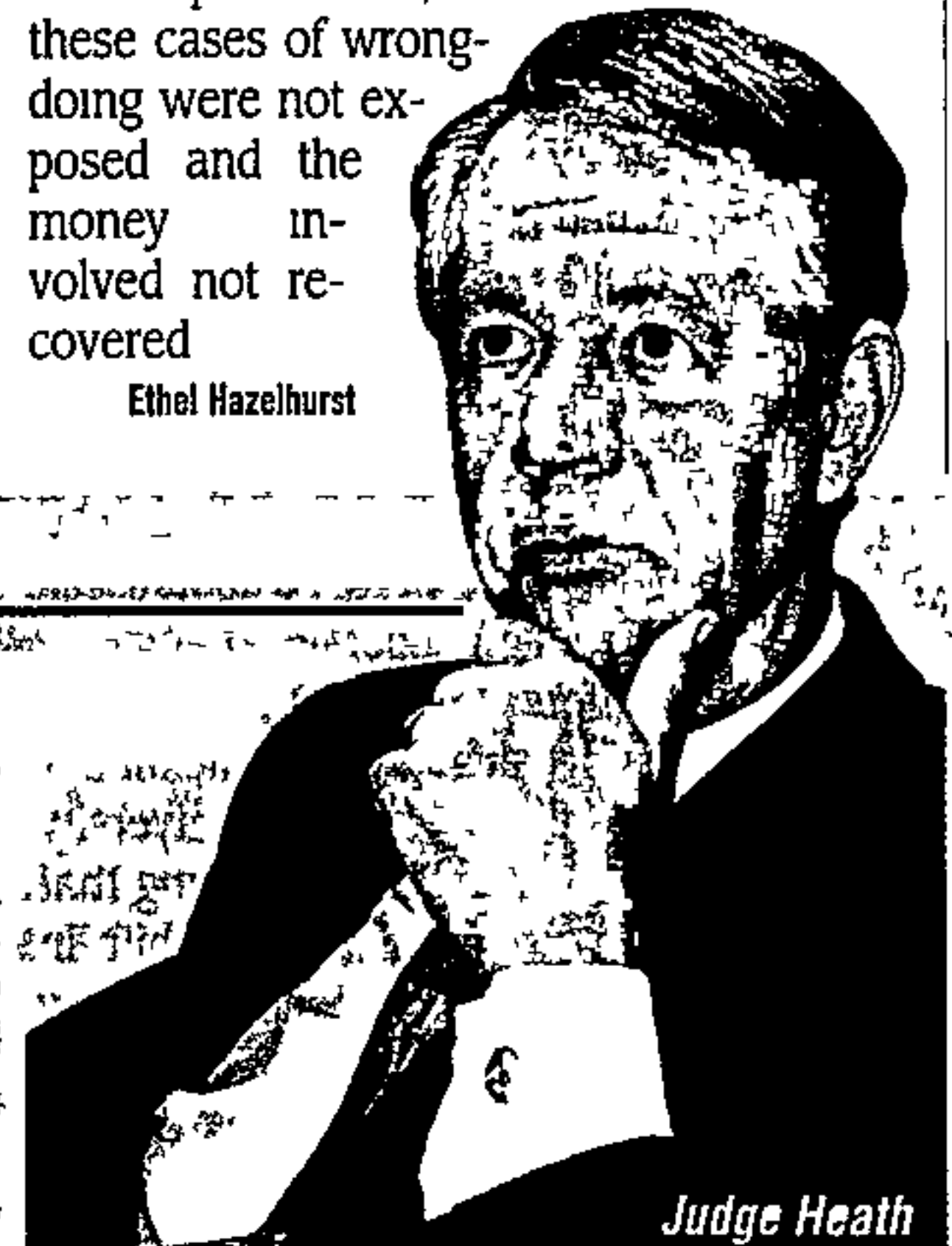
Ethel Hazelhurst

## UNCOVERING THE ROT

### Other cases the unit is handling include:

- The recovery of farms, worth between R45m-R50m. They had been leased by individuals from government more than 10 years ago. The farms had been abandoned, the contracts lapsed and the lessees failed to pay rent.
- The recovery of 372 State-owned vehicles, valued at about R33m on behalf of the Department of Transport in KwaZulu-Natal.
- The securing payment worth R4,5m following a Daily Bread Feeding Scheme scandal in the Eastern Cape.
- The discovery of R22,5m belonging to the Eastern Cape government in a private company's bank account. The money had originally been earmarked for a public corporation that lends to small businesses.
- The stoppage of the cashing of a R540 000 cheque that had been stolen from the Kokstad Town Council.
- The recovery of about R1,3m in overpayments of

- allowances to councillors in Butterworth, Eastern Cape.
- An investigation of 53 000 cases arising out of the housing subsidy scheme in KwaZulu-Natal. The total value of the misappropriations is about R150m.
- An investigation into a State building project in Queenstown, worth about R125m, following allegations of non-compliance with tender procedures.
- An investigation into a R2,3m claim in the Northern Cape arising out of a rental agreement between government and a private company where there are allegations that proper tender procedures were not followed.
- A probe into unauthorised leasing of government photostat machines in the Northern Cape. The damage is estimated at R17m.
- Assisting the Eastern Cape Development Agency to recover loans worth more than R100m made to small businesses.



Judge Heath

- The recovery of R3,5m in salary overpayments made in the former Bisho Audit Office.
- Helping to trace a blank warrant voucher that was stolen from the Department of Justice in Mpumalanga. The warrant voucher was subsequently drawn on the Department of State Expenditure to the value of R4,3m.
- An investigation into numerous Motor Finance Scheme cases where there were allegations of fraud. In many cases the defendants signed acknowledgements of debts which amount to R435 000.



# Mismanagement claims in E Cap

Leading members of Makhenkesi Stofile's Eastern Cape government are under investigation for financial mismanagement – and there could be more bad news to come, reports ECN WEEKEND NEWS.

**B**ISHO – Premier Makhenkesi Stofile's Eastern Cape government has had a very clean record over the last four years, but this week it hit the spotlight with allegations of financial mismanagement involving R300 000 worth of air tickets illegally converted into cash for some MPLs

The third most powerful man in the legislature, Secretary to the Legislature Comrie De Beer, and Finance Head Bey Fatuse have been forced to take leave pending an investigation into the alleged financial mismanagement

Fatuse has also been charged with running a money-lending scheme in the legislature, making staff salary deductions without authorisation and using legislature facilities illegally

Sources in the legislature claim Fatuse has been operating a money-lending scheme for some time, charging exorbitant monthly interest rates to cash-strapped staff and MPLs

Many MPLs and staff are said to owe him large sums of money, with some amounts allegedly as high as R50 000

Fatuse is also accused of approving the cashing in of air-tickets and the hiring of cars by MPLs in exchange for their tickets

In terms of policy, an MPL may travel by car instead of by air and be reimbursed for the equivalent monetary value of the air ticket, provided the journey was proven

No proof has been submitted for the majority of trips taken by MPLs

About half the legislature's MPLs, including party whips and chairmen of standing committees had been cashing in their air tickets

The action against De Beer was due to his failure, as the accounting officer, to give guidance about the correct procedure on how to apply for air ticket refunds

Another bombshell was dropped when it was revealed that three finance companies also had an agreement with staff about loans.

Legislature Speaker Gugule Nkwinti confirmed that the three other companies had been operating, but said no one from the legislature's administrative staff had come forward to seek his authorisation

He said he only became aware of the other companies operations about two weeks ago.

Although the three companies had followed correct procedures by going through the legislature's Human Resource channels, Nkwinti did not authorise the activities of the companies

He said: "There are administrative costs involved in some of these transactions and the legislature cannot bear the costs of the transactions without my approval.

"No one approached me about this"

He said Fatuse's company, Fatuse and Sons, had operated their loan services without following any procedures, which include going through the human resource channels or informing

(763b) CP 20/9/98

the Speakership about it

In an interview with ECN, Nkwinti said he hoped the investigation – conducted by internal auditor Zolile Gwavu and chief legal advisor Herlu Smith – would be completed within three weeks

Nkwinti said: "At the moment there is no evidence that money of the legislature had been mismanaged to the point of embezzlement"

However, Nkwinti said very serious procedural and administrative mismanagement had occurred.

After the investigation is completed, De Beer will be judged by a multi-party disciplinary committee, while Fatuse will be judged by the code of conduct for legislature staffers.

Nkwinti also vowed to "pull up the carpet" if the mismanagement was only the tip of the iceberg

"We've had a clean record, but we cannot assume this is all," he said



CLEAN... Premier Stofile's provincial government enjoyed a clean record – up to now

# E Cape's money-lending orgy costs R300m

*(A63B) M+G 26/9-1/10/98*

**Peter Dickson**

**M**ore than R300-million in taxpayers' money is owed in unauthorised, outstanding loans to senior civil servants in the Eastern Cape

This disclosure comes a week after provincial speaker Gugile Nkwinti suspended two officials who had cashed in more than R300 000 in air tickets for members of the legislature without authorisation

The legislature's finance director, Bey Fatuse, and its secretary and accounting officer, Connie de Beer, were suspended last week pending a top-level investigation. Fatuse ran a lend-

ing business called Fatuse and Sons De Beer resigned on Wednesday, saying his position had become untenable. He said he had not acted fraudulently, and his relationship with the provincial government had "broken down"

Nkwinti said other money-lending companies — Alternative Finance Limited, Lantern Services and King Finance Corporation — have been operating in the legislature's precincts. Although they followed correct procedures in approaching the legislature's human resources department, they did not secure Nkwinti's authorisation to operate there. Nkwinti said Fatuse and Sons

had operated since last year without following any procedures. While the investigation into Fatuse and De Beer continued this week, the provincial government's Department of Finance was also under fire. Six years ago, Bisho deputy permanent secretary of finance Mondile Limekhaya took out a R628 000 loan from parastatal Transidlo, where he was an executive member, to finance a fashion retailing business in Butterworth.

The business bombed and Limekhaya and his partner, Lizo Kakana, failed to make a single repayment. They owe a further R600 000 interest. Limekhaya and Kakana were

served with a letter of demand for R1,2-million by Judge Willem Heath's special investigation unit this week.

When Transidlo became the Eastern Cape Development Corporation, Limekhaya and Kakana were appointed to the board. Now called the Eastern Cape Development Agency, the entire board has since been replaced.

Judge Heath's unit disclosed earlier this month the development corporation was owed more than R335-million in unpaid loans — largely by former management — and R82-million in overdue rentals. Recovering the money is critical to the development agency's survival,

says its new boss, Pieter Bosch.

Letters of demand have also been sent to the agency's former head, Campbell Bomela, who received about R100 000 in government subsidies while illegally occupying a R200-a-month state house he did not qualify for, and to former board member Mballi Swana Swana, a Durban architect, and his wife, Sibongile, borrowed R370 000 for a failed Umtata restaurant venture.

Bisho's troubled finance department was also mentioned in the National Assembly this week.

National finance Director General Maria Ramos told MPs that eight redundant civil servants who were "dumped" on her department in the Eastern Cape from the former Transkei and Ciskei audit offices did not have the necessary skills and had refused transfers to Pretoria. They were still being paid, she said.



# This town ain't big enough for both of them

*It's high noon in the Eastern Cape town of Butterworth, where South Africa's only mayor in exile and his nemesis are fighting for control of the local council,*

writes **CELEAN JACOBSON**  
ST 15/11/98 (2630)

**A**NTHONY Bam is the mayor or nobody wants. In the past year he has been kicked out of the ANC and barred from entering the Butterworth council's offices. He now lives 100km away in East London.

Bam has lost control of the town, but he refuses to relinquish his claim to the title as its first citizen, and he continues to draw his R5 500 monthly salary.

But the SA National Civic Organisation, which is allied to the ANC, insists that he and his councillors must leave.

The struggle between Bam and his erstwhile political allies had by last week brought Butterworth to a halt, turning it into South Africa's largest municipal nightmare.

Last weekend, Deputy President Thabo Mbeki was drawn into the Butterworth fray when, on a visit to the town, he was greeted by a trail of rubbish that appeared overnight along the main street. It was a defiant stand by residents determined to show their hand and their feelings about the man they once voted into power.

Bam, 58, is a scholarly man who has been a leading figure in the community for nearly 20 years. His wife, Jillian, is an ANC MP, and they are both veterans of the struggle against apartheid. But it did not take Bam long to lose his popularity.

Soon after he was elected in 1996, he and his councillors were accused of misappropriating R14.5-million earmarked for development and overpaying themselves R1-million in allowances.

The provincial government reacted by trying to dissolve the council, but Bam countered with a successful court action.

An investigation by Judge Willem Heath's special unit into

the council's financial affairs was also stalled by legal action by Bam, which included interdicting President Nelson Mandela.

The unit was investigating allegations that Bam owed about R30 528 with his rent and services arrears and that about R70 000 was owed by other councillors. It was also looking into the use of council funds to buy weapons and a vehicle finance scheme in terms of which councillors allegedly bought their own cars with municipal funds.

Then in March this year, after there was no money to pay municipal workers, the provincial government forced the council to "step aside", and an administrator was appointed to run the town. The ANC in the province suspended its 11 councillors, and Bam resigned from the party. However, last month Bam was reinstated in an out-of-court settlement, and he is determined to remain in his office.

Bam believes he is fighting a just war for the cause of proper government and that not even the President is above the law. "I'll continue to fight to stay. If we were to give in it would set a bad precedent. If we went, there would be anarchy."

"They [protesters] could go to Bisho and tell the provincial government to step down, or even to Cape Town. Our actions protect all municipalities in South Africa."

At home after yet another trip to his lawyers in King William's Town, Bam, in a worn suit, does not look like a tyrant. However, it is clear he is no pushover.

Bam blames the chaos in But-

terworth on a "coup" by divisive newcomers. "From 1995 there has been a power struggle, and disenchanted opportunists sprang up to sow dissension. This is what will finally destroy Butterworth. Lawlessness will kill the town. There is no law in Butterworth," he said.

Bam says he withdrew his resignation from the ANC and is still a member of the party. As if to prove this, a huge picture of Mandela hangs in his home.

Bam's house in East London is newly furnished but modest. His many academic certificates hang on the walls, as does the

*Local business leaders whisper that it is hard to say who is doing more damage to Butterworth —*

*Anthony Bam or Ndyebo Skelenge*

Masakhane award. Butterworth won in 1996, before Bam fell from grace. The Volvo in the garage belongs to his wife — he drives around in a slightly battered Honda.

Bam says numerous audits have cleared the councillors of allegations of financial irregularities. He can reel off a list of successes he says he has achieved for Butterworth.

"Instead of us doing our work, we have had to keep defending lies. They [my critics] cannot prove anything. They are trying to discredit us. It is not true that

I have done nothing," he says. He divides his time between East London and Butterworth, and says he and his wife are still well loved in the town. "The people of Butterworth will never stop voting for me, no matter how hard certain elements try to mislead them."

But his vehement defence of his support fell a little flat when it emerged that he had had no official plans to receive the deputy president and was not even in town when Mbeki visited. On the other hand, Sanco leaders made sure they had an audience with Mbeki to raise their grievances.

Speaking from the temporary headquarters he has set up outside Butterworth's municipal offices, Sanco general secretary Ndyebo Skelenge said his organisation would fight Bam's reinstatement.

"He is being forced on the people against their will. Bam cannot come back. He has resigned from the party. He cannot stay as mayor. The whole council must go."

Skelenge, who is wearing the kind of ersatz Gucci suit that is popular with post-revolution Sanco activists, came to Butterworth about seven years ago.

He says Bam has done nothing for the town. "The absence of development in Butterworth is a crime. It is a crisis here. Nothing is happening."

He says Bam spends most of his time at his home in East London's upmarket Beacon Bay and has enriched himself on funds intended for the community.

"We demand to know what happened to that money. They

[the councillors] continue to pay themselves huge amounts. That money is meant for the Butterworth community."

Although Skelenge, 44, plays the slighted democrat with aplomb, local business leaders are not convinced. They whisper that it is hard to say who — Bam or Skelenge — is doing more damage to the town.

While Bam has failed to administer the town properly, Skelenge has reacted opportunistically to destroy what fragile infrastructure was in place, they say.

Evidence to back up this view is plentiful.

After Bam and his councillors were reinstated, Sanco sent municipal workers home. Rubbish was scattered all over the town, dead sheep lay in the streets and women sold fruit and vegetables next to heaps of rotting refuse.

Traffic lights still do not work, the roads are in a state of disrepair, the water and electricity supply is erratic and local businesses have threatened to leave unless order is restored.

Mbeki sounded a warning to those vying for power at all costs. "The problems in Butterworth have nothing to do with the interests of the people in the town but something to do with personal ambitions."

The ANC cannot afford to allow the town to collapse if it wants to maintain credibility in the area, and the crisis is receiving attention from the highest quarters.

The National Council of Provinces has been called in to try to find a solution, and the ANC's national executive committee is also investigating the conduct of the councillors.

But the problems are not simply due to a clash of personal ambitions — Butterworth was a

disaster waiting to happen. Home to about 100 000 people, it is the second largest town in the Transkei and the seat of the Transkei Development Corporation. Attractive by the former town, and it was a commercial centre. But these days it is pulling out without work. There were 42 000 people in Butterworth. This



**A DIRTY BUSINESS.** Garbage piles up in Butterworth's streets; and Anthony Bam, who is defending his claim to the town's municipal throne. Pictures: RUVAN BOSHOFF and COBUS BODENSTEIN





Butterworth's streets, and Anthony Bam, who is defending Pictures. RUVAN BOSHOF and COBUS BODENSTEIN

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Home to about 50 000 people, it is the second largest town in the Transkei and serves a population of about 100 000.

Attractive incentives offered by the former homeland government lured businesses to the town, and it became a thriving commercial centre.

But these companies are now pulling out, leaving thousands without work. Eight years ago there were 42 industries and 38 000 people employed in Butterworth. This has now been

reduced to 12 industries with fewer than 5 000 employees.

Unemployment is being exacerbated by the economic recession, which has hit the Eastern Cape, with its heavy industries, particularly hard.

The province has also been plagued by corruption and poor administration which, as Mbeki has said, were entrenched in the homeland system.

There have been three MECs in charge of local government in two years. The solution to Butterworth's problems cannot be

found unless there is stability in the province.

Bam and his councillors may be back, but they probably won't be for long — they will not be able to achieve much without the support of the community. Either their legitimacy must be confirmed by the ANC, or they must read the writing on the wall and leave.

Meanwhile, from his East London hideout, South Africa's only mayor in exile continues his bizarre war against the town that has rejected him.