ECONOMY - (F) GAUTENG

1994 - 1995

NEWS

'Emphasis on those neglected in the past'

Gauteng govt unveils economic growth plan

(49F) Star 24/2/95

BY JO-ANNE COLLINGE

The Gauteng government has published its vision for economic development, declaring an "aggressive" will to win productive investment but a position of no compromise on accepted labour practices.

Commenting on the document yesterday, Premier Tokyo Sexwale said: "Our approach to the economy can be encapsulated by the phrase 'shared growth' — dynamic economic growth that benefits all who live in our province and especially those who have been economically neglected in the past."

Tokyo Sexwale

The document states that the province's investment drive will take place within a nationally agreed incentive structure, involving fiscal, land and infrastructural elements.

The Gauteng government also asserts that it will encourage greater savings and investment within its boundaries.

It believes that good domestic savings must precede international investment.

Another theme running through the document is that of the interdependence of the provinces and the notion that Gauteng's growth will have spin-offs beyond its borders.

The meeting between the Gauteng cabinet and Deputy Minister of Finance Alec Erwin on Wednesday seems to have left the province with some hope that funding from the national Budget will be reviewed.

The meeting took place at the request of Sexwale, whose government is dissatisfied both with the process by which allocations have been made and with the resulting level of funding for the province.

Sexwale told the provincial legislature this week that the allocations fell short of expectations.

he rejuvenation of Johannesburg's ailing inner city has long been on the agenda, but many factors bedevil the process. City Reporter **Charmeela Bhagowat** reports

Ensuring Egoli glisters

49F

Regional government pledged its support in reviving the city centre with great conviction when it moved into City Hall last year.

Its commitment to the city sent waves of enthusiasm through everyone, including the historically disinterested private sector.

In fact, many criticised the old city council for overtaxing city users, providing mediocre services and generally failing to maintain any kind of standards in the inner city.

Now, although most people agree the Greater Johannesburg Transitional Metropolitan Council (TMC) will not effect substantial changes in its short lifespan and question the wisdom of burying its local council in the TMC, they are more hopeful about the future than they have ever been

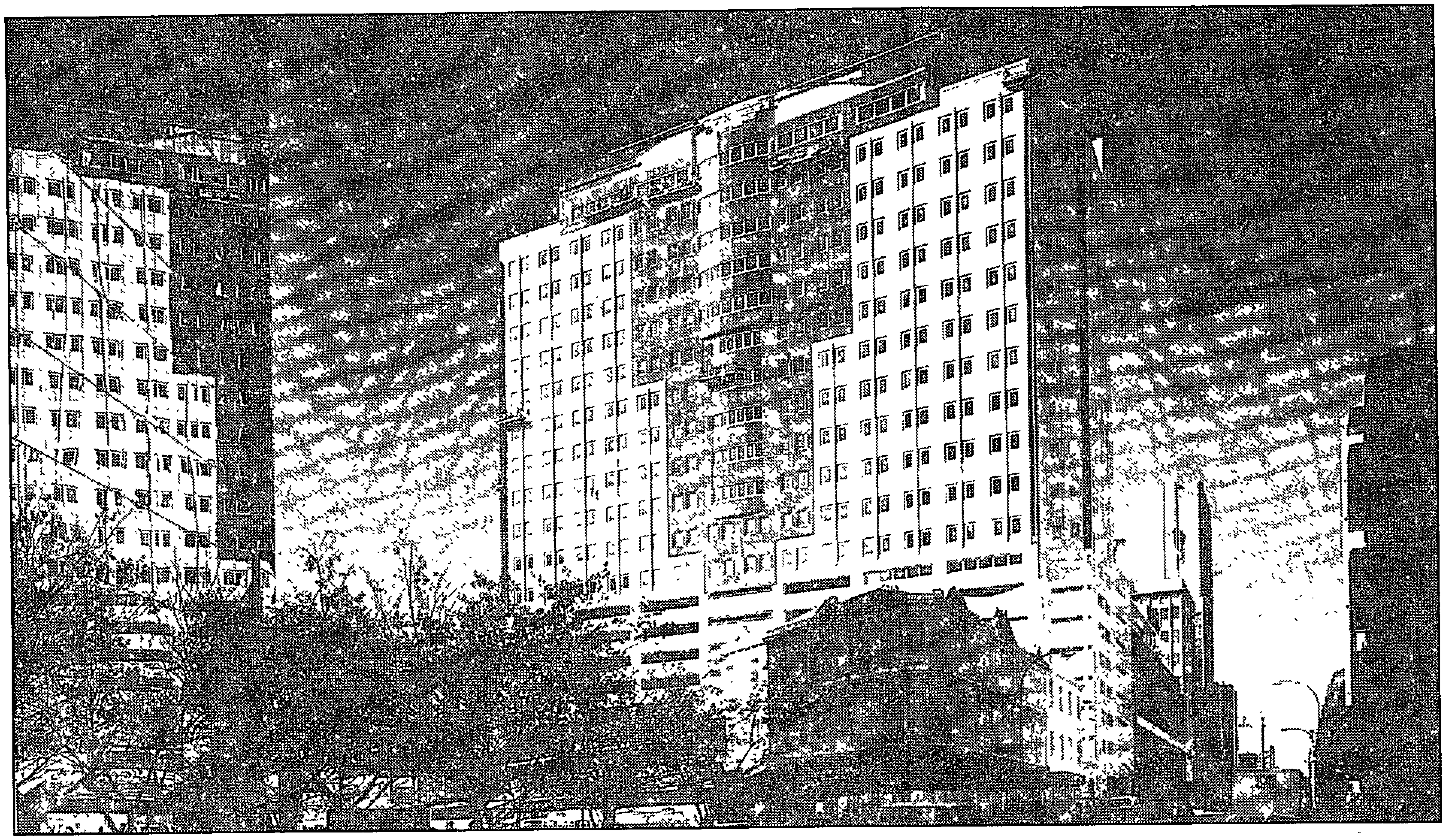
Enthusiasm

This enthusiasm was evident at a recent conference on rejuvenating the city, and if suggestions proposed by several professional experts — all synchronised with the needs of the new South Africa — ever bear fruit, the city is destined for a great future.

Already, regional government has endorsed an urban renewal strategy which it plans to implement with local government and all other stakeholders, and at a summit in April all these stakeholders are expected to create a common vision for their city.

Discussing the lack of progress so far, Central Johannesburg Partnership executive director Neil Fraser said Johannesburg would be a truly great world city only if its direction and vision were plotted by all who used it under a legitimate political authority.

Fraser said this had not been possible before, with the former city council imposing its own vision on the city over everybody else through a project-driven



Financial faith . . . construction work in downtown Johannesburg reverses the slow decay.

"We have not had equitable governance for decades, nor do we display urban organisational patterns similar to those of really successful cities. The private sector has historically been largely uninterested in becoming involved and we certainly, to date, have not seen the success factors prevalent in revitalised cities — shared vision, strong leadership, a focus on place, a focus on economy or a focus on people," said Fraser.

He said that as the country ... the yoke of the past 40 years, one of the primary orders of business was to address the many pressing needs resulting from increased urbanisation. There should be an urgency to "grow a strong and vibrant economy quickly and find ways of redistributing wealth, assets and income to serve the needs of our rapidly growing population".

This, it seems, is the view infiltrating all strata of the city's society, which could lead to exciting things

Talkin[illegible] about the effects of local government on the inner city, veteran civic leader and Community Bank chief executive officer Cas Coovadia said there had been a tendency to shy away from the reality that Johannesburg is becoming an African city.

"It would be an error to attribute the decay of the inner city to crime alone. One of the key reasons is the fact that government, particularly at local level, has been virtually passive in developing the area or playing any role until about two years ago.

There has been no attempt, until fairly recently, to formulate a strategy for the development of the area within the context of changing conditions."

Pointing out that there has been no accommodation for massive urbanisation which brought thousands of poor people and informal traders to the city, he said innovative and dynamic strategies for developing the area were necessary

He added that the private sector needed to contribute to upgrading the inner city in a collaborative effort with all other stakeholders.

Also advocating the need for the private sector to get more involved in the city's affairs, Andrew Feinstein, chairman of the Gauteng standing committee on economic affairs, said there must be a partnership between the Government, labour, business and consumers if the city is to be developed to its full potential.

He believes the private sector is best placed to identify business opportunities which will create jobs and develop the economy in tandem with the RDP, and he asked delegates at the conference to start considering how their companies could do this.

Erky Wood, an urban architect, said the urban poor had every right to be in the inner city, which was once the soft underbelly of apartheid, and must be given the security they deserve.

He said it was time to find policy directives for the inner city which exploit existing patterns of economic development, broaden patterns of economic opportunity, look for symbiotic relationships between economic sectors, exploit under-utilised land and bolster infrastructural capacities.

Star 6/2/95

Democratically

Stephen Thorne, another architect and urban designer, believes the city needs to be structured democratically to meet the needs of those without private transport and to be integrated into an urban mix in a manner beneficial to all city users.

Urging developers to build residential blocks conducive to healthy urban living, Thorne said local and regional government must "allow development to occur on one hand, and ensure it takes place on the other".

He said it was also necessary to begin linking areas in a manner which connects communities and districts instead of isolating them.

With the myriad of great visions for Johannesburg and a new breed of professionals willing to appreciate the fine balance between developing Johannesburg as Africa's financial powerhouse and a booming Third World city, one can only believe that there will soon emerge a common vision for the city everyone wants to be proud of.

Much depends on the attitude and energy of local government in pursuing this vision, even if regional leaders lead the way.

R103 million for Greater Jo'burg

(49F)

Sowetan 10/3/95

By Joshua Raboroko

THE Greater Johannesburg Transitional Metropolitan Council has allocated approximately R103 million for the maintenance of services in four black residential areas.

Soweto will receive about R64,5 million, Alexandra R12,5 million, Diepmeadow R22 million and Dobsonville R3,7 million for the balance of the 1994-95 financial year. These allocations were tabled during the council's monthly meeting held at the Johannesburg City Council Chambers in Braamfontein yesterday.

The council said allocations were to cover the shortfall on the operating expenditure of bulk and other services in the townships.

The former Central Witwatersrand Regional Services Council had made available about R547,6 million in the past four years. Chairman of the TMC Mr Isaac Mogase said money provided would not be enough to maintain the townships to the expected standards.

Gauteng business closures

Sowetan 10/3/95

49F

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By Ismail Lagardien
Political Correspondent

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

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

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

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

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

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

NEWS

Extra income from horseracing

Gauteng will rely heavily on Budget

(49F)

Star 20/3/95

■ BY JO-ANNE COLLINGE

About 90% of Gauteng's budget, to be presented to the legislature on Wednesday, will be financed by the R9,9-billion which was allocated to the province in the recent national Budget.

A further amount of about R900-million will be raised by the province itself, largely by means of tax on horseracing.

The Gauteng government's first budget is really about setting spending priorities within the framework of the RDP, says MEC for Finance and Economic Affairs Jabu Moleketi.

For the man or woman in the street, this is one budget that has no immediate sting in the tail — in terms of income tax, property rates or increased service charges.

Moleketi said the Gauteng cabinet had set a number of priorities which had influenced the allocation of finances to various departments or functions within the province.

A central consideration had been the achievement of a "friendly atmosphere for investment" in Gauteng. This had been linked to the imperative of creating sustainable employment. Then there was the goal of meeting basic needs of development.

No less than 43,4% of national expenditure for 1995/6 — or R66,4-billion — was earmarked for allocation to the nine provinces in Finance Minister Chris Liebenberg's Budget.

Moleketi said the idea was that functions and funding from the centre would be handed down in parallel, but things sometimes got out of step. Last year, for instance, Gauteng had found itself with new responsibilities in the health field and with no new finance to cover them.

In general, the central Government had divided the pie among the provinces in direct proportion to population distribution.

Somewhat surprisingly, the Western Cape, with the best human development index in the country, may have scored slightly better than the rest, getting 11% of the provincial allocation while accounting for about 9% of the population.

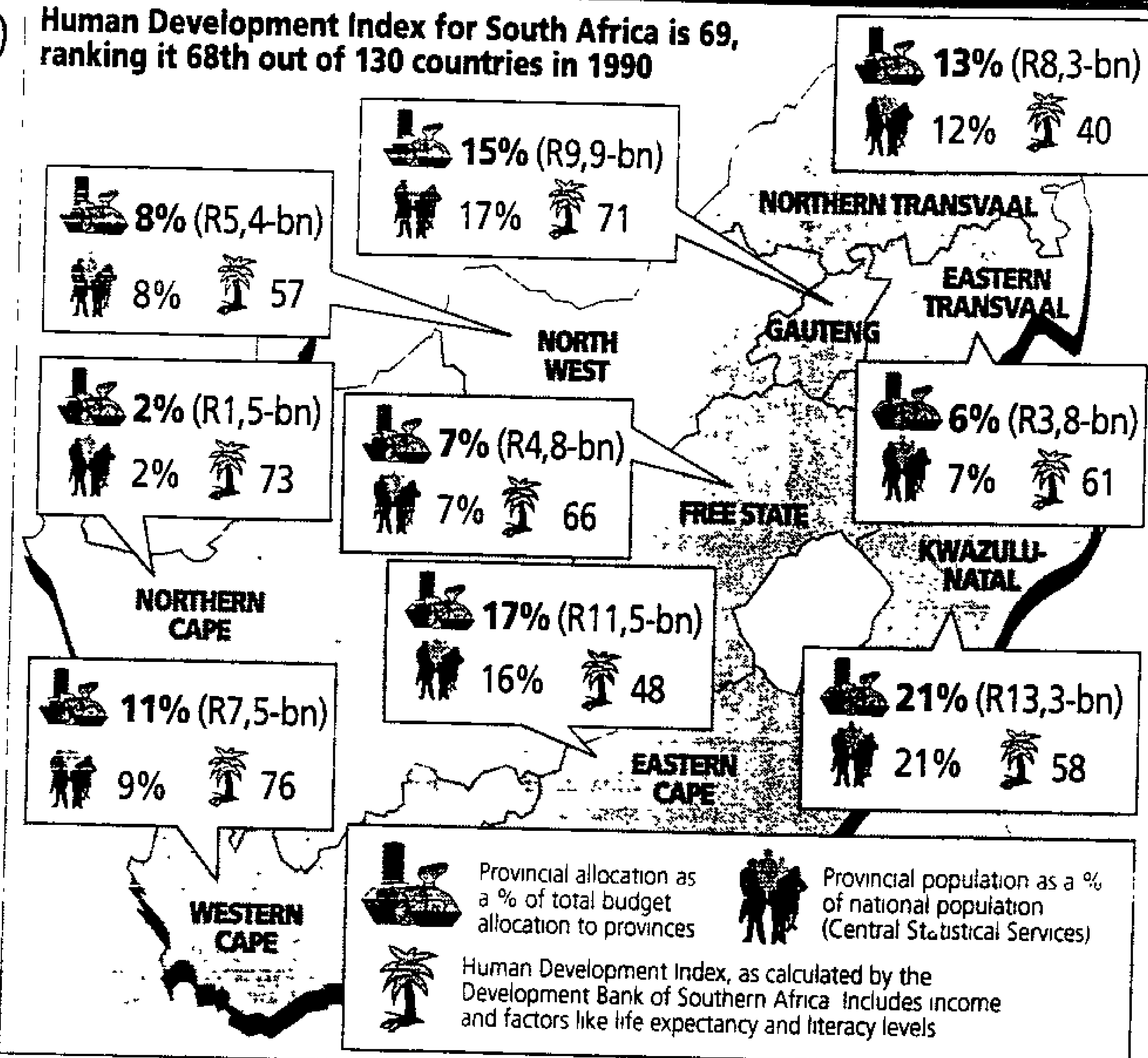
Moleketi said he could work comfortably within the general contours of Liebenberg's Budget.

"What we can also live with is management of the borrowing capacity of provinces." Among other things, he pointed out, provinces were prohibited from borrowing to meet current expenditure.

This implied that Gauteng was responsible for "the management of our own shortfall". And, said Moleketi, it was his intention to move swiftly to enact legislation for licensed gambling.

HOW THE PROVINCES SHARE R66-BILLION

Human Development Index for South Africa is 69, ranking it 68th out of 130 countries in 1990



'Not too serious' Annoline gets out | Police...

Main fiscal focus on basic needs

Star 23/3/95 (S20) (49F)

BY JO-ANNE COLLINGE

The social services of health, education and welfare account for 87,5% of spending in Gauteng's R10,77-billion budget.

Education claims the lion's share (R4,5-billion or 42%), health (R3,1-billion or 29%) and welfare (R1,8-billion or 17%).

On the income side, 92% of the budgeted amount comprises transfers from the central government, while the remainder is generated by the province itself — mainly in vehicle licence fees and tax on horseracing.

The huge increase in national government expenditure on housing — an increase of almost 80% — is not reflected in the Gauteng budget. The reason for this is that the subsidies will be channelled via the National Housing Board to the Gauteng Housing Board, which will be responsible for their allocation. Gauteng expected about double last year's R192-million.

Also absent from the Gauteng budget at this point are allocations from the RDP Fund. Finance MEC Jabu Moleketi explained in his budget speech that the procedure for securing RDP financing was distinct from the general budgetary process.

"Funding for the RDP is obtained from the RDP Fund after rigorous planning and preparation of business plans which, after approval by the national RDP Ministry, become the contract between the implementing agency and the RDP Ministry," he said.

"This province is currently in the process of preparing plans for submission to the RDP Ministry. As a minimum, I have set a target of R500-million for projects to be funded from the RDP Fund. These amounts will be focused on the areas of greatest need."

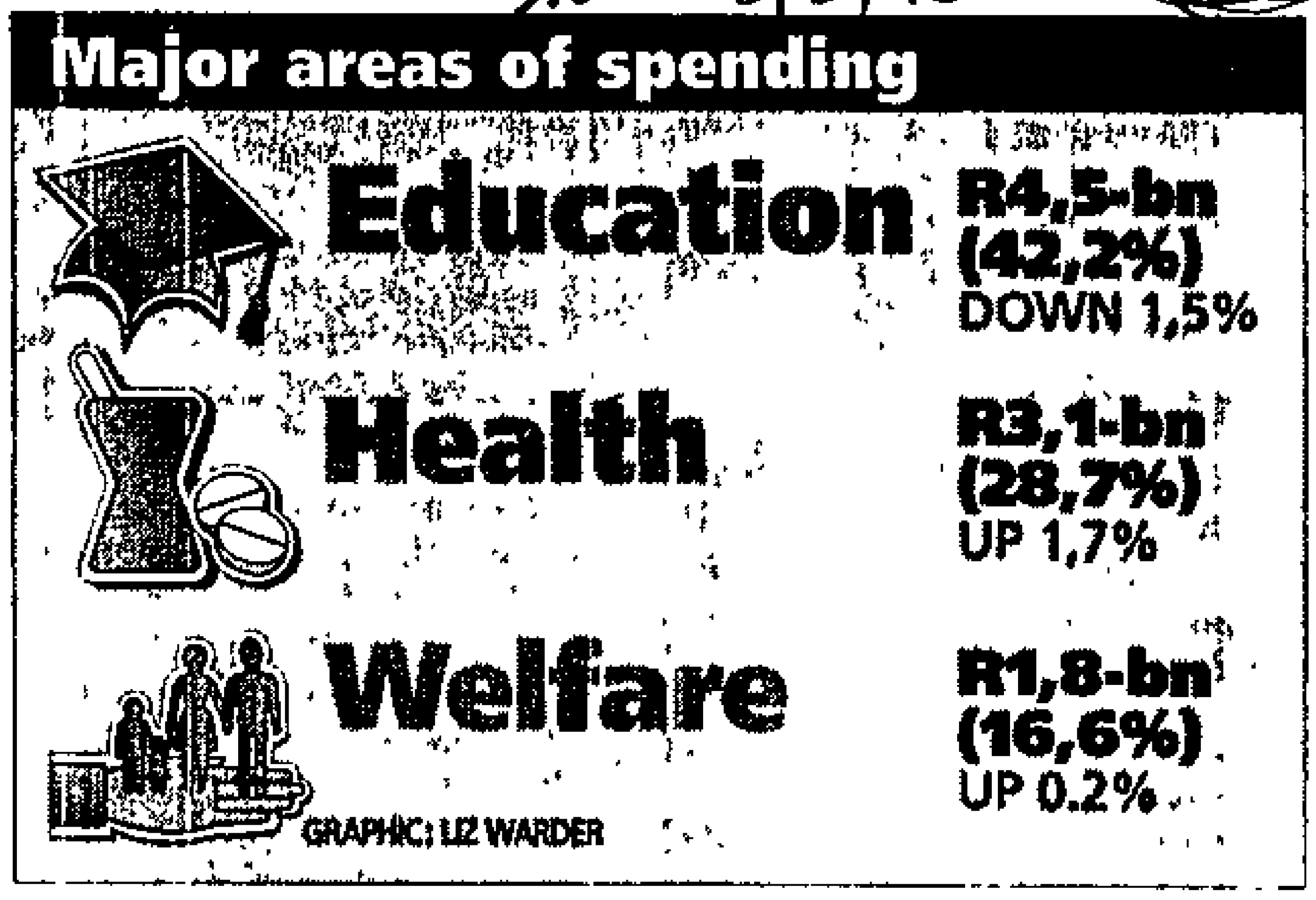
These additional allocations from the RDP Fund would form part of the adjustment estimates later in the financial year.

The amount of R2-million budgeted for the ministry of safety and security is only a fraction of the amount to be spent on policing the province this year. Budgetary responsibility for policing functions has been retained at national level and the Gauteng entry covers only the direct expenses of the ministry.

Moleketi highlighted the fact that the bulk of the R299-million allocated to the department of housing and local government would be spent on local government. He also warned that "this government has no funds to bail out local authorities if service charges are not paid".

The cost of running the 86-member Legislative Assembly for the coming year will be R60-million — 0,55% of total budgeted spending — while the premier's office will cost R14-million (or 0,1%).

Moleketi summed up the budget as a "holding budget, intended to maintain the current level and quantum of services". But, he said, with RDP Fund input and housing board allocations, it would was also a spending plan to start addressing the basic needs of the poorest members of society.



Bullish companies a boost for province

Star 23/3/95 (49F)

POLITICAL STAFF

Since the election, Gauteng has seen substantial new investment by the private sector in manufacturing and other fields.

Finance MEC Jabu Moleketi yesterday challenged any who doubted this trend by itemising a whole list of seven and eight-figure ventures, stretching from Rosslyn to the Vaal.

The Pretoria motor industry, he said, had benefited considerably, with BMW investing R100-million, Land Rover pumping in R60-million on its return to SA and Nissan announcing a R57-million short-term investment, with another R54-million to come.

Iscor and an Austrian company were to put R130-million into steel-casting machinery in the Vaal. In Springs, Nampak was investing R22-million in a beverage canning plant.

It was estimated that the mass electrification scheme — progressing at a rate of 20 000 homes a month — had increased the sale of major electrical appliances by about 10%. The demand for electrical cabling had led to the establishment of a manufacturing plant in Vereeniging at a cost of R41-million.

Moleketi referred to telecommunications as a sector with enormous growth potential. He said "all the large companies are based in this province" and there were indications that several international concerns intended to site their African headquarters in Gauteng.

Vodacom had a community cellular phone project in Evaton which was expected to produce 22 000 phones in five years.

The Hyatt and Sheraton hotel chains had built their first SA establishments in Rosebank and Sandton respectively. Other international companies which were returning or making an initial investment in Gauteng included IBM, Pepsi, Barclays Bank, Heinz, Apple Computer, Samsung, Goldstar and Citibank.

No new Gauteng tax plan

(49F) Star 23/3/95

BY JO-ANNE COLLINGE

The Gauteng government has a plan to find the additional R1,2-billion required to meet basic service and infrastructural demands.

And the plan stops short of levying new taxes — at this point.

Finance MEC Jabu Moleketi yesterday outlined potential sources of additional income for Gauteng, stressing that his list was not exhaustive and the figures were only "order of magnitude" amounts.

He foresaw that the largest amounts would come from:

- Borrowing: Gauteng is currently debt free and could borrow up to half of its capital expenditure requirements. This would realise as much as R280-million.
- Elimination of waste through "bottom up" budgeting and performance management: If savings of 2% were made, this would realise R200-million.
- The RDP Fund: Indications were that a R300-million non-refundable grant would be available to help regear health service from sophisticated hospital care to primary care.
- Carry-over funds: At the end of 1994/5 Gauteng had about R200-million which had been appropriated but not spent.

In addition, once gambling was legalised, it was estimated that this could possibly generate revenue in the region of R50-million.

Further amounts were expected from the increased volume of motor vehicle licences (and inflation-related increases in licence fees); fees charged for certain services rendered; and from taxes on horseracing.

Finance Department officials assured journalists that increased service fees would not apply to health services.

Moleketi noted that the national Parliament had yet to pass legislation enabling provinces to levy their own taxes.

"It is foreseen that this is going to take a long time to materialise. We are therefore, conservatively, not targeting any additional revenue from provincial taxes and surcharges."

But, he added: "We will rigorously be pursuing our constitutional rights in regard to raising provincial taxes."

Big squeeze on local budget

(49F)

Star 23/3/95

BY JO-ANNE COLLINGE

Gauteng MEC for Finance and Economic Affairs Jabu Moleketi yesterday presented a provincial budget which falls R1,2-billion short of requirements and he accused the national Government of squeezing Gauteng beyond endurance.

Gauteng's allocation of R9,9-billion from the national Government forced it to slash its budgeted expenditure to R10,7-billion. Like all provinces, Gauteng gets the bulk of its revenue from the national fiscus.

Moleketi said he was determined that the additional R1,2-billion (the "provisional shortfall") would be found — and he presented a detailed proposal of how this could be done.

But if he fails, the jobs of hundreds of teachers and hundreds of health personnel will

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Setback for health, education

BD 23/3/95

Gauteng's first budget facing R1,2bn blow

(49F)

SELLO MOTLHABAKWE
and NOMAVENDA MATHIANE

GAUTENG faced a potential finance shortfall of R1,2bn in the 1995/96 fiscal year after a disappointing allocation from central government, finance and economic affairs minister Jabu Moleketi said yesterday.

Unveiling the province's R10,7bn budget, he said that although the province was providing for a balanced budget, it could face a R1,2bn "potential" shortfall.

The province hoped to address the shortfall through assistance from the reconstruction and development programme (RDP) fund, loans and a cost-saving drive.

He said it was only a "potential" shortfall and the R1,2bn was the amount of extra revenue that Gauteng would have got if it had received the average provincial spending per head of population.

The budget, up a scant R140m from the 1994/95 year, consisted of a R9,95bn allocation from central government and own revenue of R826,9m. This revenue is mainly derived from motor vehicle licences, horse racing taxes and patient fees.

Moleketi said the shortfall would be the result of "difficulties" encountered during negotiations with the national function committees which set allocation criteria for the provinces. As a result of constraints imposed on the Gauteng budget by the committees, the province had cut back on the education allocation by [illegible] to R4,5bn. Although the health ministry's allocation was up R213m, it suffered cutbacks and received only R3,1bn. The third largest allocation was for welfare (R1,8bn).

He said government had effectively set priorities for the provinces, which made it difficult for regional governments to perform their "democratic" duties.

Gauteng had departmental requests amounting to R1,2bn more than its allocation from the Budget. The revenue plan to cover the shortfall would feature a waste reduction exercise aimed at saving 2% of the budget, raising loans to fund half the capital programme and obtaining bridging finance for health from the RDP fund.

Borrowing would be considered only as a last resort. Gauteng would not levy provincial taxes at this stage because provinces did not have the legislative capacity to levy taxes. But it hoped to table laws in time to draw revenue from gambling licences and activities.

The present budget does not cover allocations to the housing and safety and security ministries. The two portfolios are the responsibility of national government. A sum of R2m has been allocated to the safety and security regional ministry for administrative expenditure. A total of R299m has been allocated to the housing ministry to administer informal townships and pay the Soweto area's electricity loan.

He said allocations to the RDP would be doubled this year. The money would be allocated once the province had presented a business plan to the national RDP office. A minimum target of R500m has been set for RDP projects in the province.

He described the present budget as "a holding exercise" primarily geared towards meeting social services and welfare, and a vehicle to start addressing the

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Gauteng

(49F)

☐ From Page 1

basic needs of the poorest.

The PAC's !Khoisan X said the budget was geared towards social spending and not towards uplifting the economic development of disadvantaged communities.

The budget did nothing to assist the poor to take advantage of agriculture and business development. It did not deal with micro business development which affected many people.

BD 23/3/95

DP health spokesman Jack Bloom said the potentia[illegible] region's health budge[illegible] 580m was "nothing short of disastrous" for the region's already hard-pressed hospitals.

Central government's objective of "parity" was nonsensical because many patients from other provinces used Gauteng's specialist hospitals.

Inkatha Freedom Party spokesman Humphry Ndlovu said Inkatha would comment after studying the document.

Gauteng's Budget slice criticised: CT(BR) 24/3/95 (49F) The Johannesburg Chamber of Commerce and Industry yesterday criticised central government's decision to allocate only 15 percent of the national budget to Gauteng province. "For decades the PWV (Gauteng) has been short-changed in many ways, initially in the name of influx control and latterly in the name of decentralisation policies," said JCCI chief executive Marius de Jager.

Gauteng budget out by a long way, says Davidson

(49F) Star 28/3/95

BY JO-ANNE COLLINGE

The gap between the Gauteng government's income and its spending requirements is about R225-million more than the R1,2-billion projected by Finance MEC Jabu Moleketi, says the DP's Ian Davidson.

During the finance standing committee's discussion on the budget yesterday, Davidson put it to Moleketi that he had substantially overestimated the modest measure of revenue which the province could generate of its own accord.

He pointed out that last year, provincial revenue of R546-million had been generated in the Gauteng area, whereas the projected figure for 1995/6 was R827-million. This increase of 51% was totally unrealistic.

He asserted that an increase of about 10% in the generation of own revenue was far more realistic, and that the potential shortfall was thus more like R1,4-billion than R1,2-billion.

No less than 92% of Gauteng's budgeted income for this year comes from the national fiscus.

Davidson charged that Moleketi had been equally over-optimistic in his reckoning of additional sources of revenue which could be found to make good this potential shortfall.

He questioned whether it was realistic to expect any revenue from patient fees and horse-racing over and above the already ambitious amounts appearing on the income side of the budget estimates.

And, while waste reduction might well yield considerable returns in the long run, it was optimistic to think that this could yield R200-million in the first year of implementation.

Moleketi said he was satisfied that he had been "quite thorough on the revenue side". Various advisers to the MECs had pointed out that:

- The 1994/5 budget did not provide a helpful baseline for income estimates, since they had been conservative and the actual amounts collected in a number of categories had exceeded budgetary expectations.
- In 1995, tax from horseracing would be supplemented by tax on sports betting, which had been introduced only recently.

Legislators get biggest slice of pay cake

POLITICAL STAFF

The Gauteng legislature has budgeted to spend more than R26-million on salaries and benefits during the coming year and the lion's share — R19,8-million or 72% — will go to members of the provincial legislature.

The legislature's back-up staff, who are likely to outnumber the politicians shortly, will share a mere 28% of the personnel budget.

These figures were supplied to the finance standing Committee yesterday by administrator Jeets Hargovan, who made his submission on behalf of provincial secretary Stan Nkosi.

The number of MPLs on the legislature's payroll is 75, since the premier and members of the executive council are provided for in separate budget votes. According to sources in the legislature, the back-up staff is due to expand within weeks from its current level of about 30 to more than 90.

Hargovan said a constituency allowance of R3 000 for each MPL had not been provided for in the budget since the matter of allowances still required final approval.

using computers

Gauteng feels the squeeze

WM(BM) 24-30/3/95 (49F)

Gauteng is cheesed off at its slice of the national revenue pie. **Reg Rumney** reports

THE Gauteng government may have to find R1,2-billion this year to get its sums right. That is the shortfall between the money Gauteng will get from the central government and its own revenue and spending.

It might have to borrow up to R280-million of that. The exact extent of the shortfall is one of the big uncertainties in the first provincial budget to be tabled under the new provincial dispensation.

Central government will provide around 92 percent or R9,95-billion of the R10,776-billion budget. The remaining R827-million will come from own revenue, the bulk of which comes from vehicle licences, patient fees at provincial health institutions, and horseracing taxes.

In presenting his 1995/96 Budget this week MEC for Finance and Economic Affairs PJ Moleketi argued that the way the provincial government Budgets are allocated means that Gauteng is being "squeezed from all directions."

Gauteng accepts the need for fiscal discipline, but is disappointed at the way money is allocated through functional committees which Moleketi believes are biased towards national government.

This in turn has detracted from the constitutional power of the province to decide on how to spend its money.

In Moleketi's words, the province is "not in a position to undertake any inter-functional reprioritisation".

And while the national Budget upped spending on social services, the Gauteng allocation to education has dropped by R100-million, and the increase in the allocation of money to health still means, according to Moleketi, that health is underfunded to the tune of R384-million.

The two percent increase in the amount of money allocated to Gauteng in the latest budget is a decrease of at least 7,5 percent in real terms compared to the same period last year. This is is the result of the move to "parity" in budgetary allocations to

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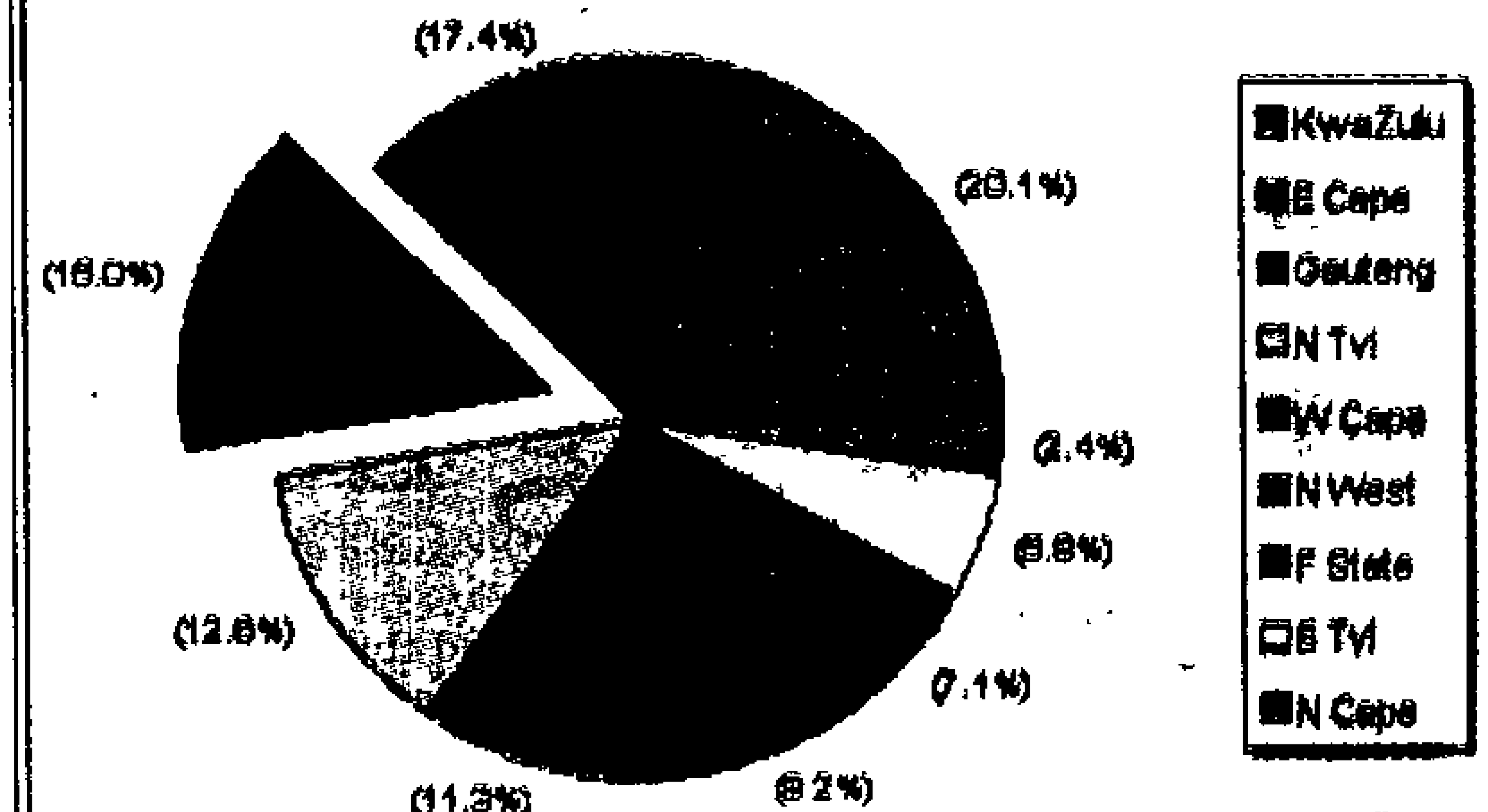
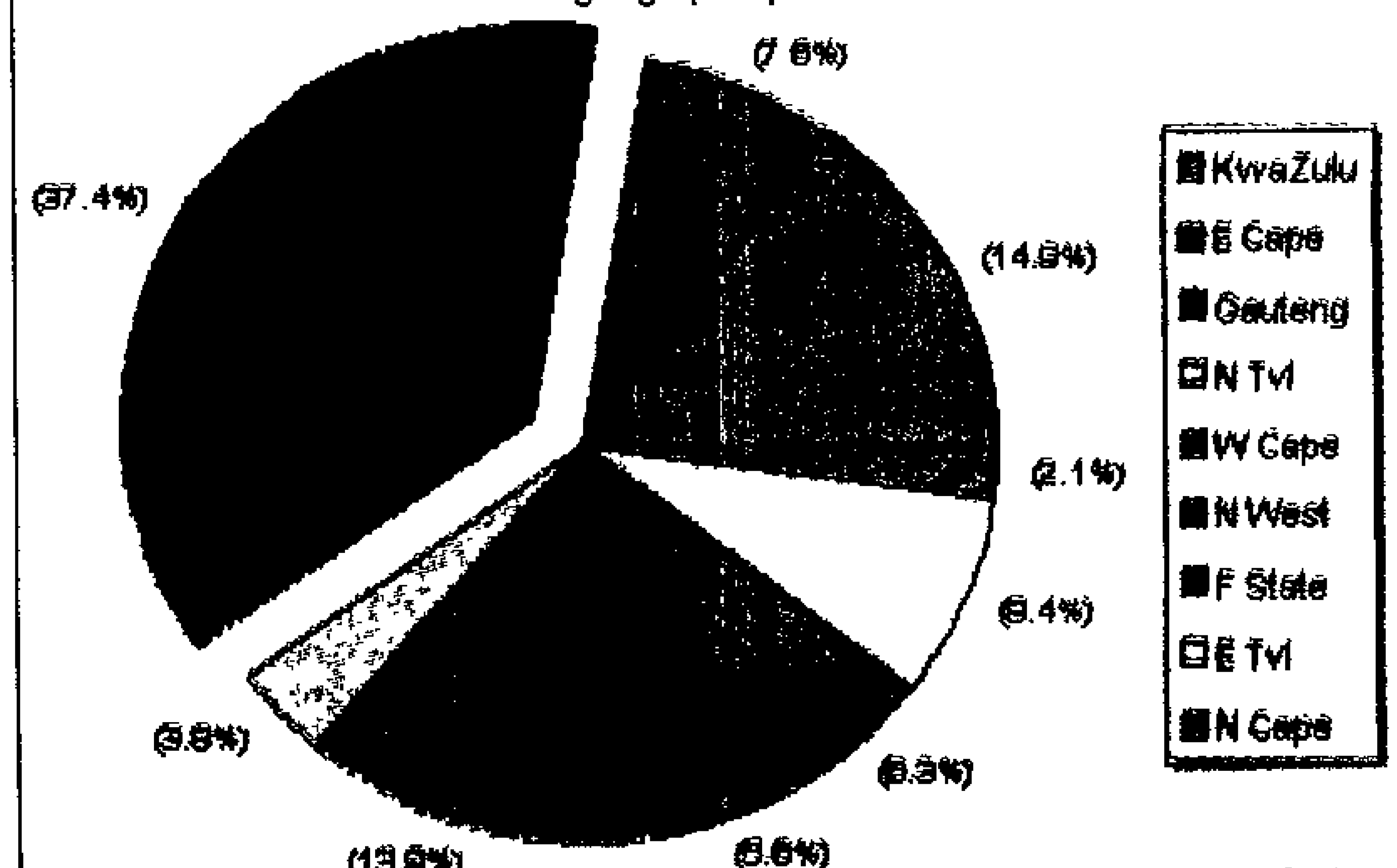
What provinces get from the government
Allocations for 1995/96



Source Gauteng Department of Finance

What provinces contribute
Gross geographic product 1991



Source: Central Statistical Services

Unfair share: Gauteng's allocation does not reflect its share of the economy

P.T.O.

Gauteng feels the squeeze

(49F) WM(BM) 24-30/3/95

■ From PAGE B1

provinces, in other words, redistribution.

Gauteng is clearly not allocated money in proportion to its revenue-generation or contribution to gross domestic product. It provides more than 60 percent of the tax revenue, and accounts for almost 40 percent of the country's economic production.

Moreover, it provides services to residents of other provinces. Garankua Hospital costs the health budget around R300-million a year, but 90 percent of the patients are not Gauteng residents.

The point was made at a press conference that Gauteng should not be crippled by underfunding.

Money will be found to make good the underfunding by various means in the 1995/96 financial year. The health budget will be tided over by a R300-million "bridging" allocation from the reconstruction and development fund, for instance. And extra revenue will be obtained from user charges, gambling, waste reduction, and possibly by raising loans.

Moleketi told a press conference the province could live within its means for 10 months before having to face the shortfall.

Moleketi argued that the provinces should be entitled to a slice of the extra revenue that flows into government coffers through the year which was not provided for in the National Budget.

That was R2-billion last year, and economists have reckoned another R2-billion could flow in, largely as a result of the National Budget's conservative economic forecasts.

The Gauteng Budget has used the same conservative forecasts, but since it raises little of its own revenue, it stands to gain a lot less from a slightly higher growth rate than the central government does. But, Moleketi did say an extra R60-million could come from vehicle licences if vehicle sales continued on their upward path.

Despite the plan to make up the shortfall the tight budgeting in Gauteng means it has no money to bail out local authorities if service charges are not paid. Hence if the Masakhane campaign fails trouble looms.

Fiscal commission says Gauteng's concerns 'have some merit'

JOHN DLUDLU

THE Financial and Fiscal Commission has acknowledged there is some merit in concerns raised by the Gauteng provincial government about the criteria used for sharing revenue between provinces.

Gauteng finance and economic affairs minister Jabu Moleketi complained this week because the function committees drawing up the budget were chaired by people from central government. The process skewed decisions in favour of central government interests, he said.

Commission chairman Murphy Morobe said Moleketi's concerns — the result of the transitional process which required critical management by all stakeholders — had merit.

Function committees are interim structures responsible for determining the criteria to be used in making budgetary allocations for different line functions, including the provinces. According to the constitution, provincial allocations should be determined after recommendations by the commission.

However, Morobe said some regions' concerns about the budgetary process were politically motivated. The commission would study the function committees' conclusions and hoped to play an active role in the next budgetary process. It was working on a set of guidelines to help clear up fiscal relationships between intergovernmental structures and various tiers of government.

In Cape Town, State Expenditure director-general Hannes Smit denied claims of national bias, saying steps had been taken to avoid bias. He thought the criticism was "part of the bargaining process".

Measures to avoid bias included staffing the function committees — chaired by senior central government technocrats — with officials from State Expenditure, Reconstruction and Development, and the Finance and Central Economic Advisory Services Department. "Lately, we have invited parliamentary standing committees to participate in the process," he said.

If there was a bias towards national government, it meant the committees were not performing well. However, he dismissed criticism as inherent to any budgeting process. In any event, chairmen of these committees were appointed by a committee on which regions were represented, Smit said.

The committees were an interim measure. Their role would be redefined once the commission was fully operational.

Asked to comment on why the committees were making recommendations on the budget for the next three years, he said that was part of government's exercise of reprioritising budgetary resources which required a long-term approach to avoid carry-overs in departments.

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Gauteng not a place of gold

WM (BM) 7-12/4/95 (49F)

Gauteng is not as rich as it seems, discovers **Reg Rumney**

INCOME inequality is huge in Gauteng despite the province's wealth, a just-published report by the Human Sciences Research Council reveals.

A Profile of Poverty, Inequality and Human Development underlines the danger of averages: measured in per capita terms — the total income divided by population — Gauteng is by far the richest province, earning more than a third of the country's total income.

Moreover, notes the report, its per capita income is more than six times higher than that of the poorest province, Northern Transvaal.

With 17,2 percent of the population and 35,6 percent of the country's income, Gauteng is wealthier than the other provinces.

A close look at the report, compiled by Andrew Whiteford and Teresa Kelatwang of the HSRC and Dori Posel of Natal University's economics department, further shows these measures are deceptive.

The most simple and commonly used indicators of income poverty is the poverty head count and head count ratio. The head count expresses the absolute number of poor households (or individuals) in a category (for example, a region or a race group).

Also useful is the head count ratio, whereby the head count is expressed as a percentage of all households (or individuals) in that category.

Measured simply by the number of poor households, Gauteng is better off than the Eastern Cape. Gauteng has around 300 000 poor households, as defined by the report: the Eastern Cape has around 710 000. Yet Gauteng has almost two-and-a-half times the number of poor households than the Western Cape.

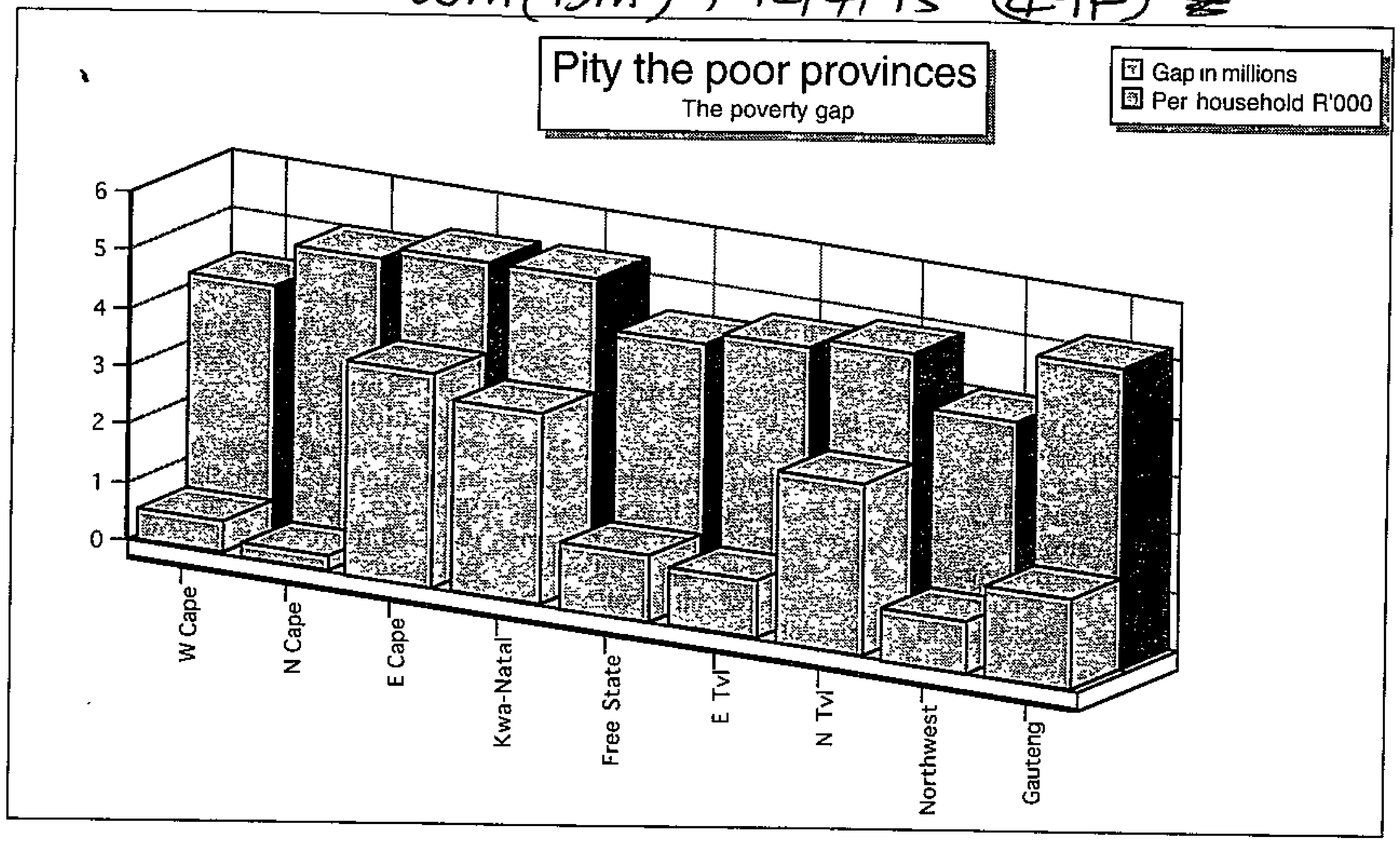
Even this "poverty head count" does not show the full story.

As the report notes, counting only shows the incidence of poverty. A reliable poverty measure should also encapsulate the depth of poverty.

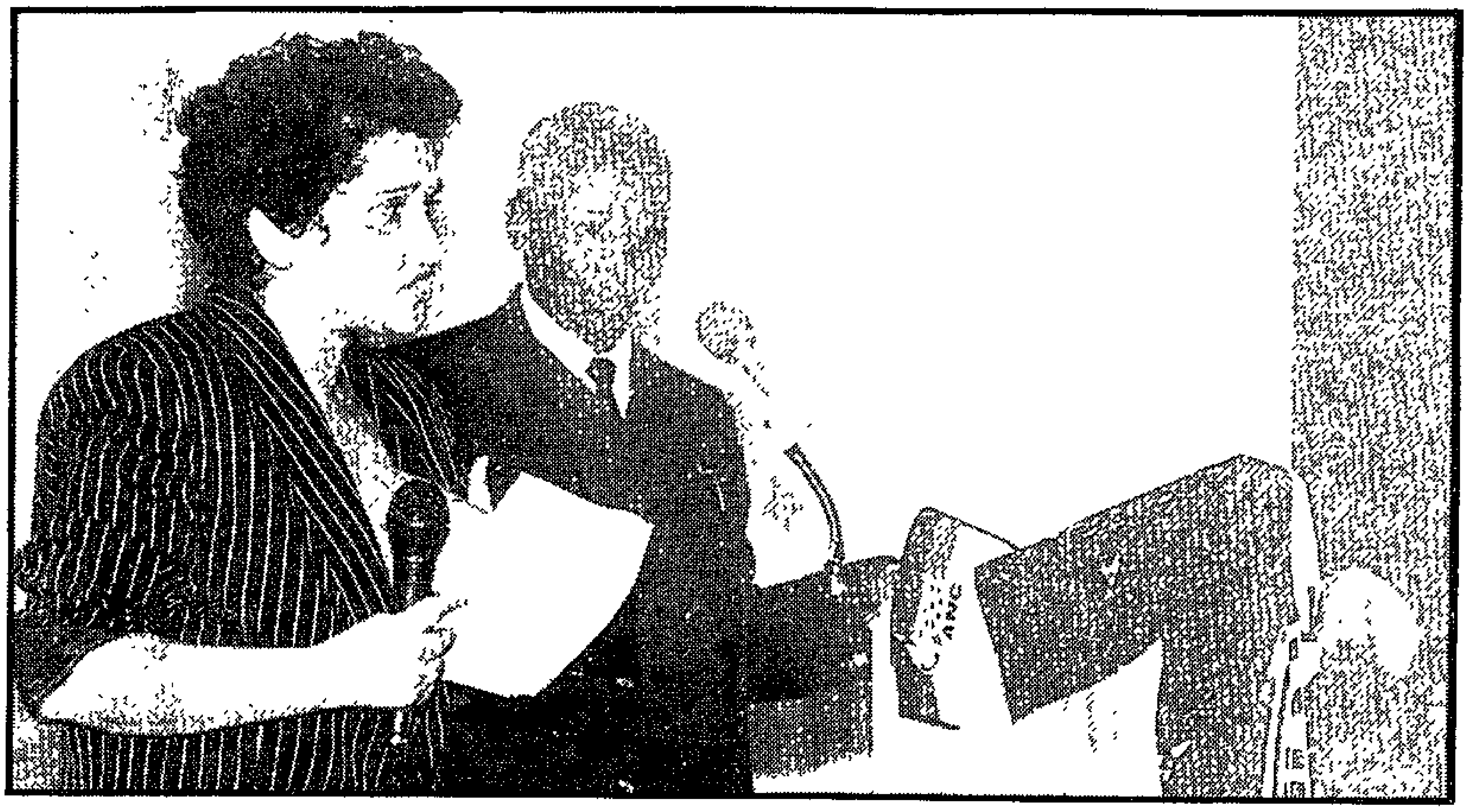
The "poverty gap" shows both. It is is calculated by totalling the differences between the income of each poor household and the poverty line.

In total the amount needed to eliminate poverty — as a once-off transfer — was R15-billion in 1993. This is less than five percent of gross domestic product, the total value of all goods and services produced in the economy in that year.

Measured by the poverty gap and the "per household" poverty gap, Gauteng is not such a place of gold.



Poor Gauteng: The two rows of bars show the same thing in different ways. Measured by the "poverty gap" Gauteng is not as well-off as is often supposed. The bars in front measure the poverty gap per province in millions of rand; those behind measure the provincial poverty gap per household



GREEN FINGERS ... Jessie Duarte, who will control the PWV area's purse strings, such as they may be

S Times (Buss)

Regional finance for beginners

8/5/94

By SVEN LUNSCHE

JESSIE Duarte, Finance Minister for the PWV, is unknown to most businessmen.

Mrs Duarte, who until this week was Nelson Mandela's personal assistant, has limited experience in public finance or economics.

The appointment of relatively inexperienced politicians to head the provincial finance portfolios seems to suggest that their powers to set fiscal policy will be limited.

In spite of protestations to the contrary, finance and fiscal policy will be dictated from Pretoria. Provinces seeking more power will find little comfort in the interim constitution.

They will have to rely heavily on their share of national tax revenue. Shares will be based on the percentage of total direct and indirect taxes raised in the regions.

It is estimated, for example, that on this basis the PWV region would have been entitled to about R7,6-billion in the 1993-94 fiscal year.

The provinces will have virtually no power to raise taxes, notable exceptions being gambling and racing, or loans for bridging finance.

Almost the only function of the provincial ministers of finance will be to distribute Budget money to various spending departments, such as housing, education, health services and development.

But their powers will be curtailed by the priorities of the ANC-led government of national unity.

First, targets set by the ANC's reconstruction and development programme will enjoy priority over regionally determined development objectives.

Most ANC-led provincial governments will appoint RDP ministers to their cabinet. In practice, they could enjoy greater powers than their colleagues. In the PWV this post is likely to be filled by controversial economist Ben Turok.

Second, disheartened by the example of the former homeland governments, the national government is unlikely to grant provinces a free hand in determining how they distribute their share of tax revenue.

Japie Jacobs, special adviser to the Minister of Finance, says: "Although ultimate power rests with the provinces, we would like to have some assurances that the money goes to areas it is meant for."

Mr Jacobs says the education allocation, for example, will be determined by the number of pupils in a province. (49F)

"The provinces may reallocate these amounts, but we hope that most will end up in education."

The formula on which the money will be allocated will be decided by the financial and fiscal commission, which will have to be constituted by parliament within 60 days of its first sitting.

Provinces will be represented on the commission and this could be their best chance of swinging the balance in their favour.

A new powerhouse for the new nation

S1Times (Buss)

8/5/94

THE ANC believes the PWV region will be ideally suited to its reconstruction and development programme. This is an edited extract from its policy document, Building a new PWV Province.

49F

THE PWV has been the centre of political, class and racial conflict as our communities and workplaces have struggled to gain access to the democracy and the better living conditions now promised by the reconstruction and development programme.

It is a province where stark inequalities are perhaps most visible, where the most luxurious suburbs on the African continent are adjacent to the poorest of townships.

Such problems cannot be addressed by simply taking from the haves and giving to the have-nots, as this would not spread assets meaningfully nor would it necessarily enhance our total economic capacity.

A global, developmental approach is required. The PWV cannot be milked dry, on the one hand. But on the other, decentralisation of resources must occur so that the PWV is not one of the only expanding employment centres in South Africa.

This means that we must examine all aspects of our society to ensure that waste is eliminated, that resources are redirected, and that to the best of their ability, people pay for what they receive. There may have to be reconstruction levies and special taxes, especially on the small group of monopolistic corporations which are at the centre of white economic power.

The constitution makes provision for the creation of a new entity called the PWV Province. This will have a premier, provincial legislature and 10-member Executive, and a distinct public service.

The legislature is entrusted with 29 competencies which include major areas like education and health. The new province will ultimately inherit a budget of R7,6-billion and a civil service of 65 000 personnel from the former Transvaal Provisional Administration, plus other former racially constituted authorities.

Below the provincial authority, metropolitan structures of government are emerging in at least two parts of the PWV. These will also be very powerful since they exercise authority over developed economies. In addition, new local authorities are being created from existing, racially defined councils.

In every township there are civil associations and community organisations of many kinds. These have a major stake in the character of the transition and they wish to be involved at every stage. There are also trade unions, church organisations, and a range of other social movements.

In addition, non-governmental organisations (NGOs) assist the communities in meeting their development needs.

All areas of administration are characterised by discrimination against black people in both the personnel and in services offered. Predominantly white (and male) officials decide on the allocation of financial resources, plan the provision of services, and implement them.

The wealth created in the PWV over the last century of industrial activity remains highly concentrated within a small minorty of the white population. Anglo American, based in the PWV, owns 43,3% of the total share value on the Johannesburg Stock Exchange, while the top six corporations (four of which are headquarted in the PWV) own 87,3%.

The PWV economy is dominated by mining, manufacturing, finance, trade, and service industries, though mining is now less important in the PWV than elsewhere in SA.

The central Witwatersrand has seen an absolute decline in manufacturing employment and a serious decline in the finance sector. At least 1,7-million people are active in the PWV informal sector. Formal sector employment was reduced by -3,9% during the 1980s. Manufacturing lost 10% of its employment base (compared to a gain of 1,7% countrywide). The unskilled have been hit particularly hard.

BEN TUROK . . . likely to co-ordinate the RDP's regional implementation

Our first priority must be that every citizen should have access to paid employment. At present the unemployment rate is over 50% in many townships and the majority of people are living from the incomes of others.

Job creation can be boosted in various ways. A major public works programme is urgently needed. A commission will be appointed to investigate this immediately. However, these kinds of programmes tend to be short-term and more fundamental measures are needed as well.

The principal solution lies in a speedy expansion of the economy at the base of the pyramid. We require a major effort at job creation through the provision of public assistance in the creation of a large artisan industry, through repair shops, small and medium-sized businesses of all kinds, particularly at the productive level. However, the service sector is also seriously deficient in the townships and many new jobs can be created in services.

The new provincial government will have great opportunities at job creation in the fulfilment of its commitments with respect to the 29 competencies which are now their responsibilities. These competencies — some of the substantial ones are new to the provinces — reveal the scale of potential job creation. Local authorities also have very substantial job creation capacities, especially as new services are installed in deprived areas.

R300m to help lift living standards

B/Day

WILSON ZWANE

THE East Rand Regional Services Council will spend more than R300m in the 1994/95 financial year on improving living conditions in the region, but will not increase its levies. 18/5/94

According to a budget approved yesterday, the council will spend R69m on construction projects such as sewers, R80m on the treatment and conveyance of waste water, R20m on community projects such as clinics, R14m on the maintenance of infrastructure, R41m on waste removal and R25m on land-use and transport planning.

In his budget speech, council chairman Leon Ferreira said the organisation was ready to meet the "enormous" challenges of issues such as the living and working conditions of communities and socio-cultural upliftment through public involvement and participation. (49F)

Sexwale pledges good PWV govt

B/Day 20/5/94

MARK ASHURST

TRANSPARENT, accountable and service-oriented government in the PWV was the critical component in the national endeavour to build a new SA, regional Premier Tokyo Sexwale told the second meeting of the provincial legislature yesterday.

Outlining a plan for the region, he pledged to maintain fiscal discipline.

Among the few figures cited in a speech that avoided the contentious question of budgets was an ambitious commitment to provide 150 000 units of housing in the next 12 months, each with electricity, running water and access to a telephone network.

Sexwale stressed that the government would encourage micro, small and medium enterprises in a way that would "address the basic needs of society"

Other priorities in the PWV were an anti-crime programme, gun control, community policing structures, redevelopment of the townships, reclaiming CBDs as viable trading centres, encouraging small enterprises, housing, health care, education, and foreign investment.

Sexwale welcomed the keen interest of the private sector in development plans, and said a full housing plan would be presented to the cabinet within two weeks.

(~~26~~ 19 F)

However, government would not be party to any plan that created "serviced informal settlements in the name of housing".

People deserved to live in proper low-cost houses, he said. Also, hostel accommodation would be upgraded into family units as hostel dwellers were reintegrated into the broader community.

The premier's speech was not without a note of caution. "The reality of government is that we cannot deliver everything overnight," he said.

The creation of jobs and the generation of wealth necessary to improve the lives of the 6-million people in the PWV could be achieved only through consultation with all interest groups.

Sexwale said he was "immensely impressed" by the work that had already been undertaken.

Sustainable employment for "almost 50% of our citizens without formal or adequate employment", preventative health care with emphasis on AIDS awareness, and upgrading of inadequate social welfare were also earmarked for urgent attention.

A single curriculum and rationalisation of current structures to provide quality education "for all our young people" would save taxpayers millions of rand, he said.

Sexwale pledged the government to establish a comprehensive economic database to facilitate the marketing of the province within its first 100 days in office "We have the responsibility to actively solicit significant new local and international investment for the PWV."

Immediate action from government was the key to long-term development, he said Central to rebuilding the PWV was creating "a vigorous circle of progress". An urgent programme to develop the PWV infrastructure would provide the stability and growth necessary for "more pervasive reconstruction and development" regionally.

The PWV was bound by the constitution to introduce community-police liaison forums without delay, a process already in motion, Sexwale said.

The high level of car theft, violent assaults and rape would also be tackled.

PWV region must resist being 'milked'

JOHN DLUDLU

THE PWV province should strongly resist becoming the economic milk-cow for the rest of SA, JCCI president Mervyn King said last night. B/Day

He told the chamber's AGM the newly installed provincial administration should ensure the development needs of the province were given priority. 20/5/94

"Just as the rural poor saw the province as an economic refuge, so other provinces will see the PWV as a source of revenue for cross-subsidising less developed regions."

The PWV government would find it difficult to resist demands from other regions, and King said it was unreasonable to expect the region to escape its share of the finance that would be required. (49F)

But it was important that the provincial government kept a check on development funds flowing out of the province.

King said the province had suffered from neglect by the former administration. For decades the region had been regarded as the haven of wealth and prosperity. The result had been urbanisation on a grand scale.

Recent measures adopted to slow down growth in urban areas had failed. King said the result was concerning.

The economy of the Witwatersrand had shrunk. In the past decade jobs in the formal econony grew only 3,5% in the PWV and shrunk 3,9% on the Witwatersrand. There was about a 46% unemployment rate among economically active people.

King said it was important for business to speak with a united, powerful and nonracial voice to represent its needs and to contribute to the province's prosperity.

Speaking at the same function, leading businessman and Metropolitan chairman Nthato Motlana said the business community had to convert the goodwill of foreign countries into "jobs, schools and houses for all South Africans".

White business establishments should assist integrating black counterparts into the mainstream of the economy. It would be dangerous for the current sociopolitical changes not to be reflected in the corporate make-up of the country.

King was re-elected JCCI president for another term.

PWV must not be milk cow of less developed regions

Star 20/5/94

■ BY CLAIRE GEBHARDT

The PWV province must not be used as a source of revenue for cross-subsidising less developed regions, the President of the Johannesburg Chamber of Commerce & Industry (JCCI), Mervyn King, said yesterday.

Addressing the JCCI annual general meeting, King said the PWV was the engine room of the economy and had for decades been regarded as a haven of wealth and prosperity by all on the subcontinent.

"The new provincial governments will find it difficult to resist the force of the demands and, indeed, it is unreasonable to expect the region to escape its share of the finance that will be required."

King said the provincial government should ensure that the development funds flowing out be kept in check and that the needs of the PWV be kept in the forefront.

"When it comes to development funding, the PWV's needs must come first because no other province can generate the same economic growth and job creation."

(49F)

King said both provincial and metropolitan government had powers to impose taxes and levies to implement development policies.

"Business must have a united and powerful voice to represent its needs, as well as to contribute to the prosperity of the province and its major urban centres."

King said the PWV province covered just under two percent of SA's land area, but accommodated 25 percent of its population and produced 43 percent of its GDP.

It was responsible for 51 percent of secondary output, 34 percent of mining output, seven percent of agricultural output, 41 percent of the nation's taxes, 40 percent of household income and 41 percent of savings.

King said the PWV had seen urbanisation on a grand scale, reaching a peak in the last five years after the removal of influx control.

"The result is that the economy of the Witwatersrand — the economic heart of the PWV — has shrunk.

"In the last decade the number of jobs in the formal economy grew by only 3,5 percent in the PWV and shrank by 3,9 percent in the Witwatersrand.

"Unemployment is widespread, with 46 percent of the economically active without work in the formal economy."

2 SUNDAY TIMES, Business Times, May 22, 1994

Dim outlook for poverty-stricken PWV province

S/Times (Buss)

22/5/94

By KEVIN DAVIE

SOUTH Africa's economic powerhouse, the PWV, fares badly in a poverty study for the World Bank.

The study finds that poverty is widespread and increasing, that women bear an unfair share of the burden and that the formal economy has not grown sufficiently or in the right way.

There is uneven distribution of basic services and facilities. Distorted education, health and welfare services are unable to cope with the growing demands of the population.

The prospects for the immediate future do not look bright, one estimate being that formal employment will grow at an annual rate of only 0,7% between 1985 and 1995.

The study, by the SA Labour & Development Research Unit (Saldru) and the University of Cape Town, is part of a nationwide quantification of the extent of poverty. It will be used by decision makers in designing effective programmes.

It says the most important development issue facing the PWV is the accommodation crisis, which also relates to the lack of well-located land for housing. About half of the black population is informally housed, this situation worsening in recent years.

"While a solution to the problem is made more difficult by the massive affordability constraints, this problem largely has its roots in years of apartheid planning, specifically anti-urbanisation strategies.

"Apart from the site-and-service schemes of the Independent Development Trust, precious little is being done to address the backlog."

The PWV's spatial structure imposes huge social and economic costs on its people, through high transport costs, for example.

(49F)

Certain townships face a collapse in urban management after years of illegitimate, often inefficient and corrupt local government. This has been exacerbated by rent and service boycotts and violence.

The real formal economy grew by only 0,7% annually between 1980 and 1989, below the national average of 1,6%. The PWV economy is also particularly vulnerable to the effects of recession.

Almost all health indicators have fallen in the PWV in the past five years, partly because of population growth.

"While the story of poverty in the PWV does not end with much cause for optimism about the future, personal per capita income is higher in the PWV than any other region.

"The region is also relatively well served by government and non-governmental institutions committed to the alleviation of poverty. Chances are that the relative poverty of the PWV will be addressed a lot sooner than the absolute poverty encountered elsewhere."

The PWV covers only 2,5% of SA, is home to 23% of the population (8,79-million in 1990), 93% of whom are urbanised. It contributes nearly 40% to gross domestic product.

In 1982, 28,6% of black households were below the minimum living line (MLL), which was up from the figure of 20,8% in 1973. The present study finds 31,2% below the MLL, indicating a consistent and singular increase in poverty in the past 20 years.

Development Bank data show the economically active population grew by 4,5% a year between 1985 and 1989 and the demand for labour grew by only 2,4%.

Big thumbs-up for RDP in PWV

Sowetan 24/5/94

By Tyrone August
Political Reporter

49F

THE African National Congress' Reconstruction and Development Programme featured prominently at yesterday's meeting of the PWV's Provincial Legislature.

The ANC's Mr Ben Turok, who has been appointed by premier Mr Tokyo Sexwale to establish a commission on reconstruction and development, said the RDP may have started off as an ANC document but was now a "public property".

Turok said he welcomed debate on the document, which he described as an important part of the ANC's vision for the future.

"We are prepared to put aside the hurt caused by apartheid," he said. "But we cannot put aside our ideals and vision."

Several ANC members came out in support of the RDP. "We see health as part of the RDP," said Health Minister Mr Amos Masondo.

He called for a review of health services and said equitable social and economic development was a key part of preventing diseases.

Housing Minister Mr Dan Mofokeng also supported the RDP and said it was necessary to address the housing shortage caused by "a history of neglect".

Mrs Jessie Duarte, Minister of Safety and Security, supported Sexwale's call in his opening address last Thursday that violence must come to an end.

She recognised that the police service was "overstretched and overpaid" and committed her ministry to looking at their conditions of service.

Her deputy, Mr Obed Bapela, made a strong call for a programme to control "the flood of weapons" and hinted at a restriction on the number of firearms an individual could own.

He stressed that gun control and an end to arms smuggling would be high on the agenda of the Safety and Security Ministry.

The NP's Olaus van Zyl also supported the RDP and described it as a good starting point. "There is no argument about the goals," he said.

But he said the Legislature should be realistic about how best to achieve those goals. The provision of housing, for example, was "an enormous task".

PWV province 'not SA's milch cow'

ARG 25/5/94 (49F)

Business Staff

JOHANNESBURG. — The PWV province must not be used as a source of revenue for cross-subsidising less developed regions, the president of the Johannesburg Chamber of Commerce & Industry (JCCI), Mervyn King, said here.

Addressing the JCCI annual general meeting, Mr King said the PWV was the engine room of the economy and had for decades been regarded as a haven of wealth and prosperity by all on the subcontinent.

"The new provincial governments will find it difficult to resist the force of the demands and, indeed, it is unreasonable to expect the region to escape its share of the finance that will be required."

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"Unemployment is widespread, with 46 percent of the economically active without work in the formal economy."

Sexwale spells out Gauteng's policy

(49F) Sowetan 9/5/95

By Pamela Dube
Political Reporter

THE Gauteng Provincial Legislature was striving towards an internationally competitive economy, premier Mr Tokyo Sexwale said yesterday when he launched his government's provincial economic policy.

As a major contributor to the country's Gross Domestic Product and fiscal revenue, Gauteng had to be on a par with the economic "tigers" of the world, he said, adding that Gauteng contributed 40 percent to the GDP.

Sixty percent of South Africa's national fiscal revenue came from Gauteng.

"The growth of the financial services industry must be maintained to position Gauteng as the Hong Kong of Africa. As the world's sixth best financial system we are well placed to lead the return of international (investors) to our country and the sub-continent.

"This implies that the economy grows in a labour-intensive manner in order to address the 37 percent of our people who are formally employed," he said, referring to this as "drive in pursuit of shared growth".

Gauteng MEC for finance and economic affairs Mr Jabu Moleketi said the policy drive was towards the creation of an economy in which market forces played an important role

But the state, together with economic stakeholders, assumed responsibility for addressing failures of the past in the market mechanism

"As a consequence of our sad history, we cannot leave everything to the market and judge success purely on the basis of profit," Moleketi said

The Gauteng government has proposed the establishment of an economic advisory council comprising captains of industry in the province

The council would work towards harmonising the Gauteng Economic and Development Forum, and the creation of a unit composed of academics, technical and non-governmental organisations

Moleketi said the contribution and partnership of different levels of government were also vital

Sexwale said the economy should be driven to benefit all the people in the province

The private sector has a pivotal role to play, the premier noted Sectors such as tourism, transport and improved infrastructures will position Gauteng "as a gateway to South and Southern Africa"

Gauteng unveils economic policy

JOHN DLUDLU

THE Gauteng provincial government yesterday unveiled its long-awaited economic policy to create "shared economic growth", slashing the province's 37% unemployment rate and raising the economy's international competitiveness.

Among the key proposals in the 30-page document released by premier Tokyo Sexwale and finance and economic affairs minister Jabu Moleketi was the linking of townships with cities. Moleketi said: "One way of creating this linkage could be to bring work closer to the people or people closer to workplaces."

The document, to be debated by labour, business and the public, said the link would have to be accompanied by "massive infrastructural investment" and possibly relocation subsidies for companies. Sexwale called for a partnership between the private and public sectors to help build up township economies. However, Moleketi warned that the provincial government was opposed to "blanket subsidies", favouring targeted incentives.

The document, drawn up by the economic affairs department, called for the broad-

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Gauteng

(49F) BD 10/5/95

☐ From Page 1

ening of economic ownership and development of a vibrant micro- to medium-sized enterprise sector.

It proposed establishing a directorate for such enterprise within the region's economic affairs department by mid-year.

Moleketi said the provincial government's role should be facilitative, but hinted that it would use the tender system to empower small business, using quotas in some cases. "We are not apologetic about this. It's used elsewhere in the world."

Sexwale said "survivalist industries" should be developed into viable businesses.

One key proposal was creation of a Gauteng promotion agency — by October — to market the province "within a generic national framework". The agency would also facilitate trade and investment.

Sexwale also suggested creating an economic advisory council made up of government and business representatives.

The document said the provincial government would consider promoting growth in certain industries by cutting red tape and improving market access. These sectors included chemicals, fabricated metals, iron and steel, motor components, financial services, food and tourism.

The paper also proposed the creation of a consumer rights directorate in the province by mid-year.

Although observers welcomed the plan as an "encouraging step", some said the time frames for establishing an institutional framework were "a little ambitious".

Economic perspective set out

Star 10/5/95 (49F)

BY JO-ANNE COLLINGE

Gauteng MEC for Finance and Economic Affairs Jabu Moleketi released the province's economic policy document yesterday, asserting that the government, in enabling growth, has an obligation to correct failures in the market.

He said that the notion of "shared growth", which benefited the broad population rather than a small elite, was Gauteng's central economic policy goal.

The paper was not the final word, Moleketi stressed. It was essentially a plan which would be revised in workshops with many role-players.

Gauteng believed that economic growth could be achieved only if the government, the private sector, labour and popular organisations worked in sound partnership

'First tiger'

A participative approach to policy-making helped cement such relationships.

Premier Tokyo Sexwale, due to depart for Asia on May 20 with Moleketi and representatives of business, the province and local government, said he believed that Gauteng could become "the first of the African tigers".

He said the province was keen to take advantage of the fact that regional economies were assuming an increasingly important role internationally. But, the premier stressed, Gauteng was not seeking to override any national framework by setting its own economic course.

Sexwale's Asian tour has a dual political/business focus. It will take him to the People's Republic of China, South Korea, Singapore, Malaysia and Hong Kong over a period of three weeks.

▶ **Richest, but most hard pressed – Page 15**

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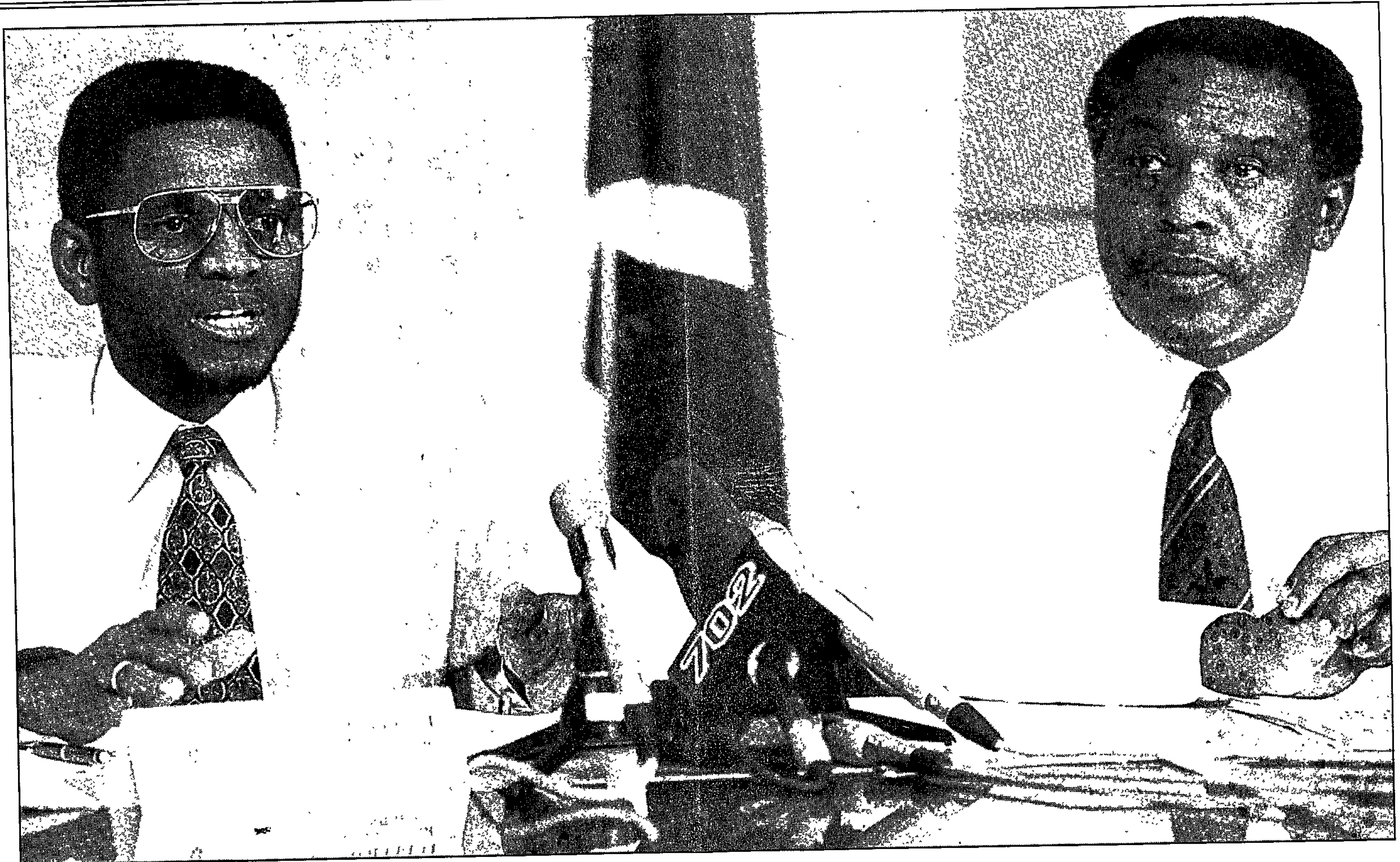

Blueprint for prosperity . . . Jabu Moleketi (left) and Gauteng Premier Tokyo Sexwale at the release of the province's economic discussion paper.

PICTURE: PETER MOGAKI

The province has big plans to stimulate its economy at all levels, as shown in the discussion paper revealed by Jabu Moleketi yesterday. ***Jo-Anne Collinge*** *reports*

49F Star 10/5/95

Govt keen to get Gauteng going

Methods which bear examination

ACADEMIC ADVICE

There are no bad students, only bad or non-existent study methods. If these are rectified then

Many parents wax lyrical about how bright their children are, but lament that they do not achieve accordingly.

Most parents do not know where and how to seek help to rectify the problem, because they often don't know where to start.

students to compile a series of booklets.

There is no specific subject in primary or high schools' daily curriculum tackling the issue, he says. And the media emphasises difficulties such as understaffing and staff shortages, but they do not mention the obvious — how to learn, he says.

"It's a whole new sys-

grammes should begin, at the very latest, in primary school.

Even progressive private schools leave study skills to the last minute.

Zeff Ahmed, vice principal of Nest's (New Era Schools Trust) Phuting School in Gauteng says that his school offers study skills programmes as a module once a week,

not have a study skills programme as part of its everyday curriculum.

However, teacher Beverley Issacs says they do have a week-long skills training programme at the end of the Std 9 year.

The Michael Mount School has exams only in Std 9 and 10. In matric they have tests weekly.

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affairs Jabu Moleketi has been subjected to a barrage of exhortations and urgings from all corners of the legislature to get things growing.

The unspoken presumption — from left, liberal and other leanings alike — is that the government has an absolutely legitimate role to play in stimulating and directing economic activity.

Yesterday, Moleketi produced the script which Gauteng proposes to follow on the economic stage. That is, he made public the province's economic policy discussion paper. No doubt, by doing this, he will stir up the vague consensus that "a bit of government intervention is a good thing", and produce a more cutting debate on goals and strategies.

Free of ideological jargon though the policy paper is, it makes the ANC-led province's position reasonably clear in sentence one of section one.

Employment

"The role of the Gauteng provincial government in the economy is to facilitate the creation of an enabling socio-economic environment in which the economy grows significantly in a manner which creates sustainable employment opportunities, meets the basic needs of all in the province, and empowers those who have been historically excluded from economic opportunities," the opening statement reads.

In case the message, that this is *not* growth at all costs, has got lost in this wordy beginning, the paper adds that the notion of "shared growth" or "sustained growth from which all benefit" is the crux of the matter.

The factor of spreading the benefits is dealt with in chapters on consumer rights; the integration of small, micro and medium enterprises (SMMEs) into the mainstream; and overcoming apartheid's unique spatial pattern of economic activity.

Other chapters deal more directly with the puzzles of growth itself in Gauteng's particular position, picking over the questions of the last recession, and why some of its obvious advantages did not help it weather the storm.

The paper describes the primary challenge as growing the economy in a way which creates sustainable job opportunities.

"To do so in a sustainable way implies that our economy becomes internationally competitive, that the skills of our people are developed to world standards, and that our work methods and labour relations reflect the latest international thinking."

Other key challenges include:

■ Broadening economic activity in Gauteng by diversifying manufacturing, seeking out opportunities for beneficiation, employing in- ism.

■ Simultaneously broadening the ownership base of the economy, partly by building the strength of small and medium enterprises through effective linkages with big economic players.

■ Creating economic life in the impoverished townships.

The approach to boosting SMMEs is illustrative of the kind of balance the government seeks to strike between direct intervention and putting leverage on the powers and resources of players in the private sector.

The document makes the sobering observation that a huge number of informal sector activities are desperate, non-viable attempts at survival. It cites research showing that more than half of those employed in SMMEs earned under R600 a month, and that only 24% of enterprises survived for longer than a year.

Two major clusters of factors are identified as essential to transforming SMMEs into vehicles for empowerment. The first is the provision of skills training, information, management, technical support and credit. The second is the factor of linkages to mainstream economic activity, through sub-contracting, partnerships and the reduction in size of production units.

The Gauteng government argues that SMME strategies will not succeed if the sector is seen as separate and perpetually junior in the economic order. SMMEs must be treated as "part of an integrated, holistic regional economic strategy" and they must be developed within the overall drive for increased investment, better productivity, increased competitiveness and expanded job opportunities.

So what does the Gauteng government intend to do to ensure this approach? It intends to create a provincial "desk" to support SMMEs; to set up local service centres to provide training and technical help to SMMEs; to facilitate credit for enterprises which do not meet conventional lending criteria; to bring its influence and its own investment/tendering capacity to bear to create partnerships and sub-contracting opportunities for SMMEs.

It is probable that the policy document will be criticised for being more precise on issues of economic inequality than on growth strategies for key economic sectors. It is true that the chapter describing the Gauteng economy sector by sector is tentative, the data incomplete and specific strategies a bit sparse.

But there is a clear message that competition is the name of the game when it comes to international trade, investment and tourism. And that the provincial government sees its role as co-ordinating local players, rationalising their activities and ensuring that "a high profile, effective marketing campaign" is mounted on behalf of Gauteng as a whole.

The department of economic affairs pledges to have a Gauteng tourism agency in place by the end of the year, and a Gauteng promotion agency operating by October. Both of these are intended to be joint ventures with the private sector.

Opportunities

Furthermore, incomplete though the economic "portrait" of Gauteng may be, the policy document succeeds in sketching some distinct features. There is a sense of where the troughs of economic decline can be expected and where new opportunities will be found.

In the apartheid past the only economic strategy specific to Gauteng — or the PWV as it was known — was to penalise it and limit its growth under a misguided decentralisation policy. More generally, the development of this region of countless corporate headquarters and the country's executive capital has been treated as indistinguishable from national interests.

Moleketi and his advisers have argued a strong case for provincially specific action compatible with a national framework. Their policy document, they say, will be used to further the partnership with the private sector, with the labour movement and with popular movements.

When it comes to big business, real proof of this partnership will be its treatment of Gauteng as something more than an incidental home-base for national and sub-continental ventures.

Gauteng richest province, but also most hard-pressed

Gauteng, the golden goose of the nation, is a contradictory creature. The province may well be the richest of nine, but not all its people share this wealth.

Income levels may be higher than elsewhere, but Gauteng's workers often pay the price in crowded conditions.

The Gauteng Economic Policy document scrutinises the basic features of the province, its relative strengths and its weaknesses. The data, it is acknowledged, is not always exact.

Population: At least 6,8-million people, growing at the relatively low rate of 1,29% a year and living at higher density levels than anywhere else in the country, with 365 people/sq km. Only 4% of residents are over 65 years. The ratio of dependants to economically active persons is a misleadingly low 0,9 — because a large body of migrant workers leave their families outside Gauteng.

Income: At R3 442 a month, the average household income is the highest in the country. The racial differentiation is great: white households earn an average of R6 653 a month, black households an average of R1 439. Only 6,4% of Gauteng households fall into the poorest quintile of the nation.

Living conditions: On the housing front Gauteng is poorly off, with 19% of its people living in shacks (the national average is 11%) and with black residents occupying, on average, 0,9 rooms (whites average 2,4 rooms). Only 34% of black families have internal piped water, but generally services are above average: 88% of residents have access to flush toilets and 83% to electricity.

The infant mortality rate of 35 per 1 000 births is below the national average of 42, but only third best in the country.

Education: The literacy level in the province was found to be 69% in a 1988 survey. One in five residents of Gauteng has no formal education and only 15% have matric exemption. Two-thirds of matriculants are white, although whites comprise only one-third of the population. A mere 3% have a university degree and 90% of this group are white.

Employment: The rate of unemployment ranges from 29% to 48% depending on how it is calculated. The Gauteng government has adopted a relatively narrow definition of unemployment, which puts the rate of joblessness at 37%.

It is estimated that only 39% of women are economically active, compared to 61% of men. While in 1980 the formal sector accounted for 84% of jobs, a decade later its share was just 62%. Gauteng has a much larger informal sector than any other province.

The sectoral distribution of employment is community, social and personal services — 32%, commerce, catering and accommodation — 14%, manufacturing — 23%, finance, insurance and real estate — 10%, mining and quarrying — 8%, agriculture — 2%.

Gross geographic product: Gauteng's GGP of about R103-billion is roughly equal to the GDP of Ireland or New Zealand. It constitutes about 37% of South Africa's national product, but its share of GDP has been dropping since 1981. Manufacturing contributes most to the provincial GGP (26,9%), followed by financial services (18,5%), trade (12,7%), government (11,6%) and mining (10,3%). While the central sub-region around Johannesburg is stagnant, it produces 32,9% of the GGP.

The East Rand accounts for 28,9% and Pretoria for 17,7%. Economic activity in the Vaal and the West Rand began to decline during the '80s and these areas presently contribute about 10% apiece to GGP.

GAUTENG ECONOMIC POLICY

What about crime?

(49F) FM 19/5/95

The term "economic policy" is not appropriate to a subordinate government that operates neither its own monetary nor fiscal policy.

However, the proposals put forward by the Gauteng provincial government in its economic policy document "for stakeholder discussion" are modest.

The report notes that the Gauteng average monthly household income is R3 442, the highest in SA and 64% above the national average. The average for whites is R6 653, for Indians R5 485, coloureds R3 244 and blacks R1 439. Acknowledging a wide range of estimates for unemployment, the report makes its own guess of 37% according to formal sector definitions. Of these, however, 55% are active in the informal sector.

The department complains that the per capita budgetary allocation to Gauteng, for the 1995-1996 financial year, was R178 below the national average, while the 2% rise over the previous national Budget was the lowest in SA.

Anticipating a potential deficit in the provincial budget for 1995-1996 of R1,2bn, the provincial government will seek to lobby national government for additional revenue. Gauteng may also consider raising licence fees and user charges. There is hope that gaming licences and taxes will in future make a contribution. In the last resort, the provincial government would consider raising debt within the framework of the constitution.

The document calls for the creation of a safe and ethical commercial environment in which consumers are aware of their rights and their power to redress economic wrongs. Apart from efforts to educate consumers about their rights, this foreshadows the enactment of new consumer law (including legal mechanisms for quick redress) and the establishment of a consumer rights directorate. It's likely this would apply in particular to instalment sales and the like. There is no doubt that consumer law and protection do require development but this process is not likely to promote economic growth in itself.

The report notes water is a scarce resource in the province. Therefore, water should be priced correctly to reflect this; re-use should be promoted and only industries which are not water-intensive should be encouraged to set up in the province. But "life-line" water tariffs for the poor should be provided.

In the past, black residential areas were often separated from white cities and industrial areas by vacant, mine-owned land. The document proposes that such land be used to link Gauteng's cities and townships. The provision of better infrastructure in black areas should assist in the establishment of an economic base, to provide more jobs closer.

Also vital is an improvement in mass transport to improve individual mobility and reduce the cost of goods at their final points of sale. In these efforts, one aim should be development partnerships between private and public sectors.

Government incentives for anchor tenants in new property nodes could have a role, blanket incentives to encourage firms to relocate to black areas should be avoided.

The promotion of small and medium-size enterprises is a major goal.

Strategies should be devised to promote "nonpunitive" deconcentration of markets and sizing down of production and service business units. This should include the encouragement of subcontracting.

Amid all this populist activity, the provincial government should encourage trade and investment. To this end, the province should establish a Gauteng promotion agency to be run in partnership with the private sector.

The decline in gold mining in the region is recognised. The main thrust for growth is therefore manufacturing, in an almost entirely urbanised province. Heavy industries such as engineering, vehicle manufacture and chemicals are targeted. Related to the province's leading role as SA's financial

centre, tourism should be promoted vigorously. Here, development of a well regulated gambling industry should also be encouraged.

The undertone of interventionism is unmistakeable. There is little recognition — to quote a recent observation — that capitalism is what happens when people are left to themselves.

Hence the vigorous, if largely hidden, surge in the Russian economy based on strenuous individual effort. Blacks should be encouraged to do the same and not to rely primarily on any tier of government. Strong pressure to divert business away from the economically efficient route — for example, in insistence on affirmative action in contracting procedures — will only scare away overseas investors, not least those from East Asia who have waxed strong through their own efforts.

The analysis is silent on a painful issue — that of violent crime. Though this is not in the narrow sense an economic issue, there is no doubt it has become a major drag on economic growth. An ounce of crime prevention will be worth a pound of provincial agencies to entice investment. Who will disagree that violent crime has become the most serious problem confronting governments at all levels?

The provincial department of finance and economic affairs complains of the inadequacy of reliable provincial data. This deficiency is inherent in the creation of new provinces (except for the Free State and perhaps KwaZulu-Natal). ■

Prisoners stage sit-down strike

BDay

CAPE TOWN — About 120 prisoners at Brandvlei maximum security prison near Worcester staged a sit-down strike yesterday, demanding amnesty for non-political prisoners.

The protest followed a call earlier in the day from SA Prisoners' Organisation for Human Rights (SAPOHR) urging common law prisoners countrywide to embark on "rolling mass action" to demand amnesty.

The strike ended after intervention by warders from the Police and Prisons Civil Rights Union (Popcru) who were returning to duty after a protest of their own. 9/6/94

About 45 warders broke ranks at a medal parade at dawn yesterday to present their complaints to commanding officer Brig Piet Freysen.

The Correctional Services Department said the warders' complaints would be brought to the attention of higher authorities.

The prisoners had demanded to speak to Golden Miles Bhudu of the SAPOHR.

The warders had persuaded them to give the head of the prison, Col WJ Pepler, until tomorrow to discuss the matter with Brig Freysen, and the men then re-entered their cells.

In their memorandum the warders complained about "years of oppression" by prison authorities since the 1990 Popcru strike, and a lack of attention to repeated memorandums drawing attention to problems.

The department said Freysen had accepted the list of demands.

JOHANNES NGCOBO reports that Bhudu told a news briefing earlier yesterday common law prisoners had patiently awaited an announcement on their release from President Nelson Mandela, but to date nothing had happened.

"We are calling for an urgent meeting with President Mandela and will in the meantime call on all our members to embark on peaceful action," said Bhudu.

The organisation had requested a discussion on amnesty for offenders convicted of non-violent crimes, Bhudu said.

PWV set to gain the lion's share of funds

TIM COHEN

THE PWV is set to gain the lion's share of funding previously given to the TPA, even though the old Transvaal has been quartered.

The TPA's budget had been about R8bn, but the PWV was likely to claim about R6bn of this, TPA communications director Piet Wilken said yesterday. BDay

Although the allocation might appear too heavily weighted in favour of the PWV, Wilken said allocations would be in line with the services provided by the regions.

"The PWV is, after all, the powerhouse of the country," he said.

The PWV is also set to benefit from taxes on horse racing of about R119m. The four major racetracks which previously helped fund the whole province fall within the PWV's boundaries. 9/6/94

The Transvaal used to raise its largest amount of income from car licence fees, which in 1992/93 totalled about R439m. How this income will be divided is still to be decided.

Wilken said the new provinces would have to come to an arrangement on income from horse racing and car licences.

Meanwhile, Sapa reports provincial premiers met in Pretoria last night for "confidential discussions" ahead of their meeting today in the city with Constitutional Development Minister Roelf Meyer and Public Service and Administration Minister Zola Skweyiya to discuss provincial executive powers.

PWV premier Tokyo Sexwale said the premiers would meet occasionally in different regional capitals.

Northwest premier Popo Molefe, who is ill, was represented by Satish Roopa. (49F)

Today's meeting is a follow-up to a meeting in Cape Town last month, and follows the removal by proclamation on Friday of all provincial powers. The powers were temporarily assigned to central government departments in preparation for their being devolved to the provinces.

Most premiers are expected to apply to exercise all the powers determined by the Constitution. While some of these powers can be exercised exclusively, others can be exercised only subject to central government's approval.

Meyer said at a recent briefing he envisaged a process in which the provinces negotiated with central government for powers.

'Severe punishment' called for

PRETORIA — The 17 men found guilty on 45 murder charges and 18 attempted murder charges in the Boipatong massacre should be severely punished, the prosecution said yesterday.

The state said the Boipatong massacre had shocked the world as an example of man's inhumanity to man.

The men will be sentenced today in the Pretoria Supreme Court by Justice JMC Smit who, during his earlier judgment, referred to the night of June 17 1992 as one of the most unfortunate in SA history.

Armed with firearms, knobkerries, spears and assegaais, a few hundred men from the KwaMadala hostel near Boipatong indiscriminately attacked and killed men, women and children.

Defence counsel R Strydom said the court should take into account as an extenuating factor the rivalry between the ANC aligned self-defence units in Boipatong and IFP supporters in the hostel.

This and other factors had caused the accused to take the law into their own hands. — Sapa.

Budget 'in waiting' for the TMC

Star 22/6/94

■ BY JO-ANNE COLLINGE

The Central Witwatersrand Regional Services Council this week signalled that it was waiting to make way for a Transitional Metropolitan Council (TMC) when it adopted a special "contingency budget" for the coming year. (49F)

This budget leaves about R187,3 million of project funding uncommitted, so that the TMC has some room to move when it eventually comes into being and takes over the RSC's functions and additional functions.

"This budget merely provides a framework upon which the TMC may base its own estimates for 1994/5. It will be implemented only (when) the new TMC budget comes into effect," RSC chairman Len de Wet stated.

The setting up of the TMC has been delayed by the failure of local political players — basically the parties to the Central Witwatersrand Metropolitan Chamber — to agree on the composition, powers and functions of the TMC. The structure should have been in place by last month, in terms of the provisions in the Local Government Transition Act. But the Met Chamber applied for an extension of the deadline when it became clear that agreement was still a long way off.

Houghton is the mean — Sexwale

JOHANNESBURG. — Providing basic needs, such as education and water, was PWV premier Mr Tokyo Sexwale's priority, but this would be done without lowering the standards of Johannesburg's plush suburbs, he said yesterday.

Addressing a breakfast function at Midrand, Mr Sexwale said he lived in Houghton to demonstrate the standard that should be achieved.

"We are trying to indicate to our people what the standard is. The standard is housing . the standard is Sandton Sun, Lost City . . . air-conditioning

"The standard is to be able to drink fresh water directly from the taps. Those standards must be maintained."

Mr Sexwale said his job was to facilitate the Reconstruction and Development Programme through a "golden triangle" of government, business and trade unions.

He appealed to business to contribute to the RDP by making suggestions and criticising government policy. — Sapa

2(49F) CT 29/6/94

Pretoria slots into growth

~~2bb~~ (49F) CT(BR) 22/6/95

By Roy Cokayne

[illegible]

Seven industries within the Greater Pretoria area — including the motor, processed food and tourism industries — have been identified by the Central Pretoria Metropolitan Substructure as growth areas and potentially attractive to foreign investors.

The other growth sectors identified are the plastics and rubber, chemical, pharmaceutical and service industries

Peet du Preez, director of marketing and communication for the Central Pretoria Metropolitan Substructure, said these industries would form the focus of their attempts to attract investment to Pretoria.

Du Preez was part of a delegation of politicians and businessmen, headed by Gauteng premier Tokyo Sexwale, which recently returned from a visit to five Eastern countries.

He said these growth sectors had been determined by evaluating the growth sectors internationally and nationally before analysing which of them were present in Pretoria.

Employment

There are 15 growth sectors in the world and Pretoria has seven of them, he said.

Du Preez said the motor industry in Pretoria — comprising the manufacturing facilities of BMW, Land Rover, Samcor, Mercedes-Benz's head office and only Nissan's Fiat Uno production facilities — provided jobs to more than 6 000 people.

"There is great interest in particular in Malaysia and Korea in the support industry for motor manufacturing and I believe there is room for that in Pretoria.

"We are in the process of analysing where the gaps are in the motor component manufacturing industry. A report will be drawn up identifying these gaps, which will be sent to potential component manufacturing investors," he said.

Du Preez said more than 57 percent of South Africa's vehicles were made in Pretoria.

He said in marketing Pretoria to investors, certain principles had to be addressed, the most important of which was clustering

"You cannot attract investment to an area if it does not have the supporting infrastructure.

"For example, a clutch plate manufacturer would want to be strategically positioned as close as possible to the motor manufacturers, because that is their market. That is also why Pretoria is not a place for textiles.

"The cluster effect is present with regard to the motor industry in Pretoria and that is why we are marketing Pretoria as the Detroit of southern Africa," he said.

Du Preez emphasised that it was important that if component manufacturers were attracted to Pretoria, they had to attempt to supply local manufacturers as well as the export market, because economies of scale reduced the unit price.

He said motor manufacturers interested in investing in South Africa needed high volumes and therefore had to be located in Gauteng, which was strategically positioned for the southern African market and its 150 million people.

"But the buying power of this population remains a problem and the biggest market for vehicles in southern Africa at this stage are the governments," he said.

However, du Preez expressed concern that South Africa's motor industry would not have the capacity to fulfil the needs of the market if there was rapid growth in demand.

Turning to the high-tech manufacturing industry, du Preez said this industry in South Africa was not far behind most countries in terms of high-tech expertise. However, he said, there was a problem with the supply of certain components.

There was a [illegible] Korea and Malaysia to establish hi-tech manufacturing concerns in South Africa for appliances, such as fridges, ovens and other electrical apparatus, he said.

Roodepoort hit hardest

Uniform tariff system across the metropolis

(266) Star 27/6/95 (49F)

BY PAULA FRAY
CITY EDITOR

Greater Johannesburg's "compromise" budget was described yesterday as the best possible within existing constraints, but some residents can expect to dig deeper into their pockets once it is introduced next month.

Despite areas of unhappiness, the R6,5-billion budget is expected to be passed after a second day of debate in the Transitional Metropolitan Council (TMC) today.

The new budget introduces uniform tariff structures for services across the metropolis — effectively scrapping the township flat rate — and payment for services in informal and semi-formal settlements.

The introduction of "life-line" tariffs for minimum use, which benefits all residents, is expected to offset the impact of the introduction of consumption-based tariffs in townships.

Electricity, however, will be charged at a single rate of 17,1c/kWh for domestic use.

The impact of the new uniform charges will vary as the TMC's administrations have different tariffs at present.

Residents who consume the minimum amounts covered by the life-line tariffs can expect service charges, excluding electricity payments to Eskom, of about R56. However, township residents who exceed minimum consumption will pay much more than the existing R45 flat-rate.

Non-existent

Residents in informal, semi-formal and formal settlements where metered consumption is non-existent, will pay for average consumption.

Among the former white councils, Roodepoort residents have been particularly hard-hit by the introduction of uniform rates, with average increases of about 22% for services.

Councillor Nick Gay said efficient administration in the previous council ensured service charges were kept low. But the uniform tariffs meant Roodepoort residents faced a higher hike than other administrations.

TMC executive committee member Pieter de Wet said Roodepoort had become a milch cow for the council as its capital budget had been cut by 38%.

Roodepoort ratepayers will also not benefit from their rates payments — the highest in the TMC — as an across-the-board increase of 12% has been proposed until the new valuation roll is introduced next year.

That is when, say many councillors, the real financial fireworks can be expected, as there are many anomalies in the current rates charges, with Sandton's rates pegged very low and Roodepoort's very high. The uniform valuations roll will also cover townships like Soweto and Alexandra, where residents are not charged rates.

TMC executive committee chairman Collin Matjila said the real challenge would be to get township residents to pay.

DP caucus leader Ian Davidson said this was a compromise budget to allocate limited resources among increased competing demands.

"We recognise that while we are sensitive to the needs of those in the disadvantaged areas, we also need to be sensitive to the fears of those in the advantaged areas," said Davidson, adding that capital expenditure had shifted dramatically from the former white administrations to disadvantaged areas.

NEWS

Business rails at increase

TMC levies rise by R56-m

(49F)

Star 29/6/95

BY PAULA FRAY

Businesses would have to fork out an additional R56-million for increased levies after the approval of the Greater Johannesburg budget this week, said the Johannesburg Chamber of Commerce and Industry (JCCI).

The Transitional Metropolitan Council on Tuesday increased its service and establishment levies (previously Regional Services Council levies) to business by 15% as from July 1.

"The additional income from the two levies is estimated at some R56-million," said TMC executive committee chairman Collin Matjila during his budget speech.

"The need for an increase above the inflation rate is owing to the fact that there was no increase in levies last year and the inherent natural growth of the levy income has been sluggish."

But the JCCI condemned the use of the levies as "balancing items".

"While business has sympathy with the TMC on the difficulties of meeting the demand that must be met from a limited source of funds, we feel there is no justification for the increase of 15% in the levies," said past president Stuart Morris.

"Business is willing and prepared to play its part in the social upliftment of the region but the TMC levy must be seen in the light of the already high tax base and other costs of doing business.

"The levies are flat-rate taxes and these increase automatically with inflation, increasing salaries and turnover and organic economic growth," said Stuart.

He added that business had always regarded levies as inherently flawed.

"The increases heighten the negative effects of the levies," said Stuart, welcoming the investigation into the levy system and alternative revenue sources announced by the TMC.

Small developers in PWV 'out in cold'

(49F) (127)

Own Correspondent

CT 5/7/94

JOHANNESBURG. — PWV Premier Mr Tokyo Sexwale's plan to build 150 000 homes a year through creating a new bank has angered small developers who believe they have been left out in the cold.

But industry analysts and major construction companies believed the proposed scheme was highly innovative and would rejuvenate the economy of the PWV region if it came to fruition.

Mr Gey van Pittius said a consortium of small developers who had been developing low-cost homes for the past few years had approached the PWV government with several schemes, but had "never got through the front door".

RDP 'action plan' set for East Rand

CT 12/7/94 (49F)

Own Correspondent

JOHANNESBURG. — The Reconstruction and Development programme would start being implemented in the Katorus townships (Katlehong, Thokoza and Vosloorus) on the East Rand next week, PWV Housing Minister Mr Dan Mofokeng said yesterday.

He told the Katorus task group that the PWV government had made the East Rand a priority.

He said ordinary people should start to see changes in their daily lives and that should motivate them to begin paying for local government services.

The first houses built under the RDP would be in the Katorus townships.

The "action plan" launch was attended by Katlehong, Germiston, Thokoza, Alberton, Vosloorus and Boksburg town councillors, the SANDF, PWV safety and security standing committee representatives and the Wits-Vaal peace secretariat.

The action plan involved promoting reconciliation between warring groups, returning displaced people to homes around hostels, negotiating with illegal occupants of homes, rebuilding destroyed and damaged homes and putting in place a visible security presence.

ANC East Rand chairman Mr Vuyane Mpofu said PWV Premier Mr Tokyo Sexwale would visit the townships on Sunday and unveil his peace plan, which would be coupled with the RDP, and which had the same objectives as the task group's plan.

The police internal stability division, withdrawn from duty in some East Rand townships by Parliament earlier this year, would be redeployed in the area only once the community supported this.

Like it or not, the best place for industry is Gauteng

JIM JONES

(49F) BD 13/7/95

ALEX Hamilton's suggestion that Reef businesses should pay KwaZulu-Natal for water might have made sense in an economic geography lecture back in the '60s. Today, the KwaZulu-Natal economic affairs portfolio committee chairman might be better advised to suggest that delivering water from the Tugela is a cheap price to pay for Gauteng to provide the job opportunities that his increasingly troubled province is failing to do

Hamilton suggests industry should go where the water is. And what does he suggest should happen then? Should established industries abandon the concentration of skills, infrastructure, services and support industries that are essential to productive efficiency? Must they abandon the country's main market and set up in some remote, provincial cane field simply because it is wet? Must industrialists shut their Gauteng factories and shift to an area where prophesies of growing civil unrest are becoming self-fulfilling?

Obviously not.

To be blunt, KwaZulu-Natal's chances of being home to a centre of manufacturing excellence are small. So, too, are those of company towns East London and Port Elizabeth; of market towns Bloemfontein and Kimberley; and of mining towns Klerksdorp and Welkom that will collapse when their gold peters out. And our view should not be narrowly national. Regional integration means that Harare faces the same stark choice.

The jury is still out on Cape Town, which has a critical mass in some skills but which risks a gradual erosion of those industries that have historically flourished in the city. Gauteng is the only centre in SA to have that critical mass of skills, infrastructure and market that can be self-sustaining.

Realisation of the factors that will attract and hold private enterprise businesses should be central to government's long-range economic planning Industrialisation means focusing the RDP on Gauteng, providing the houses, utilities, schools and infrastructure that will allow the province to handle the influx of people. Facilitating Gauteng's transition to world-class megalopolis, even if that means attention on other areas is deferred, will be central to SA's emergence as a world-class industrial country making world-class products Decentralisation policies failed the Nats. Economic geography dictates it would fail an ANC government.

Regularly, country towns promote their attactions — clean air, low crime, proximity to the countryside and so on — hoping to persuade industrialists to relocate from the inland conurbation. Industrialists, whose decisions are based on factors such as returns on investment, availability of skills, proximity to suppliers and markets, just as regularly ignore rural blandishments.

Individual manufacturers stay in Gauteng because of the advantages of being near other manufacturers. The interaction of increasing returns on sales and investment, demand, transport costs, skills availability and technological spin-off becomes irresistible. There is little point setting up a manufacturing plant in, say, a pristine Graaff-Reinet if components have to be trucked in from Johannesburg, if skilled employees are unwilling to relocate to a remote dorp and if a product cannot be priced as keenly as a competitor's because of transport costs to the Gauteng market.

While industrialists are unwilling to relocate away from Gauteng, others are likely to be attracted to the country's major industrial centre as their suppliers see better opportunities there, and move.

The Eastern Cape's motor industry is a case in point. Motor manufacturers are scattered over the region's towns for historical reasons It made sense to locate assembly plants near the coast when virtually every component was imported. And while the industry was concentrated there, it made sense for new component manufacturers to set up business there.

The decision is different now that companies such as Ford have abandoned the Eastern Cape for Gauteng, and as comparative newcomers such as BMW are making cars near Pretoria. Tyre maker Goodyear and a swath of component manufacturers are making their products in Gauteng for the original equipment and important replacement markets And they are selling from their high-volume Gauteng plants to the coastal motor manufacturers.

If there are any doubts about whether, for example, Delta is locked into Port Elizabeth, we might ask what happened in Cape Town. Leyland's Blackheath factory has long since closed.

The same is true for other industries. And the trend affects more than our industrial companies. Central to government's social policies is the issue of land. People who were dispossessed by apartheid, it is argued, should have their land returned to them. A fat lot of good that will be if the land is remote from the main industrial area.

SA agriculture splits two ways. Near the industrial areas farms exist to supply high-value products to the city Market gardening on comparatively small acreages can be highly profitable near a large market. No amount of water or of capital inputs is going to make a market gardener as rich in the great Karoo. Near the cities, farms exist to serve the city In the deep countryside, the manufacturing areas exist to serve the farms.

Industry does not exist without workers, and they are worse off in company towns than in large cities. The reasons are quickly apparent. If recession leads to redundancies, you are more likely to find another job where there are many factories than in a town where one dominates the economic landscape. The redundant worker can more easily sell his industrial skills in Johannesburg than in Uitenhage.

Furthermore, a retrenched worker is less likely to have to accept sharp wage cuts if there are many employment options open to him. And it becomes difficult to relocate if a town is suffering high unemployment and the real estate market has collapsed for want of buyers. Worse, mortgage lenders are less willing to lend in a company town than in a conurbation.

The advantages of working in large cities extend to the employer just as much as to the employee. In expansionary times it is far easier to find appropriately skilled employees in large cities than in small. Skills shortages become less of a constraint on growth.

History brought industry to Johannesburg and its neighbours. Expectations are likely to keep and concentrate it there. Few industrialists are likely to relocate to KwaZulu-Natal while the province continues to teeter on the brink of civil strife Few are likely to move to Port Elizabeth or to East London while those cities are seen to be in decline.

Cape Town, its city council would have us believe, is the city to relocate to. It has some historic advantages in service industries such as insurance. But though the Old Mutual, Sanlam and so on are headquartered there, few of the financial service industries that are flourishing in Johannesburg show signs of trying to move their key staff to the Western Cape.

The contention is borne out by the failure of Stellenbosch's proposed technopark to get off the ground. It was supposed to attract private sector research because of its nearness to the university and because it was supposed to be good to work and live near oak trees and vineyards.

No individual business or employee wanted to be the first to leave Gauteng. More to the point, industrial development does not take place in an ivory tower. Industries become more efficient by being near their competitors.

Cape Town is the centre of SA's garment industry, based on employment of the peninsula's nimble-fingered women. But its days could be numbered as machinery reduces the need for skilled seamstresses and as shirt factories can be shifted to places such as Maputo, where wages are not a detraction.

And it is far from certain whether the size of the Western Cape market or the skills available there make it an attractive area for other manufacturers to set up in addition to their Gauteng factory.

Savings on transport costs could easily be outweighed by the added cost of producing in two comparatively small factories.

Cape Town will keep its location-bound industries — wine, frozen fish and so on — but will be hard-pushed to attract or hold others that are more efficient and profitable in one location. Its position will be exacerbated if government moves permanently to Pretoria. And Pretoria, arguably, is where government should be if it is to understand what is best for industrial SA.

COMPANIES CAPE NEWS GOVERNMENT ECONOMICS

Growth plan for Gauteng

CT (BR) 24/7/95 (49F)

By Roy Cokayne

Pretoria Business Editor

The Gauteng government — in conjunction with business, labour and civil society — has embarked on a three-pronged programme to enable and facilitate growth in the province.

Jabu Moleketi, the finance and economic affairs MEC for Gauteng, said that what the Gauteng provincial government would bring to the partnership was: fiscal discipline; a revisiting of existing legislation and regulations which impeded or hampered investment and growth; and active support of investment and growth by the means at its disposal.

Moleketi said the Gauteng government had embarked upon three initiatives — the establishment of a provincial tourism entity, support of small and medium-sized enterprises and the establishment of a provincial investment and trade promotion agency.

In an address to the Pretoria Afrikaanse Sakekamer last week Moleketi said the Gauteng government believed it was vital to maintain effective control of government expenditure at all levels to provide a stable economic environment, to keep inflation and interest rates down and to provide an environment conducive to investment and the rebuilding of capital stock.

The development of an economic partnership between government, business, labour and civil society was a key theme of the province's economic policy document, he said.

"Our goal to address the needs of the province can only be successful if an economic partnership occurs — government alone has neither the resources or the capacity to do the job alone," he said.

Tourism in Gauteng was particularly attractive because it was highly labour intensive and required low skills-entry levels.

"Research has shown that our province has failed to develop its tourism potential both with respect to leisure and business tourism.

"The province's tourism entity will aim to address this. The Gauteng gambling and gaming policy will certainly strengthen this development and we have already received submissions that involve substantial investments both in rand terms as well as in jobs and skills training," said Moleketi.

The government believed small business development was an essential element in expanding the ownership base, creating jobs, empowering previously disempowered individuals and communities as well as a strategy to expand the economy's manufacturing base.

Traditionally, small business activity in Gauteng had predominantly been in the retail sector but they would rather be looking to provide an environment and support conducive to harnessing the entrepreneurial potential of many of the population who, with help, could enter the mainstream of the economy and set up either small manufacturing plants or provide business services, he said.

Three of the main obstacles to this development had been identified as a lack of access to finance, a lack of skills and a lack of market access, said Moleketi.

"The Gauteng small business desk should be fully operational by January next year. This desk will act as a referral system for entrepreneurs who require skills and finance.

"Financial facilities are being negotiated with the national government and the development of local service centres to provide appropriate business skills and vocational training is already well under way.

"With respect to access to markets, the provincial government has already opened up its tendering process to small businesses."

The provincial investment and trade promotion agency would attract and service foreign and local investors with a view to increasing investment, creating jobs and facilitating the adoption of cutting-edge technology and work practices.

Another important aspect of the investment agency was that it would endeavour to co-ordinate investment in the province in such a way to overcome the spatial inequities that prevailed, said Moleketi.

Picture: ROBERT BOTHA

Companies 'need staff to investigate internal fraud'

(349) BD 25/7/95

Susan Russell

BUSINESS had to take responsibility for protecting its own assets and equip itself to investigate and prevent fraud within its own organisations, Eskom confidential investigator Shane Keohane said yesterday.

Keohane was speaking at a two day workshop on investigating and proving fraud, organised by Compact Business Services and attended by representatives of some of SA's largest financial institutions and corporations, including a number from Zimbabwe and Swaziland.

He said business had to move towards a system of internal detection to uncover fraud within organisations in much the same way as there had been a shift towards community policing and the use of private security companies by individuals.

Keohane, a former SAPS commercial unit captain, emphasised this did not mean usurping the authority or tasks of the police, but rather working in partnership with them.

He said investigations, whether carried out by the authorities or by the private sector, always had to take place within a specific legal context and with due consideration of the rights of the individual.

Keohane said despite the rising level of fraud, very few SA companies and organisations, including most of those represented at the workshop, had a fraud policy in place to deal with white collar crime within their organisations.

The increasing crime wave, he said, had forced the authorities to take cognisance of private and corporate investigative capabilities.

Keohane reiterated that the function of internal investigators was not to replace the police or make arrests, but to gather evidence, assist the SAPS with its investigation and expedite the investigation.

He also said growing numbers of experienced commercial branch detectives were being drawn into the private sector as more organisations found themselves forced to appoint internal investigation sections to deal with fraud.

Keohane said that while the police lost valuable personnel because it could not compete with the salaries offered in the private sector, it also meant experienced detectives were handling internal investigations and were able to hand over an almost complete docket.

Among the topics dealt with at the workshop were why employees commit fraud, how to detect fraud, the creation of an internal investigation department and its place in the organisational structure, the rights and powers of the investigator within a private organisation and how to question an employee suspected of fraud.

Gauteng's economy strongest

(49 P) BD 26/7/95

CAPE TOWN — Gauteng has the strongest provincial economy, but the Western Cape has the greatest potential for growth and investment, a Foundation for Research and Development survey has shown.

FRD policy analyst William Blankley said the Western Cape had the potential to become SA's equivalent of California's Silicon Valley, but was unlikely to outdo the sheer strength of the Gauteng economy.

"The Western Cape has good technical facilities, tourism potential and space.

"Gauteng has the economic momentum, but not much space," he said.

"On potential for investment and growth, the Western Cape pips Gauteng."

Ranking the provinces according to four categories, the FRD said Gauteng was the most competitive, followed by Western Cape and KwaZulu-Natal.

Blankley said although the government did not encourage competition for resources among the provinces, they should be aware of their relative strengths and weaknesses.

"Competitiveness isn't squabbling over resources, it's recognising where your niches are.

"People must work on their strengths and collaborate with other provinces to overcome their weaknesses."

Gauteng rated strongest, followed by the Western Cape and KwaZulu-Natal, on economic strength, measured mainly on individual and regional output, and on scientific and technical resources.

The Western Cape ranked ahead of Gauteng and the Free State in the area of human resources.

The Free State came out ahead of the Western Cape and Eastern Transvaal on physical resources, made up mainly of agricultural potential, mining production and tourism potential. — Reuter.

New project in Houghton

Robyn Chalmers

SANLAM Properties yesterday launched its multimillion rand Isle of Houghton office development, situated on some of Johannesburg's most valuable real estate.

Sanlam Properties regional manager Swannie Swanepoel said the complex was being marketed as an "office in the park" development.

"Before the development started a botanical survey was carried out," he said.

Swanepoel said the development of Isle of Houghton was demand driven and would offer

Pretoria confident despite dented profit

CT(BR) 30/8/95 (49F)

By Roy Cokayne

Pretoria Business Editor

There are signs of increasing confidence in the economy of the greater Pretoria area, but also clear indications of a reduction in the disposable income of consumers, according to a new survey.

The profitability of businesses was deteriorating as a result and a degree of negativity about future profitability could be detected among a significant percentage of the survey respondents, said Deon van Zyl of the department of economics at the Pretoria Technikon.

The survey is the 18th undertaken by the department, in conjunction with the Pretoria Chamber of Business, to determine the state of the economy of the area.

Van Zyl said the profitability of businesses in Pretoria was not rosy and 65 percent of respondents had indicated that their profit had remained static or declined during the past six months.

"The expectation of the majority — 57 percent — is that this situation will continue," he said.

However, the inventory levels of respondents indicated that short-term confidence in Pretoria's economy had maintained its positive trend. This had also been noticed in the survey conducted in September last year, said Van Zyl

"Almost 45 percent of respondents reported that they had a larger inventory than at the beginning of the year. One out of five respondents also indicated they planned to increase their inventory levels further in the short term," he said

But a contrary trend noticed was that some respondents had their eye on inflation and were investing cash in stock.

With regard to sales, Van Zyl said more than half of the respondents had reported an increase in turnover during the past year while only 18 percent had experienced a drop in turnover

Future expectations were also generally positive, with 65 percent of respondents expecting that the situation would improve in the short term, he said.

Relocation of Gauteng's new provincial government boosts CBD

Breathing life into Jo'burg

Star 13/9/95 (49F)

STAFF REPORTERS

Central Johannesburg may come alive again following the approval of contracts worth R21-million annually for the relocation of the Gauteng government's administration to eight buildings in the city centre.

The State Tender Board approved the contracts yesterday and the project to relocate administration officials from Pretoria is expected to be completed by February.

It is hoped the relocation will rejuvenate Johannesburg's crime-ridden CBD and breathe life into streets largely deserted after dark.

A R30-million project to establish the administration in Johannesburg will require about 3 000 civil servants to move to the city. A substantial part of this will go towards allowances paid to employees during the move.

Property investment companies and civic organisations welcomed the news that about 88 000sq m of office space along the central precinct has been assigned for use by provincial departments.

Grahame Lindop, of Anglo American's property development arm, said the move would be "extremely bullish for Johannesburg CBD rentals".

He said the move would take up a large amount of vacant space; bring more monied workers into the city, thereby benefiting retailers, and have a positive impact on the regeneration of the city centre. There would be a positive impact on property values in the CBD,

R30-MILLION project will require about 3 000 civil servants to move to the city

"sending signals to investors that the CBD is alive and well."

The relocation would have a negative impact on Pretoria in the short term, but it might "open up debate again and add impetus and urgency to the case made by Pretoria" to move Parliament from Cape Town to Jacaranda City.

Lindop added there would be empty office space available for growth in central government in Pretoria.

RMBT property services director Stanley Arenson said the relocation would fill about a quarter of the empty office space in central Johannesburg. Having more people working in the CBD would be good news for business and security.

Central Johannesburg Partnership executive director Neil Fraser applauded the move, saying it would restore confidence in the CBD because the government would be more aware of the inner city's problems. He expected inner city housing to grow, although not immediately. Large engineering firms were already showing interest in the CBD because they needed to be close to the decision-making centre.

The buildings involved are the NBS and Bank of Lisbon buildings, Corner House, 111 Commissioner Street, Aegis Insurance House, Litorn House, Diamond Corner and Sage Life Towers. One reason they were

▶ To Page 2

P.T.O

NEWS

'Rapid delivery' is the key says Sexwale

Gauteng draws up plan for progress

Star 6/9/95 (49F)

BY KARIN SCHIMKE

The Gauteng government is to present a "Gauteng battle plan" at its next cabinet meeting to address the needs of people of the province.

And it will be making a concerted effort for the proposed projects to be completed quickly.

Some of the "rapid-delivery" projects include clinics and schools, housing, police stations and support for small farmers.

These emerged as priorities at a cabinet *bosberaad* held at the end of last week.

At a press conference yesterday Premier Tokyo Sexwale said the cabinet had identified four key areas of activity to achieve this goal.

These were to promote the economy of the province so as to ensure continued growth, to facilitate economic growth by creating employment and encouraging entrepreneurship, to deliver on existing government projects by "unblocking the many obstacles to delivery" and to do all in their power to ensure the province becomes safe and secure.

"The first part of the process is a major aggressive marketing campaign of Gauteng to both local and foreign investors. The growth rate in our province is already just under the 4% mark, but we want to build on that ... and we will be developing methods to convince investors that they should continue to channel their resources into Gauteng," said Sexwale.

He said the government would be making its own contribution to the growth of the province through a range of projects aimed at social upliftment. "Rapid delivery" was a priority and "battle plans" would be presented at the next cabinet meeting which is to be held a week from today.

Sexwale said each of these plans would be overseen by a project manager. These would be appointed by October 10.

"This means there will be strong hands on the wheel, both politically and managerially, to ensure these projects kick in almost immediately.

"We do have the money for these projects. Although there are usually budgetary limitations, in Gauteng we do not have the problem that we have overspent. In fact, we have probably under-spent."

Other projects on the cards are highway patrol and mortuary vehicles for the police and an action plan for the taxi industry to ensure stability and growth.

Tokyo's men to move to the city

(49F) Sow 14/9/95

GAUTENG public servants will start working in Johannesburg from October 1 and by year-end all 10 provincial departments and the corporate services section will be based in the city, premier Tokyo Sexwale said yesterday.

Speaking at a media briefing, Sexwale said making Johannesburg provincial capital was a sign of confidence in the city.

"The signal we are sending across to the business community is: Stop running."

About 3 000 civil servants will move into eight buildings in central Johannesburg, creating what has been dubbed a "government precinct" around the provincial legislature.

The State Tender Board approved the contracts on Tuesday.

Special trains

Gauteng director-general Mr Vincent Mntambo said a R150 monthly transport subsidy on special trains over 12 months would help public servants who live outside Johannesburg to commute.

Thereafter, they would have to decide whether to relocate their homes or continue commuting.

As part of the R30 million project, the premier's office would move to the old Rissik Street Post Office once negotiations were completed.

Mntambo said the cost of the move could be offset by leasing provincial government buildings in Pretoria to the national government or selling them.

Development and planning MEC Sicelo Shiceka said the Gauteng government would soon announce plans to eliminate crime in the central business district and to provide hawkers with structures to make pavements more accessible.

Sexwale said his government's investment in Johannesburg meant better safety and security was necessary.

"If we move in, the *tsotsis* (crooks) must start running." – *Sapa.*

Appointments formalised

Tim Cohen

BD 22/9/95

CAPE TOWN — President Nelson Mandela formally appointed the human rights commissioners yesterday — six months after they were selected by a parliamentary committee.

Mandela appointed the commissioners, who will keep a watching brief on human rights violations, for a seven-year period with effect from October 1.

Permanent members are Max Coleman, Christiaan Jager, Rhoda Kadalie, Evangelina Mabusela, Barney Pityana, Anne Routier and Faith Tlakula. Brigalia Bam, Charles Dlamini, Karthigasen Govender and Helen Suzman will be part-time.

Commission members were chosen by a special parliamentary committee on April 6.

Justice spokesman Sue de Villiers said the delay had been due to negotiation of equivalent salary packages, for members on various new commissions.

Gauteng has the highest disposable income

26 (49F) BD 22/9/95

Ingrid Salgado

GAUTENG'S per capita personal disposable income would outstrip the national average by nearly R10 000 this year while the province would spend 35,8% of estimated total household expenditure (R326bn).

A recent report by Unisa's Bureau of Market Research said Gauteng, home to 17% of the total population and 26% of workers, had a human development index at levels comparable to Singapore and Venezuela.

However, this relatively high level, shared with the Western Cape, highlighted enormous provincial disparities with the Northern Province, which ranked among countries like Zimbabwe and Kenya.

Disposable income per capita was less than R2 500 in Northern Province, and about R4 000 in the Eastern Cape — both significantly lower than the national average of R8 056. Gauteng's per capita income stood at R17 861 and the Western Cape's at more than R13 500.

Whites commanded the largest share of total income (48%), followed by blacks (39,1%), coloureds (8,9%) and Asians (4%). About 32% of SA's economically active population was unemployed last year.

Ad is withdraw

Business Day Reporter

BUSINESS Day last night

Business supports RDP

Sowetan 5/10/95 (49F)

Task force created to promote Soweto-Johannesburg business

By Isaac Moledi

THE GREATER SOWETO CHAMBER of Commerce and Industries has teamed up with its counterpart, the Johannesburg Chamber of Commerce and Industries, to support the RDP by jointly identifying business development in Gauteng.

JCCI spokesman Mr Don Nott says discussions on how organised business could support the RDP in the Greater Johannesburg area started last year and the result was the formation in March this year of a Soweto-Johannesburg Business Development Task Force.

The task force will identify projects and opportunities that can be used to create business between established and emerging business sectors.

Its role, says Nott, is to provide opportunities for networking, the dissemination of information and matchmaking between potential partners.

Some of the responsibilities of the task force include:

- helping members of the two organisations to identify and maximise opportunities presented by the RDP;
- identifying opportunities for business development through communication with members of the chambers and other organisations; and
- supplying information about business opportunities in the Greater Johannesburg area.

"We will smooth the way and oil the wheels to remove obstacles and problems encountered in the process of pursuing the task force's aims, including communicating with all government and regulatory authorities, both at national and provincial levels," says Nott.

The process will be monitored and reviewed on a regular basis, he adds.

The task force members include the Soweto chamber's president Mr Sam Noge and five members of the organisation's executive committee.

Models for cooperation include various forms of partnerships, joint ventures, franchising, contract work, supply outsourcing, agency and distribution agreements.

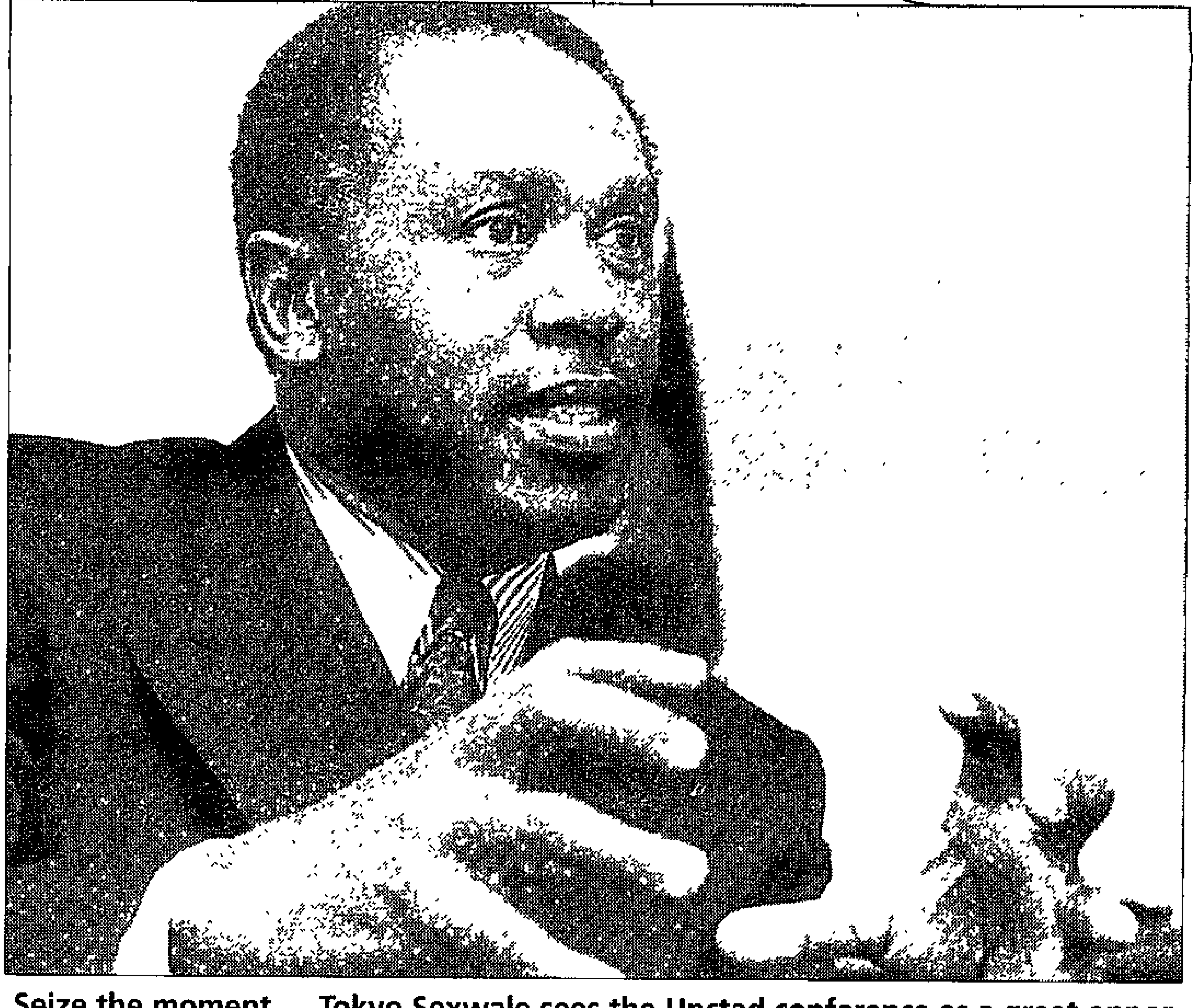
"Established business needs access to the mass market of several million people in Greater Soweto," says Nott.

Sam Noge...maximising opportunities presented by the RDP.

*The UN Conference on Trade and Development will hold its ninth conference in Gauteng next year. Gauteng Premier Tokyo Sexwale is confident it holds a multitude of opportunities for the growth of business here. Gauteng reporter **Karin Schimke** spoke to him exclusively on his return from Geneva where he issued the invitation on behalf of President Mandela.*

Sexwale to 'sell' Gauteng overseas

Star 3/10/95 (49F)



Seize the moment ... Tokyo Sexwale sees the Unctad conference as a great opportunity for South Africa and hopes long-term investment here could result.

Conferences are big businesses, says Gauteng Premier Tokyo Sexwale, and with this ... being a mecca for ... tourists, it is time the ... started gearing itself ...ds exploiting its infra...ure to host more of them.

... conference will bring ...d 3 000 delegates, 30 ... of state and their minis... finance and trade and ...ry, and an inestimable ... of business people and ...ialists from all those ...ries.

...sinesses have already ... interest in the confer... and the direct spin-offs ...ected to be invaluable to ... during and immediately ... it, but Sexwale is more ...ned with the long-term ...ent that could result.

...'s all good and well saying ... grow the economy, but ... is no point in doing so if ...'t sell it overseas.

...ne conference will be an ...tunity for important ... investors to see that ... trade competitively and those who aren't here ... it, will hear about it when ...legations return to their ...ries."

... conference will take ... from April 26 to May 11 ... coincide with the sec... ...nniversary of President ...'s inauguration.

... will be held at Gallagher ... Conference and Exhibi... Centre and managing ...or Venter Odendaal ... this will give "impetus ...irection to those who ... South Africa can ... a sought-after, interna... conference destination".

...wale said the Govern... had fought hard to bring ...nference to South Africa ... was now up to business... take the lead and "run ... thing".

... cost is estimated at ... R14-million and R16-..., which will have to come ... business sector with ...ort of the Government.

"But people must not stare blindly against that figure. It is a small investment to make in terms of what it means for the future of trade and industry in South Africa.

"People will be bringing their notebooks and using their cheque books."

With seven months to prepare, Sexwale is hoping the prospect will encourage people to improve service in this country instead of "painting their nails while there is a queue of people waiting to be helped".

"At the moment South Africa is like a myth. It has a magical aura surrounding it, but it's not going to last.

"We *have* to prove that we can compete in the war-field of global industry and economics. We must not allow ourselves to fall by the wayside and be forgotten. We have to fight."

He compared countries with forests and plants, saying some grew big and brushed the sky, others were evergreens like ferns on the grounds and yet others died and were trampled on to became compost for other plants.

We had to ensure that we did not become compost, Sexwale said.

"Countries in the southern hemisphere are the hinterland of the economic world.

"South Africa has the ability and the infrastructure to become a leader – with the support of the countries in our region – in the south."

He said it was significant that the conference was being held in South Africa, because if we – as one of the developing countries in the world – were not at the rock face of policy-making and decision-taking with regard to competition, decisions would be made for us.

"Unctad is the principal policy-making body in the General Assembly of the UN. Global standards can adversely affect export and trade in developing countries.

"Europe, which is fast becoming a super power, has stringent standards on everything.

"If any of the developing countries in the south want to sell them a banana, for instance, they won't even have the first shot at trade if that banana is not the right size or shape or colour.

"These things concern us all and this is the conference where we can raise those concerns and see to it that policies are tabled which will give us ... fair chance in the world."

Asked what business... should do in preparation for the conference, Sexwale said the... would first have to realise ... importance so that the message could be brought to even the lowliest worker.

"It seems like something fa... removed from the everyd... lives of people, but they will fe... the effects of it."

It is expected that at lea... 600 jobs will be created arou... the conference, and Sexw... said thousands more wou... become employed as forei... investors came and laid th... claims on the economy in th... wake of the talks.

"Secondly, they have to sta... having workshops and confer... ences. They have to train the... employees to improve servi... and raise a sense of competi... tiveness."

Lastly, but most importantl..., he said, was that businessm... had seven months in which t... make connections with potential overseas investors.

They should wine and din... them now. There should be ... flurry of business cards a... telephone numbers being ex... changed.

"It worries me that so fe... business people are on first name terms with embas... trade representatives.

"They are vital connectio... to businesses outside South Africa. People tend to be apathetic.

"The Government is limited in its powers in this regard. It can only facilitate.

"Now it's up to the business community to take hold of this opportunity and make something out of it."

Conferences, said Sexwale, were big entertainment in the global village.

South Africans had not realised that yet, but Unctad IX was bound to nudge them in the right direction.

Gauteng, Bavaria to sign agreement

By Karin Schimke
Gauteng Reporter

A major agreement will be signed between Bavaria, Germany's largest province, and Gauteng tomorrow when Bavarian Minister President Dr Edmund Stoiber commits his province to technical advice and support for Gauteng.

Stoiber and his wife Karin are due to arrive at Johannesburg International airport today and will be met by Premier Tokyo Sexwale, with whom he will sign the agreement in Pretoria tomorrow.

A Gauteng government spokesman said the agreement raised exciting opportunities for growth and development in the province because it would commit the Bavarian government to various forms of technical advice and support.

He said all international interest in South Africa, and especially in Gauteng, was welcome, but "we are particularly glad it is Germany in this case because of their outstanding record in certain fields".

Bavaria is home to most of the large German industries, including two which are already "heavily involved" in the economy of Gauteng, namely BMW and Siemens.

The province provides 15% of Germany's exports and has the country's second highest GDP.

"The backbone of provincial economy is a vast network of small and medium enterprises which produce crafts and many of the components on which heavy industry relies," the Bavarian spokesman said.

He added that the government of Bavaria had already indicated a desire to assist with technical advice on encouraging and promoting small and medium enterprises in Gauteng.

(49F) Star 8/11/95

Gauteng R720m over budget

BD 9/11/95 (49F)

Sello Motlhabakwe

GAUTENG's government still faces a R720m budget deficit eight months into the current financial year despite a major cost-cutting exercise, says finance MEC Jabu Moleketi.

This follows Western Cape's concerns that it is heading for a major shortfall this fiscal year.

Both provincial administrations have made representations to the national treasury committee for intervention. Government, however, is emphatic that the provinces may not run on deficits.

Moleketi said Gauteng's deficit emanated from three areas — health, education and welfare.

"Overspending in the health ministry is particularly worrying as the province did not get treasury allocations to cater for increased patient intake at its hospitals.

"The seven academic hospitals are also straining resources, as are the presidential lead projects," he said.

Initial estimates of a R1,2bn shortfall had been reduced by about 40% through a number of measures, including cuts of R500m in the education bill as well as savings by the transport and welfare ministries, he said. This, coupled with allocations from the reconstruction and development programme and modest cost-cutting across departments, had reduced the expected deficit.

Gauteng's budgeting ability was constrained by the need to continue spending on capital programmes set in motion by the old Transvaal Provincial Administration, Moleketi said.

Western Cape finance MEC Kobus Meiring said his province's deficit, estimated at R1,02bn, was the result of "underallocation" by central government.

Meiring said an underrecovery in own revenue was envisaged, necessitating a downward revision of the original projection to R331,83m from R396,53m.

The health vote accounted for a chunk of the deficit as a result of the non-receipt of hospital fees (R62,98m), static tariffs since 1993, loss of private patients and the lead projects. Steps had been taken to deal with revenue underrecovery.

Teachers might be retrenched to rectify the situation, he said.

Mandela challenges world to lift Soweto out of the dust of apartheid

Star 2/12/95 (49F)

By ANITA ALLEN

The world came to Soweto yesterday and its leaders were challenged to become part of the rejuvenation of the famous, but neglected, city by President Nelson Mandela.

The gala event to launch the "World in Soweto" project was attended by more than 50 ambassadors and high commissioners of foreign countries, as well as local and international businessmen and political figures. The ambitious project, which will complement local government initiatives and responsibilities, is aimed at forming partnerships to support a range of self-development programmes to renew Soweto.

"Upgrading is the responsibility of municipalities, but for Soweto, with millions of inhabitants, it would take decades to do that. The 'World in Soweto' is an approach to make a real difference in the lives of Sowetans, to assist in things that have been pushed to the bottom of the pile," ANC deputy president Walter Sisulu said in a speech on behalf of Mandela, who has been confined to bed by doctors.

Sponsors are being sought for projects ranging from paving sidewalks, planting trees and creating parks, to sports facilities, sinking boreholes and a host of environmental and educational projects.

Sponsors are being encouraged to choose sections of the township and to lend the flavour of their countries or organisations to their project, through naming parks or streets they adopt.

"Never before have you been so challenged to see that this opportunity is not thrown into the dust," Sisulu told guests.

Picking up the challenge with his customary impeccable sense of the occasion, Water Minister Kader Asmal announced that his department would contribute 500 000 indigenous trees.

The launch, sponsored by the transitional metropolitan council, started with tea in the mayor's parlour at the Johannesburg Civic Centre and a drive through Soweto in buses to see landmarks – including the shanties of Kliptown, and Freedom Square where the ANC's charter was launched. Commentary was supplied by Dan Moyane and Dr Nthato Motlana. This was followed by lunch at the Oppenheimer tower, in the heart of Soweto, where ambassadors queued for their food along with stalwarts of the struggle such as Ahmed Cachalia and Jay Naidoo.

"Now is the chance to see Soweto rise from the ashes of apartheid through renewal," Asmal said. "The new South Africa is what dreams and miracles are made of. 'The World in Soweto' seizes that chance of renewal and challenges the world to rediscover Soweto – not the dusty city, but the city of life."

SOLIDARITY IN SOWETO: North African ambassadors Said Kitouni of Algeria, Abdalla Alzubedi of Libya and Mohammed Said Benryane of Morocco PHOTOGRAPH: THYS DULLAART

R2bn investment from Asian countries

BD 6/12/95 (49F)

Sello Motlhabakwe and Lukanyo Mnyanda

SOUTHEAST Asia countries had committed R2bn to Gauteng in investment and cemented trade contacts and economic ties in the past six months, Gauteng premier Tokyo Sexwale said yesterday.

This followed a visit by an SA trade delegation to Singapore, Malaysia, China, South Korea and Hong Kong in May.

At a report-back meeting on the trade mission, Gauteng provincial MP Andrew Feinstein, a member of the delegation, said trade resulting directly from the mission was estimated at more than $20m.

Trade with Hong Kong since May had risen 33% according to figures provided by a Hong Kong-based trade-monitor group. Exports to the countries visited by the delegation had also increased substantially since the visit.

Direct investment in Gauteng as a result of the trip included an investment of about R500m in an industrial park development in Midrand, a R750m investment in a television assembly plant and a colour television tube production facility. Further investments were made up of the construction of a R7m hotel in Johannesburg, the purchase and refurbishment of a Pretoria hotel at a cost of R3m and the development of a footwear manufacturing plant and distribution network, worth R15m.

Between R30m-R50m was invested in the establishment of distribution networks and representative offices to service overseas interests. A Malaysian company recently announced plans to invest R25m in agricultural land.

Feinstein said the Hong Kong Trade Development Council and Sino Resources organisation have set up offices in Johannesburg to investigate trade and investment opportunities.

The meeting was told that a Gauteng Promotion Agency to facilitate international trade liaison would be launched next year. Further trips were planned.

Meanwhile, **Nomavenda Mathiane** reports that Sexwale and Greenland Prime Minister Lars Emil Johansen met in Johannesburg yesterday.

Johansen, in his second term of office as Greenland premier, was accompanied by 11 businessmen.

He said he was impressed by the lack of desire for revenge by black people and was looking forward to sharing expertise on areas of common interest which were mining, fishing and tourism.

Sexwale said SA was a leader in mining technology and hoped the visit would benefit both countries.

Gauteng attracts R1.3bn from Asia

CT(BR) 6/12/95 (49F) 297

By Thabo Leshilo

Midrand — Southeast Asian companies had invested more than R1,3 billion in Gauteng since a visit by a government and business delegation led by premier Tokyo Sexwale, provincial legislator Andrew Feinstein said yesterday.

Feinstein, who is the head of the province's economic affairs committee, said the investment comprised a R750 million television tube production factory; a R500 million industrial park in Midrand; R10 million in two hotels; R15 million in a shoe factory; and between R30 million and R50 million in the setting up of representative offices by the Asian nations.

He told a report-back meeting on the trip, attended by some of the countries ambassadors as well as top Asian and South African businessmen, that the 17-day trip had been successful.

The delegation had signed technical assistance, economic promotion and friendship agreements with the five nations — China; Taiwan; Malaysia, South Korea; and Hong Kong.

The trip had also facilitated trade agreements estimated at R20 million with the countries and promoted tourism in Gauteng.

Speaking at the meeting, Sexwale called for greater co-operation among government, labour and business so that the country could match the high economic growth rates of between 7 percent and 14 percent achieved by southeast Asia in the past 14 years.

Said Sexwale: "We require a more flexible labour market in which wage increases and productivity are linked, in which all stakeholders in an enterprise are part of the process of macro-strategic decision-making and where the benefits of economic success are tangibly shared."

He said education and vocational training systems must focus on commercial disciplines, standards of service must be radically improved and production methods and machinery updated.

Jabu Moleketi, the Gauteng minister for economic and financial affairs, said the Gauteng Promotion Agency would be launched early next year to co-ordinate such trips in the future and promote the province's economic development.

Foreign nations to compete to develop Soweto

(49F)

Vuyo Mvoko

"THE World in Soweto" — a project to be launched today by President Nelson Mandela — will give foreign governments the chance to make their mark on one of South Africa's biggest and most famous townships.

According to the project's founder and co-ordinator, Zelda Mantle, it is envisaged that a foreign country or one of its cities will "adopt a clearly defined area of Soweto", then develop and beautify it as they wish.

Forty embassies have already indicated they will be attending the launch. They are expected to make a blitz of pledges.

Participating donor nations will be allowed to imprint their own cultures if they wish. Although they can use their own discretion and vision, governed by their budgets, priorities so far identified by the overseeing committee included paving the sidewalks, planting trees, developing parks, beautifying cemeteries, building sports facilities, environmental training and recycling centres, sinking boreholes and installation of irrigation networks.

Funds will go directly to the hired contractors. The committee will undertake the management of contracts if required, but its particular brief is to provide donors with comprehensive data on things like where to contact reliable contractors, the costing of materials, how to employ skilled artisans from the community, and how the development will be maintained when completed.

The glitterati committee includes African National Congress stalwart and Soweto resident Walter Sisulu, mayor of Johannesburg's Northern Metropolitan Substructure Danny Kekana, human rights activist Amina Cachalia, author Heidi Holland, and horticulturist Mike Gibons.

The Star .... Wednesday December 6 1995

Asian firms to pump millions into Gauteng

(49F) Star 6/12/95

Investments include a R750-m television plant, a R10-m hotel and a R500-m office park development

By Mondli Makhanya
Political Reporter

South-east Asian companies are set to invest millions of rands in Gauteng following a visit by a provincial government and a business delegation led by Premier Tokyo Sexwale to the region earlier this year.

Sexwale and members of the delegation made the announcement in Midrand yesterday to a group of businessmen, politicians and diplomats.

Gauteng legislature finance committee chairman Andrew Feinstein said the investments included a R750-million television plant by Korean electronics firm Daewoo, a R10-million hotel development by Hong Kong investors, a R500-million investment in a Midrand office park development and R50-million worth of distribution networks by Samsung, Daewoo and Hyundai.

Sexwale said SA should draw "broad lessons from south-east Asian countries which had been able to achieve growth rates of between 7 and 15% and managed to effect a redistribution of wealth as well as an improvement in general living standards".

His government wanted to ensure that by 2020 Gauteng was positioned as the Hong Kong of southern Africa – "the financial and business centre of the subcontinent, the input hub of southern Africa and many parts of the developing world, the trading pivot that integrates southern Africa and its potential market of 120 million into the international world order".

All of this would require greater co-ordination and interaction between economic role players. "Government, business and labour ought to reach a workable agreement on an economic vision supported by a clear strategy ... ," Sexwale said.

He called for a "flexible labour market" in which wage increases and productivity were linked, and where stakeholders were part of the decision-making process and the sharing of profits.

Government, business and labour should ensure that educational and vocational training was commercially orientated, that there was an improvement in service standards and that production methods were up to date.

Project to improve East Rand

(297) (49F) Sowetan 15/12/95

By Mokgadi Pela

GAUTENG was intent on creating a healthy environment for the people of Katlehong, Thokoza and Vosloorus (Kathorus) as part of the Special Presidential Project.

Addressing the media in Johannesburg yesterday, MEC for finance and economic affairs Mr Jabu Moleketi said such a climate would promote "a secure home for the family and create services which are basic to decent living"

Moleketi said his goals for 1996 were to see an environment which challenged people to learn, engage socially and express themselves through sport, play, dance and music

Moleketi said stability was crucial in the East Rand townships to achieve these goals. He therefore called on political organisations to help in this regard. He said the role of the private sector in the reconstruction of Kathorus could not be overemphasised.

Project manager Mr Themba Maluleke said the benefits derived from consulting with all the stakeholders in Kathorus had been substantial. They included the development of understanding about how government worked.

"A sense of ownership of the projects has also emerged," Maluleke said.

Speaking on housing, leader of the professional management team Mr Mike Morkel said the illegal occupation of houses, particularly in Thokoza remained a thorny issue and should be tackled with seriousness in 1996.

Morkel said despite this problem, there had been progress in repairs to more than 1 500 houses damaged during the violence New housing projects have been approved for Vosloorus Extension 28, Phola Park and Katlehong South

Danes give out R13 million

(49F)

GAUTENG'S and Mpumalanga's departments of environment affairs have received a R13 million boost for capacity building from the Danish government.

These are two of four environmental projects of the Department of Environmental Affairs and Tourism which will be sponsored by the Danish Cooperation for Environment and Development.

The other projects are support for developing a new national environmental policy for South Africa and the development of an official policy for the implementation of the Convention on Biological Diversity.

South Africa ratified this convention on November 2, and is now required to develop a strategy to implement it.

Sowetan 18/12/95

Cheap finance for infrastructure

Johannesburg council secures R237m loan

(ebb) (49F)

BD 18/12/95

Stephen Laufer

THE greater Johannesburg metropolitan council has secured a major loan at very favourable interest rates to finance infrastructure upgrading, particularly the expansion of Soweto's overburdened sewerage system.

An official announcement will be made this week.

Assembled by Absa with a minor contribution from Sanlam, the R237m, 10-year loan signals the return of the banks to municipal lending following a period of reticence prior to November's local government elections.

The deal was brokered by Ian Groenewald of Duralink, a merchant banking boutique, and Niek Joubert of Absa's corporate and merchant bank project finance division.

Absa officials confirmed yesterday that the bank had structured its R217m portion of the loan to include tax breaks allowing for an effective interest rate of just more than 3% below Friday's bankers' acceptance rate of 14,60%.

The package also uses swaps between fixed and variable interest rates.

The terms are regarded by industry observers as little short of sensational.

Sanlam has contributed R20m, with interest set at 125 points above Friday's R150 rate of 14,425%.

Council officials confirmed Johannesburg had in the past paid an average of 70 to 100 points more than the R150 rate, but that such rates had not been available to local authorities for some time.

The Absa-Sanlam package would help the city's cash flow, allowing plans to issue loan stock on the capital markets again in the next few months to be delayed until after the end of the municipal financial year in June, when more favourable conditions would apply.

The lower rate on the new loan — described as the most complex yet for Johannesburg — had been possible because banks could put certain types of commercial business on their own books. A portion of the bank's tax liability was then dedicated to innovative structures tied to specific projects such as infrastructure development.

Given the recent history of municipal lending in SA, the Absa-Sanlam package is a sign of rising confidence in greater Johannesburg.

Absa public sector banking GM Johan Coetzee said the city was "strong enough to borrow internationally — it is the cherry of SA local authorities, with a phenomenal tax base."

With repayments on borrowing running at less than 18% of budget, council

Continued on Page 2

Loan

(ebb) (49F)

Continued from Page 1

officials say Johannesburg is well within the borrowing comfort zone.

An official said commitments of 25% or more would give cause for alarm.

Cape Town is understood to be in the market but could find itself handicapped by the delay in local government elections, which are scheduled for May.

Banks remain chary of most local authorities, finding little appetite for municipal bonds among institutional investors. SA's cities and towns have no risk grading yet, and the first balance sheet statements of the new local authorities are not due before June.

The lack of clarity over budgetary control between metropolitan councils and their substructures is giving lenders added cause for caution.

Metropolitan council executive committee chairman Colin Matjila declined to comment yesterday.

However, it is understood that council officials had been working on the loan since early October.

Absa has been courting local governments for some time.

It has funded the Gauteng local government forum this year and has discussed releasing significant landholdings close to major urban areas for low-income housing.

BD 18/12/95

Council gets a R237-m boost

(256) (49F) Sowetan 28/12/95

The money will go to the upgrading of Soweto's sewage and road systems in a major breakthrough

By Joshua Raboroko

THE GREATER Johannesburg Transitional Metropolitan Council has received a major loan of R237-million to finance infrastructure upgrading, especially Soweto's dilapidated sewage and road systems.

The loan, assembled by Amalgamated Banks of South Africa with a minor contribution from Sanlam, is seen as a major breakthrough for the return of financial institutions to municipal lending, following decades of reluctance.

Important area

GJTMC'S treasury officials were delighted at the finalisation of the loan as it brought to an end the uncertainty that prevailed in local authority borrowing during the 'transition' period, and should lead to normality returning to this important area of the market.

The loan, involving a number of investors – including Guardian National – was brokered by Duralink and underwritten by Absa in conjunction with Sanlam and will be used to finance on-going capital expenditure throughout the metropolitan area.

These projects include: roads – new projects and upgrading; water and sewerage infrastructure; enhancement of the electricity network; and community facilities.

In addition some of the money will be used for servicing low-cost housing developments and for the provision of basic services in the newly-included areas of Orange Farm, Wheelers Farm, Poortjie and Sweetwaters.

It is understood that more money will be allocated when the full budgets reviewed in January/February of 1996.

GJTMC's chairman of the executive committee Mr Collin Matjila said: "This brings close to finality the council's borrowing requirements for the present financial year, thereby ensuring us the full Reconstruction and Development Programme commitments.

Top banks

The loan is the third entered into the by council since July and clearly indicates the high regard the council enjoys among the country's top banks, notwithstanding the recent misconstrued reports about the council's financial position.

"This augurs well for the future of the entire metropolitan area of Johannesburg.

"It should be remembered, however, that this year's budget is only short-term in nature and the council remains concerned about the pressures of urbanisation on future budgets and we will be looking to contract government for support for the infrastructural investments that will be required in terms of the RDP in the next years."

Essential services

The Gauteng local government and housing director-general, Mr Ngutshane, has announced that an estimated R397-million will be granted to the councils for the upgrading systems.

The projects included empowering the councils with skills to run their metropolitan sub-structures and promote the Masakhane campaigns aimed to end the boycott of essential services – thus rendering the townships a risk by banks.

ECONOMY - GAUTENG

1997

Gauteng questions its budget allocation

Inaccurate population statistics based on figures for 1991 mean this province is shortchanged

Star 25/1/96 (2H) (49F)

By Karin Schimke
Gauteng Reporter

As the countdown to the presentation of South Africa's 1996/97 Budget continues, sources within the Gauteng government have again expressed concern about the formula used to allocate funds to the provinces.

Although the sources said Gauteng was likely to get the short end of the national budget again this year because of inaccurate population statistics, they also pointed out that from next year a new formula – devised by the Fiscal and Finance Commission (FFC) – is likely to change the way funds are allocated to provinces.

Statistics being used by the national function committees (the committees which recommend allocations for health, education, welfare, roads and housing, for instance) are based on the 1991 Central Statistical Service (CSS) census. This figure shows that there were 6 846 million people in the PWV area at the time.

Five years on, this figure has not been adjusted despite reports from various sources that Gauteng is absorbing most of the country's illegal immigrants as well as South Africans from other provinces seeking work here.

Last year's budget of R9,9-billion from national Government for the province meant that each person in Gauteng was given R1 446, based on 1991 statistics.

Using the same calculations for the Northern Cape, each person in that province was allocated R1 964 from the central Government budget last year.

The Development Bank of Southern Africa (DBSA), using growth indicators, has arrived at the current estimate of around 7,4 million people living in Gauteng.

Population is not the only criterion for deciding allocation, but it does form the basis for it.

> "There is no consistency of figures at the moment"

Paddy Maharaj, chief director of planning, banking and administration at the Gauteng provincial government, said the province was "all for achieving equity between the provinces" but there was concern about the timeframe. It was felt that equitable allocation between provinces was something that should be phased in over five years.

"There is no consistency about population figures at the moment. Everyone has their own formula for working out how many people there are in the province and we have been given figures of between six and 10 million people in Gauteng.

"Obviously allocation of resources cannot work within that scale and, until a new census is done, the committees have to use a statistic," he said.

His department had raised its concern at a national level and has worked towards finding consistency in the figures used, even if there was no accuracy. Each function committee at present works with independent figures from the line function departments of each province.

"We don't think the function committees are the ideal situation and we have been fighting to have the formula provided by the FFC used when it comes to allocating funds.

"The current process of allocating is inadequate and does not fall within the provisions of the interim constitution."

However, Maharaj was positive that this would be the last budgetary year in which this system would be applied.

Roland Hunter, deputy director-general of finance and economic affairs in the province, echoed these sentiments: "We are forced on to the last census because there is no other set of population statistics we can rely on. There simply is no escape from those figures."

Education gets 37% of Gauteng budget

Star 19/3/97 (49F)

DP slates finance and economics MEC for not spelling out what he hopes to achieve in practical terms

SAPA

Gauteng finance and economic affairs MEC Jabu Moleketi yesterday presented a R13,718-billion budget in the legislature, 88% of it going to social spending.

Moleketi's budget will be debated in committees and the legislature before a final bill is proposed for adoption in June.

The total amount comes from funds of R12,907-billion transferred to the province by the Government –16% more than the national transfer in 1996-97 – and a forecast provincial revenue of R810-million.

The R810-million, which excludes any possible revenue from the imminent legalisation of casinos, is to come from horse-racing (R147-million), interest (R106-million), vehicle licences (R376-million) and other sources (R182-million).

Increase in allocation to welfare due to higher grants

Moleketi told a media briefing that the per-capita transfer of funds to the provinces would be equalised over a five-year period, giving Gauteng more funds each year.

"Gauteng receives less from the national Government per head of population than any other province," he said.

The R13,718-billion will be spent as follows:

- R5,03-billion, or 37% of the total, on education – 11% more than last year's budget of R4,54-billion, but 9,5% less than actual expenditure in 1996-97.
- R4,7-billion, or 34% of the total, on health – 23% more than last year's figure of R3,83-billion but only 3% higher than actual spending in 1996-97.
- R2,34-billion, or 17% of the total, on welfare – 31% more than last year's budget, and 17% more than actual spending in 1996-97.
- R1,64-billion on other departments, compared with R1,82-billion in last year's budget.

This last figure includes R709-million for transport, roads and public works; R238-million for development planning and local government; and R103-million for housing and land affairs.

The R103-million is purely for the administration and facilitation of housing projects. The bulk of housing funds to be employed in the province are reflected in the national Budget.

Presenting the budget, Moleketi said it reflected the social spending focus of Finance Minister Trevor Manuel's national Budget.

Much of the increase in the allocation to welfare was due to higher social grants announced by Manuel.

With regard to education, Moleketi said: "Gauteng is working towards the national norms in educator-learner ratios in schools. Since we currently have more teachers than the norms, this involves reducing the number of teachers in our schools. Fewer teachers, of course, involves a reduced budget."

The budgeted expenditure on personnel was 11,2% below current spending levels, as a result of the reduction in the number of public servants employed.

"We are expecting to have to pay 6 000 fewer officials than in the 1996-97 year," Moleketi said.

Booklets explaining the budget in simple terms would be distributed to the public. Also, a fiscal review for people with some financial knowledge would be distributed on request.

The booklet is printed in English, Northern Sotho, Zulu and Afrikaans.

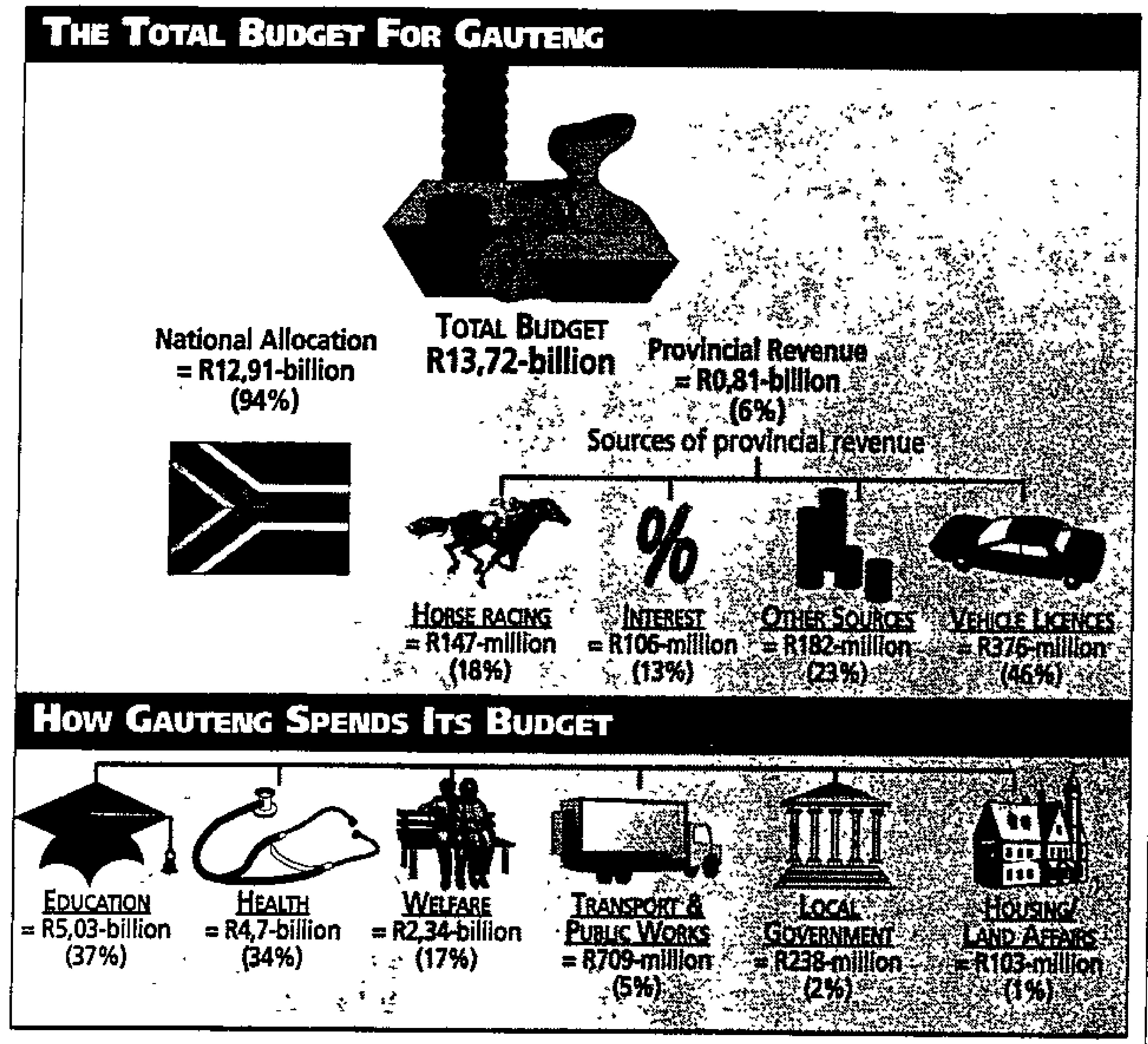
The Democratic Party said the budget was a failure in that it was silent about what it hoped to achieve in practical terms.

"What the MEC produced was an accounting exercise with no reference to what performance measures will be put in place in order that an assessment can be made as to whether the budget as a whole and the individual departments were successful in delivering what they set out to," said DP provincial finance spokesman Ian Davidson.

The party said Moleketi avoided referring to overspending by departments in the last fiscal year. The DP would closely monitor performance and overspending this year, Davidson said.

He said it was deplorable that the per capita transfer of funds from the Government remained well below the national average of R1 755.

While acknowledging there were steps to rectify the situation over several years, Davidson said it was deplorable and unacceptable that Gauteng, the engine room of economic growth in South Africa, should be short-changed in this way.



MEC urges focus on 'high-value' industry

Gauteng at risk of losing heavy industry growth source

(49F)

CT (BR) 19/3/97

Nancy Mybburgh
FINANCIAL SERVICES EDITOR

Johannesburg — Heavy industry, Gauteng's traditional source of economic growth, is under threat, Jabu Moleketi, Gauteng's MEC for finance and economic affairs, said yesterday.

Industries typically based in the area were moving towards coastal areas to make it easier to export their products, Moleketi said in his speech announcing the Gauteng province's new budget yesterday.

Gauteng should go for a growth strategy that "would position Gauteng as the smart centre of the country, a province with advanced skills, advanced infrastructure and the ideal place from which to do high-value business", Moleketi said.

Jabu Moleketi

That meant the province must not skimp on social services spending, despite the need to tighten its belt along with the rest of the country, he said.

Gauteng's new budget requests 16 percent more spending money from the central government than last year, or a total R12,9 billion. Provincial revenue services will add R811 million, bringing the total revenue set to be available for spending in the new fiscal year to R13,72 billion.

The vast and growing majority of that money, 88 percent in this budget, up from 85 percent last year, would be allocated to health, education and welfare. Welfare would get the biggest boost, with a spending increase of 17 percent over what was actually spent last year, for a for a total of R2,34 billion in spending in fiscal 1997, Moleketi said.

Such increases in spending on what were typically the first areas to be cut in a lean year would make this budget tough to balance. "There is no doubt that 1997-1998 will be a difficult fiscal year and that it will be hard to keep within the very stringent fiscal limits which apply to us. However, we are determined to maintain our record of sound budgeting and sound financial management," Moleketi said.

To help keep within its spending limits, the province would introduce a form of "internal privatisation", Moleketi said, in which different departments will pay fees for certain financial management services, rather than simply requesting a service from the central government.

"Service standards will be set, and agreed, and any failure to meet those standards will result in a discount on the fees charged. Departments will also be free to look elsewhere for the services."

Gauteng received less from national government per capita than any other province, Moleketi said, but it also led the other eight provinces last year in paring down the size of its public service.

Gauteng increases social spending

(49F)

Vuyo Mvoko

GAUTENG education would receive R5bn of the province's R13,718 budget allocation, an 11% increase from last year but a 9,5% reduction from current spending levels, finance and economic affairs MEC Jabu Moleketi said in his budget speech yesterday.

Health's R4,7bn would mean a 23% increase from last year, while welfare and population development's R2,3bn would be 31% higher than last year and 17% compared to current spending levels. The remaining R1,7bn would be spread across the 10 other votes made up of the several provincial ministries.

Overall the province's 1997/98 budget allocation would be 14% higher than last year's with 94% of the amount coming from the national revenue account — and being 16% higher than last year. The remainder would come from provincial revenue sources.

Pleased that "for the first time Gauteng has been treated as a government rather than an administration", Moleketi said the share of the budget allocated to health, education and welfare had increased from 85% to 88% overall. Capital spending had also been maintained at a high level and its "projects will as far as possible be conducted in a labour-absorbing manner and in a way which utilises small, medium and microenterprises".

"The intention is to maintain the momentum of high capital spending over five to seven years to address the capital and maintenance backlogs which affect many health, education and other institutions."

Moleketi said the budgeted expenditure on personnel was "11,2% below the current expenditure levels" due to a reduction of 6 000 in the number of employees, most of whom were taking severance packages.

Moleketi promised improvements in financial management to increase efficiency and to put an end to the rolling over of funds. There would be "internal privatisation" in terms of which a service-supplying component was funded not by appropriation but by fees paid by government departments utilising its service, and the department would "monitor spending on a continuous basis".

On the province's economic prospects Moleketi said: "Gauteng in fact has a problematic growth trajectory."

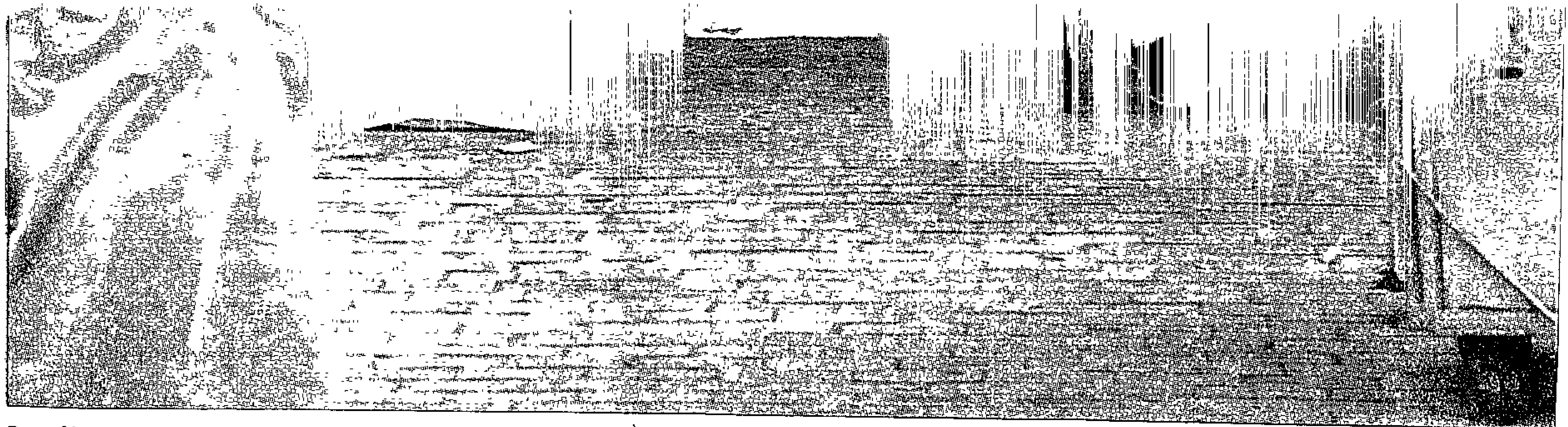
Its traditional industrial base was "under threat" following the export-orientated growth strategies of some industries (like Iscor, which was moving to Saldanha Bay) which were moving to coastal areas.

However, the province "should not seek to resist the movement" of firms to coastal sites for it was in the interests of SA that firms be located where it made most business sense.

"Instead we should have a growth strategy which builds on our competitive advantages."

Picture: Page 4

BD 19/3/97



Ray of hope ... inner-city squatters could benefit from an upgrading which will increase job opportunities and improve housing for the homeless.

Bright outlook for CBD as billions pour in

By Karin Schimke
City Editor

Big business is returning to Johannesburg's depressed inner city after years of crime and grime reduced investor confidence to an all-time low. Now, investors and officials say, there is only one place for the investor optimism graph to go, and that's up.

An investigation by The Star has revealed that, away from the spotlight, up to R3,2-billion was spent on new developments in the city in the past five years. That was before an announcement earlier this month that Malaysian property group, Metroplex Berhad was planning a R4-billion upgrade and revitalisation of 40ha of inner-city property around the Carlton Centre.

Several big city stores have also put their money where their mouths are by boosting their investments in the city. Last year two retail developments, Woolworths' and Edgars' flagship stores, were completed at a cost of R70-million and R85-million respectively. Foschini is set to spend around R10-million in the city, backed by Old Mutual Properties which will contribute another R10-million.

Old Mutual last year completed two smaller retail developments: one for shoe stores Cuthberts and ABC, and another for Tayob's, a family clothing store. All these retail developments are around Rissik and Kerk streets.

Pep Stores and Russells Furnishers have both signed 10-year leases with a combined value of more than R13-million.

JHI Property Service broker Gavin Sacks said it was significant that many of the new retailers were moving into central Johannesburg with flagship stores.

"The huge capital investment required for the establishment of a flagship store indicates a real commitment to that space," he said.

And property owners and developers are already remarking on improved tenancy levels in office blocks.

Property developer Joe Israeli said: "Just after Christmas 1994 there was a marked drop in patronage in buildings around here. Now there is a building in the Smal Street Mall that people are fighting to get into."

Property developer Gerald Olitzki said the quality of letting was improving as well: there was an emerging group of black professional and business people taking up office space.

But retail and commercial businesses alone are not leading the way to a better city. The council has made good on several promises for inner-city improvements in the past year.

Flagship stores are being established

Among the projects completed or close to completion are a community centre at Bertrams, a residential renewal project on the western side of Joubert Park, the erection of hawkers' stands on blocks around the Carlton Centre, and the building of a pedestrian mall on Hoek and Noord streets at the southern entrance of Park station.

The station itself is being upgraded at a cost of R160-million in seven phases over 22 city blocks. Several other behind-the-scenes projects which have been incubating in the past year are expected to reach fruition before Christmas.

Confidence in the inner city began growing last year, when the Inner City Development Forum was established so that business, the community, and the local and provincial government could work together to improve the condition of the CBD.

The forum's first assignment was to create a vision for the city, which was completed by October. Forum members are confident that the decline of the CBD can be halted because there is a legitimate local council in place and because everyone with an interest in the city centre now can meet and plan.

However, many things need to be improved, with crime remaining one of the pressing problems.

Paul O'Sullivan, chairman of the Johannesburg Central Community Policing Forum, said part of the problem was that John Vorster Square police station had five station commanders last year.

Promises of inner-city safety lungs, police housing in unused buildings in the city centre and closed-circuit television had not been kept yet, but neither had they been shelved, O'Sullivan said.

A committee looking into closed-circuit television had almost completed its work and was now appointing a manager. The first units could be installed by the end of June.

O'Sullivan said he saw complacency by the people who used the city centre, as well as police corruption, as two major stumbling blocks.

He urged people to become more involved in making the city a clean and safe place, and asked that officers demanding bribes be reported as soon as possible.

Star 24/3/97

(49F)

Gauteng Development Agency launched

(44F)

Nomavenda Mathiane

THE Gauteng Development Agency, a section 21 company launched by the Gauteng government, would not duplicate services because it was a mechanism to ensure government economic policies were implemented, Gauteng finance MEC Jabu Moleketi said yesterday

Moleketi said the company would strategise and co-ordinate industrial development in the province, while interacting with national government.

R2m has been set aside to kick-start the agency, which will then need funds from the public sector.

The agency will run autonomously, with an independent board of directors and a CE.

It will link foreign investors with local business entrepreneurs.

BD 29/5/96

Go-ahead for route between Witbank, Maputo

~~218~~ ~~287~~ 49F

Construction of R3-billion toll road, likely to boost development and confidence, expected to start in November

Star 6/5/97

By Hopewell Radebe
Maputo

South Africa and Mozambique yesterday signed three agreements to allow the construction of a R3-billion Maputo-Witbank toll road.

Transport Minister Mac Maharaj and Mozambican Public Works and Housing Minister Roberto White signed the concession contract for the construction, operation and maintenance of the national route (N4) between Witbank and Maputo. The N4 will link Gauteng and Maputo.

The road will be started in November and should be completed within four years at a cost of R3-billion.

Trans African Concessions consortium, a company which won the tender to build the road, has been given a 30-year period to be responsible for the rehabilitation and operation of the toll road from Witbank to Maputo.

Two bilateral agreements on the carriage of goods and conveyance of passengers were signed by Maharaj and Mozambican Transport and Communication Minister Paulo Muxanga. These are aimed at eliminating bureaucratic proceedings at the borders of the two countries. It is hoped to allow quicker access of goods and promote tourism.

Deputy President Thabo Mbeki said the signing of the agreement marked the finalisation of a key infrastructure project that would develop and encourage economic prosperity.

Mbeki said other projects linked to the Maputo development corridor would soon follow. They involved the development of Maputo harbour and the railway between Gauteng and Maputo.

There would also be a one-stop border facility between Ressano Garcia and Komatipoort to speed up the inflow of passengers and goods-carrying traffic.

"These projects are the basis upon which investment and growth can be enhanced in the whole region," Mbeki said.

The project would result in about 7 900 full-time jobs on site, 19 700 indirect jobs and 14 500 induced jobs which would come from entrepreneurs taking advantage of the agreement.

Mbeki said the road would be transferred to the two governments after 30 years, with a future lifespan of about 15 years.

Mozambican Prime Minister Tascoal Mocumbi said the project gave the Maputo development corridor a practical life and existence.

It strengthened the two countries' relations with each other and with the Southern Africa Development Community.

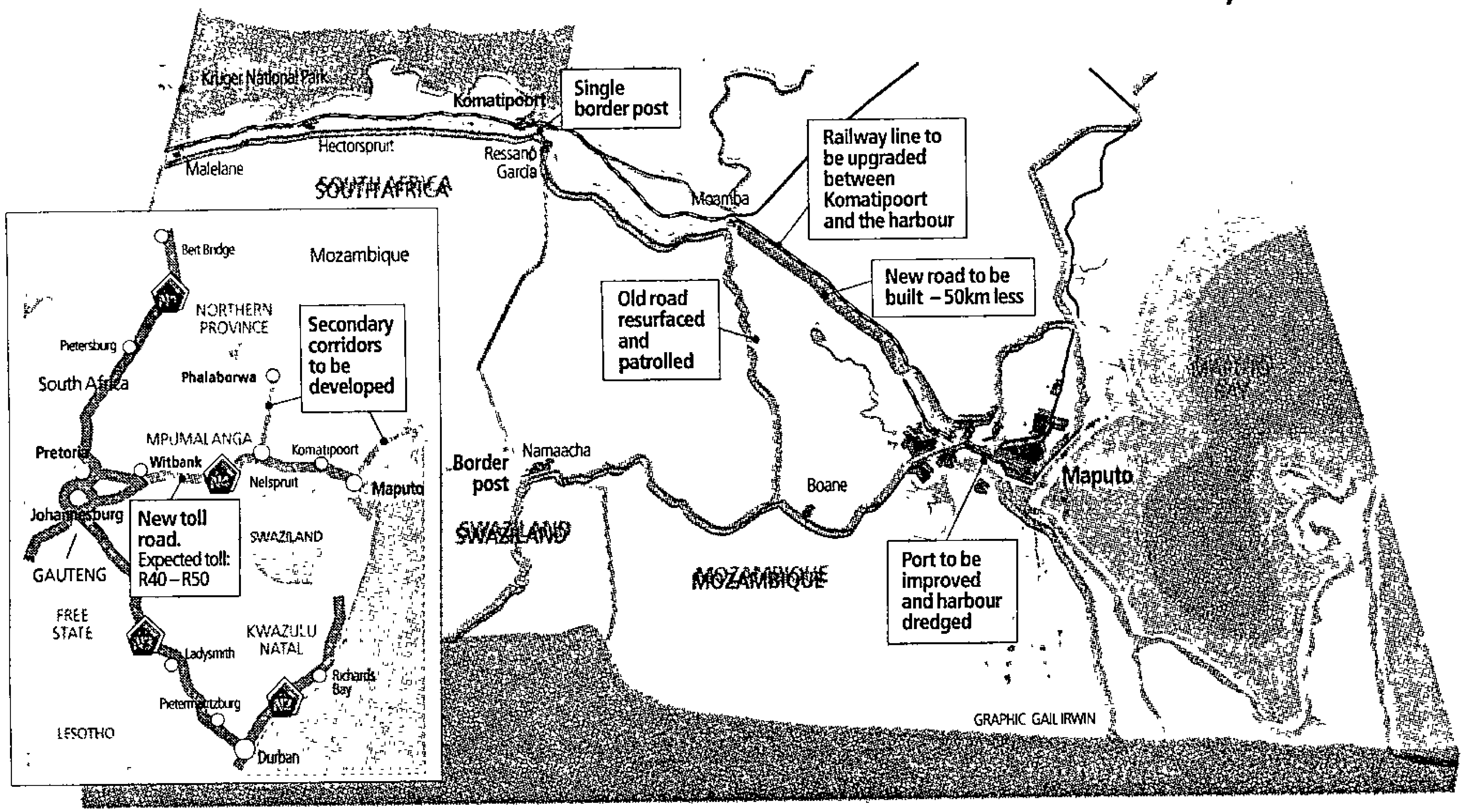
He said Mozambique would soon announce an invitation for tenders to develop Maputo's harbour so that it could reach international standard.

"We are building this road together with a clear expression of brotherhood, mutual trust and political willingness for co-operation,' said Mocumbi.

He said the development also signalled that the international community no longer viewed southern African as a risk and conflict area.

"We have transformed our region into being extremely business oriented," he added.

Mocumbi said the citizens of the region would benefit from the agreements because they would soon be travelling without a need for visas. They would use only their identity documents.



► **R3-bn toll road boost**
Business Report

Katorus Project open to question

Star 4/6/97 (49f)

BY ANN BERNSTEIN

The R3-billion Katorus Presidential Project designed to improve security, engineering services, social services and housing, will not necessarily foster economic growth on the East Rand, or make it more competitive in the national or global economy.

The Katorus Project was launched in October 1994 and covers the areas of Katlehong, Tokoza, Vosloorus, Phola Park, Zonkezizwe, Mandela Park, Tambo Camp and peripheral informal settlements. It has been described as one of the largest and most ambitious urban renewal projects in the country, to which funds amounting to some R3-billion (R644,2-million from the RDP and R2 411,5-billion from other state funds) have been commited over a five-year period (1994-1999).

The overall aim of the project, in an area devastated by violence and neglect through the 1980s and early 1990s, is to repair and rehabilitate services in Katorus. It aims to breathe new life into these townships on the East Rand.

By January 1997, the project had been running for more than two years and a third of the RDP Fund money allocated to the project had been spent (R209,4-million). In addition, 76% of funds had been approved on the basis of business plans submitted (R487,3-million).

Although laudable in terms of addressing immediate social and infrastructural problems and providing evidence that the Government is delivering on its election promises, the remedial action of the Katorus Project is open to question.

The launch in September 1996 of the Katorus Economic Development Initiative (Kedi) aims to increase the economic participation of those previously excluded from formal business opportunities by apartheid and is a potentially useful contribution to economic development.

But the Katorus project appears to have been planned in isolation. It has to be asked if its objectives are either achievable or sustainable without an effective and long-term economic strategy for the region as a whole.

Cosatu's Zwelinzima Vavi, right, and the SACP's Jeremy Cronin speak at a news co[nference…] organisations opposing banks' recent interest rate increases met yesterday.

R300m is earmarked for development in Gauteng

BD 11/6/96 (…) 49F

Mduduzi ka Harvey

MORE than R300m from government, the public works ministry, the rapid land release programme and the private sector had been earmarked for development and economic growth in Gauteng in the next five years, provincial development planning and local government MEC Sicelo Shiceka said.

A breakdown of the funding indicated that R229m had been approved for the release of land on which 30 000 sites would be developed. The private sector would contribute R15m and the RDP R13,5m for multipurpose community centres incorporating schools, clinics, police stations and welfare under the same roof.

Shiceka said his department had established a task team this year to investigate how previously black townships could be rehabilitated, and service delivery upgraded. The investigation was also aimed at encouraging a culture of payment for services, with additional paypoints and an efficient billing system being introduced.

After visiting local authorities in the province this month, Shiceka would hold a meeting of the provincial cabinet, mayors and the different local authority CEOs to implement an economic growth plan.

Shiceka identified Soweto and the Vaal as being problem areas for the implementation of Masakhane. Another task team would to look into the creation of an efficient database, provincial demographics, and to evaluate what government infrastructure was already available in the province.

By August he expected to have all the information from central, provincial and local authorities about their budget priorities, which would help to expedite service delivery.

In March next year he would facilitate a meeting with all local government authorities in the province, aimed at formulating a five-year development plan for the province.

East Rand needs a plan – and quickly

South Africa's 'unknown metropolis' had a historic start, but it now has to bear the twin albatrosses of unemployment and an increasing population

Star 4/6/97 (49F)

By Ann Bernstein

The future of the East Rand is of national concern. This region forms the historic heart of South Africa's manufacturing economy but, in recent years, manufacturing has stagnated while the region's population has grown.

The crucial challenge is to generate economic growth and jobs for a growing population. Without sustained economic growth, the region faces a bleak future.

In 1994 the East Rand comprised 22 local authorities, from Alberton to Kempton Park-Tembisa to Nigel-Tsakane. It is home to 2,5 million people, has a formal sector economy worth R66-billion and sustains 628 000 job opportunities largely provided by 33 000 registered employers. It is South Africa's unknown metropolis.

The East Rand is South Africa's historic workshop, the heart of South Africa's manufacturing economy. Most jobs are in manufacturing (metals production, metal working, chemicals, food and beverages, packaging). Just over half of its gross geographic product is from manufacturing compared with the country's 24%. Manufacturing is complemented by the air transport, rail, warehousing and telecommunication sectors.

Unemployment is very high, some estimate 40%. A rapidly growing, often unskilled, population faces a shortage of jobs and a shrinking of the metals cluster which has provided upward mobility for generations of workers.

Today, the region faces two new challenges.

First, the Government's new economic approach, GEAR, could lead away from manufacturing inland towards the coastal metropoles; second, other cities are better placed to compete for new investment. Many now have metropolitan-wide economic strategies, more effective governance structures for co-operation across the urban region and a better image with respect to crime, violence and general business climate.

Research indicates, despite stagnation, the economy of the region can be revived. It has shown signs of vigorous life. Steps towards the revival cannot be postponed indefinitely.

If real opportunities for growth are to be grasped, the region will have to improve its low status and attractiveness as a place to do business. At present it falls short in several crucial areas.

The area is institutionally fragmented. Individual towns compete rather than co-operate. Despite the integrated nature of the area's manufacturing-based economy, centred on clusters of competitive and interlinked companies, individual city governments do not seem to understand the advantages of co-operating. Such rivalry often inhibits a whole area's ability to respond to challenges.

The local government elections held in 1995 have greatly changed the shape of the East Rand with far-reaching consequences.

In one development Edenvale, Modderfontein, Kempton Park and Tembisa have chosen to hive off and create a new metropolitan area, the Khayalami Transitional Metropolitan Council, which stretches to Midrand and incorporates much of the most dynamic parts of the area's economy.

The other remaining towns have amalgamated with their associated townships, forming new transitional local authorities, falling under the Eastern Gauteng Services Council, which now also has jurisdiction over a large number of far-flung rural councils.

The region is also socially divided, with enormous differences in social and economic conditions. Large-scale infrastructural initiatives such as the Katorus Presidential Project, while helping improve social conditions, do little to address economic viability.

The considerable public resources (R3-billion) being put into this historically deprived area constitute a once-off gift which must be used to maximum effect. Infrastructure development and service delivery must be viewed through the prism of economic growth if they are to provide sustainable steel ladders for the future.

Can the Katorus Presidential Project really be successful without an effective economic strategy for the region?

The East Rand lacks a cohesive business grouping concerned with its social, economic and political welfare. East Rand business leaders rarely comment on the economy or future of the area and do not seem to identify wholeheartedly with the East Rand.

Although some of the reasons for this are understandable, it is nonetheless puzzling. It is hard to envisage the sustained development of world-class companies from a region in economic and social decline.

Despite a few well-meaning efforts, there is little strategic understanding of the East Rand's economy, its place within the dynamics of the broader provincial, national and international economies and the area's true sources of competitive advantage.

Ironically for an area economically based on what are distinctive clusters of manufacturing and distribution industries that cross municipal borders, there is absolutely no shared vision for the region.

Compounding this is a dearth of information and data, the lack of leadership from any quarter and a lack of social glue, the infrastructure for social collaboration.

Crime and violence, with social inequalities and poverty, form an interlocking spiral that seriously compromises the ability of the area to compete as a metropolitan economy. Consequently, the image of the East Rand (among investors, managers, the media) is negative. Positive factors are overshadowed by the negatives.

There are real opportunities on the East Rand. The area has under-utilised physical infrastructure (think of its freeway system), plenty of vacant, industrially zoned land, and a trained industrial workforce, much of it in small and medium-sized firms already linked to large companies.

Here exists much latent entrepreneurial possibility. As a place to live it has many positive characteristics: low housing prices, good recreational amenities, open spaces and good shopping facilities.

A new strategic vision for the East Rand is urgently required. This vision must be developed within the context of national and global competition, and could be built around the revival and strengthening of the area's manufacturing-based economy.

■ *Ann Bernstein is the executive director of the Centre for Development and Enterprise. This article is based on CDE's latest research report, 'The East Rand – Can South Africa's Workshop Be Revived?' which is part of the CDE Big Cities series.*

Survey rates Johannesburg an economical place to live

Neil Behrman (49 F) BD 12/6/97

LONDON — Johannesburg is still one of the cheapest international cities, according to a survey by the Economist Intelligence Unit (EIU).

Average Johannesburg prices are 38% below those of New York, the base city of the index. Thus while New York is 100 for comparative purposes, Johannesburg is number 107 in the ratings, with 62 points.

The least expensive city is Tripoli, with prices two-thirds below New York, followed by Bombay and New Delhi, Tehran, Karachi and Harare. East European cities are also among the 20 cheapest in the world.

The most expensive in the world, with a cost of living 54% higher than New York, is Tokyo while Oslo, Moscow, Hong Kong, Libreville, Paris, Zurich and Geneva are within the top 10 most costly cities to live in. London is 14 on the list, Tel Aviv 18, but allowing for the strength of the dollar it is less expensive to live in Frankfurt, Dublin, Madrid and Rome than in New York.

The cost of living survey compares prices and products in 121 cities. It does not judge the quality of life, notably weather, entertainment and crime, in terms of which Johannesburg and Nairobi have been ranked among the worst by other surveys.

ANALYSIS

East Rand must act to save manufacturing ability

BD 4/6/97 (49F)

Can the East Rand be revived and consolidate its historic position as SA's manufacturing "workshop" into the 21st century, despite recent changes in its local government structure? asks **Ann Bernstein**

"As world population cascades into metropolitan regions, it becomes ever more clear that big national economies are mostly agglomerations of distinct regional economies, each centred around one or more 'citistates' or cities. Such citistates are currently positioning themselves for intense global competition by adopting conscious, explicit, regionwide strategies (that) ... span every area from economic niche development to workforce training and development, from infrastructure development to arts and culture." (Citistates: Does the American City Have a Future? by N Pierce)

THE Centre for Development and Enterprise has recently completed a report on the East Rand — one of the first attempts to look at this metropolitan area as a whole. The key message is that the future of this declining area is of national concern.

The East Rand is SA's historic "workshop", the heart of its manufacturing economy. In recent years, manufacturing has stagnated while the region's population has grown. The crucial challenge facing the region is to generate economic growth and jobs for a growing population. Without sustained economic growth, the East Rand faces a bleak future.

In 1994 the East Rand consisted of 32 local authority and other areas stretching from Alberton to Kempton Park/Tembisa to Nigel/Tsakane. It is home to 2,5-million people, has a formal sector economy worth R66bn and sustains about 628 000 job opportunities, largely provided by 33 000 registered employers. It is SA's unknown metropolis.

Most of its jobs are in manufacturing — metals production, metal working, chemicals, food and beverages, packaging. Fifty one percent of its gross geographic product comes from manufacturing, as compared to SA's 24%. Manufacturing is complemented by the air transport, rail warehousing and telecommunications sectors.

Unemployment is very high — some estimate 40%. A rapidly growing, often unskilled population faces a shortage of formal/informal jobs and a shrinking of the metals cluster that has provided upward mobility for generations of workers.

The region faces two new challenges. Government's new economic approach (Gear) could encourage manufacturing to move to the coastal metropoles.

Other SA cities are currently better placed to compete for new investment. Many of them now have metropolitan-wide economic strategies, more effective governance structures for co-operation across the urban region and a better image with respect to crime, violence and the general business climate.

However, research indicates that, despite stagnation, the economy of the East Rand can be revived. It has of late shown sign of vigorous life, but steps to promote revival cannot be postponed indefinitely. If real opportunities for growth are to be grasped, the region will have to improve its low status and attractiveness as a place to do business. At present it falls short in several crucial areas.

The region is institutionally fragmented. Individual towns compete rather than cooperate. Despite the integrated nature of the area's manufacturing-based economy, centred as it is on clusters of competitive and interlinked companies, individual city governments do not seem to understand the advantages of co-operating to develop it further. Such rivalry often inhibits the region's ability to respond to economic challenges.

The local government elections of November 1995 have greatly changed the shape of the East Rand with far-reaching consequences for its future.

Edenvale, Modderfontein, Kempton Park and Tembisa have hived off from the region and created a new metropolitan area — the Khayalami Transitional Council — which stretches to Midrand and incorporates the most dynamic part of the region's economy. The other local authorities fall under the Eastern Gauteng Services Council, which now also has jurisdiction over a large number of far-flung rural councils.

The region is also socially divided, with differences in social and economic conditions and life chances between black and white. Large-scale infrastructural initiatives such as the Katorus presidential project, while undoubtedly contributing to the improvement of social conditions do little to address the area's economic viability.

The considerable public resources (R3bn) that are being put into a historically deprived area constitute a once-off gift that must be used to maximum effect. Infrastructure development and services delivery must be viewed through the prism of economic growth if they are to provide sustainable "steel ladders" for a community's future development.

Can the Katorus presidential project really be successful without an effective economic strategy for the region?

The East Rand lacks a cohesive business grouping concerned with its social, economic and political welfare. East Rand business leaders rarely comment on the economy or the future of the region and do not seem to identify wholeheartedly with the East Rand. Although some of the reasons for this are understandable, it is nonetheless puzzling. It is hard to envisage the sustained development of world-class companies from a region in economic and social decline.

Despite a few well-meaning efforts, there is little strategic understanding of the East Rand's economy, its fit within the dynamics of the broader provincial, national international economies and the area's true sources of competitive advantage. Ironically for an area that is economically based on distinctive clusters of manufacturing and distribution industries that cross municipal borders, there is absolutely no shared vision of the region's economic future.

Compounding this is a dearth of information and data, a lack of leadership from any quarter, and a lack of social "glue" — the infrastructure for social collaboration. Crime and violence, together with social inequalities and poverty, form an interlocking spiral which seriously compromises the ability of the area to compete as a metropolitan economy.

As a consequence, the image of the East Rand — among investors, managers, and the media — is negative. The positive factors that exist throughout the region are overshadowed.

But there are real opportunities on the East Rand. The area has under-utilised physical infrastructure (think of its freeway system), plenty of vacant, industrially zoned land, a trained industrial labour force — much of it in small and medium-sized firms already linked to the area's large companies. Here exists much latent entrepreneurial possibility. As a place to live, it has many positive characteristics: low housing prices, good recreational amenities, much open space and good shopping facilities.

A new strategic vision for the East Rand is urgently required. This vision must be developed within the context of national and global competition, and could be built around the revival and strengthening of the area's manufacturing based economy.

The key stakeholders in the East Rand (business, labour, government, communities) need to come together as equals to discuss their future.

What is needed is an agreed vision of the region's future — a growth-orientated approach of focused excellence. On this agreed base, a realistic programme of action can be defined and implemented and existing projects, structures, investment priorities reoriented to complement the new direction.

The future of the East Rand is an issue of national concern which should not be left for local actors alone to wrestle with. Without strategic leadership — national, provincial and local, public and private — it is difficult to see the East Rand as an entrepreneurial region able to meet the challenges of increased population and economic competition. Without concerted action, the spectre of an unmanageable urban region looms large.

□ *Ann Bernstein is executive director of the Centre for Development and Enterprise. This article is based on a research project recently released in the CDE "Big Cities" series.*

New direction for Gauteng

(49F) M+G (Pam) 11-17/7/97

From PAGE 1

trical machinery and other mineral products leading the field.

Gauteng's top trading partners, are, not surprisingly, the same as those for the nation: the United States, Britain, Germany, Japan, Belgium, Zimbabwe and South Korea. But Moleketi says South African business has to look at new markets in Southeast Asia and South America.

While Gauteng has, thus far, been the most attractive destination in South Africa for foreign investors, this will not be sustained unless the province can find ways to lower set-up and wage costs, which are considerably higher than in the rest of the country. Moleketi says that to some extent this is allayed by having the best skilled workers. "The problem is that unskilled workers are also comparatively too expensive."

Foreign direct investment, the report says, will be characterised by investment in telecommunications equipment, information technology, pharmaceuticals, and on a smaller scale, food processing, beverages and aluminium products. He has had talks with Minister of Communications, Jay Naidoo, about establishing a "Silicon Valley" in Gauteng.

Moloketi has had the findings vetted by stockbrokers and others in the private sector; they have been debated by department heads at provincial level and measures to implement aspects of the report are under way.

The deans of universities and technikons have been called in and asked to revise aspects of their curricula. He says: "There is no point in government securing a huge telecommunications contract with US and Malaysian companies, for example, if South Africans lack the skills to effect the telecommunications transformation envisaged."

The report will next go to the various sectors and foreign embassies. "We will go to the UK embassy as an example, and say these are the sectors our research has indicated your country is most interested in, how can we take this process further? It will help us too when we go on trade missions; we will no longer be just salesmen, we will be able to act as specialised service providers and target our markets with greater accuracy."

Councils east and south of Jo'burg offer land incentives

BD 29/8/97 (49F)

John Dludlu

CITY councils in the east and south of Johannesburg are offering generous land incentives to lure investors from the northern areas of the city, as the battle for industrial development shows signs of toughening up.

The Springs city council is offering prospective developers a negotiable rebate of up to 65% on the purchase price of land in its 12 fully serviced areas. However, development should take place within a negotiated period — normally 12 months — of the date of sale and to an agreed level.

Prema Naidoo, chairman of the executive committee of the southern metropolitan local council, said the council was also offering land as an incentive "at market related" value.

However, the council — which was keen to attract investors into the southern parts of Johannesburg (including huge parts of Soweto) — was prepared to negotiate with investors.

The council was also ready to discuss with the provincial authorities land that belonged to the latter. These incentives were used on land belonging to the councils.

Last week, Port Elizabeth council officials disclosed that up to 100ha of land would be made available — at "virtually no cost" — for a motor assembly plant to Daewoo Motor Company, which is part of the $67bn-a-year Korean industrial conglomerate.

The land incentives, one of the few instruments available to local government officials to attract investors, are offered together with the tax holidays and other recently unveiled incentives administered by central government.

The Springs council, which provides "competitive" interest rates with a five-year repayment period, also gives firms "a favourable off-peak hour tariff" for electrical consumption.

Naidoo said an investment desk would soon be set up to cut the red tape prospective investors often ran into. Investors would get help on land applications.

Among the projects the council was seeking to find investors for were the Baralink and the Crown City and golden highway corridors.

It was unclear yesterday if land incentives had been abused yet.

A development corridor west of Pretoria planned

(49F)

Lucia Mutikani

BD 29/9/97

THE greater Pretoria metropolitan council has embarked on a multibillion-rand development corridor to revive and develop the economy of the western part of greater Pretoria over the next 20 years, a council executive director, Louis Potgieter, said at the weekend.

Potgieter said the Mabopane-Centurion Development Corridor was expected to attract investment of between R2bn and R3bn. It was hoped that the project would double the number of job opportunities from 75 000 to 150 000.

The future development of the 60km corridor would focus on economic growth and job creation, accessibility and integrated transport development, investment, development of human resources and environmentally sustainable development through urban reconstruction.

"The primary aim ... is to release the economic potential of the corridor so as to promote natural growth along development guidelines created through formulated strategies."

Potgieter said the existing road network had limited capacity and had to follow detours to reach commercial markets. "Crucial for implementation of the strategy is the extension of the PWV9 (Mabopane Highway) to cut through the Witwatersberg as well as the upgrading of the R55, which in turn will link the corridor to the markets and the economic sectors of Midrand and on to the greater Johannesburg area."

Potgieter said there were great investment opportunities in the corridor because of its location in Gauteng, the economic hub of SA.

"Export opportunities are enhanced by the Mabopane-Centurion development corridor link-up with the Maputo development corridor and further towards the rest of Africa," he said.

A high degree of industrial linkages in the Mabopane-Centurion development corridor favours development of industrial clusters, networks and complexes, should the PWV9 be extended.

Key industries in the corridor exist in the metals, machinery, transport and furniture sectors.

R400-m loan for Jo'burg

(49F) (~~255~~) Sowetan 2/10/96

By Joshua Raboroko

THE Greater Johannesburg Council has been granted a loan of R400 million by a Japanese bank to upgrade services in various townships, despite protests by opposition groups that the council has a record of financial irregularities.

In an auditor's report read at a special council meeting yesterday, chairman of the budget finance committee Mr Eugene Robson said the money would be used to upgrade services in the council's areas of jurisdiction.

The money will come from Somatico Bank over a period of five years and will be administered locally by First National Bank.

Robson said after the council's discussions with the auditor-general it was found that most problems were resolved.

The Transitional Metropolitan Council had inherited the maladies of the former black local authorities.

Partly resolved

He said the outstanding amount of R220 million due to Soweto, Diepmeadow, Dobsonville and Alexandra Township had been partly resolved as residents in the area were starting to pay tariffs.

He added that the Masakhane campaign was relaunched in September and all sectors of communities had been mobilised to support the new levies.

Chairman of the executive committee Mr Collin Matjila said that despite opposition from the Democratic Party it was necessary that the loan be approved in order to upgrade facilities in the disadvantaged communities.

He said that the council was presently investigating all cases of financial irregularities.

Remedy problem

The opposition contended that the council should remedy the bond and service boycotts in the townships before getting foreign loans, arguing that the Masakhane campaign had failed.

As a result the majority of residents in those areas were still not paying their rates. It was therefore risky to apply for a foreign loan.

Govt grants to Gauteng cut by 47%

(49F) Star 1/10/96

By Jovial Rantao
Political Correspondent

Gauteng, the Western Cape, Northern Cape and Free State are among the provinces which will receive cuts of between 11 and 47% in inter-governmental grants for the 1996-97 financial year.

Figures released yesterday revealed that Gauteng, which was granted R298-million in the past financial year, will suffer the biggest cut – 47% – and will receive only R156-million.

Dr Chippy Olver, a chief director in the Ministry of Provincial Affairs and Local Government, said the new allocations follow a change in Government formulas.

The Western Cape, which received R132-million last year, has been granted 37,4% less for the new year. The Northern Cape's grant was reduced by 33% and the Free State's by 11%. The Northern Province, North West province, KwaZulu Natal, Eastern Cape and Mpumalanga will all receive increases ranging from 30,4 and 650%.

Pretoria seeks highway funding

Lucia Mutikani BD 10/12/97 (49F)

THE Pretoria greater metropolitan council had applied to the transport department to fund the extension of the PWV9 (Mabopane) highway to kick-start work on the multibillion-rand Mabopane-Centurion development corridor, project manager Hendrik Kleynhans said yesterday.

The project, launched by the council in September, is aimed at reviving and developing the western part of greater Pretoria over the next 20 years.

Kleynhans did not put a figure on the amount applied for, but it is expected to be several million rands.

It is hoped the corridor, expected to attract investment of between R2bn and R3bn, would double the number of job opportunities in the area from 75 000 to 150 000. Currently, 119 000 of the area's economically active population of 504 400 are unemployed. About 105 000 are involved in the informal sector.

The 60km corridor stretching from Soshanguve to Samrand will link up with the Maputo Development Corridor, enhancing the area's export opportunities. Crucial to the development of the corridor is the extension of the PWV9 to cut through Witwatersberg and the upgrading of the R55, which will link the corridor to the markets and economic sectors of Midrand and the greater Johannesburg area.

"We were given permission by the transport department to visit development projects in Brazil, and will apply some of their methods to our corridor."

Funds for the project would be sought in SA and overseas, including from the European Union, he said.